Dumfries & Galloway College

Board of Management
Finance and General Purposes Committee

Date: 8 December 2015

Time: 2pm

Room: 2009

A G E N D A

			Presented by
1	Welcome and Apologies for Absence		JH
2	Declaration of Interest		JH
3	Minute of Meeting of 7 October 2015	(attached)	JH
4	Matters Arising		
4.1	Insurance Tender	(report attached)	JB
4.2	Part-time Course Costing Model	(report attached)	JB
4.3	Estates Projects Update	(report attached)	HP
5	Estates Strategy	(report attached)	HP
6	Climate Change Action Plan	(report attached)	HP
7	Financial Statements 2014-15	(report attached)	KH
8	Financial Update (inc Management Accounts)	(report attached)	KH
9	Revised Budget 2015-16	(report attached)	KH
10	Procurement Update	(report attached)	KH
11	Aged Debt Report	(report attached)	KH
12	Cash Flow Forecasts	(report attached)	KH
13	National Pay Bargaining Update	(verbal update)	CT
14	Any Other Business		
15	Date and Time of Next Meeting - Tuesday 1 March 2016 at 2pm		

Board of Management

Minute of the Meeting of the Finance and General Purposes Committee of the Board of Management of Dumfries and Galloway College, held on Tuesday 08 December 2015 at 2.00 pm in Room 2009, Dumfries campus.

Present:	John Henderson (Chair) Kenny Henry Ros Francis	Karen McGahan Carol Turnbull
In attendance:	Brian Johnstone, Regional Chair Jannette Brown, Secretary to the Board and Vice Principal Corporate Services & Governance	Karen Hunter, Finance Manager
Minute Taker:	Caroline Donoghue, Executive Team Assistant	

1 Welcome and Apologies

The Chair welcomed members to the meeting. There were no apologies received for absence.

The Secretary to the Board confirmed the meeting was quorate with enough members present to allow decisions to be made.

2 Declaration of Interest

Members agreed to declare any declarations of interest as appropriate throughout the meeting.

3 Minute of Previous Meeting

The Minute of the Finance and General Purposes Committee held on 07 October 2015 was approved.

4 Matters Arising

4.1 Insurance

The Vice Principal, Corporate Services and Governance, spoke to the report which had been issued. She advised members of the outcome of the recent tender exercise for insurance and insurance services. The College secured the services of Advanced Procurement for Universities and Colleges to assist them in the tendering process. Members were asked to note that Zurich Municipal has been awarded the contract for the period 01 August 2015 to 31 July 2018 at a saving of £2,518 over 3 years.

Members noted the report.

4.2 Part-Time Course Costing Model

The Vice Principal, Corporate Services and Governance, spoke to the report which had been issued detailing the course costing model operated by the College. The model allows for a % contribution to college overheads and allows for flexibility to consider a number of factors before determining the final fee such as:

- Is this fee in line with the market?
- Can the market take a higher fee?
- Is this the first time we have run the course (it's a pilot)- consider a reduced group size or reduced the fee to the student

- Is this the first time working with a specific employer / sector – consider a reduced fee in spirit of partnership working and volume of future business

Members discussed and noted the report.

4.3 Estates Project Update

The Director of Organisational Development and Facilities spoke to the report, the purpose of which was to update the Committee with an update on Facilities developments and Health and Safety. The Director gave an overview of all completed projects and those which are to be completed before the end of session 2015-16. The Director also confirmed that the College has employed the services of a health and safety consultant who is reviewing the College's procedures in relation to health and safety.

Members noted the report.

5 Estates Strategy

The Director of Organisational Development and Facilities spoke to the paper which had been issued. The purpose of the paper was to provide the Finance and General Purposes Committee with an opportunity to comment on the draft Estates Strategy before the Strategy is presented to the Board of Management for approval. The Director confirmed this was a live report and after discussion members congratulated the Director on a comprehensive report.

Members approved the report which will now be presented to the Board of Management for approval at its meeting on the 15th December 2015.

