



University of the
Highlands and Islands
Perth College

Report and Financial Statements for the Year Ended 31 July 2022

Also available in large print (16pt)
and electronic format.

Ask Student Services for details.

www.perth.uhi.ac.uk

Perth College is a registered Scottish charity, number SC021209.

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Key Management Personnel and Professional Advisers

Key Management personnel

Key management personnel are defined as members of the Senior Management Team and were represented by the following in the year ended 31 July 2022:

| Name | Position |
|------------------|--|
| Dr Margaret Cook | Principal & Chief Executive and Accounting Officer |
| Lorenz Cairns | Depute Principal |
| Veronica Lynch | Vice Principal – External Engagement |
| Catherine Etri | Vice Principal – Academic |
| Iain Wishart | Vice Principal - Operations |
| External Auditor | Ernst & Young LLP Atria One 144 Morrison Street Edinburgh EH3 8EB |
| Internal Auditor | Henderson Loggie The Vision Building 20 Greenmarket Dundee DD1 4QB |
| Bankers | Royal Bank of Scotland 12 Dunkeld Road Perth PH1 5RB Bank of Scotland 10-16 King Edward Street Perth |
| Solicitors | Thorntons Solicitors 17-21 George Street Perth PH1 5JY |

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Performance report

Performance Overview

The Performance Report provides an overview of UHI Perth's performance in the academic year to 31 July 2022 covering:

- The Principal's Performance Statement;
- a statement of the purposes and activities of the College;
- the key issues and risks that could affect the College in delivering its strategic plan; and
- a performance analysis, financial review for the year, key risks affecting the College and social matters

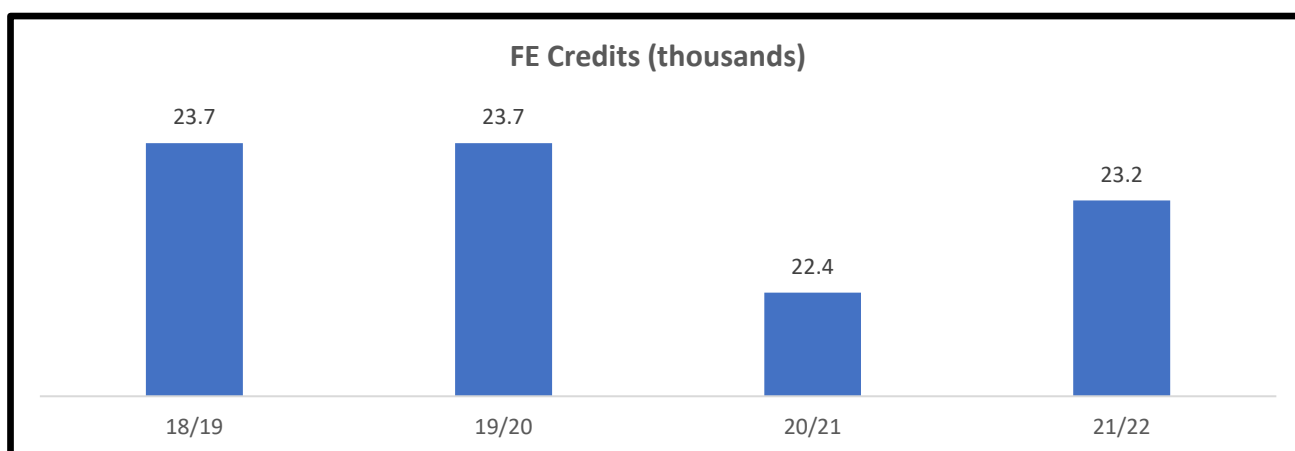
Principal's Performance Statement

Academic Year 2021/22

In the year when UHI Perth celebrated its fiftieth year in our Brahan building we achieved some excellent results. Staff and students again demonstrated dedication, resilience, commitment and innovation and a big thank you to you all.

Despite the continued challenges set by COVID-19 the college recorded an Adjusted Operating Position (AOP) surplus of £272,000. Good cost control was the key to this performance. The 2021/22 academic year saw a fall of just over 360 full-time equivalents (FTE's) which had a negative impact on our income. However, most of this downside was offset by:

1. Higher Further Education credits compared with 2020/21, by over 770 credits. The chart below shows that our credits in 2021/22 are close to pre COVID-19 numbers.
2. Strong managing agents numbers; and
3. Higher international student numbers. UHI Perth had more International students on-campus than 2020/21, a reflection of the evolving COVID-19 transition, and our Transnational Education (TNE) numbers were up by over 80%.



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Other notable improvements in our KPI's were the NSS Overall Satisfaction score which improved by over 7% and the SSES Overall Satisfaction score which improved by 8%.

Our average staff FTE number increased very slightly in 2021/22 and required careful management to align with the movement in student numbers across the different categories. Our management of staff FTE's was an important contributor to our financial performance.

UHI Perth also received its formal report from Education Scotland which included positive comments around sector leading practice and we achieved the highest score possible.

The Outlook

While COVID-19 restrictions have lifted the outlook for 2022/23 is very challenging. There are many areas of uncertainty than could have a significant, negative, impact on the financial sustainability of the college. These risks include:

- HE student numbers.
- A “flat cash” funding outlook.
- National Bargaining outcomes.
- Job Evaluation.
- Inflation and especially the cost of energy.
- The continued impact on our commercial businesses.

The Senior Management Team and Board of Management will continue to monitor and managing these risks very carefully.

A New Strategy

An exciting development in 2021/22 was the completion and launch of our strategy for 2022 – 2027.

Our vision is to empower our learners to achieve their full potential through a transformational student experience.

Our strategy was developed over four pillars:

1. College Growth and Ambition
2. Excellence in Learning and the Learner Experience
3. Partnerships and Collaboration
4. Sustainability

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And supported by six values:

1. Student Centred
2. Innovative
3. Ambitious
4. Respectful
5. Inclusive
6. Collaborative

Our strategy sets out the key strategic objectives of UHI Perth and had a significant level of input from our staff.

We understand that our strategy will need to be dynamic and evolve; as circumstances change, we will adapt.

Our strategic aims drive forward the Highlands and Islands Regional Outcome Agreement as well as ensuring full participation in Perth & Kinross Single Outcome Agreement Measures and Community Planning priorities.

The college works in partnership with relevant local and regional stakeholders to ensure the provision of high-quality curricula and sector engagement within the Regional Skills Assessment area of Tayside, but also shares common overall goals with the Regional Skills Assessment of the Highlands and Islands.

Areas of commonality between the Highlands and Islands Regional Outcome Agreement and the UHI Perth strategy:

- The need to increase the quantity and quality of local jobs
- To create a culture of employer investment
- To meet the skills needs of employers, including a need for workplace progression routes and pathways
- A need for flexible skills provision

The Tay Cities Deal incorporating Dundee, Angus, Perth and Kinross and North Fife, is taking forward regional investments to focus on inclusion, innovation and connectedness ensuring delivery of a smarter and fairer region. Within the Tay Cities Deal, the college is working on key projects in engineering, aviation, hospitality, creative industries, and digital resilience.

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Regional Context of Our Strategy:

UHI Perth is one of the largest partners in the University of the Highlands and Islands (UHI).

UHI is an integrated university encompassing both further and higher education and part of a new breed of tertiary institutions, the only one in Scotland and one of only a few in Europe.

A diverse and flexible partnership serving their communities and connected to their needs offering flexible and supported learning from access level to PhD.

UHI have 31,000 students at the heart of the partnership and routinely exceeds student activity targets and surpasses many sector benchmarks of performance.

Summary

In summary 2021/22 delivered some excellent performance despite a number of challenges. The performance was delivered by the dedication, resilience, commitment and innovation of our staff and students. The outlook is very challenging but with careful monitoring, control and agility, supported by our new strategy, it should allow us to manage our financial sustainability.

This report provides a reliable reflection of our progress in 2021-22. In the face of the significant challenges facing Scotland's Colleges we maintained our focus on delivering an excellent student experience.

The members present their report and the audited financial statements for the year ended 31 July 2022.

Dr Margaret Cook

Principal & Chief Executive

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Purposes and Activities

Legal Status

The Board of Management was established under the Further and Higher Education (Scotland) Act 1992 for the purposes of managing and conducting Perth College.

The Office for National Statistics reclassified colleges as part of Central Government for National Accounts purposes since 1 April 2014.

The College is correctly registered with the Office of the Scottish Charity Regulator (“OSCR”) for charity status and is recognised by HM Revenue & Customs as a charity for tax purposes.

The College is one of the 13 Academic Partners within the University of the Highlands and Islands (“UHI”) and forms part of the UHI FE Regional Strategic Body for reporting purposes to Scottish Funding Council (“SFC”).

UHI Perth is one of the largest partners in the University of the Highlands and Islands (UHI).

UHI is an integrated university encompassing both further and higher education and part of a new breed of tertiary institutions, the only one in Scotland and one of only a few in Europe.

A diverse and flexible partnership serving their communities and connected to their needs offering flexible and supported learning from access level to PhD.

UHI has 31,000 students at the heart of the partnership and routinely exceeds student activity targets and surpasses many sector benchmarks of performance.

UHI Perth deliver courses at its main campus in Perth and in secondary schools across Perth and Kinross. We support work-based learning across a wide area, as well as collaborating with UHI in the ongoing development of its use of digital technology, providing access to expertise and curricula across Perth and Kinross, the Highlands and Islands and to our national and international partnerships.

The City of Perth is located within 50 miles of 90% of Scotland’s population, in the local authority of Perth and Kinross. The population of Perth and Kinross in 2021 was 151,900, a 0.1% increase from 2016. Unemployment rates are at 3.4% and its five year business survival rate is higher than the Scottish average. The 2021 Annual Participation Measure showed that 93.6% of 16–19-year-olds were in education, employment or training and personal development. UHI Perth is proud to serve the needs of its local area, as well as the wider Highlands and Islands Region and beyond.

UHI Perth provides a broad curriculum base with access to study at SCQF levels 2 to 12 in areas of local, regional, and national need in subjects grouped into five sector areas:

- Business, Management, Computing and Leisure;
- Creative and Cultural Industries;
- Science, Technology, Engineering and Maths;
- Applied Life Sciences; and
- Centre for Mountain Studies

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UHI Perth also delivers a range of Modern Apprenticeship programmes supported by Skills Development Scotland (SDS), industry bodies and a range of commercial Vocational Qualifications (VQ).

School-college partnership provision is linked to relevant vocational pathways, and includes Foundation Apprenticeships in Business, Creative and Digital Media, Early Years, Engineering and Health Care.

Our Vision

Our vision is to empower our learners to achieve their full potential through a transformational student experience.

Our Values

To realise our vision we focus on our four pillars:

1. College Growth and Ambition
2. Excellence in Learning and the Learner Experience
3. Partnerships and Collaboration
4. Sustainability

and six core values

1. Student Centred
2. Innovative
3. Ambitious
4. Respectful
5. Inclusive
6. Collaborative

Key priorities

Our strategic aims drive forward the Highlands and Islands Regional Outcome Agreement as well as ensuring full participation in Perth & Kinross Single Outcome Agreement Measures and Community Planning priorities.

The college works in partnership with relevant local and regional stakeholders to ensure the provision of high-quality curricula and sector engagement within the Regional Skills Assessment area of Tayside, but also shares common overall goals with the Regional Skills Assessment of the Highlands and Islands.

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Key Risks & Uncertainties

The Board of Management has responsibility for overseeing that the College identifies, mitigates and monitors strategic risk. The Audit Committee has delegated authority from the Board of Management to manage this process on their behalf.

The College operates a Strategic Risk Register which identifies the most significant risks to the College and also includes “common risks” as set out by the Executive Office of UHI. The Vice Principal of Operations is responsible for developing and managing the College Strategic Risk Register while the Senior Management Team (SMT) are responsible for ensuring that appropriate risk mitigation actions are implemented to address significant risks to the College’s operations and strategic objectives.

The Audit Committee receives an updated Strategic Risk Register on a quarterly basis. While many areas of risk are reviewed, the central focus for UHI Perth and across the sector are the current, heightened, risks to financial sustainability.

Many significant events including Brexit, the cost of COVID-19 and war in a part of Europe are starting to have a significant impact on the economy and College sector. The most recent Financial Forecast Return submitted to the Scottish Funding Council (SFC) highlighted the following risks:

1. **SFC Funding:** At the time of writing, it has been proposed that no additional funding will be available in the sector for the foreseeable future, referred to as “flat cash”. This is a significant risk to the financial sustainability of the college as it could be difficult to cover increases in staff costs and non-staff costs in the future. Risks that could affect cost increases are set out below.
2. **Student Numbers:** Post Brexit and COVID-19, the College have been impacted by falling Higher Education student numbers. We believe that this is due to universities changing their entry requirements which has increased their student numbers. This is a significant risk to the funding entitlement of the College now and in the future.
3. **Inflation:** While inflation has been stable and low for a number of years, there has now been a significant increase in inflation. This will impact our non-staff costs, especially energy costs. Significant increases in prices will result in demands for salary increases to meet inflationary pressure which will have a significant increase in our staff costs.
4. **Job Evaluation:** For several years there has been an exercise to review salary levels paid across the sector, all the way back to 2017. Funds have been made available by the SFC but any outcome in excess of the funds made available by the SFC will need to be met by the colleges. In addition to any potential income it has been indicated that if the exercise is not concluded in 2022/23, SFC funding support will be withdrawn leaving colleges to fund the full cost.

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Key responses that are being taken by the College to mitigate the threat to financial sustainability include:

1. UHI 2024. Seven major initiatives have been initiated by the Executive Office of UHI. As noted above the current risks are not unique to UHI Perth and threaten the sector. UHI Perth are fully committed to and involved in these initiatives to manage the risks posed to our financial sustainability.
2. Board of Management Review: In addition to UHI 2024, UHI Perth's Board of Management will be carrying out a detailed review of the College so that actions can be taken, as required, to ensure the financial sustainability of the College.

Enterprise Risk Management

In 2021/22 the UHI Perth started transitioning away from our traditional Strategic Risk Management process to a framework of Enterprise Risk Management. Our new process will merge the latest risk management frameworks outlined by the Committee of Sponsoring Organisations (COSO) and ISO30001. Our new ERM framework will go live in 2022/23.

Performance report

Performance Analysis

Non-Financial Performance

Key Performance Indicators

| Key Performance Measure | 2021/22 | 2020/21 | | Percentage change |
|--|---------|---------|---|-------------------|
| HE Recruitment FTEs | 1,696.8 | 2,062.6 | ↓ | Down 18% |
| FE Recruitment Credits | 23,205 | 22,429 | ↑ | Up 3% |
| NSS Overall Satisfaction | 85% | 77.4% | ↑ | Up 10% |
| SSES Overall Satisfaction | 90% | 82% | ↑ | Up 10% |
| Positive Destinations - FE | 79% | 79% | → | unchanged |
| Staff turnover | 19% | 13% | ↑ | Up 46% |
| Staff absences days per head | 8.9 | 4.5 | ↑ | Up 98% |
| Staff CPD days per employee | 4.73 | 3.8 | ↑ | Up 24% |
| Percentage of permanent teaching staff with Teaching Qualification in Further Education (TQFE) | 56% | 55% | ↑ | Up 2% |
| Number of staff delivering papers to conferences | 4 | 1 | ↑ | Up 300% |
| No of staff publications | 3 | 6 | ↓ | Down 50% |

As discussed in the Principal's report and in the Student numbers section below HE Recruitment FTE's are down. This is considered to be due to the changes in university recruitment.

FE Recruitment credits fell in 2020-21 due to lockdown. As discussed in the principal's report we have now returned to pre covid numbers in 2021/22.

We have seen an increase turnover within our staff profile within 2021/22. We saw an increased number of staff taking retirement or voluntary severance as well as moving to another organisation for career development. Salary was not quoted as a significant factor.