6 Climate Change Action Plan

The Director of Organisational Development and Facilities spoke to the paper which had been issued. The purpose of the paper was to provide the Finance and General Purposes Committee with an opportunity to comment on the Climate Change Action Plan before the Plan is presented to the Board of Management for approval. The Director confirmed the report was based around a template created by the Carbon Trust. Members discussed and considered the report, no concerns were raised.

Members approved the report which will now be presented to the Board of Management for approval at its meeting on the 15th December 2015.

7 Financial Statements 2014 - 15

The Vice Principal, Corporate Services and Governance, and the Finance Manager spoke to the report which had been issued. The Vice Principal confirmed that the qualification which had been placed on the remuneration report had been lifted. The Finance Manager provided an overview of the Annual Report and Financial Statements for 2014-15. After discussion an amendment to some of the narrative was agreed. The amended copy would be submitted to the External Auditors. The members congratulated the Auditors, the Finance Manager and her team for all their hard work.

After narrative amendments, members recommended the Financial Statements to the Board for approval at its meeting on the 15th December 2015.

8 Financial Update

The Finance Manager spoke to the report which had been issued. The report is an update for the committee on the income and expenditure up to the end of September 2015. The Finance Manger reminded members that the accounting period has reverted to a July year end with the current period ending on 31 July 2016.

Members noted the report.

9 Revised Budget

The Finance Manager spoke to the report which had been issued. The purpose of the report is to seek approval for revisions to the budget for the 2015-16 financial year. The budget had previously been approved by the Committee and the Board. The review has been necessary because of European Funding income that the College will now not receive. Members felt that the figures in this report should show a comparison between the Budget approved in June alongside the revised budget with an explanation of the differences. The Finance Manager agreed to update the report with these changes before submitting the report to the Board for approval.

Members noted the amendments to the revised budget and will now be presented to the Board of Management for approval at its meeting on the 15th December 2015.

10 Procurement Update

The Finance Manager spoke to the draft procurement strategy which had been issued. She confirmed this is the first Procurement Strategy the College has produced at the recommendation of Advanced Procurement for Universities and Colleges (APUC). It sets out a clear pathway for identifying and acting on improvements to ensure that best value is being obtained consistently when goods and services are purchased. Members were asked to consider the draft strategy and feedback on any inclusions they deem necessary.

Members noted a comprehensive strategy. The committee recommends the strategy to the Board of Management at its meeting on the 15th December 2015.

11 Aged Debt Report

The Finance Manager spoke to the report which had been issued. The report was a breakdown of all aged debt balances up to 31 October.

Members approved the write-off of balances totalling £2,106.79.

12 Cash Flow Forecasts

The Finance Manager spoke to the report which was issued. The purpose of this report is to present the updated 2015-16 Cash Flow forecasts to the Committee and highlight the key aspects for review.

Members noted the report and complemented the Finance Manager on a comprehensive report.

13 National Pay Bargaining Update

The Principal gave an update to the meeting with regards to the National Pay Bargaining. There has been no change to the situation since the last update given. No new meetings have been held since 19 November.

Members noted the update.

14 Any other business

The Finance Manager spoke to the tabled management accounts for November 2015. This report had already taken into account the changes to the budget discussed earlier in the meeting.

After discussion, the Chair of the Committee, John Henderson, expressed a desire to have monthly management accounts submitted to him for information purposes rather than wait until committee meetings. The Vice Principal, Corporate Services and Governance asked the Chair if he had any concerns regarding financial management particularly given the various assurances from external and intern audit. The Chair explained that he would like monthly reports and didn't see that this would be an onerous task as the executive team monitored the figures on a monthly basis. The Principal stated that she did not understand why the Chair felt it was necessary to receive this report monthly and that given there are not issues with financial management saw monthly monitoring as an operational matter.

The Principal agreed to provide the Chair with a copy of the monthly accounts up until the next Finance and General Purposes committee.

15 Date and Time of Next Meeting

The next meeting of the Committee would take place on Tuesday 01 March 2016 at 2pm

Minute of the Meeting of the Finance and General Purposes Committee of the Board of Management of Dumfries and Galloway College, held on Tuesday 7 October 2015 at 2.00 pm in Room 2009, Dumfries campus.