The increase in staff absence is considered to be a return to normal following the Covid Pandemic and is expected to increase again in future years. This is discussed in more detail under Sickness Absence Rates.

The increase in staff with TQFE is because the normal amount of training was reduced in 2020-21 because lockdown. This meant that there was not sufficient training resource to maintain the previous level of the TQFE in the academic staff. This has now returned to normal so the KPI has increased back to where it was previously.

The number of staff delivering papers at conferences has increased again following the lifting of lockdown.

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Student Numbers

In a highly challenging recruitment environment, Perth College has seen an increase in FE credits and has reduction in HE Undergraduate and Postgraduate FTE's. As set out in our key risks & uncertainties the reduction in HE numbers is considered to be due to universities changing their entry requirements which has increased their student numbers and impacted on College numbers.

Perth College achieved over 100% of its FE Credits, 83% of its HE Undergraduate FTE's and 72% of its Postgraduate FTE's. The credits are set out in more detail below:

| | Year ended 31 July 2022 | | | Year ended 31 July 2021 | | |
|---------------------------|-------------------------|--------|----------|-------------------------|--------|----------|
| | Actual | Target | Variance | Actual | Target | Variance |
| Further Education credits | 23,205 | 23,114 | 91 | 22,429 | 24,084 | (1,655) |
| Undergraduate HE FTE's | 1,696.8 | 2,046 | (349.2) | 2,062.6 | 1,992 | 70.6 |
| Postgraduate FTE's | 43.2 | 60.9 | (17.7) | 51.8 | 49.1 | 2.7 |

Financial Performance

Financial Results

These financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice 2019 ("SORP"): 'Accounting for Further and Higher Education'; the Financial Reporting Standards FRS 102 and the 2021/22 Government Financial Reporting Manual (FRm) and in accordance with applicable Accounting Standards.

They conform to the 2021/22 Accounts Direction for Scotland's Colleges ("the 2021/22 Accounts Direction") and other guidance issued by the SFC.

Perth College has achieved an operating deficit of £2.3m (2020/21 deficit of £1.6m) for the year ended 31 July 2022.

| | Year ended 31 July 2022 | Year ended 31 July 2021 |
|-----------------------------|----------------------------|----------------------------|
| | £'000 | £'000 |
| Operating deficit | (2,329) | (1,646) |
| Variance from prior year | (683) | 382 |
| Adjusted operating position | 272 | 997 |
| Variance from prior year | (725) | 1,642 |

UHI Perth prepared budgets for the year ended 31 July 2022 suggesting that financial performance would fall behind prior year but achieve a breakeven AOP position with additional savings. With good cost controls we were able to achieve a positive AOP.

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Performance Analysis

Due to uncertainties around clawbacks and the timing of other income, we were unable to redeploy the AOP saving to other areas. Budgets for the year ended 31 July 2023 are considered to be more challenging.

The College recognises the risks posed by an increasing cost base, particularly staff costs, against changing demand and reduced central funding.

The current operating and funding model in place across the UHI partnership places a material risk on financial sustainability. The complexities of delivery across the region and accounting for this create a sizeable challenge in terms of efficient delivery and management.

Following their reclassification as central government bodies from 1 April 2014, colleges are also required to comply with Central Government budgeting rules. In addressing the impact of these budgeting rules, Scottish Government and SFC committed to providing the cash budget previously earmarked for depreciation for use on specified priorities.

Cash Budget for Priorities

Colleges have now each been given a fixed cash budget for priorities which must be spent on agreed government priorities. The College's spend of its cash budget for priorities, and the impact on the operating position for the academic year, is set out in the tables below.

| | 2021/22 | 2020/21 |
|--|------------|------------|
| | £'000 | £'000 |
| Table of cash budget for priorities spend | | |
| Revenue Priorities | | |
| 2015-16 pay award | 117 | 117 |
| Estates capital development | 308 | 304 |
| Total impact on operating position | 425 | 421 |
| Capital Priorities | | |
| Unfunded pension payments | 104 | 108 |
| Total Capital | 104 | 108 |
| Total cash budget for priorities spend | 529 | 529 |

The Statement of Comprehensive Income ("SOCl") presents the financial performance during the accounting period in accordance with the SORP.

The Adjusted Operating Position ("AOP") is intended to reflect the underlying operating performance after allowing for material one-off or distorting items required by the SORP or other items outwith the control of the institution.

The AOP is therefore designed to smooth any volatility in reported results arising from FRS 102 and also to recognise that some of the reported costs do not have an immediate cash impact on the institution. All adjustments should be cross-referenced to the relevant note in the financial statements.

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Performance Analysis

Adjusted operating Position

The adjusted operating position of Perth College, as set out below, has decreased from a surplus of £1.0m to a surplus of £0.3m. The reasons for this are discussed in more detail in the Financial Performance.

| | 2021/22 | 2020/21 |
|---|----------------|----------------|
| | £000 | £000 |
| Adjusted Operating Position | | |
| Surplus/(deficit) before other gains and losses | (2,329) | (1,646) |
| Add Back: | | |
| Depreciation - net of deferred capital grant release (Note 1) | 1,187 | 1,177 |
| Pension adjustment – Net Service Cost (Note 2) | 1,416 | 1,410 |
| Pension adjustment – Net Interest Cost (Note 3) | 102 | 164 |
| Deduct: | | |
| CBP allocated to loan repayments and other capital items (Note 4) | (104) | (108) |
| Adjusted Operating Surplus/(Deficit) | 272 | 997 |

Note 1: Depreciation does not have an immediate cash impact on the institution and, in any case, capital expenditure will largely be funded by government or ALF grants so the charge is taken out.

Note 2: The adjustments to the pensions charge represent the net service cost (i.e. the present value of projected benefits resulting from employee service in the current year less cash contributions paid).

Note 3: The net interest cost is the interest accumulated on the pension liability and this is offset against the current year's interest earned on pension assets.

Note 4: Cash Budget for Priorities is included in income but the loan repayment is not reflected in the costs therefore this amount is adjusted. Loan repayments should only be adjusted where CBP has been used to fund them.

Financial Ratios

Our goal is to optimise financial stability through innovative and careful management. Every effort will be made to maximise the efficient and effective use of funds to support the academic aims and objectives of the College within the constraints of central government accounting rules. Scottish Government budgeting and accounting requirements require the College to at least break even on both an operational and resource basis in each fiscal year and to minimise cash balances.

Performance report

Performance Analysis

The following table gives a summary of key financial and other operating ratios:

| | 2021/22 | 2020/21 |
|--|-----------|-----------|
| Operating Surplus/(Deficit) as % of Total Income | (8.51%) | (6.17%) |
| Non SFC Income as % of Total Income | 35.46% | 32.95% |
| Current Assets: Current Liabilities | 1.13 | 1.04 |
| Staff Costs as a % of Total Income | 80.21% | 80.78% |
| Ratio of days cash to total expenditure | 46.9 days | 51.7 days |
| Trade creditor days | 36 days | 29 days |

There have been improvements in most of the ratios above in line with expectations.

The non SFC income percentage has increased due to the return of income from our commercial businesses and the reduction in HE main grant received from SFC.

Cash Flows and Liquidity

Days cash has decreased from 51.7 days to 46.9 days. This is primarily due to lower student support and childcare balances being held for repayment to SFC compared to prior year.

UHI Perth maintained a positive cash flow during the year. Liquidity has increased from 1.04 to 1.13. This increase is due to a reduction in current liabilities due largely to the reduction in student support funds held to be paid back to SFC.

Payment Performance

The College has a policy of paying its suppliers within 30 days of invoice unless other separate terms are in place, and excluding invoices held in dispute. Where possible, and in line with Scottish Government guidance, invoices are paid in the next available payment run following posting to the finance system. Creditor days (trade creditors divided by other operating expenditure) 36 days (2020/21: 29 days).

The increase in trade creditor days is due to the increased trade creditors balance at 31 July which has resulted from continued improvements in the time taken to receive invoices from suppliers and post them into the finance system

67% of invoices by value and 71% of invoices by number were paid within 30 days of invoice date. The average number of days for invoices paid within 30 days was 17 days. These figures do not exclude invoices in dispute or other invoices delayed for reasons outside our control.

We have introduced a “No PO, No Pay” approach during the year which has been communicated to all our suppliers in 2021/22 and we anticipate this further improving payment performance in future years.

No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998.

Performance report

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Treasury Policies and Objectives

The College has a separate treasury management policy in place and defines treasury management as the management of the organisation's cash flows, its banking and investment transactions; the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks.

Estates Strategy

The College continued to monitor and maintain the estate in line with the College's Strategic Plan 2016-21 and the new overall college strategy developed during the year. In year ended 31 July 2022 UHI Perth continued to develop and improve energy efficiency by carrying out upgrades to our mechanical and electrical equipment, such as boiler replacements and LED lighting, thus continuing to reduce our carbon footprint.

As the current strategic plan is coming to an end the Estates function is carrying out a review to develop a forward estates strategy to ensure that the estate is fit for purpose in the 21st century. As part of this, future developments within the College estates programme include:

- A new estates strategy has been commissioned and the strategy will be based on the creation of a new carbon neutral campus. Faithful and Gould are the consultants who have been tasked with creating the new strategy which should be completed during 2023.
- Continuing to find ways to improve our carbon footprint.
- The development of the Perth based element of the Aviation Academy for Scotland on the College's Crieff Road Campus;
- Improving and re-purposing existing facilities to provide an integrated approach to the development and delivery of curriculum, research and wider stakeholder engagement within all areas. Examples include the delivery of a Sports Injury Clinic as well as a Beauty Therapy service, both run as student enterprises.

A key future industry development project is the Aviation Academy for Scotland, supported by the Tay Cities Deal. This is an industry partnership focussing on addressing the growth demand for skills required within the Aviation industry. The project is led by Perth College UHI in partnership with Tayside Aviation and Air Service Training. Should this project proceed from its current Outline Business Case stage towards being funded through the Tay Cities Deal, this capital investment of £5.96 million would be received, over a number of years, however this continues to be discussed with all parties involved.

Investment has been made in carbon and energy use monitoring, waste management monitoring, increasing environmental awareness with staff and students and engaging with stakeholders on sustainable development initiatives. During 2021/22, examples have included:

- Continued installation of more energy efficiency services including LED Lighting, energy efficient boilers and waste minimisation efforts;
- The College influences emissions beyond its corporate boundaries through educating its students and staff in sustainability and climate change issues. Education on sustainability issues is included within the curriculum.

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Performance Analysis

The College also confirms compliance with the Scottish Government sustainability reporting in line with the requirements of the Climate Change (Scotland) Act 2009 which sets out the required content for the report to Scottish Government.

The College has reported every year since the 2015 Schedule became active, including the initial voluntary year in 2015/16. Perth College UHI is also an active participant in the Environmental Association of Universities and Colleges (EAUC).

Climate Change (Scotland) Act 2009

One of the College's Strategic priorities within its Regional Outcome Agreement is to deliver against the SFC National Performance Measures reduction in our gross carbon footprint.

UHI Perth continues to work towards carbon reduction and the carbon emissions figures are 1,646 tonnes of carbon dioxide equivalent ("tCO₂e") from 1,864 tCO₂e in 2015/16.

ICT Strategy

The ICT Department are focusing on themes to support the implementation of the ICT Digital Transformation Strategy to take the college and our stakeholders through a journey of digital confidence and competence that inspires and stimulates future thinking and innovation.

The themes are:

- Culture
- Service
- Sustainability
- Communication and Collaboration

Culture

By adopting a continual service improvement register the College is embracing an opportunity to map out where we are, where we want to be, how we will get there and prioritise our improvement activities and their impact.

By developing the 5-year ICT investment plan we ensure that we offer equality of access, allowing our staff and students to thrive in a digitally enabled environment.

Service

We have implemented the JISC Benchmark (Elevation) Tool to map Perth College ICT against the sector.

A program of works has begun to ensure that ICT services and facilities are designed to support our stakeholders by ensuring they are accessible, secure, and sustainable.

An infrastructure review has been undertaken and a new teaching room standard has been agreed with internal stakeholders for the duration of the ICT Strategy 2022 – 2025 that will allow our academics to dynamically deliver the curriculum in high quality, flexible and innovative environments.

Performance report

Performance Analysis

Sustainability

Through effective collaboration throughout the procurement cycle our suppliers are all committed to delivering benefits through improved value for money, improved goods, and services.

Our ICT hardware partner meet or exceed the minimum of Electronic Product Environmental Assessment Tool (EPEAT) Gold compliance.

A tripartite upcycling project has been established with Perth and Kinross Council, Academic Departments and the WEEE Centre to increase digital accessibility and skills to disadvantaged members of our community.

Communication and Collaboration

A key focus for the forthcoming year is the facilitation of digital solutions to enhance collaboration and communications that will allow our staff to work smarter using innovative flexible, secure, and accessible platforms, this is being achieved by embracing best of breed cloud systems, and scalable opportunities for shared ICT Services.

Equality & Diversity

Equality and Diversity Vision

At Perth College UHI we have a passion for achieving more, a passion to become the most inclusive college in Scotland.

Perth College UHI is currently working towards meeting the following general duties:

- Eliminating discrimination and other unlawful conduct;
- Advancing equality of opportunity.
- Fostering good relations.

Perth College's organisational equality outcomes 2021-2025 are:

- More learners than before are disclosing they are Care Experienced. These learners tend to have additional barriers which negatively impact attainment scores compared to their peers. We will work with the learners and other agencies to deliver interventions and support to narrow the attainment gap.
- There is an increase in learners disclosing mental ill health. These learners tend to have additional barriers impacting their attainment score compared to their peers. We will work with the learners and other agencies to deliver interventions and support to narrow the attainment gap.
- We recognise that there are gender imbalances across some areas of our curriculum, we will take active steps to promote accessibility of these programmes and challenge gender stereotyping.

Performance report

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- We are committed to being an anti-racist organisation and will seek to eliminate racism in all of its forms throughout all parts of the College.
- The College has a declining proportion of staff disclosing a disability in comparison with the local population. We will look to ensure that our policies, processes and practices are supportive of recruiting and retaining disabled staff. We will focus on hidden disabilities and wellbeing at work.

A new Equality, Diversity and Inclusion Advisor was appointed by the College to lead on ensuring that the College delivers on these outcomes and also on our statutory reporting.

In October 2021 the output from the Board Lead Anti-Racism Short life Working Group was published following the work undertaken during 2020 and 2021. This output directly linked into one of our Equality Outcomes and is now monitored by our Equality, Diversity and Inclusion Committee.

Equality Reporting

We continue on our journey of ensuring the student and staff experience at the College is excellent. We continue to mainstream equality and diversity into all aspects of our operations and in doing so provide a learning and working environment which is founded on key principles of fairness, opportunities and respect for everyone.

Central to mainstreaming has been the gathering and consideration of further relevant data. This has involved assessing existing available evidence and also considering what other evidence may be available to help us make progress in further meeting the general equality duties.

Reporting on this work continues to demonstrate to our staff, students and other stakeholders that we are taking steps to further mainstream equality across the organisation and the progress that has been made.

Perth College has complied with its numerous statutory reporting requirements for the year ended 31 July 2022.

Perth College published one report and one action plan (available on our website):

- Anti-Racism Action Plan 2021
- Gender Pay Gap Report 2022

This report shows the College's progress in reducing our Gender Pay gap and the actions the College is looking to deliver on to deliver on its journey to become an Anti-Racist organisation.

Non-Financial Issues

Reputation

The College has a good reputation locally, nationally and internationally. Maintaining a quality brand is essential for the College's success in attracting students and developing and maintaining external relationships.

Performance report

Performance Analysis

The College has invested significantly in developing its reputation nationally with a particular focus on influencing policy and internationally by delivering quality programmes and by broadening the reach and strength of international partnerships.

Stakeholder Relationships

In line with other colleges and universities, the College has many stakeholders.