Present:	John Henderson (Chair) Kenny Henry Karen McGahan Carol Turnbull
In attendance:	Karen Hunter, Finance Manager Jannette Brown, Secretary to the Board and Vice Principal Corporate Services & Governance
Minute Taker:	Caroline Donoghue, Executive Team Assistant

1 Welcome and Apologies

The Chair welcomed members to the meeting. Apologies were intimated on behalf of Ros Francis.

The Secretary to the Board confirmed the meeting was quorate with enough members present to allow official decisions to be made.

2 Declaration of Interest

Members agreed to declare any declarations of interest as appropriate throughout the meeting.

3 Minute of Previous Meeting

The Minute of the Finance and General Purposes Committee held on 09 June 2015 was approved.

4 Matters Arising

4.1 Insurance

The Vice Principal reported that the expected report summarising the process undertaken during the procurement of insurance will be presented at the December committee meeting.

4.2 Estates Projects 2015-16

The Vice Principal confirmed that the request for grant of £550k from the Scottish Colleges Foundation in relation to the programme of capital expenditure had been successful. The grant will be paid as requested, in two stages, £380k will be paid this month and the second payment of £170k will be paid in April 2016.

The Chair requested a report on the capital projects in 2015-16 to be presented at the December meeting.

5 Draft Annual Finance & General Purposes Committee Report

The Finance Manager spoke to the report which had been issued. The report summarises the activity and decisions of the Committee during the financial period 2014-15. The report confirmed that it was the Finance and General Purposes Committee's opinion that the College's financial affairs were planned, conducted and controlled so that is total income was sufficient, taking one period with another, to meet its total expenditure, and its financial viability was maintained.

The Committee considered and approved the report. The report will now go to the next board meeting in December.

6 External Development Income

The Finance Manager spoke to the report which had been issued. The report summarised non-Scottish Funding Council income for 2014-15 compared to 2013-14. The 2014-15 figures relate to the sixteen month period from April 2014 to July 2015, and the comparative figures for 2013-14 relate to the eight months from August 2013 to March 2014. It was explained that a number of factors should be taken into account when making a comparison between years. Income does not arise evenly during the academic year, for example the Skills Development Scotland contract period runs from April to March, and income is accrued in line with student milestones achieved, and course start dates. Fees for short courses are in line with the timing of courses, which can be dependent on when a company requests the delivery, as well as the availability of staff to deliver the training.

The Principal sought views from Committee members on the content of the report and whether they would like additional information included next time. After discussion the Committee would like an example of course costing model in the next report.

Members noted the report.

7 Financial Update at July 2015

The Finance Manager provided members with a verbal financial update. A formal report will be available to members at the next meeting. The outturn for the financial year 2014-15 is still being finalised. External auditors are currently auditing the 2014-15 accounts. Income and expenditure for the first two months on the 2015-16 financial year is as expected with nothing out of the ordinary to report. The Vice Principal advised the Committee of a reduction of grant and a revised budget will be presented to the Committee at its next meeting.

Members noted the update. A revised 2015-16 budget to be presented at the December meeting.

8 Aged Debt report

The Finance Manager spoke to the report which had been issued. Members commented on the positive report.

Members noted the report.

9 Cash Flow Projections 2015-16

The Finance Manager spoke to the report which had been issued. Members commented that at certain points in the year an 'overdraft' was required funded by the monies set aside for Lennartz. The Committee members were concerned that once Lennartz is paid off this flexibility will disappear. The Finance Manager confirmed that the College’s cash flow is monitored on a regular basis by the Scottish Funding Council to ensure that in line with Scottish Government departments, the College is only drawing down what cash is required to meet expenditure and not building up cash in the bank.

Members noted the report.

10 Draft Financial Statements (for period end 31 July 2015)

The Finance Manager spoke to the report which been issued. She advised that she thought it was important for the committee to see the figures to date and in particular the narrative part of the accounts which puts the figures in context and makes them easier to read. The final accounts will be presented to the December meeting of the Committee.

Members noted the report.

11 Any Other Business

The Principal advised the Committee, that the College has received guidance indicating it is good practice to provide a statement on the pension 'pots' and salaries of the Executive Team in the annual accounts. Publishing salary information and pension contribution rates of Executive members in the accounts was not an issue. However, providing pension 'pot' information on individuals may be a breach data protection. Colleges Scotland is seeking clarification on this. Pension information will not be published until such times as the matter has been clarified.