The College actively engages with Scottish Government ministers, senior civil servants and the SFC both independently and through Colleges Scotland to update progress on delivery against key national priorities as well as influencing future policy. This would include within policy areas of Skills Alignment Strategy, the Learner Journey Review and Developing the Young Workforce.

In order to ensure our curriculum continues to meet current and future regional and national industry needs, continued engagement with Skills Development Scotland and industry bodies across our curriculum teams and directly into businesses. The College's Foundation, Modern and Graduate apprenticeship delivery relies on these strong industry relationships to ensure skills demands are met and delivery compliance is achieved. The College had strong performance in these areas during the year ended 31 July 2022.

The College's relationship with Perth and Kinross Council and its other Tay Cities regional partners through the Tay Cities Deal HE/ FE Forum and the Tay Cities Skills Board, Perth Development Board, Perth and Kinross Community Planning Partnership and the Strategic Education Group has been crucial to ensuring the College continues to be well regarded for its influence in economic and social transformation.

This includes the role the College plays in ensuring there are suitable progression routes for all learners from the Senior Phase pathways through to vocational, degree and postgraduate provision.

The College's role as one of the largest partners within UHI ensures that influence impacts the full Highland's region with the range of networked provision delivered by the College or hosted in Perth campus.

In partnership with our staff, trade unions and HISA, a greater focus on the student experience remains a high priority to the College. We are committed to investing in the Student Experience which is now a core part of our forward strategy and we are delighted to see the focus has begun and continues to show results.

Additional areas of focus are:

- a greater variety of student support and social groups.
- Use of digital accessibility funding to improve the digital experience for our students
- An ICT strategy that supports the aspiration to be a student-centred, digitally enabled college.

Alongside this, continued discussions have taken place with Trade Unions to ensure the health and safety and wellbeing of all staff groups. This included those staff working from home as well

Performance report

Performance Analysis

as those staff undertaking essential on campus services to students. Discussions with Trade Unions in relation to non-filling of vacancies or realigning roles where vacancies arise, as well as the identification of areas for savings within the College's 2022/23 budget.

Human Rights

The College as part of the University of the Highlands and Islands partnership has published a Slavery and Human Trafficking Policy Statement as required by the Modern Slavery Act 2015. This statement is reviewed annually and the actions from it implemented in all purchasing activity by requiring all new suppliers to confirm that they have "effective procedures in place to comply with the Modern Slavery Act 2015" before any transaction can take place.

Details of our requirements have been incorporated into the College's Standard Terms and Conditions upon which all purchase orders and local contracts are based. These requirements are also included in the many frameworks we utilise, awarded by centres of expertise such as Advance Procurement for Universities and Colleges ("APUC"), Scottish Procurement and Crown Commercial Service ("CCS").

Where modern slavery, human rights or workforce matters are identified as a potential risk in contracting for goods and services, relevant and proportionate requirements are included within our specification of requirements and appropriately probing questions are asked of bidders to demonstrate compliance with applicable laws, regulations and policies such as International Labour Organisation standards.

As a Scottish Living Wage Foundation accredited employer we also endeavour that all on-site contractors are paid at least the Real Living Wage, as set annually by the Living Wage Foundation. This has also applied to our catering contract.

There have been no complaints of any breaches of human rights within our supply chain.

Anti-Corruption and Bribery Matters

For regulated procurement, all suppliers are required to confirm that they are "in full compliance with and support the Bribery Act 2010" before any transaction can take place. Details of our anti-corruption requirements are stated in the College's Standard Terms and Conditions upon which all purchase orders and local contracts are based.

These requirements are also included in the many frameworks we utilise, awarded by centres of expertise such as Advance Procurement for Universities and Colleges ("APUC"), Scottish Procurement and Crown Commercial Service ("CCS").

The College has a Fraud Prevention Policy and Response Plan which is included in our review plan and clearly details the requirements for staff members to adhere to as well as advising on how to report suspected breaches.

Perth College also participates in the National Fraud Initiative and has recently submitted datasets for the 2022/23 Exercise. Results of this exercise will be available and reviewed according to the prescribed timetable.

Our procurement and financial transaction processes ensure a clear separation of duties between requestors, budget approvers and payees to mitigate against potential risk or fraudulent activity.

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These processes are being continually reviewed to ensure they are fit for purpose and achieving their aims.

We acknowledge the weaknesses arising from our use of the purchase order system and have already implemented improvements to the process. In spite of these weaknesses the finance processes still require approval limits and segregation of duties which mitigate the risks as described above. We are currently implementing further changes to our purchase order process

There have been no complaints of any breaches of corruption or bribery within our supply chain.

Disclosure of Information to Auditor

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

Approved by order of the members of the Board of Management on 14 December 2022 and signed on its behalf by:

Dr Margaret Cook
Principal & Chief Executive

Accountability Report

Remuneration and Staff Report

The Accountability Report has three sections and is signed by the Chair and the Principal:

1. The Remuneration and Staff report;
2. The Corporate Governance report; and
3. The Parliamentary Accountability report

Remuneration and Staff Report

Introduction

The College is required to prepare and publish within its financial statements an annual Remuneration Report under the 2021/22 Government Financial Reporting Model (FReM) issued by HM Treasury.

The report sets out the remuneration and accrued pension benefits of the Senior Management Team members of the College. Other than the Principal, no other member of the Board is remunerated.

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

All information disclosed in the tables in this report has been audited by the College's external auditor and all other sections of the Remuneration Report are reviewed to ensure they are consistent with the financial statements.

Remuneration arrangements

Senior Management Team

The Remuneration Committee makes recommendations to the Board of Management on the service arrangements and remuneration of the Principal and determines the service arrangements and remuneration of the other senior post holders.

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Remuneration and Staff Report

Remuneration of the Senior Management Team is as set out in Note 8 to the financial statements. In addition, the following table provides details of the remuneration and pension interests of senior management.

| Name | Role | 12 months ended 31 July 2022 | | |
|-----------------------------|--------------------------------------|------------------------------|----------------------------|---------------|
| | | Salary £000 | Pension Benefit £000 | Total £000 |
| Margaret Cook | Principal | 115-120 | 30-35 | 150-155 |
| Lorenz Cairns | Depute Principal | 85-90 | 20-25 | 105-110 |
| Catherine Etri ¹ | Vice Principal – Academic | 55-60 | - | 55-60 |
| Veronica Lynch | Vice Principal – External Engagement | 85-90 | 50-55 | 135-140 |
| Iain Wishart | Vice Principal - Operations | 70-75 | 20-25 | 95-100 |
| | | 12 months ended 31 July 2021 | | |
| Margaret Cook | Principal | 110-115 | 25-30 | 135-140 |
| Lorenz Cairns | Deputy | 80-85 | 35-40 | 120-125 |
| Catherine Etri | Associate Principal | 65-70 | 30-35 | 100-105 |
| Veronica Lynch | VP External engagement | 80-85 | 45-50 | 125-130 |
| Iain Wishart | Director of Finance | 65-70 | 20-25 | 90-95 |

Senior Management Team members listed above are enrolled in either the STSS or LGPS pension schemes. These are both defined benefit schemes.

The pension benefits set out in the table above reflect the change in value of pension for each individual (less contributions paid by the individual). These pension benefits include additional pension accrued within the year, and any changes to the value of pension earned in all previous years as a result of salary increases. The pension amounts were higher in the year to 31 July 2022 due to salary increases for incremental progression and the cost-of-living increase. There had been no incremental progression in the year ended 31 July 2021 which is why the pension benefit was lower in that year.

The pension amounts in the table above do not represent the pension contributions paid for the staff listed. The actual amount of pension contribution paid for senior post holders is shown in Note 8 of these financial statements.

¹ Catherine Etri reduced from 1.0 FTE to 0.8 FTE during the year which resulted in a negative pension benefit figure because of the reduction in her CETV in a final salary scheme. She has since returned to 1.0 FTE so there will be a corresponding Pension benefit change next year.

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Remuneration and Staff Report

Higher Paid Employees

The following table shows the salary bandings of staff whose salary was in excess of £60,000.

| Salary Band £000 | 2021/22 Number of staff | 2020/21 Number of staff |
|-----------------------------|------------------------------------|------------------------------------|
| 60-70 | 3 | 6 |
| 70-80 | 1 | 0 |
| 80-90 | 2 | 2 |
| 100-110 | 0 | 0 |
| 110-120 | 1 | 1 |

Compensation for loss of office

Four employees left under a voluntary severance scheme during the year and one left on a departure agreed with SFC. In total they received a compensation payment of £91,206. No employees left under compulsory redundancy terms.

The table below summarises the exit packages by cost band.

| Exit package cost band | Number of voluntary redundancies | Number of other departures agreed (including any compulsory redundancies) | Total number of exit packages by cost band |
|--------------------------------------|---|--|---|
| <£10,000 | 0 | 0 | 0 |
| £10,000 to £25,000 | 3 | 1 | 4 |
| £25,000 to £50,000 | 1 | 0 | 1 |
| Total number of exit packages | 4 | 1 | 5 |
| Total cost (£'000) | 75 | 16 | 91 |

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Remuneration and Staff Report

Pay Multiples

The College is required by the FreM to disclose the relationships between the remuneration of the highest paid official and the 25th, 50th and 75th percentile of remuneration of their workforce.

| | 2021/22 | 2020/21 |
|---|---------|---------|
| | £ | £ |
| Median Remuneration | 38,256 | 37,637 |
| Mid-Point of Banded Remuneration of Highest Paid Official | 117,500 | 112,500 |
| Median Pay multiple | 3.1 | 3.0 |
| 25th percentile pay ratio | 24,462 | 23,361 |
| 25th percentile pay multiple | 4.8 | 4.8 |
| 50th percentile pay ratio | 38,526 | 37,637 |
| 50th percentile pay multiple | 3.1 | 3.0 |
| 75th percentile pay ratio | 43,357 | 42,537 |
| 75th percentile pay multiple | 2.7 | 2.6 |

Accrued pension benefits

Pension benefits for Employees are provided through the Scottish Teacher's Superannuation Scheme (STSS), a defined benefit scheme, which is externally funded and contracted out of State Earnings-Related Pension Scheme and the Local Government Pension Scheme (LGPS), Tayside Pension Fund.

Prior to 1 April 2015 both STSS and LGPS were final salary pension schemes. This meant that pension benefits were based on the final year's pay and the number of years that the person had been a member of the scheme. From 1 April 2015 both pension schemes became Career Average Revalued Earnings (CARE) schemes.

A CARE scheme means that pension benefits are now built up using an accrual rate of 1/57th of annual pensionable pay for STSS and 1/49th of annual pensionable pay for LGPS. Benefits built up prior to April 2015 will be protected and continue to be calculated on final pensionable pay.

The scheme's normal retirement age is now linked to the members own State Pension Age.

Contribution rates are set annually for all employees and are based on salary bandings. There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004.

Cash Equivalent Transfer Value (CETV)

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

The value of the accrued pension benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on

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Remuneration and Staff Report

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 within the relevant scheme and may not be reflective of their total Local Government service or current appointment.

In considering the accrued pension benefits figures the following contextual information should be considered:

- i. 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. 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.

Senior Management Team Pension

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

| Name | Accrued pension at age at 31 July 2022 | Accrued lump sum at pension age at 31 July 2022 | Real increase in pension 1 August 2021 to 31 July 2022 | Real increase in lump sum 1 August 2021 to 31 July 2022 | CETV at 31 July 2021 | CETV at 31 July 2022 | Real increase in CETV |
|-----------------------------|--|---|--|---|----------------------|----------------------|-----------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Margaret Cook | 10-15 | 0-5 | 0-2.5 | 0-2.5 | 117 | 160 | 43 |
| Lorenz Cairns | 30-35 | 90-95 | 0-2.5 | 2.5-5 | 699 | 752 | 53 |
| Catherine Etri ² | 20-25 | 65-70 | - | - | 644 | 547 | - |
| Veronica Lynch | 30-35 | 30-35 | 2.5-3 | 0-2.5 | 458 | 510 | 52 |
| Iain Wishart | 0-5 | 0-5 | 0-2.5 | 0-2.5 | 21 | 44 | 23 |

² Catherine Etri reduced from 1.0 FTE to 0.8 FTE during the year which resulted in a negative pension benefit figure because of the reduction in her CETV in a final salary scheme. She has since returned to 1.0 FTE so there will be a corresponding Pension benefit change next year.

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Remuneration and Staff Report

Gender Split for Perth College Board of Management and Senior Management Team

The table below sets out the gender split of the Board of Management of Perth College based on all members who sat on the board during the year ended 31 July 2022.

Margaret Cook (Principal of UHI Perth) is the only member of the Senior Management Team who also sits on the Board and is included in the Gender Split of both the Senior Management Team and Staff Board Members.

Non-Executive Board Members are comprised of Independent and Student members.

| Board of Management | | | | Senior Management Team | |
|-----------------------------|--------|---------------------|--------|------------------------|--------|
| Non-Executive Board Members | | Staff Board Members | | | |
| Male | Female | Male | Female | Male | Female |
| 47% | 53% | 67% | 33% | 40% | 60% |

Staff Numbers and Costs

The table below sets out for UHI Perth. The below figures do not include staff costs for the subsidiary, Air Service Training (Engineering) Limited which has 32 FTE on permanent contracts and 1 FTE on temporary contracts. A full breakdown of staff numbers is set out in Note 6 of these accounts.

| | Year ended 31 July 2022 | | | Year ended 31 July 2021 |
|----------------------------------|-------------------------|--------------|---------------|-------------------------|
| | Permanent Staff | Other staff | Total | Total |
| Wages & Salaries (£'000) | 13,508 | 1,261 | 14,769 | 14,587 |
| Social Security Costs (£'000) | 1,373 | 128 | 1,501 | 1,438 |
| Other Pension Costs (£'000) | 4,069 | 380 | 4,450 | 4,479 |
| Total staff costs (£'000) | 18,950 | 1,770 | 20,720 | 20,504 |
| Average number of FTE | 332 | 31 | 363 | 361 |

Based on headcount, the College employed 300 females (61%) and 195 males (39%) as at 31 July 2022.

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Sickness Absence Rates

The following table provides the total sick days lost, average sick days per head and percentage of working time lost for the years ended 31 July 2022 and 2021:

| | Year ended 31 July 2022 | | | Year ended 31 July 2021 | | |
|-------|-------------------------|----------------------------|---------------------|-------------------------|----------------------------|---------------------|
| | Total sick days | Average sick days per head | % working time lost | Total sick days | Average sick days per head | % working time lost |
| Total | 3,220 | 8.9 | 3.42% | 2,263 | 4.50 | 2.24% |

The cumulative sickness absence rates for the College for 2021/22 have increased compared to the year ended 31 July 2021 from 2.24% of working time lost to 3.42% of working time lost.

The reduced level of average sick days in the year ended 31 July 2021 can be partially attributed to the COVID-19 pandemic and a similar decrease in sickness absence levels was seen across the Education sector with staff either not being ill due to lack of contact with other people or the ability to work from home meant they were continuing to work despite not being well.

When comparing current levels to the year ended 31 July 2020, total sick days of 3,220 (2020: 4,049) is less, but the average sick days per head of 8.9 (2020: 7.9) is higher (7.9 (2020) compared to 8.9 (2022), which corresponds to the reduction in FTE from 398 in 2020 to 363 in 2022.

Policies in relation to disabled persons

The College Equality and Diversity Policy sets the principles and values of equality and diversity for the College. These are implemented through the College's Equality Outcomes and associated action plan which are aligned to the College Regional Outcome Agreement as well as the policies and procedures that guide the way in which people behave. Progress against the Equality Outcomes is reported on the Perth College website:

<https://www.perth.uhi.ac.uk/about-us/policies-regulations-and-guidelines/equality-diversity-and-inclusion/>

The policy is also implemented through a number of policies and procedures that concern the experience of staff and students. These include:

- Gender Pay Gap Report 2022
- Mainstreaming Equality, Equality Outcomes, and Workforce and Students Profile 2021

The College also carries out an internal assessment of our Disability Pay Gap and the College is looking at engaging with the Disability Confident Scheme which encourages employers to think differently about disability and take action to improve how we recruit, retain and develop disabled people. There are a number of other initiatives which are being proposed for 2022-23 to support this area of work.