The Chair noted this and the Committee offered their support to the Executive Team on this matter.

14 Date and Time of Next Meeting

The next meeting of the Committee would take place on 8 December 2015 at 2pm.

Finance and General Purpose Committee

INSURANCE TENDER

1. Purpose of Report

The purpose of this report is to advise members of the outcome of the recent tender exercise for insurance and insurance services.

2. The Report

Colleges in Scotland secured a 3-year derogation from the Scottish Public Finance Manual in respect of the continued use of commercial insurance services. One of the key points to emerge from this derogation was to ensure value for money could be demonstrated over the three year period by a reduction in premium costs as a result of economies of scale and improved procurement. It is important to note that if the sector is unable to demonstrate savings the derogation is unlikely to be extended beyond 3 years.

In May 2015, the College issued a tender notification for the provision of insurance and insurance services for the College.

The College secured the services of Advanced Procurement for Universities and Colleges (APUC) to assist with preparing the tender and the tender process itself**.**

The attached report prepared by APUC, summaries the process undertaken by the College and their recommendation to award Zurich Municipal the contract.

3. Recommendation

Members are asked to note that Zurich Municipal has been awarded the contract for the period 1 August 2015 until 31 July 2018.

CONTRACT AWARD RECOMMENDATION REPORT FOR:

THE PROVISION OF INSURANCE AND INSURANCE SERVICES FOR DUMFRIES AND GALLOWAY COLLEGE

1. PURPOSE

This report summarises the process undertaken during the procurement exercise and recommends that the Contract is awarded to the following tenderer:

Tenderer	Score out of 100%
Zurich Municipal	97.51%

The award letter shall be issued by the College.

2. BRIEF SUMMARY OF REQUIREMENTS

Overview of requirement:

Dumfries and Galloway College is seeking to appoint an external provider to provide Insurance and Insurance Services. The current contract expires on 31 July 2015.

3. TENDER STAGE

3.1 Advertisement

The contract was advertised through the Public Contracts Scotland Advertising Portal (PCS) under the APUC Framework Agreement for the Provision of Insurance and Insurance Services (INS003).

Suppliers invited to participate in the mini competition were:

AON UK Ltd
Henderson Insurance Brokers Ltd
Marsh Ltd
Zurich Municipal

3.2 Evaluation Criteria

Tenders were assessed based on the Most Economically Advantageous Tender (MEAT) with a Commercial: Technical Ratio of 40:60 as below:

Commercial - 40%
Technical – 60%

Service Offerings	25%
Claims Handling and Underwriting Services	25%
Quality Assurance	5%
Added Value	5%

3.3 Overview of Tender Responses:

Number of tenders invited: 4
Number of tenders received: 2
Number of compliant bids: 2

Name of tenderers:

Marsh Ltd
Zurich Municipal

Tender Panel:

The Tender Panel consisted of:

Jannette Brown	Vice Principal Corporate Service and Governance
Karen Hunter	Finance Manager
Angela Van Gelder	Senior Procurement Manager (APUC Ltd)

4. COMMERCIAL EVALUATION RESULTS (weighting 40%)

Summary:

Tenderers were asked to provide a total cost for a three year agreement:

The table below show the results of the Commercial evaluation:

Commercial Evaluation	40.00%
Marsh Ltd	40.00%
Zurich Municipal	37.51%

The commercial evaluation was based on the lowest price receiving the full 40% available and the next lowest receiving the percentage difference between the lowest and the next lowest price and so on.

5. TECHNICAL EVALUATION RESULTS (weighting 60%)

Summary:

The tables below show the results of the Technical evaluation:

Technical Evaluation	60.00%
Zurich Municipal	60.00%
Marsh Ltd	49.17%

6. COMMERCIAL TECHNICAL RATIO RESULTS AND TENDERER RANKING

The table below shows the results of the Commercial/Technical evaluation and tenderer rankings.

	Commercial and Technical Evaluation	100%
1	Zurich Municipal	97.51%
2	Marsh Ltd	89.17%

7. AWARD RECOMMENDATION

Based on the results of the Commercial and Technical Assessment, the recommendation is to award the Contract to Zurich Municipal at the following costs:

Annual Cost excluding IPT and Tax: **Year 1 £61614.13**

Year 2 £61614.13

Year 3 £61614.13

Three Year Cost excluding IPT and Tax: **£184842.39**

Annual Cost including IPT and Tax: **Year 1 £65646.98**

Year 2 £65646.98

Year 3 £65646.98

Three Year Cost including IPT and Tax: **£196940.94**

having demonstrated that they have submitted the Most Economically Advantageous Tender.

The tender demonstrates a cash saving of £2518.11 (including IPT and Tax) over the 3 year contract period against previous price paid.

Signed: A Van Gelder

Title: Senior Procurement Manager, APUC Ltd

Date: 8 June 2015

Award Recommendation Report agreed by:

Signed: …Jannette Brown, Vice Principal

Dumfries and Galloway College

Date: …8 June 2015

Finance and General Purpose Committee

PART-TIME COURSE COSTING MODEL

1. Purpose of Report

The purpose of this report is to advise members of the course costing models operated by the College.

2. The Report

In determining the costs of part-time courses the College has designed a spreadsheet to assist staff in determining the costs of a part-time course. There are 3 main headings to complete: staff costs, student costs and sources of income.

Step 1- Determining costs:

- Staff costs (includes on-costs) – considers the hours required to delivery (including development time) and support the delivery of the course such as lecturer/trainer/assessor; technical support; invigilator; specialist admin staff and travel.
- Student costs – considers the costs per student for items such as course materials; additional equipment; awarding body registration / exam fees and any hospitality (if appropriate)

Step 2-Contribution to Overheads:

- Added to the costs is a standard 15% contribution to college running costs.

Step 3-Sources of Income:

- Any additional income from credits?
- Any additional income from sources such as SAAS/ILA

The spreadsheet is designed so that once all of the above has been entered it calculates what the fee per student should be. The fee per student then goes through a review to consider a number of factors, such as:

- Is this fee in line with the market?
- Can the market take a higher fee?
- Is this the first time we have run the course (it's a pilot)- consider a reduced group size or reduced the fee to the student
- Is this the first time working with a specific employer / sector – consider a reduced fee in spirit of partnership working and volume of future business

The adjustment made and reasons for the adjustment are recorded in the spreadsheet as an audit.

3. Recommendation

Members are asked to discuss the contents of this report.

ESTATES PROJECTS UPDATE

1. Purpose of the Report

The purpose of this report is to provide the Committee with an update on Facilities developments and Health and Safety.

2. Introduction

In 2014 the Board approved expenditure to develop and improve the College estate for learning and teaching. This report provides a summary of progress on these developments during the previous academic session and plans for future development during 2015/16 session

3. Projects

3.1 ZEST
The new catering training facility was commissioned in July 2014 with works being completion certificates provided in February 2015. The formal launch took place in May 2015 with Dame Barbara Kelly as guest speaker. Snagging has continued in the facility with some additional works being completed during the summer 2015. The facility has been operational since 1 September 2015 when the first learners commenced their courses. As per the project full sign off on any snagging will take place in January 2016 and as such the College retains a small amount of retention monies until then.

3.2 Car Park
The plans for the new Campus at Dumfries included a number of additional parking spaces to enable the College to grow however these were rejected by planners at that time. Since the College relocated numbers of full time learners have grown resulting in a need for additional car park spaces. The College also took into consideration the development of the new catering facility and the need to provide spaces to enable customers to book in to the training restaurant. Proposals were drawn up and costed and the addition of 44 car parking spaces was approved. Work commenced in June 2015 with successful completion in August 2015, no snagging has been required for the project.

3.3 Beauty Salons
Due to changes within the curriculum a need was identified to refurbish the beauty salons to enhance the learner experience. Plans were developed to reflect an industry standard salon rather than a classroom environment. This resulted in the reduction from 3 smaller salons to create two larger salons to include a nail bar facility in each, a reception desk and additional storage and wash basin facilities at each treatment station. Work commenced in June 2015 with completion at the end of August 2015. Snagging continues but was almost complete at the time of this report. Feedback from staff and learners has been extremely positive in relation to the new facilities. The beauty salon at Stranraer was refurbished in 2013.