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Remuneration and Staff Report

Recruitment and Selection

Perth College strives to be an excellent employer by adopting a principle of diversity and inclusivity in order to attract the highest calibre of staff in pursuance of Perth College's overall Vision and Values.

This principle includes a positive approach towards disability and ensuring that people with disabilities receive the necessary support through the recruitment and selection process. This includes the provision of any additional support required by candidates to ensure fair and equal participation throughout the process.

Applicants are also asked during the recruitment process if they require Perth College to make any reasonable adjustments to support them in the recruitment process giving due regard to their particular aptitudes and abilities.

Perth College also commits to ensuring that vacancies are advertised in a wide variety of digital and other outlets and are worded in such a way as to attract candidates from as wide a cross section of society as possible.

Professional Development

All employees are encouraged to participate in development activity to develop their qualifications and skills.

Employees are also expected to participate in the Colleges Professional Review Scheme and undertake any staff development and training necessary for the full performance of their duties. The College also provides financial support for a number of employees to undertake qualifications relevant to their roles.

Perth College continues to aim to meet the requirement to ensure a minimum entitlement of six days (pro rata) continuing professional development (CPD) to all employees. This is to be provided in manner which is meaningful to all staff and ensures CPD adds value to the individual, team and UHI Perth.

Redeployment and Occupational Health

Perth College is committed to ensuring that if employees become disabled during their employment with the College that we look at redeployment and training opportunities to retain their services within the College.

Employees make regular use of the Occupational Health service provided by Perth College UHI through management referrals to allow Perth College, and employees, to make informed decisions about any reasonable adjustments that Perth College may be able to support.

Perth College UHI has also worked with Access to Work to ensure adaptive equipment and training are provided to support employees who have a disability as defined by the Equality Act 2010. This scheme is actively utilised to support staff to remain at work.

Perth College UHI also has a contract with a local Counselling Service which offers staff the confidential opportunity to access up to six free counselling sessions in a 12 month period. If required additional counselling sessions are then agreed by the College

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Remuneration and Staff Report

Other employee matters

Equal Pay

The College reaffirms the principle that all members of staff receive equal pay for the same or broadly similar work, for work rated as equivalent and for work of equal value.

The College will ensure that all pay practice applies equally to all staff and is best practice. The College will communicate pay practice to help members of staff develop understanding of how pay is determined; undertake equal pay audits in accordance with any legal obligations; provide guidance and support to managers where they make decisions on pay and benefits for staff; and work within the National Bargaining Framework for colleges in Scotland including implementation of any agreed job evaluation scheme.

The work of the National Job Evaluation Scheme for Support Staff within Colleges is still underway and no outcomes have yet been published. Until decisions and outcomes are known, the College continues to use its internal job evaluation scheme.

The furlough scheme was utilised as much as possible during the Covid-19 national lockdowns to support the College to allow them to continue to pay the full salaries of employees during the lockdown periods or until they were able to return to work.

Work Life Balance

The College recognises that members of staff have priorities outside of their employment and that it is important for the wellbeing of all staff that there is balance between work and home life. The College also recognises that members of staff will have differing requirements at different points in their working life and the range of Family Friendly/Flexible Working Policies and Procedures aims to ensure that an appropriate balance between work and home life can be achieved throughout a member of staff's employment at the College.

Following the lifting of lockdown the college has followed a hybrid working model. This remains in place and is under review with a view to adopting a longer-term policy. There are also staff who have agreed flexible working arrangements in place and the College has allowed formal flexible working requests from day one of employment and also allowed staff to submit two requests during the year which exceeds statutory requirements.

Where staff work from home they are required to undertake Home Working Assessment and Display Screen Assessments to ensure that the home working is undertaken in a safe environment

The Senior Management team, in consultation with trade unions agreed to additional holiday entitlement for all employees during the year.

Conduct

The College promotes and lives up to the principals within its Equality and Diversity Policy of: Treating people with respect; Encouraging, maintaining and promoting good relations; Applying policies, procedures and processes fairly and with due regard to every individual; Welcoming the differences between each person and value the contribution that they make to the cultural and social wellbeing of the College's working and learning environment.

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Remuneration and Staff Report

Exit

Members of staff will be treated fairly in circumstances where there is a reduction in the need for certain types of roles which saw the College implement a voluntary severance scheme during 2021/22 and in the application of disciplinary procedures where dismissal may be an outcome. The College also saw a small number of staff leave through ill-health retirement.

Health and Safety

The Board of Management of Perth College attaches the greatest importance to safeguarding the health, safety and welfare of staff, students, visitors and others who use the premises, and regards the promotion of health and safety measures as a mutual obligation for management and employees at all levels.

It is the commitment of the College to act within the requirements of the Health and Safety at Work etc Act 1974 and subsequent legislation, and to ensure that the health, safety and welfare of all staff, students, visitors and others who may be affected by our undertakings is safeguarded, so far as it reasonably practicable.

To meet these criteria, the College will:

- Regard legal compliance as the lowest acceptable standard of management with regard to health and safety;
- Identify hazards, assess risks and manage those risks;
- Provide appropriate information, instruction, training and supervision;
- Provide and maintain equipment and a working environment that are, so far as is reasonably practicable, without risks to health and safety;
- Consult with employee representatives on health and safety matters; and
- Provide adequate funding and resources to meet Policy needs.

In order to effectively manage Health and Safety, the College Board of Management devolves policies and procedures through the Principal and Chief Executive to the Senior Management Team, to the Directors and Managers of Curriculum and Professional Services Managers, and their staff, all of whom are responsible for managing Health and Safety.

The College requires that all staff, students and visitors co-operated in regarding safe working as a prime objective, by working within established procedures.

Overall responsibility for the practical implementation of this Policy lies with the College Principal and Chief Executive.

The College holds the Gold Award standard for Healthy Working Lives, evidencing our commitment to our staff, however this award overseen by Public Health Scotland has now been withdrawn.

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The College's duty to consult on Health and Safety matters with trade unions and staff is structured through a Health and Safety Committee. The Committee meetings are scheduled four times over the curriculum year. These meetings are chaired by the Head of HR & Organisational Development and made up of the College Management, representatives of each recognised union and staff representatives.

Four sub-groups of this committee were in place for the period ending 31 July 2022, these being Covid-19 response group, Health and Wellbeing for Staff, Stress Management, Policies and Procedure Review Group. The Covid-19 response group was paused at the end of this period due to the normalisation of Covid-19 into daily lives and practices but will be reinstated if needed.

Typical Health and Safety performance topics being discussed would include accident trends, training compliance, inspection reports and issues raised over the period covered.

The Health, Safety and Welfare Advisor ensures there are regular departmental audits with associated actions plans and these are all brought for review to the Health and Safety Committee. From January 2022 to the end of July 2022, 12 audits were undertaken incorporating 17 areas of the College.

There were no external Health and Safety audits undertaken within the College within this time, however our nursery had an unannounced inspection by the Care Inspectorate in October 2021 which resulted in grades at level 4 or 5 in the areas inspected which is a significant improvement from previous audits.

Our priority is, and continues to be, to provide and maintain a safe work environment. We have provided training to increase the number of competent risk assessors, given direction and support for undertaking or refreshing our mandatory related online training and provided some of our management with accredited Health and Safety qualifications.

With the near return to normal for work and study, activity on site has increased but not to pre-pandemic levels. This resulted in the number of Accident and Incident occurrences increasing when compared to the previous year but remains lower than the year ending 31 July 2020.

Four additional members of the Corporate Management Team were enrolled on their Institute of Occupational Safety and Health (IOSH) Managing Safety programme.

An additional 10 staff have completed the General Risk Assessor training. This now gives a total of 80 competent assessors.

44 staff have completed the Mental Health First Aid training which teaches people how to identify, understand and help someone who may be experiencing a mental health issue.

Six staff have qualified or requalified as competent First Aiders after successful attendance at a British Red Cross First Aid at Work course and 10 staff have completed Emergency First Aid at Work widening our capability across the Campus to respond to incidents and accidents. We have also followed recommendations to conduct First Aid Refresher Training to maintain skills and confidence with 14 of our first aiders.

Following the "normal" resumption of business and the requirement to transport students for events such as Duke of Edinburgh Award, external sports activities and educational visits, we

Accountability Report

Remuneration and Staff Report

have had 11 staff attend MiDAS training. MiDAS is the Minibus Driver Awareness Scheme. It is a scheme that promotes a UK wide standard for the assessment and training of minibus drivers and is viewed as best practice. The scheme aims to enhance minibus driving standards and safe operation of minibuses.

Two members of the Estates teams also refreshed their training as Legionella safety competent persons.

Trade Unions

The College recognises two Trade Unions, EIS-FELA and UNISON. The relationships with each are governed by the appropriate Recognition and Procedure Agreements augmented with regular informal discussions with senior staff including the Head of HR & Organisational Development.

We are an active member of the Employer's Association to support National Bargaining dialogue, discussion and agreement. All of this highlights our commitment to partnership working and a no surprises relationship based on openness and transparency from management and the recognised Trade Unions.

Trade union officials

| | |
|--|--------------------------------------|
| Number of employees who were relevant union officials during the relevant period | Full time equivalent employee number |
| 7 | 6.52 |

Percentage of time spent on facility time

| Percentage | Number of employees |
|------------|---------------------|
| 0% | |
| 1-50% | 7 |
| 51-99% | |
| 100% | |

Percentage of pay bill spent on facility time

| | |
|--|-------------|
| Total cost of facility time: | £25,739 |
| Total pay bill: | £20,719,155 |
| Percentage of the total pay bill spent on facility time: | 0.12% |

Paid trade union activities

| | |
|---|------|
| Time spent on trade union activities as a percentage of total paid facility time hours: | 100% |
|---|------|

Accountability Report

Remuneration and Staff Report

Employment Issues

Perth College has published its commitment to equal pay within these financial statements which reaffirms the principle that all members of staff receive equal pay for the same or broadly similar work, for work rated as equivalent and for work of equal value. To achieve this, Perth College commits to:

- Ensure that all pay practice applies equally to all staff and is best practice;
- Communicate pay practice to help members of staff develop understanding of how pay is determined;
- Undertake equal pay audits in accordance with any legal obligations;
- Provide guidance and support to managers where they make decisions on pay and benefits for staff; and
- Work within the National Bargaining Framework for colleges in Scotland including implementation of any agreed job evaluation scheme.

Perth College also has a commitment to equality and diversity as demonstrated in the principles adopted by it which are:

- Treating people with respect;
- Encouraging, maintaining and promoting good relations;
- Applying policies, procedures and processes fairly and with due regard to every individual;
- Welcoming the differences between each person and value the contribution that they make to the cultural and social wellbeing of the College's working and learning environment; and
- Perth College also has an Equality, Diversity and Inclusivity Committee which monitors progress on equality matters and is a forum for consultation about matters which affect staff and students.

The majority of the Perth College's staff are female (61%) with men representing 39% of the workforce.

The College has a Professional Review process which includes a Career Long Professional Learning (CLPL) element to support the development of both Academic and Professional services staff, and an allocated CPD budget to support other professional development activities.

For Academic staff, a new Professional Review process was implemented during the year ending 31 July 2022 which was developed to meet the College's requirement for General Teaching Council for Scotland registration for lecturing staff. This required professional dialogue discussions between staff members and their line managers to be undertaken in a coaching style and all managers of academic staff undertook training to give them these skills.

Accountability Report

Remuneration and Staff Report

The College has a robust framework of policies and procedures which support the employment lifecycle. These include recruitment, induction, to be family friendly, encourage flexible working, discipline and grievance issues, promote health and wellbeing, absence, capability and exit.

Accountability Report

Corporate Governance Report

Overview

The purpose of the Corporate Governance report is to explain the composition and organisation of the institution's governance structures and how they support the achievement of institutional objectives.

- The Corporate Governance report includes:
- a Directors' Report
- a Statement of Responsibilities of the Members of the Board of Management
- a Governance Statement

Directors Report

The Board of Management

The members who served on the Board of Management during the year and up to the date of signing the financial statements were as follows:

| Name | Date of Appointment/ (resignation) | Status | Committees Served to 31 Dec 2021 | Committees Served from 01 Jan 2022 |
|------------------|--|-------------------------------|---|---|
| Brian Crichton | 15 June 2016 Appointed as Chair 20 August 2018 Resigned as Chair 30 September 2022 | Independent Member | Chairs' (chair); Finance & General Purposes; Remuneration; | Chairs (chair); Finance & Resources; Remuneration |
| Graham Watson | 7 August 2020 (appointed Interim chair 1 October 2022) | Independent Member | Audit | Air Service Training (chair); Audit (until 1 October 2022); Chairs; Remuneration |
| Dr Margaret Cook | 1 August 2017 | Principal and Chief Executive | Academic Affairs (chair); Air Service Training; Chairs'; Engagement; Finance & General Purposes | Learner Experience (chair); Air Service Training; Chairs'; Strategic Development; Finance & Resources |
| Michael Buchanan | 3 January 2022 | Independent Member | n/a | Finance & Resources; Strategic Development |
| Andrew Comrie | 24 September 2018 | Independent Member | Academic Affairs; Audit | Finance & Resources; Strategic Development (chair); Chairs; Remuneration |
| Heather Cormack | 7 August 2020 | Independent Member | Finance & General Purposes | Finance & Resources; Strategic Development |
| Jim Crooks | 15 June 2016 | Independent Member | Audit (chair); Chairs'; Remuneration | Audit (chair); Chairs; Remuneration |
| Sheena Devlin | 14 January 2019 | Independent Member | Academic Affairs; | Learner Experience; Strategic Development |

Accountability Report

Corporate Governance Report

| Name | Date of Appointment/ (resignation) | Status | Committees Served to 31 Dec 2021 | Committees Served from 01 Jan 2022 |
|---------------------------|---------------------------------------|--------------------|--|--|
| Jenny Hamilton | 3 January 2022 | Independent Member | n/a | Learner Experience; Strategic Development |
| Katrina Hodgson | 20 August 2019 | Independent Member | Engagement; Finance and General Purposes | Air Service Training; Finance & Resources (Chair) Chairs; Remuneration |
| Deborah Hutchison | 1 November 2017 (31 October 2021) | Independent Member | Engagement (Chair); Finance and General Purposes | n/a |
| Ann Irvine | 15 June 2017 (31 July 2022) | Independent Member | Audit; (Deputised as Chair of Audit for 2 meetings) | Audit |
| Fiona Martin | 7 August 2020 | Independent Member | Audit | Audit; Learner Experience |
| Debbie McIlwraith Cameron | 3 January 2022 | Independent Member | n/a | Audit |
| Craig Ritchie | 24 September 2018 (5 August 2022) | Independent Member | Air Service Training Finance & General Purposes (Chair); | Air Service Training; Finance & Resources |
| Linton Scarborough | 7 August 2020 (21 October 2021) | Independent Member | Air Service Training; Finance & General Purposes | n/a |
| Charlie Shentall | 15 June 2017 (31 October 2021) | Independent Member | Air Service Training (chair); Chairs' | n/a |
| Derek Waugh | 1 September 2022 | Independent member | n/a | Finance & Resources |
| John Dare | 14 June 2018 | Staff Member | Engagement Finance & General Purposes | Finance & Resources; Strategic Development |
| Patrick O'Donnell | 10 November 2020 | Staff Member | Academic Affairs | Learner Experience; Audit |
| Madeleine Brown | 1 July 2021 (30 June 2022) | Student Member | Audit | Learner Experience; Audit |
| Todor Pavlov-Kennedy | 1 July 2021 | Student Member | Academic Affairs; Finance & General Purposes | Finance & Resources; Learner Experience; Strategic Development |
| Liam Fowley | 1 July 2022 | Student member | n/a | Audit; Learner Experience |

Graham Watson was appointed as interim chair on 1 October 2022. He was previously chair of the audit committee but is not sitting in that role whilst he has the interim chair role.