3.4 Childcare play room

During the operational planning process in 2013/14 and discussions with local employers the curriculum identified a need to review the facilities provided for the childcare courses at the Dumfries Campus. This resulted in the development of two rooms which are interlinked to create a classroom and an industry style nursery. The nursery includes an area for delivery of play, wet play area, healthy nutrition, art work and sand play area. Work was completed in September 2015 with snagging continuing at the time of the report. Staff and learners have been very positive about the new facilities and learners are currently developing how the space will be utilised effectively.

3.5 Hairdressing salons

As part of the curriculum review in 2014 the College agreed to refurbish the hairdressing salons at Dumfries to reflect an industry standard salon. Due to the nature of the work agreement was reached to complete the beauty salons first work is scheduled to be completed during the summer of 2016. Plans have already been completed and approved. The work will include that the salon is as energy efficient as possible with low flow taps, energy efficient lighting and equipment. The hairdressing salon in Stranraer already reflects an industry salon.

3.6 Construction

A number of projects have been approved for the construction area at Dumfries and will be completed during the academic session 2015/16. These include the renewal of the timber store to create a larger storage space and the enclosure of the yard to the rear to create a more usable teaching space. Plans have been completed and approved the timber store and plans are due to be commissioned for the enclosure of the yard. This work will be completed during the Summer 2016.

3.7 Project Management Services

The College currently contact with Archiall Knorr for architectural services. The contract was initially procured for a 3 year period with the option to extend for a further 12 months. This option has been taken and the contract will expire in March 2016. Currently consideration is being given to the new tender and the procurement of a Project management service rather than purely architectural service. An update will be provided to a future Committee meeting.

3.8 Condition survey

An external health and safety and condition survey was completed for the Dumfries Campus in 2014/15 and did not identify any major concerns with the external fabric of the building.

This was to be expected with a building of this age. A full condition survey of the internal fabric of the Dumfries Campus and the internal/external of Stranraer Campus will be completed by March 2016. This information will then be used to inform the Estates Strategy and maintenance programme for the future. A further update will be provided to the Committee.

4 Health and Safety

The College employs a Health and Safety Officer to provide health and safety and fire safety advice to the college. At present the Officer is on long term absence therefore a consultant has been commissioned to review the health and safety procedures within the College to give assurance and provide recommendations for improvement. One area of potential concern relates to the ventilation with the construction workshops at both Dumfries and Stranraer campus. An air quality survey has been conducted with a view to reviewing the current ventilation system. This may result in a required investment in relation to a different ventilation system. A further report will be provided to a future Committee meeting.

5 Recommendation

Members are asked to note the report.

Helen Pedley
Director of Organisational Development and Facilities
November 2015

Finance and General Purposes Committee

ESTATES STRATEGY

1. Introduction

1.1 The purpose of this paper is to provide the Finance and General Purposes Committee with an opportunity to comment on the draft Estates Strategy.

2. Background

2.1 One of the duties of the Finance and General Purposes Committee is to make recommendations regarding the College's management of its property and facilities. The attached strategy provides the Committee with information regarding the current estate and potential future implications.

3. Recommendation

3.1 It is recommended that the Finance and General Purposes Committee consider and, if so minded, approve the Estates Strategy and recommend it to the full board.

Estate Strategy

November 2015

Contents **Page**

1. Introduction

This strategy provides a basis for developing and managing the estate to its maximum potential to provide the College with a framework within which it can consider estate priorities in light of the College Strategic Plan and Regional Outcome Agreement.
Through our estates strategy we aim to:

- Provide flexible, fit for purpose accommodation to reflect modern delivery;
- Continue to ensure efficient space utilisation;
- Identify the need for rationalisation and disposal of assets which are surplus to requirements;
- Maximise the value of the estate, looking at existing and alternative uses;
- Establish and maintain clear routine, statutory and long term preventative maintenance plans;
- Consider opportunities for effectiveness through shared services with our Crichton Partners;
- Ensure the space is fully accessible, meeting all ability needs;
- Continue to reduce carbon emissions in line with the College's Climate Change Action Plan.

This strategy will be updated annually to reflect the development of the estate and to meet the changes in the wider environment.

2. Strategic Context

Dumfries and Galloway is situated in the South West of Scotland. It is 77 miles from Glasgow and 79 miles from Edinburgh to the main town of Dumfries. D&G is the third largest region in Scotland in terms of landmass, but is one of the most sparsely populated with 151, 300 people (on Census day 2011) spread over 6,426 square kilometres. The region faces many challenges – economic situation (currently it has the lowest average wage in Scotland and economic recovery is slow compared to other regions), rurality, and an ageing population.

As the only general Further and Higher Education College in Dumfries and Galloway, the college offers a broad curriculum from Access to degree level from two campuses, Dumfries and Stranraer. In a region where there is a higher proportion of people with no or low level qualifications, the college adopts an Open Access policy and delivers programmes at Scottish Credit Qualification Framework level 4 or below which do not require any formal entry qualifications. This is in line with the Dumfries and Galloway Economic Strategy's aim to raise the low skills and qualifications base in the region. The college is committed to meeting learner needs by providing appropriate learning opportunities, skills and qualifications, ensuring that fewer young people in Dumfries and Galloway are not in employment, education or training.

A full Curriculum Review was undertaken in 2014-15 with the aim of aligning our curriculum offering more closely to the economic needs of the region from 2015-16 onwards. South of Scotland Regional Skills Assessment 2012-2022 produced by Skills Development Scotland highlights Food, Drink and Tourism as the largest of the growth sectors in the region, accounting for 25% of all jobs. Greatest employment increases over the coming decade are expected to come from:

- Accommodation and Food
- Health and Social Work
- Engineering & Construction
- Arts & Entertainment
- Professional Services

The College has invested £2m in the development of Hospitality and Catering training facilities on the Dumfries campus and programmes in Hospitality and Professional Cookery commenced in August 2015.

With the establishment of Employer Advisory Boards, the College has benefitted from the input of local employers in terms of curriculum design and gaps in provision. Employers from the Engineering Sector have highlighted the need for some additional engineering provision in terms of Engineering systems (planned for 2016-17) and higher level progression opportunities. Some businesses have also indicated a keen interest in Graduate Apprenticeships in Engineering and the College has entered into initial discussions with Strathclyde University Engineering Academy to explore articulation and Graduate Apprenticeship opportunities.

3. Review of Existing Estate and Operation

The combined estate extends to 52,970 square m and delivers to approx 4134 students. Approx 88% of students attend courses at Dumfries Campus with the remaining 12% attending Stranraer Campus.
The primary sites of Dumfries and Galloway College are:

- Dumfries Campus
- Stranraer Campus
- Catherinefield, Heathhall, Dumfries

Dumfries Campus

This is a modern recently constructed building opened in August 2008. The gross floor area amounts to some 14,243 sq m. It was designed by Building Design Partnership and constructed by Miller construction. The site was a newly purchased green field site situated adjacent to the Crichton Estate on the Southern Perimeter of Dumfries in South West Scotland. The building is of steel framed and concrete construction with a proprietary composite cladding system. The building comprises 3 floors plus a mezzanine level. The majority of the roof consists of a profiled metal sheeting system. The heating comprises a gas fired system.

A new hospitality training facility comprising a restaurant, bar, kitchens and food store was completed in January 2015. This was constructed within the envelope of the overall building. Students have already enrolled and commenced hospitality studies in September 2015. With the construction of the hospitality project and the Energy Centre building, the overall floor space for Dumfries Campus has therefore increased from 14,243 sq m to 14,485 sq m over the past 6 years.

The Henry Duncan Building is an annex of the main Dumfries Campus adjacent to the main college entrance. This is presently used by the Crichton Foundation under a partnership agreement which

commenced in April 2013 and is presently funded until 31/12/16. Should the present use by the Institute be terminated, this would free up space in the building for other purposes.
In 2013/14 the College, as part of an INTEREG funded project in conjunction with Irish partners, opened an Energy Centre which is a detached timber building. The Energy Centre is a training facility focusing on delivering courses in:

- Biomass heating systems
- Solar and thermal energy systems
- Heat pump, ground source systems
- Photo Voltaic systems

Part of the Dumfries Campus includes a considerable area of wild meadow to it's South elevation which could offer potential for expansion of the campus either in terms of additional buildings or field based opportunities and activities.