Accountability Report

Corporate Governance Report

Board Member – Committee Attendance

| Name | Board | Academic Affairs | AST | Audit | Chairs | Engagement | F&GP/ F&R | Learner Exp. | Strat Dev |
|--|-------|------------------|-----|-------|--------|------------|--------------|--------------|-----------|
| Brian Crichton | 5/5 | | | | 4/4 | | 4/5 | | |
| Michael Buchanan | 3/3 | | | | | | 2/3 | | 2/2 |
| Andrew Comrie | 4/5 | 1/2 | | | 3/3 | 1/1 | 2/4 | | 2/3 |
| Heather Cormack | 4/5 | | | | | | 4/5 | | 3/3 |
| Jim Crooks | 5/5 | | | 4/5 | 4/4 | | | | |
| Sheena Devlin | 5/5 | 0/2 | | | | 0/1 | | 0/2 | 1/3 |
| Jenny Hamilton | 2/3 | | | | | | | 1/2 | 1/2 |
| Katrina Hodgson | 5/5 | | 3/3 | | | 1/1 | 1/1 | | 3/3 |
| Debbie Hutchison | 0/1 | | | | 1/1 | 1/1 | 0/1 | | |
| Ann Irvine | 4/5 | 1/2 | | 5/5 | | | | 0/2 | |
| Fiona Martin | 4/5 | 0/2 | | 4/5 | | | | 0/2 | |
| Debbie McIlwraith-Cameron | 3/3 | | | 2/2 | | | | | |
| Craig Ritchie | 4/5 | | 3/5 | | 4/4 | | 5/5 | | |
| Linton Scarborough | 0/1 | | 0/1 | | | | 0/1 | | |
| Charlie Shentall | 0/1 | | 1/1 | | 1/1 | | | | |
| Graham Watson | 4/5 | | | 4/5 | 2/3 | | | | |
| John Dare | 2/5 | | | | | 1/1 | 2/5 | 4/5 | 2/3 |
| Patrick O'Donnell | 4/5 | 1/2 | | | | | | 1/2 | |
| Todor Pavlov-Kennedy | 5/5 | 2/2 | | | | 0/1 | 4/5 | 2/2 | 2/3 |
| Madeleine Brown | 3/5 | | | 4/5 | | | | | |
| Margaret Cook | 5/5 | 2/2 | 4/4 | | 3/4 | 1/1 | 5/5 | 1/2 | 3/3 |
| Miranda Landale (Co-Opted Committee Member) | n/a | 1/2 | | | | 0/1 | | 1/2 | |
| Derek Waugh (Co-Opted Committee Member) | n/a | | | | | | 3/3 | | |

Accountability Report

Corporate Governance Report

It is the Board of Management's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Board of Management complies with the internal control guidance published by the Turnbull Committee and the good practice in the Guide for Board Members in the College Sector 2015 issued by Scotland's Colleges.

The Board of Management is provided with regular information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Board of Management meets at least four times a year.

Full minutes of all Board and Board sub-Committee meetings, except those deemed to be confidential by the Board, are available on the College website or from the Clerk to the Board at:

Perth College UHI
Crieff Road
Perth PH1 2NX

Register of Members Interest

The Clerk to the Board maintains a register of financial and personal interests of the Board members and Senior Management Team. The Register is available for inspection at the above address or on the College website:

<https://www.perth.uhi.ac.uk/about-us/college-management-structure/meet-the-board/register-of-interests/>

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

Formal agendas, papers and reports are supplied to Board members in a timely manner, prior to meetings. Briefings are also provided on an ad hoc basis.

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

Board members are required to self-evaluate collectively as Board and as individually as Board members. The self-evaluation process includes consideration of the performance of the Chair and individual Committee Chairs and of the collective effectiveness of the Board of Management, and individual reflection on their adherence to the Nine Principles' of Public Life.

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

Accountability Report

Corporate Governance Report

Information Management

There were no significant data breaches during the year.

Appointments to the Board of Management

From 1 August 2014, the authority for appointments to the Board of Management of Perth College resides with the University of the Highlands and Islands and must be made in accordance with Ministerial Guidance on Board Appointments.

The Board of Management ensures that a process is in place to provide appropriate induction training to new Board of Management members and new Board members are expected to undertake induction training.

Members of the Board of Management are appointed for an initial term of office not exceeding four years and may be reappointed.

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Corporate Governance Report

Statement of Responsibilities of the Members of the Board of Management

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

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

The Board of Management is responsible for ensuring that proper accounting records are maintained which disclose, with reasonable accuracy at any time, the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992, the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions, the relevant Government Financial Reporting Model (FReM) and other relevant accounting standards.

In addition, within the terms and conditions of a Financial Memorandum agreed between the SFC and the College's Board of Management, the Board, through its Chief Executive, the Principal, is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, the Board of Management is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on a 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 SFC, including those derived through the Regional Strategic Board, are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the College and prevent and detect fraud; and
- secure the economical, efficient and effective management of the College's resources and expenditure.

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

Accountability Report

Corporate Governance Report

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative areas;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- 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;
- Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Finance Committee. In line with future improvements these need to be reviewed; and
- a professional Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by the Board of Management, and whose head provides the Board of Management with a report on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

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

Approved by order of the member of the Board of Management on 14 December 2022 and signed on its behalf by:

Graham Watson
Interim Chair

Accountability Report

Corporate Governance Report

Governance Statement

Statement of Corporate Governance and Internal Control

Perth College complies with all the principles of the 2016 Code of Good Governance for Scotland's Colleges, and it has complied throughout the year ended 31 July 2022.

From 1 August 2014, Perth College was assigned to the University of the Highlands and Islands (UHI) as its Regional Strategic Body (RSB) and the provisions of the Post-16 Education (Scotland) Act 2013 commenced for the College. As an assigned college, the Board is accountable to the RSB.

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the main principles of the 2016 Code of Good Governance for Scotland's Colleges. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

The Board conducts its business through a number of committees. Each committee has formally constituted terms of reference, which are reviewed on a regular basis.

Following an internal review of committees, the Board opted to amend the committee structure to improve business alignment, with the following changes:

| Until 31 December 2021 | From 1 January 2022 |
|-------------------------------------|---------------------------------|
| Audit Committee | Audit Committee |
| Chairs Committee | Chairs Committee |
| Remuneration Committee | Remuneration Committee |
| Finance & General Purpose Committee | Finance & Resources Committee |
| Academic Affairs Committee | Learner Experience Committee |
| Engagement Committee | Strategic Development Committee |

In addition, the Board of Management holds development planning days and training evenings during the course of the year for the purposes of training, self-evaluation and development. The Board is supported by an Independent Clerk.

Audit Committee

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

The Audit Committee meets four times a year and provides a forum for reporting by the College's external and internal auditors, who have access to the Committee for independent discussion, without the presence of College Management.

Accountability Report

Corporate Governance Report

The Audit Committee advises the College on the appointment of the internal auditor and the auditor's remuneration. The Audit Committee establishes the College's risk tolerance and monitors risk.

The College's internal auditor monitors the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input. They report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed audit recommendations and the internal auditor undertakes periodic follow-up reviews which are reported to the Audit Committee to ensure such recommendations have been implemented.

The Audit 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 SFC and Audit Scotland as they affect the College's business and monitors adherence to the regulatory requirements.

Finance and Resources Committee (“the Finance Committee”)

The Finance Committee comprises four non-executive members of the Board of Management and the Principal. The Committee operates in accordance with written terms of reference approved by the Board of Management.

The Finance Committee meets at least four times a year and, among other matters, recommends to the Board of Management the College's annual revenue and capital budgets and monitors performance in relation to approved budgets.

The Finance Committee monitors the College's financial and business perspectives. It approves all key financial decisions, approves the annual budget, considers the financial statements and recommends for approval, oversees the system of financial control and delegated authority. It also considers any other matters relevant to the financial duties of the Board including estates strategy.

Remuneration Committee

The Remuneration Committee comprises of the Chair, the Vice Chair and the Chair of each of the Standing Committees. The committee is responsible for making recommendations to the Board on the remuneration and benefits of the Principal and Senior Management Team.

The details of the remuneration of senior post-holders for the year ended 31 July 2022 are set out in Note 8 of these Financial Statements.

Corporate Strategy

The Board of Management is responsible for the overall strategic development of the College and is the guardian of its vision and values. Strategic development takes place annually with the Board of Management and College Senior Management Team at a full day to consider strategic direction and challenges. This is supported by horizon scanning and futures work and has led to the development of strategic plans underpinned by operational plans. Progress against the agreed strategic priorities in the plan is monitored through a balanced scorecard approach by the appropriate Board committees on a regular basis.

Accountability Report

Corporate Governance Report

Scope of Responsibility

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

The Board of Management has delegated the day-to-day responsibility to the Principal, as Chief Executive Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets of Perth College including those derived from the Regional Strategic Body. The Principal is also responsible for reporting to the Board of Management any material weaknesses or breakdowns in internal control.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Perth College for the year ended 31 July 2022 and up to the date of approval of the annual report and financial statements.

Principal Risks and Uncertainties

The College's Board of Management is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. Such a system is 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 Senior Management Team monitors key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms embedded within the operational units and reinforced by risk awareness in operational planning.

The Senior Management Team and the Audit Committee also receive regular reports from Internal Audit and Health, Safety and Environmental monitoring functions that include recommendations for improvement. Internal Audit concentrates on areas of key activities determined by a risk analysis and in accordance with the annual internal audit plan approved and amended by the Audit Committee.

The internal auditor has direct access to the Chair of the Audit Committee and issues an annual report with an opinion of the adequacy, reliability and effectiveness of the College's internal control system.

The Audit Committee considers risk at each Committee Meeting and receives a copy of the College Strategic Risk Register which is updated quarterly by the College Senior Management Team.

Accountability Report

Corporate Governance Report

The Board of Management receive reports thereon from the Audit Committee, the emphasis being on obtaining the relevant degree of assurance and not merely reporting by exception.

The Board of Management is of a view that there is an ongoing process for identifying, evaluating and managing the College's significant risks that has been in place throughout the year ended 31 July 2022 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Audit Committee and accords with the Turnbull guidance on internal control, as applicable to the further education sector.

The Risk and Control Framework

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board of Management;
- Regular reviews by the Board of Management of periodic and annual financial reports which indicate financial performance against forecasts;
- Setting targets to measure financial and other performance;
- Clearly defined capital investment control guidelines; and
- The adoption of formal project management disciplines, where appropriate.

Perth College appoints an Internal Audit Service, which operates in accordance with the requirements of the SFC's mandatory requirements.

The work of the Internal Audit Service is informed by an analysis of the risks to which the College is exposed, and internal audit plans are based on this analysis.

The analysis of risks and the internal audit plans are endorsed by the Board of Management on the recommendation of the Audit Committee.

The Internal Auditor provides the Audit Committee with a report on internal audit activity within the College. These reports include the Internal Auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

The internal auditor has direct access to the Chair of the Audit Committee and issues an annual report with an opinion of the adequacy, reliability and effectiveness of the College's internal control system.

UHI Perth's Internal Auditors gave the following opinion in their Annual Report to the Board of Management and Principal on the Provision of Internal Audit services for 2021-22 (the Internal Audit Report):

"In our opinion, with the exception of the follow up issues described in paragraph 1.11, the College has adequate and effective arrangements for risk management, control, and governance. This opinion has been arrived at taking into consideration the work we have undertaken during 2021/22 and in previous years since our initial appointment."

Accountability Report

Corporate Governance Report

The follow up issues referred to in the Internal Audit opinion are discussed in more details under Significant control issues and weaknesses below.

Review of Effectiveness

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

- The work of the internal auditor.
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework.
- The comments made by the College's external auditor in their management letters and other reports.

The Board of Management has been advised on the implications of the review of the effectiveness of internal control by the Audit Committee, which oversees the work of the internal auditor.

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments.

The Senior Management Team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control.

The Audit Committee considers risk at each Committee meeting and receives a copy of the College Strategic Risk Register which is updated quarterly by the College Senior Management Team. The Board of Management receives reports thereon from the Audit Committee, the emphasis being on obtaining the relevant degree of assurance and not merely reporting by exception.

At its 12 December 2022 meeting, the Audit Committee carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the Senior Management Team and the internal auditor and taking account of events since 31 July 2022. A further review will be performed by the Board of Management on 22 December 2022.

Significant Control Issues/Weaknesses

In the year ending 31 July 2022 one significant control weaknesses was identified. A further four weaknesses had already been identified in 2020/21 which still require actions beyond 31 July 2022. These weaknesses are identified in the table below and will be monitored in an action plan reported through the Audit Committee.

| Area | Issue | Action |
|----------------------|--|--|
| Financial management | On 26 October 2021 a duplicate payment of the college payroll was made. Despite efforts to stop the payment it could not be stopped. | The system control was implemented as soon as the issue occurred and the control continues to operate effectively. |

Accountability Report

Corporate Governance Report

| Area | Issue | Action |
|--|---|---|
| | <p>The issue arose an inputting error and from the ability for a single user to load and submit BACS payments.</p> <p>Had the BACS system required a separate user to submit the BACS payment, it would not have been made.</p> | <p>99% of the funds recovered at 31 July 2022.</p> <p>The follow up review has been undertaken and received a rating of satisfactory.</p> <p>Management consider this issue to be resolved.</p> |
| Asset Management | There is no complete asset register in place | There are separate fixed asset and IT registers. Work is ongoing to update the registers. This is now expected to be completed by July 2023. |
| Asset management | No comprehensive guidance in place to support the asset management process | Financial regulations have been reviewed and agreed by the board. Work is ongoing to produce detailed accompanying guidance |
| Asset management | No regular asset verification in place | Work is ongoing to implement these procedures |
| Staff Skills Profile, Staff Productivity and Performance | The HR system, CIPHR is no longer fit for purpose which has resulted in an increase in manual processes. | The tender process for a replacement of CIPHR has been commenced and a preferred supplier has been identified. |

Going Concern

The Board of Management confirms that they consider the College to be a going concern as described in the Code of Good Governance for Scotland's Colleges 2016 (section C.1.3) and that the financial statements have been prepared on this basis as set out in Note 1 of these financial statements.

Impact of Covid-19

During lockdown in the UK all Board and Committee meetings continued as scheduled, using Microsoft Teams to meet virtually rather than in College. Since lockdown was lifted meetings have continued to operate using a hybrid of online and face to face to allow greater flexibility and efficiency.

Board members had previously been issued with College iPads, and were quickly adapted to using Microsoft Teams, with support offered from the Digital Services Team to provide training and resolve any technical issues.

The Board's External Effectiveness Review took place in June 2020 and continues to inform changes in how the Board meets moving forward. The next review will take place within three to five years of the previous review.

Accountability Report

Parliamentary Accountability Report

Parliamentary Accountability Report

We have no matters to report.

Approved by order of the members of the Board of Management on 14 December 2022 and signed on its behalf by:

Graham Watson
Interim Chair

Dr Margaret Cook
Principal and Chief Executive

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Perth College and its group for the year ended 31 July 2022 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Consolidated and College Statements of Comprehensive Income and Expenditure, Consolidated and College Statement of Changes in Reserves, Consolidated and College Balance Sheets, and Consolidated Statement of Cash Flow and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the affairs of the college and its group as at 31 July 2022 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is six years. We are independent of the college and its group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the College. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

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

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

Independent auditor's report to the members of the Board of Management of Perth College, the Auditor General for Scotland, and the Scottish Parliament (continued)

of the college and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

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

Risks of material misstatement

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

Responsibilities of the Board of Management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent auditor's report to the members of the Board of Management of Perth College, the Auditor General for Scotland, and the Scottish Parliament (continued)

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

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Reporting on other requirements

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

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

Other information

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

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

Independent auditor's report to the members of the Board of Management of Perth College, the Auditor General for Scotland, and the Scottish Parliament (continued)

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

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

**Independent auditor's report to the members of the Board of Management of Perth College,
the Auditor General for Scotland, and the Scottish Parliament (continued)**

Use of our report

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

Stephen Reid, for and on behalf of Ernst & Young LLP

Ernst & Young LLP

Atria One

144 Morrison Street

Edinburgh

EH3 8EX

Date:

Ernst & Young is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Perth College
Consolidated and College Statement of Comprehensive Income for the year ended
31 July 2022

| | Notes | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|--|-------|-------------------------|-----------------|-------------------------|-----------------|
| | | Group £000 | College £000 | Group £000 | College £000 |
| Income | | | | | |
| Funding council grants | 2 | 17,664 | 17,664 | 17,900 | 17,900 |
| Tuition fees and education contracts | 3 | 5,977 | 4,201 | 5,687 | 4,139 |
| Other grants and contracts | 4 | 206 | 206 | 226 | 226 |
| Other income | 5 | 3,524 | 3,635 | 2,884 | 2,935 |
| Total Income | | 27,371 | 25,706 | 26,697 | 25,200 |
| Expenditure | | | | | |
| Staff costs | 6 | 21,953 | 20,720 | 21,566 | 20,504 |
| Other operating expenses | 9 | 6,255 | 6,000 | 5,295 | 5,129 |
| Depreciation | 13 | 1,454 | 1,424 | 1,427 | 1,404 |
| Interest and other finance costs | 10 | 1 | - | 1 | - |
| Total Expenditure | | 29,663 | 28,144 | 28,289 | 27,037 |
| Surplus/(Deficit) before tax | | (2,292) | (2,438) | (1,592) | (1,837) |
| Taxation | 11 | 37 | - | 54 | - |
| Surplus/(Deficit) for the year | 12 | (2,329) | (2,438) | (1,646) | (1,837) |
| Unrealised surplus on revaluation of land and buildings and Assets held for resale | 30 | 4,509 | 4,509 | - | - |
| Actuarial gain/(loss) in respect of pension schemes | 22-23 | 7,649 | 7,649 | 7,351 | 7,351 |
| Total Comprehensive Income / (Expenditure) for the year | | 9,829 | 9,720 | 5,705 | 5,514 |

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 29 provides detail of the adjusted operating position on a central government accounting basis and presents the underlying surplus for the year.

Perth College
Consolidated and College Statement of Changes in Reserves for the year ended
31 July 2022

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|---|-------------------------|---------------|-------------------------|---------------|
| | Group | College | Group | College |
| | £000 | £000 | £000 | £000 |
| | Group | College | Group | College |
| Income & Expenditure Reserve | | | | |
| Balance at 1 August | 5,501 | 5,309 | (869) | (869) |
| Surplus from the income and expenditure account | (2,329) | (2,438) | (1,645) | (1,838) |
| Other comprehensive (expenditure) /income | 8,380 | 8,380 | 7,350 | 7,351 |
| Transfers from revaluation reserve | 665 | 665 | 665 | 665 |
| Balance at 31 July | 12,217 | 11,916 | 5,501 | 5,309 |
| Revaluation Reserve | | | | |
| Balance at 1 August | 23,745 | 23,745 | 24,410 | 24,410 |
| Impact of Revaluation | 4,509 | 4,509 | - | - |
| Transfer from Income & Expenditure reserve | (665) | (665) | (665) | (665) |
| Balance at 31 July | 27,589 | 27,589 | 23,745 | 23,745 |

Perth College
Consolidated and College Balance Sheets as at 31 July 2022

| | Notes | 31 July 2022 | | 31 July 2021 | |
|---|-------|---------------|-----------------|---------------|-----------------|
| | | Group £000 | College £000 | Group £000 | College £000 |
| Non current assets | | | | | |
| Tangible fixed assets | 13 | 43,837 | 43,633 | 40,635 | 40,501 |
| Investments | 14 | - | 20 | - | 20 |
| Total non current assets | | 43,837 | 43,653 | 40,635 | 40,521 |
| Current assets | | | | | |
| Stock | | 6 | - | 3 | - |
| Trade and other receivables | 15 | 3,052 | 2,531 | 2,397 | 1,883 |
| Cash and cash equivalents | 16 | 3,625 | 3,439 | 3,803 | 3,651 |
| Total Current assets | | 6,683 | 5,970 | 6,203 | 5,534 |
| Creditors – amounts falling due within one year | 17 | (5,897) | (5,301) | (5,973) | (5,382) |
| Net Current Assets / (Liabilities) | | 786 | 669 | 230 | 152 |
| Total assets plus current assets / (liabilities) | | 44,623 | 44,322 | 40,865 | 40,673 |
| Creditors – amounts falling after more than one year | 18 | (4,817) | (4,817) | (4,771) | (4,771) |
| Provisions | | | | | |
| Pension provision | 19 | (731) | (731) | (6,848) | (6,848) |
| Total net assets / (liabilities) | | 39,075 | 38,774 | 29,246 | 29,054 |
| Unrestricted reserves | | | | | |
| Income & Expenditure reserve | 31 | 12,217 | 11,916 | 12,349 | 12,157 |
| Pension reserve | 19 | (731) | (731) | (6,848) | (6,848) |
| Revaluation reserve | 30 | 27,589 | 27,589 | 23,745 | 23,745 |
| Total reserves | | 39,075 | 38,774 | 29,246 | 29,054 |

The financial statements on pages 54 to 84 were approved by the Board of Management on 14 December 2022 and were signed on its behalf by:

Graham Watson
Interim Chair

Dr Margaret Cook
Principal and Chief Executive

Perth College
Cashflow Statement for the year ended 31 July 2022

| | Notes | Year ended 31 July 2022 £000 | Year ended 31 July 2021 £000 |
|--|-------|------------------------------------|------------------------------------|
| Cash flow from operating activities | | | |
| Surplus / (Deficit) for the year | | (2,329) | (1,646) |
| Adjustment for non-cash items | | | |
| Depreciation | 13 | 1,454 | 1,427 |
| Deferred capital grants released to income | 2 | (266) | (250) |
| (Increase) / Decrease in stocks | | (3) | 14 |
| Decrease / (Increase) in debtors | 15 | (655) | (311) |
| (Decrease) / Increase in creditors | 17-18 | (84) | 1,491 |
| (Decrease) / Increase in provisions | | - | (84) |
| Pension costs less contribution payable | | 1,532 | 1,587 |
| Taxation | | 37 | 54 |
| Gain on sale of fixed assets included in SOCI | | (1) | (2) |
| Adjustment for investing or financing activities | | | |
| Interest receivable | 5 | - | - |
| Interest payable | 9 | 1 | 1 |
| Taxation paid | 11 | (37) | (54) |
| Net cash flow from operating activities | | (351) | 2,227 |
| Cash flows from investing activities | | | |
| Deferred capital grant | 20 | 320 | 213 |
| Payments made to acquire fixed assets | 13 | (147) | (288) |
| Sale of fixed assets | | - | 125 |
| | | 173 | 50 |
| Cash flows from financing activities | | | |
| Interest received | 6 | - | - |
| Interest paid | 10 | (1) | (1) |
| Amounts borrowed | | - | - |
| Repayments of amounts borrowed | 18 | - | (3) |
| Net cash outflows from investing and financing activities | | (1) | (4) |
| Increase in cash and cash equivalents in the year | 16 | (178) | 2,274 |
| Cash and cash equivalents at beginning of the year | | 3,803 | 1,529 |
| Cash and cash equivalents at end of the year | | 3,625 | 3,803 |

1. Statement of Accounting Policies and estimation techniques

Basis of preparation

In accordance with the FReM, the College has prepared its financial statements on a going concern basis as we have not been informed by the Scottish Government through the Scottish Funding Council of the intention for dissolution without transfer of services or function to another entity of the Higher and Further Education provision within Perth and Kinross.

The uncertainty as to the future impact on the financial performance and cashflows of the College, as a result of inflation and economic environment, has been considered as part of the College's adoption of the going concern basis in these financial statements and in developing a financially sustainable financial plan. These financial statements have been prepared on a going concern basis which the Board of Management believe to be appropriate for the reasons outlined below.

The activities of Perth College are over 65% funded by the Scottish Government through the Scottish Funding Council (SFC) to provide Higher and Further Education. The Board of Management and the SMT are responsible for ensuring that these funds are used to meet this purpose and the operations within the College to achieve this support ensuring financial sustainability for the College.

The College recorded a deficit of £2.3 million before other gains and losses during the financial year and total comprehensive income of £9.8 million. The College reported an adjusted operating surplus of £0.3 million after accounting for technical pension adjustments of £1.5 million, net depreciation adjustments of £1.2 million and cash budget for priorities of £0.1 million. Cash decreased by £0.2 million during the year.

At 31 July 2022, the College held no borrowings. The College is reporting a net asset position in these financial statements of £39 million. This includes a pension liability of £0.7 million for the College's share of the Tayside Local Government Pension Scheme (LGPS).

The College has updated the financial forecast for the next 12 months in line with the assumptions provided by the Scottish Funding Council which included assuming Colleges taking relevant actions to balance their underlying positions each year. Challenges around meeting credit targets means the College will potentially have funding clawed back by SFC and is taking steps to mitigate this.

Any clawback will put significant pressure on the college's cash position and, based on the potential clawbacks the College currently forecasts that there will be significant challenges that depend on the timing of any clawbacks. There has been no confirmation of timing or amount from SFC.

College management have considered various scenarios in assessing on future financial performance and cashflows. The ability to deliver dual-mode teaching mitigates risk in this respect against any further government enforced restrictions.

The Board of Management and the Finance Committee have had full sight of the financial forecasts as well as the underlying assumptions and scenarios. These forecast positions will remain fluid and will be regularly reviewed by the College. Mitigating actions underway in support of financial sustainability:

- Ongoing engagement with SFC and other external agencies within the education landscape to support economic recovery and secure funding sources through the College to provide education and training activities to individuals and businesses.
- Review of the non-staff cost base to identify areas where savings can be achieved.
- Ongoing drive for efficiencies and realisation of "invest to save".
- Researching alternative delivery approaches.
- Tight management of payroll costs.

The financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992, the Accounts Directions issued thereunder by the Scottish Funding Council, which requires compliance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), and the relevant Government Financial Reporting Model (FReM).

The statements have also been prepared in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS102).

Perth College has taken advantage of the exemptions provided in Paragraph 1.12 of FRS 102 and Paragraph 3.3 of the 2019 FE HE SORP and has not included a separate statement of its own cash flows. These cash flows are included within the Consolidated Statement of Cash Flows, and the Perth College balance sheet discloses cash at both the current and preceding reporting dates.

Basis of accounting

The financial statements have been prepared under the historic cost convention modified by the revaluation of fixed assets.

Basis of consolidation

The consolidated accounts include the financial statements of Perth College and its subsidiary undertaking made up to 31 July 2022. Intra group sales and profits are eliminated fully on consolidation.

Non-current assets - Tangible fixed assets

Land and buildings

Land and buildings are measured using the revaluation model and assets are revalued to fair value. Where appropriate Depreciated Replacement Cost has been used as a measure of fair value for land and buildings otherwise Market Value will be used.

Perth College has a policy of ensuring a full revaluation takes place at least every five years with an interim valuation in year three of each five year cycle such that the fair value is not materially different to the current value. Due to the increases in costs associated with building projects the college has undertaken a desktop indexation exercise which has resulted in an increase in the valuation of the buildings on the Crieff Road site. The increase in valuation and write back of

depreciation charged since the last valuation have been transferred to the revaluation reserve. Depreciation and impairment losses are subsequently charged on the revalued amount over the remaining life of the assets.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. Government grants are credited to a deferred capital grant account and are released to the Statement of Comprehensive Income over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Non-government grants are released to income when performance related conditions have been met. The deferred income is allocated between creditors due within one year and those due after more than one year.

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

Assets under construction

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

Assets held for sale

Assets held for sale are accounted for at fair value less costs of disposal and disclosed separately within current assets. They are not depreciated.

Equipment

Equipment purchased as part of a capital building project is capitalised and depreciated over its useful economic life. Individual items of equipment purchased with values greater than £5,000 are capitalised at cost if deemed to have a minimum economic useful life of 3 years and not regarded as a repair to existing assets. Capitalised equipment is depreciated on a straight line basis over its useful economic life as follows:

| | |
|--------------------------------------|------------------------|
| Motor vehicles and general equipment | Between 3 and 10 years |
| Computer equipment | Between 4 and 5 years |

Where equipment is acquired with the aid of specific government grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the Statement of Comprehensive Income over the expected useful economic life of the related equipment.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

Borrowing costs

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

Leased assets

Rental costs in respect of operating leases are charged to expenditure at the cost incurred during the year. Leasing arrangements 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 elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the Statement of Comprehensive Income in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets. Assets held under hire purchase contracts, which have the characteristics of finance leases, are depreciated over their useful economic lives.

Investments

Fixed asset investments are carried at historical cost less any provision for a permanent diminution in their value.

Recognition of Income

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. Income from tuition fees is recognised in the period to which it relates. Income from donations is included to the extent of the relevant expenditure incurred during the year. Recurrent grants from the SFC are recognised in the period to which they relate.

Capital grants from SFC or other government bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets, under the accrual method as permitted by FRS102.

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

Accounting for post-employment benefits

The College participates in 2 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 (SPPA). Perth College is unable to identify its share of the underlying assets and liabilities of the STSS on a consistent and reasonable basis and therefore, as permitted by FRS102, applies multi-employer exemption and accounts for its participation in the STSS as if it were a defined contribution scheme. The contributions are determined by qualified actuaries on the basis of periodic valuations and are recognised in the accounting periods in which they arise.

Professional Services staff may join the Local Government Pension Scheme (LGPS) which is administered by Dundee City Council. The fund is a defined benefit scheme, providing benefits

based on a career average revalued earnings (CARE) basis, which is contracted out of the State Earnings-Related Pension Fund.

The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. Qualified actuarial valuations are obtained annually and are updated at each balance sheet date.

The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other comprehensive income.

In line with FRS102 where the calculation results in a net asset, recognition of the asset is limited to the extent to which UHI Perth is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. UHI Perth has assessed the recoverability of the asset on this basis and determined that it was appropriate that the plan surplus at 31 July 2022 is not recognised in line with the requirements of FRS 102. Therefore the share of assets not recognised is £5.3m. The unfunded pension liability cannot be netted off against the unrecognised asset so there is a net defined benefit liability of £731k.

Short term employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) 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.

Stocks

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

Cash and Cash Equivalents

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

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Financial Liabilities and Equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Foreign Currency Translation

Transactions denominated in foreign currencies are recorded at the 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 or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the year.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company 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 in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The College's subsidiary company, Air Service Training (Engineering) Limited is subject to corporation tax and VAT in the same way as any other commercial organisation. Air Service Training (Engineering) is part of the Perth College VAT group.

Tax relief is available on Air Service Training (Engineering) Limited's profits that are gift aided to the College.

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Provisions

Provisions are recognised when the institution 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. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

Revaluation reserve

Surpluses arising on the revaluation of the College's properties are transferred to the revaluation reserve. Additional depreciation charged on the revalued amount of these assets is transferred from revaluation reserve to the Income and Expenditure reserve together with any surplus or deficit on disposal.

Agency arrangements

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

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management have made the following judgements:

Other key sources of estimation uncertainty

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Land & Buildings are subject a quinquennial valuation supplemented by an interim professional valuation in year three in line with the requirements of the FReM. Furthermore, an annual review of land & buildings is undertaken by estates with reference to the condition and ongoing use Land & Buildings.

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2020 has been used by the actuary in valuing the pensions liability at 31 July 2022. Any differences between the figures derived from

the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

In line with FRS102 where the calculation results in a net asset, recognition of the asset is limited to the extent to which UHI Perth is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. UHI Perth has assessed the recoverability of the asset on this basis and determined that it was appropriate that the plan surplus at 31 July 2022 is not recognised in line with the requirements of FRS 102. Therefore the share of assets not recognised is £5.3m. The unfunded pension liability cannot be netted off against the unrecognised asset so there is a net defined benefit liability of £731k.

Post Balance Sheet Events

There are no Post Balance Sheet Events.

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|---|-------------------------|---------------|-------------------------|---------------|
| | Group | College | Group | College |
| | £000 | £000 | £000 | £000 |
| 2. Funding Council grants | | | | |
| SFC FE recurrent grant (including fee waiver) | 8,476 | 8,476 | 9,162 | 9,162 |
| University of the Highlands and Islands recurrent grant | 7,344 | 7,344 | 6,576 | 6,576 |
| FE Childcare funds (note 30) | 260 | 260 | 287 | 287 |
| Release of government capital grants | 266 | 266 | 250 | 250 |
| Other SFC grants | 736 | 736 | 1,364 | 1,364 |
| Other University of the Highlands and Islands grants | 582 | 582 | 261 | 261 |
| | 17,664 | 17,664 | 17,900 | 17,900 |

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|--|-------------------------|--------------|-------------------------|--------------|
| | Group | College | Group | College |
| | £000 | £000 | £000 | £000 |
| 3. Tuition Fees and education contracts | | | | |
| UK Higher Education Students | 2,944 | 2,944 | 3,484 | 3,484 |
| UK Further Education Students | 268 | 268 | 221 | 221 |
| | 3,212 | 3,212 | 3,705 | 3,705 |
| Management of Skills Development Scotland Contract | 989 | 989 | 434 | 434 |
| Tuition fees of subsidiary | 1,776 | - | 1,548 | - |
| | 5,977 | 4,201 | 5,687 | 4,139 |

Perth College
Notes to the Financial Statements for the year ended 31 July 2022

4. Other grants and contracts

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|----------------------------|-------------------------|------------|-------------------------|------------|
| | Group | College | Group | College |
| | £000 | £000 | £000 | £000 |
| Research Grants | 187 | 187 | 226 | 226 |
| Other grants and contracts | 19 | 19 | - | - |
| | 206 | 206 | 226 | 226 |

5. Other income

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|------------------------------------|-------------------------|--------------|-------------------------|--------------|
| | Group | College | Group | College |
| | £000 | £000 | £000 | £000 |
| Residences and catering | 815 | 815 | 265 | 265 |
| Other income generating activities | 1,591 | 1,605 | 1,267 | 1,267 |
| Other income | 1,118 | 1,215 | 1,054 | 1,216 |
| Furlough income | - | - | 298 | 187 |
| | 3,524 | 3,635 | 2,884 | 2,935 |

Perth College
Notes to the Financial Statements for the year ended 31 July 2022

6. Staff costs

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|--------------------------|-------------------------|---------------|-------------------------|---------------|
| | Group | College | Group | College |
| | £'000 | £'000 | £'000 | £'000 |
| Wages and Salaries | 15,838 | 14,769 | 15,514 | 14,587 |
| Social security costs | 1,615 | 1,501 | 1,529 | 1,438 |
| Other pension costs | 4,500 | 4,450 | 4,523 | 4,479 |
| Total staff costs | 21,953 | 20,720 | 21,566 | 20,504 |

All severance costs were approved by the Senior Management Team

Total staff costs split as follows:

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Teaching departments - teaching staff | 11,119 | 11,119 | 11,121 | 11,120 |
| Teaching departments - other staff | 1,901 | 1,901 | 1,561 | 1,561 |
| Teaching departments - AST staff | 743 | - | 609 | - |
| Teaching support services | 1,693 | 1,203 | 1,928 | 1,476 |
| Administration and central services | 2,942 | 2,942 | 2,895 | 2,895 |
| Premises | 886 | 886 | 786 | 786 |
| Other income generating activities | 609 | 609 | 652 | 652 |
| Other income | 528 | 528 | 427 | 427 |
| Charge in relation to defined benefit pension | 1,532 | 1,532 | 1,587 | 1,587 |
| | 21,953 | 20,720 | 21,566 | 20,504 |

Analysed as:

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Staff on indefinite contracts | 18,754 | 17,550 | 18,795 | 17,817 |
| Staff on temporary contracts | 1,667 | 1,638 | 1,184 | 1,100 |
| Charge in relation to defined benefit pension | 1,532 | 1,532 | 1,587 | 1,587 |
| Teaching support services | 21,953 | 20,720 | 21,566 | 20,504 |

6. Staff Numbers

The average monthly number of persons (including senior post-holders) employed by the College during the year, expressed as full-time equivalents, was:

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|---------------------------------------|-------------------------|------------|-------------------------|------------|
| | Group | College | Group | College |
| Teaching departments - teaching staff | 185 | 185 | 171 | 171 |
| Teaching departments - other staff | 7 | 7 | 7 | 7 |
| Teaching support services | 21 | 21 | 24 | 24 |
| Administration and central services | 107 | 107 | 104 | 104 |
| Premises | 25 | 25 | 25 | 25 |
| Subsidiary (AST) staff | 29 | - | 27 | - |
| Other | 18 | 18 | 30 | 30 |
| | 392 | 363 | 388 | 361 |
| Analysed as: | | | | |
| Staff on indefinite contracts | 360 | 332 | 365 | 340 |
| Staff on temporary contracts | 32 | 31 | 23 | 21 |
| | 392 | 363 | 388 | 361 |

7. Higher paid staff

| £'000 | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|---------|-------------------------------|-----------------------|-------------------------------|-----------------------|
| | Number of senior post holders | Number of other staff | Number of senior post holders | Number of other staff |
| 60-70 | - | 3 | 2 | 4 |
| 70-80 | 1 | - | - | - |
| 80-90 | 2 | - | 2 | - |
| 90-100 | - | - | - | - |
| 100-110 | - | - | - | - |
| 110-120 | 1 | - | 1 | - |
| | 4 | 3 | 5 | 4 |

| 8. Senior post holder emoluments | Year ended 31 July 2022 | |
|--|-------------------------|-----------------|
| | Group £000 | College £000 |
| Senior post holders are defined as the principal (or chief executive) and holders of the other senior posts whom the board have selected for the purposes of the articles of government of the institution relating to the appointment and promotion of staff who are appointed by the board of governors. | | |
| The number of senior post-holders including the principal was | 5 | 5 |
| Senior post-holder emoluments are made up as follows | | |
| Salaries | 419 | 414 |
| Pension Contributions | 87 | 86 |
| | 506 | 500 |
| The above emoluments include amounts payable to the Principal (who is also the highest paid senior post holder of | | |
| Salary | 119 | 111 |
| Pension Contributions | 27 | 25 |
| | 146 | 136 |

| 9. Other operating expenses | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|--|-------------------------|-----------------|-------------------------|-----------------|
| | Group £000 | College £000 | Group £000 | College £000 |
| Teaching Departments | 871 | 910 | 452 | 613 |
| Teaching support services | 684 | 684 | 829 | 829 |
| Administration and central services | 1,233 | 1,233 | 1,145 | 1,145 |
| Premises costs | 1,927 | 1,705 | 1,715 | 1,490 |
| Other income generating activities | 251 | 179 | 240 | 138 |
| Residences and catering | 908 | 908 | 454 | 454 |
| Other income | 121 | 121 | 173 | 173 |
| Other expenses – childcare grant | 260 | 260 | 287 | 287 |
| | 6,255 | 6,000 | 5,295 | 5,129 |
| Other operating expenses include: | | | | |
| Auditors remuneration | | | | |
| External audit | 36 | 28 | 60 | 45 |
| Internal Audit | 24 | 24 | 14 | 14 |
| Other services from external audit | 2 | - | 5 | - |
| Operating leases | | | | |
| Hire of plant and machinery | 42 | 42 | 94 | 94 |
| Hire of other assets | 114 | - | 117 | - |

10. Interest payable

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|--|-------------------------|----------|-------------------------|----------|
| | Group | College | Group | College |
| | £000 | £000 | £000 | £000 |
| Repayable within 5 years, not by instalments | 1 | - | 1 | - |
| | 1 | - | 1 | - |

11. Taxation

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|------------------------|-------------------------|----------|-------------------------|----------|
| | Group | College | Group | College |
| | £000 | £000 | £000 | £000 |
| Taxation of subsidiary | 37 | - | 54 | - |
| | 37 | - | 54 | - |

12. (Deficit)/Surplus on continuing operations for the year

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|---|-------------------------|---------|-------------------------|---------|
| | Group | College | Group | College |
| | £000 | £000 | £000 | £000 |
| College's (Deficit)/Surplus for the year | (2,438) | | (1,837) | |
| (Deficit)/Surplus generated by subsidiary undertaking | 108 | | 191 | |
| | (2,330) | | (1,646) | |

Perth College
Notes to the Financial Statements for the year ended 31 July 2022

| 13. Tangible Fixed Assets (Group) | | | |
|---|------------------------------|--------------|---------------|
| | Freehold Land & Buildings | Equipment | Total |
| | £000 | £000 | £000 |
| Cost or Valuation | | | |
| At 1 August 2021 | 41,216 | 5,661 | 46,877 |
| Additions | - | 147 | 147 |
| Disposals | - | - | - |
| Revaluation | 1,897 | - | 1,897 |
| At 31 July 2022 | 43,113 | 5,808 | 48,921 |
| Depreciation | | | |
| At 1 August 2021 | 1,306 | 4,936 | 6,242 |
| Charge for the year | 1,306 | 148 | 1,454 |
| Disposals | - | - | - |
| Revaluation | (2,612) | - | (2,612) |
| At 31 July 2022 | - | 5,084 | 5,084 |
| Net Book Value | | | |
| At 31 July 2022 | 43,113 | 724 | 43,837 |
| At 31 July 2021 | 38,604 | 724 | 39,328 |
| <p>Land & Buildings were not revalued during the year but an indexation process has been undertaken in line with changes in the RICS rebuild rates to ensure that any material change in valuation of land & buildings is accounted for. This exercise resulted in an increase in net book value of £4.5m.</p> <p>Inherited Land and buildings with a net book value of £5.7M have been financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Scottish Funding Council to surrender the proceeds.</p> | | | |

Perth College
Notes to the Financial Statements for the year ended 31 July 2022

| 13. Tangible Fixed Assets (College) | | | |
|-------------------------------------|---------------------------|--------------|---------------|
| | Freehold Land & Buildings | Equipment | Total |
| | £000 | £000 | £000 |
| Cost or Valuation | | | |
| At 1 August 2021 | 41,216 | 4,964 | 46,180 |
| Additions | - | 47 | 47 |
| Disposals | - | - | - |
| Revaluation | 1,897 | - | 1,897 |
| At 31 July 2022 | 43,113 | 5,011 | 48,124 |
| Depreciation | | | |
| At 1 August 2021 | 1,306 | 4,373 | 5,679 |
| Charge for the year | 1,306 | 118 | 1,424 |
| Disposals | - | - | - |
| Revaluation | (2,612) | - | (2,612) |
| At 31 July 2022 | - | 4,491 | 4,491 |
| Net Book Value | | | |
| At 31 July 2022 | 43,113 | 591 | 43,633 |
| At 31 July 2021 | 38,604 | 520 | 39,124 |

| 14. Investments | | | | |
|----------------------------------|-------------------------|---------|-------------------------|---------|
| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
| | Group | College | Group | College |
| | £000 | £000 | £000 | £000 |
| Investment in subsidiary company | - | 20 | - | 20 |
| | - | 20 | - | 20 |

The college owns 100% of the issued ordinary £1 shares of Air Service Training (Engineering) Limited, a company incorporated in Great Britain and registered in Scotland.

The principal business activity of Air Service Training (Engineering) Limited is the provision of training and education in the field of aeronautical engineering.

In the year to 31st July 2022, the Company made a profit after taxation of £110,001 which resulted in a net asset position of £320,749 at 31 July 2022. No gift aid donation was made to UHI Perth by AST.

15. Trade and other receivables

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|------------------------------|-------------------------|--------------|-------------------------|--------------|
| | Group | College | Group | College |
| | £000 | £000 | £000 | £000 |
| Trade Debtors | 406 | 242 | 501 | 117 |
| Amounts owed by Subsidiary | - | 21 | - | 89 |
| Prepayments & accrued income | 2,646 | 2,268 | 1,896 | 1,677 |
| | 3,052 | 2,531 | 2,397 | 1,883 |

16. Cash and cash equivalents

| | At 31 July 2021 | Cash Flows | At 31 July 2022 |
|---------------------------|-----------------|--------------|-----------------|
| | £000 | £000 | £000 |
| Cash and cash equivalents | 3,803 | (178) | 3,625 |
| At 31 July 2022 | 3,803 | (178) | 3,625 |

17. Creditors – amounts falling due within one year

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|------------------------------------|-------------------------|--------------|-------------------------|--------------|
| | Group | College | Group | College |
| | £000 | £000 | £000 | £000 |
| Trade creditors | 560 | 424 | 417 | 358 |
| Other creditors | 401 | 391 | 329 | 321 |
| Obligations under finance leases | 4 | 4 | 4 | 4 |
| Other taxation and social security | 478 | 391 | 406 | 326 |
| Accruals and deferred income | 4,045 | 3,682 | 3,992 | 3,548 |
| Deferred income – capital grants | 270 | 270 | 262 | 262 |
| Unspent student support funds | 139 | 139 | 563 | 563 |
| | 5,897 | 5,301 | 5,973 | 5,382 |

18. Creditors – amounts falling due after more than one year

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|----------------------------------|-------------------------|--------------|-------------------------|--------------|
| | Group | College | Group | College |
| | £000 | £000 | £000 | £000 |
| Deferred income - capital grants | 4,813 | 4,813 | 4,767 | 4,767 |
| Obligations under finance leases | 4 | 4 | 4 | 4 |
| | 4,817 | 4,817 | 4,771 | 4,771 |

19. Pension provision

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|---|-------------------------|------------|-------------------------|--------------|
| | Group | College | Group | College |
| | £000 | £000 | £000 | £000 |
| At 1 August | 6,848 | 6,848 | 12,612 | 12,612 |
| Actuarial (Gain)/Loss in Year | (11,932) | (11,932) | (7,351) | (7,351) |
| Less Actuarial gain not recognised under FRS102 | 4,823 | 4,823 | - | - |
| Pension Service Cost in Year | 1,532 | 1,532 | 1,587 | 1,587 |
| At 31 July | 731 | 731 | 6,848 | 6,848 |

The provision is solely in relation to defined benefit obligations relating to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in note 21.

20. Deferred capital grants included within creditors

| | Government | Non-Government | Total |
|---|---------------------|-------------------|---------------------|
| | £000 | £000 | £000 |
| Balance at 1 August 2021 | | | |
| Land & Buildings | 4,456 | - | 4,456 |
| Equipment | 574 | - | 574 |
| | <u>5,030</u> | <u>-</u> | <u>5,030</u> |
| Cash received | | | |
| Land & Buildings | - | 110 | 110 |
| Equipment | 47 | - | 47 |
| | <u>47</u> | <u>110</u> | <u>157</u> |
| Reclassified from deferred income | | | |
| Land & Buildings | - | 163 | 163 |
| Equipment | - | - | - |
| | <u>-</u> | <u>163</u> | <u>163</u> |
| Released to income & expenditure account | | | |
| Land & Buildings | (155) | - | (155) |
| Equipment | (111) | - | (111) |
| | <u>(266)</u> | <u>-</u> | <u>(266)</u> |
| At 31 July 2022 | | | |
| Land & Buildings | 4,301 | 273 | 4,574 |
| Equipment | 510 | - | 510 |
| | <u>4,811</u> | <u>273</u> | <u>5,084</u> |

21. Defined benefit obligations

| | Year ended 31 July 2022 | Year ended 31 July 2021 |
|--|----------------------------|----------------------------|
| | £000 | £000 |
| Total pension cost for the year | | |
| Scottish Teachers' Superannuation Scheme: contributions paid | 1,915 | 1,864 |
| Local Government Pension Scheme: | | |
| Contributions paid | 911 | 947 |
| FRS102 charge | 1,532 | 1,587 |
| Charge to the Statement of Comprehensive Income | 2,443 | 2,534 |
| Total pension cost for year within staff costs | 4,358 | 4,398 |

The College's employees belong to two principal post-employment benefit schemes: the Scottish Teachers' Superannuation Scheme (STSS) and Tayside Superannuation Scheme, the Local Government Pension Scheme (LGPS), which is managed by Dundee City Council. Both are multi-employer defined-benefit schemes.

Scottish Teachers Superannuation Scheme

(a) UHI Perth 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) UHI Perth has no liability for other employers' obligations to the multi-employer scheme.

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

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

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

(iii) The employer contribution rate for the period from 1 April 2021 is 23% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.4% of pensionable pay.

(iv) While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/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.

Perth College
Notes to the Financial Statements for the year ended 31 July 2022

(v) UHI Perth's level of participation in the scheme is x% based on the proportion of employer contributions paid in 2020-21."

Local Government Pension Scheme (Tayside Superannuation Fund)

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contributions made (including unfunded) for the year ended 31 July 2022 were £1,211k, of which employer's contributions totalled £911k and employee's contributions totalled £300k. The agreed contribution rates for future years are 17% for employers and range from 5.5% to 11.2% for employees, depending on salary.

| 21. Defined benefit obligations (continued) | | |
|---|-------------------------------|-------------------------------|
| | As at 31 July 2022 £000 | As at 31 July 2021 £000 |
| Principal actuarial assumptions | | |
| The following information is based upon a full actuarial valuation of the fund at 31 March 2021 updated to 31 July 2022 by a qualified independent actuary. | | |
| Discount rate | 3.40% | 1.60% |
| Pension increases | 2.80% | 2.80% |
| Salary increases | 3.80% | 3.80% |
| Inflation assumption (CPI) | 2.80% | 2.80% |
| Commutation of pensions to lump sums | 0.00% | 50.00% |
| Assumed life expectations from age 65 are | | |
| Retiring today | | |
| Males | 19.0 | 18.9 |
| Females | 22.3 | 22.2 |
| Retiring in 20 years | | |
| Males | 20.4 | 20.3 |
| Females | 23.9 | 23.8 |
| The Fair value of the College's estimated share of assets in the scheme at the balance sheet date | | |
| | £'000 | £'000 |
| Equities | 29,097 | 30,371 |
| Gilts | 1,045 | 2,179 |
| Other bonds | 5,466 | 5,092 |
| Property | 4,955 | 3,796 |
| Cash | 825 | 939 |
| Alternatives | 28 | 28 |
| Total fair value of scheme assets | 41,416 | 42,405 |
| Actual return on Scheme assets | (1,242) | 7,053 |
| The return on the Fund for the year to 31 July 2022 is estimated to be -2.92% | | |

21. Defined benefit obligations (continued)

| | Year ended 31 July 2022 | Year ended 31 July 2021 |
|---|----------------------------|----------------------------|
| | £000 | £000 |
| The amount included in the balance sheet in respect of the defined benefit pension scheme is as follows: | | |
| Fair value of scheme assets | 41,416 | 42,405 |
| Present value of scheme liabilities | (7,133) | (48,392) |
| Present value of unfunded liabilities | (731) | (861) |
| Less share of assets not recognised under FRS102 | (4,283) | - |
| Net pensions liability | (731) | (6,848) |

Amounts recognised in the Statement of Comprehensive Income in respect of the scheme are as follows:

Amounts included in staff costs

| | | |
|----------------------|--------------|--------------|
| Current service cost | 2,327 | 2,357 |
| Finance charges | 102 | 164 |
| Admin expenses | 14 | 13 |
| Total | 2,443 | 2,534 |

Amount recognised in Other Comprehensive Income

| | | |
|--|--------------|--------------|
| Return on Fund assets in excess of interest | (1,923) | 6,607 |
| Other actuarial gains/(losses) on assets | - | 2,236 |
| Change in financial assumptions | 16,485 | (2,670) |
| Change in demographic assumptions | - | 1,033 |
| Experience gain/(loss) on defined benefit obligation | (2,630) | 145 |
| Changes in effect of asset ceiling | - | - |
| Less share of assets not recognised under FRS102 | (4,283) | - |
| Amount recognised in Other Comprehensive Income | 7,649 | 7,351 |

Movement in net defined benefit/(liability) during the year

| | | |
|---|----------------|-----------------|
| Net defined benefit /(liability) in scheme at 1 August | (6,848) | (12,612) |
| Movement in year: | | |
| Current service cost | (2,322) | (2,356) |
| Past service cost | (5) | (1) |
| Employer contributions | 911 | 947 |
| Net interest on the defined liability | (102) | (164) |
| Administration expenses | (14) | (13) |
| Actuarial gain or loss | 11,932 | 7,351 |
| Less share of assets not recognised under FRS102 | (4,283) | - |
| Net defined benefit/(liability) | (731) | (6,848) |

In line with FRS102 where the calculation results in a net asset, recognition of the asset is limited to the extent to which UHI Perth is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. UHI Perth has assessed the recoverability of the asset on this basis and determined that it was appropriate that the plan surplus at 31 July 2022 is not recognised in line with the requirements of FRS 102. Therefore the share of assets not recognised is £5.3m. The unfunded pension liability cannot be netted off against the unrecognised asset so there is a net defined benefit liability of £731k.

| 21. Defined benefit obligations (continued) | Year ended 31 July 2022 | Year ended 31 July 2021 |
|--|----------------------------|----------------------------|
| | £000 | £000 |
| Asset and liability reconciliation | | |
| Changes in the present value of defined benefit obligations | | |
| Defined benefit obligations at start of period | 49,253 | 45,585 |
| Current service cost | 2,322 | 2,356 |
| Interest cost | 783 | 610 |
| Change in financial assumptions | (16,485) | 2,670 |
| Change in demographic assumptions | - | (1,033) |
| Experience loss on defined benefit obligations | 2,630 | (145) |
| Estimated benefits paid net of transfers in | (840) | (991) |
| Past service Costs, including curtailments | 5 | 1 |
| Contributions by Scheme participants and other employers | 300 | 308 |
| Unfunded pension payments | (104) | (108) |
| Defined benefit obligations at end of period | 37,864 | 49,253 |
| Changes in fair value of Fund assets | | |
| Fair value of Fund assets at start of period | 42,405 | 32,973 |
| Interest on assets | 681 | 446 |
| Return on assets less interest | (1,923) | 6,607 |
| Other Actuarial Gains/Losses | - | 2,236 |
| Administration expenses | (14) | (13) |
| Contributions by employer including unfunded | 911 | 947 |
| Contributions by Scheme participants and other employers | 300 | 308 |
| Estimated benefits paid plus unfunded net of transfers in | (944) | (1,099) |
| Fair value of Fund assets at end of period | 41,416 | 42,405 |

22. Summary pension note

| | Year ended 31 July 2022 | Year ended 31 July 2021 |
|---|----------------------------|----------------------------|
| | £000 | £000 |
| The analysis of amounts charged to the Statement of Comprehensive Income (SOCl) is as follows | | |
| Charged to staff costs | | |
| Current service cost | (2,322) | (2,356) |
| Past service cost | (5) | (1) |
| Total charged to staff costs | (2,327) | (2,357) |
| Credit/charge for net return on pension scheme | | |
| Interest income | 681 | 446 |
| Interest cost | (783) | (610) |
| Net interest charges | (102) | (164) |
| Credit/charge to other comprehensive income | | |
| Return on assets | (1,923) | 6,607 |
| Other experience | (2,630) | 1,178 |
| Gains and losses arising on charges in financial assumptions | 16,485 | (2,670) |
| Less movement in Actuarial gain not recognised under FRS102 | (4,283) | - |
| Actuarial Gain/(Loss) | 7,649 | 5,115 |
| Total charge to the SOCl | 5,220 | 2,594 |
| Analysis of the movement in deficit during the year | | |
| Deficit in scheme at the start of the year | (6,848) | (12,612) |
| Service costs | (2,327) | (2,357) |
| Employer contributions | 911 | 947 |
| Net interest costs | (102) | (164) |
| Administration expenses | (14) | (13) |
| Actuarial gain/(loss) | 11,932 | 7,351 |
| Less movement in Actuarial gain not recognised under FRS102 | (4,283) | - |
| Deficit in scheme at the end of the year | (731) | (6,848) |

The actuaries considered the impact of new legal rulings impacting the liabilities in the fund. In relation to the new Goodwin judgement, the actuaries included a high-level assessment within their covering report but did not allow for the impact within the FRS102 report. Based on the most recent estimate, the employer's liabilities of the College would increase by approximately 0.1% as a result of the Goodwin judgement. The actuaries, and management do not consider this to be material for the financial statements.

23. Post balance sheet events

There are no post balance sheet events to report

24. Capital commitments

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|---------------------------------------|-------------------------|------------|-------------------------|------------|
| | Group | College | Group | College |
| | £000 | £000 | £000 | £000 |
| Commitments contracted for at 31 July | 397 | 397 | 143 | 143 |
| | 397 | 397 | 143 | 143 |

25. Lease obligations

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|--|-------------------------|-----------|-------------------------|-----------|
| | Group | College | Group | College |
| | £000 | £000 | £000 | £000 |
| At 31 July the College had minimum lease payments under non-cancellable operating leases as follows: | | | | |
| Land and buildings | | | | |
| Expiring within one year | 110 | - | 110 | - |
| Expiring within two and five years inclusive | 110 | - | 220 | - |
| Other | | | | |
| Expiring within one year | 15 | 15 | 23 | 23 |
| Expiring within two and five years inclusive | 7 | 7 | 10 | 10 |
| | 242 | 22 | 363 | 33 |

26. Related party transactions

| Company | Member(s) | Position in organisation | Sales (£) | Purchases (£) |
|-------------------------|------------------|--------------------------|----------------|----------------|
| Colleges Scotland | Dr Margaret Cook | Director | 30,301 | - |
| APUC Limited | Dr Margaret Cook | Director | 761 | 75,516 |
| Perth & Kinross Council | Sheena Devlin | Executive Director | 183,565 | 244,080 |
| | | | <u>214,627</u> | <u>319,596</u> |

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 Board of Management may have an interest. All transactions involving organisations in which a member of the board of governors or the Senior Management Team may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. Transactions during the year with organisations in which a member of the Board of Management may have a material interest are noted below:

The Perth College Development Trust 2004 (The Development Trust) was established to provide financial and other assistance for Perth College and its students. There are therefore transactions between the two entities. Perth College nominates Trustees to the board of the Trust and administers the Trust on a day-to-day basis.

Dr Margaret Cook and Brian Crichton are Trustees of The Development Trust. On this basis, The Development Trust accounts should be consolidated with the accounts of Perth College. For the year ended 31 July 2022, The Development Trust had net income of £16,489 and Net Assets of £65,130. Perth College have therefore decided not to consolidate the accounts on the basis of materiality.

27. Bursaries and other student support funds

| | | | | | Year ended | Year ended |
|--------------------------------|------------|-------------|-----------|------------|--------------|--------------|
| | Bursary | FE Hardship | EMA | Other | 31 July 2022 | 31 July 2021 |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Balance brought forward | 449 | 59 | 24 | 31 | 563 | 41 |
| Allocation received in year | 2,163 | 130 | 73 | 140 | 2,506 | 2,970 |
| Expenditure | (1,810) | (84) | (96) | (177) | (2,167) | (2,432) |
| Repaid to SFC/UHI (Clawback) | (702) | (59) | - | - | (761) | (15) |
| Balance carried forward | 100 | 46 | 1 | (6) | 141 | 564 |

Represented by:

| | | | | | | |
|----------------------------------|------------|-----------|----------|------------|------------|------------|
| Repayable to SFC/UHI as clawback | 100 | 46 | 1 | - | 147 | 564 |
| Other amounts | | | | (6) | (6) | - |

Bursary funds, Higher Education Hardship, Further Education Hardship and Education Maintenance Allowances (EMAs) are available solely for students; the college acts only as a paying agent. The income and related disbursements are therefore excluded from the Income and Expenditure Account.

Perth College
Notes to the Financial Statements for the year ended 31 July 2022

28. Childcare funds

| | Year ended 31 July 2022 | Year ended 31 July 2021 |
|----------------------------------|----------------------------|----------------------------|
| | £000 | £000 |
| Balance brought forward | 241 | 80 |
| Allocation received in year | 370 | 526 |
| Expenditure | (260) | (288) |
| Repaid to SFC/UHI (Clawback) | (241) | (77) |
| Balance carried forward | 110 | 241 |
| Represented by: | | |
| Repayable to SFC/UHI as clawback | 50 | 108 |
| Retained by College for students | 60 | 133 |

The income and related disbursements are included in the Income and Expenditure Account.

29. Government non-cash allocation for depreciation

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|---|-------------------------|----------------|-------------------------|--------------|
| | Group | College | Group | College |
| | £000 | £000 | £000 | £000 |
| Surplus/(deficit) before other gains and losses (FE/HE SORP basis) | (2,330) | (2,438) | (1,646) | (1,837) |
| Add back: Non-cash allocation for depreciation | 1,454 | 1,424 | 1,427 | 1,404 |
| Deferred capital grant | (266) | (266) | (250) | (250) |
| Operating surplus/(deficit) on Central Government accounting basis | (1,142) | (1,280) | (469) | (683) |

30. Revaluation reserve

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|--|-------------------------|---------------|-------------------------|---------------|
| | Group | College | Group | College |
| | £000 | £000 | £000 | £000 |
| At 1 August | 23,745 | 23,745 | 24,410 | 24,410 |
| Disposal | - | - | - | - |
| Revaluation | 1,897 | 1,897 | - | - |
| Write back of depreciation on revaluation | 2,612 | 2,612 | - | - |
| Transfer to income and expenditure account | (665) | (665) | (665) | (665) |
| At 31 July | 27,589 | 27,589 | 23,745 | 23,745 |

31. Income and Expenditure reserve

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|-----------------------------------|-------------------------|---------------|-------------------------|---------------|
| | Group | College | Group | College |
| | £000 | £000 | £000 | £000 |
| At 1 August | 12,348 | 12,158 | 11,743 | 11,744 |
| Surplus/Deficit for the year | (2,328) | (2,439) | (1,647) | (1,838) |
| Transfer from revaluation reserve | 665 | 665 | 665 | 665 |
| Transfer from pension reserve | 1,532 | 1,532 | 1,587 | 1,587 |
| At 31 July | 12,217 | 11,916 | 12,348 | 12,158 |

ACCOUNTS DIRECTION FOR SCOTLAND'S COLLEGES 2021/22

1. It is the Scottish Funding Council's direction that institutions¹ comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts.
2. Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RSB) (for assigned colleges).
3. Incorporated colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2021-22 (FReM) where applicable. In cases where there is a conflict between the FReM and the SORP, the latter will take precedence.
4. Incorporated colleges and Glasgow Colleges' Regional Board must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2022.
5. The annual report and accounts should be signed by the chief executive officer / Executive Director and by the chair, or one other member of the governing body.
6. Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council

18 July 2022