The Dumfries Campus offers shared facilities with Glasgow University campus, University of West of Scotland and the Open University. The shared facilities include the Library, sports hall, fitness suite, cafe and canteen and Students Association. In addition, University Student Support Services are co-located in the Dumfries Campus

Stranraer Campus

The Stranraer Campus was opened in summer 1990. The gross floor area amounts to some 3,073 sq m. The building comprises a steel frame with concrete block construction and a pitched concrete tiled roof. The heating system is totally electric. Refurbishments have been carried out over recent years.

Catherinefield, Heathhall, Dumfries

This is a former school constructed in the 1920s. The footprint comprises a gross floor area of 303 sq. The building was identified as surplus in 2009 and marketed accordingly. No buyer was found at the time, however a rental opportunity was identified and the building is presently rented to "First Steps Nursery" under a lease agreement, which is due for renewal in summer 2016. The building is of sandstone construction with a pitched slate roof with a small flat roof extension. The building is fully accessible in terms of disability.

4. College Usage and Student Numbers

Table 1: Dumfries and Galloway College 2014-15 Student Enrolments (Full time)

	Student Enrolments per Campus		
Curriculum Area	**Dumfries**	**Stranraer**	**Total per Faculty**
Building and Engineering Services	317	62	379
Hairdressing, Beauty, Hospitality & Sport	263	94	357
Education, Health and Social Studies	411	80	491
Business, Computing and Creative Industries	380	14	394
Total per campus	1371	250	1621

Table 2: Mode of Attendance 2014-15

	Enrolments*	**% age**
Full Time	1621	40%
Part Time / Day Release	2391	60%
Totals	4012	100%

*The figures above do not include learners who are on Open Learning/Work based learning and Community delivery as they do not attend College.

5. Estate Condition

5.1 Dumfries Campus

The building was constructed in 2008 therefore the condition is mainly good as would be expected with a new build. Several areas of defects present ongoing challenges:

- Heating problems in some areas with poor ventilation in others.
- Several areas of water leaks due to detailing and other issues.
- Draughts at various locations in windy weather.
- Suspended floors exhibiting movement related issues.

An external condition and H&S survey was completed in February 2015 which is now being used to formulate a forthcoming repair and maintenance programme on a prioritised basis.
An internal condition survey will be carried out in year 2015/16 and will inform the maintenance plan.

5.2 Stranraer Campus

The Stranraer building appears superficially and generally in good sound condition, well maintained and is overall fit for purpose. There are a number of issues known at present that will require attention in the future:

- Electric under floor heating, various locations have known problems that require attention. This necessitates the use of portable heaters in a few areas.
- Ventilation system deficiencies which are being studied at present. As the internals of the building have been modified over the years, the ventilation system has not always been adjusted to suit. There will be opportunities to improve this.
- The passenger lift dates from the original 1990 build and is now becoming difficult to maintain due to obsolescence of spares, although it is fully operational at present.
- Windows, various age related issues such as double glazed failed seals and minor leaks. These are being repaired on a reactive basis and are all presently serviceable.

In 2010 repairs and refurbishment works were carried out as follows:

- Improved thermal insulation.
- Internal room alterations to better meet the needs of the college.

- Provision of external bicycle storage lockers to help encourage local cycling as part of the college's green travel plan.
- Lighting improvements and ceiling insulation.

Due to the age of the building the campus will have a detailed condition survey carried out in 2015/16. This will enable a detailed maintenance programme to be carried out.

5.3 Catherinefield, Heathhall, Dumfries

Overall the building is in fair and serviceable condition. The external small annex building was in poor and dangerous condition and was demolished in March 2015. This part of the grounds has been reinstated and surfaced and now forms an extension to the car park. This building has been designated as surplus to the requirement for the College and will be sold.

6. Running Costs

The costs shown in Table 3 are a summation of historic repair, maintenance, internal alteration, utility and running costs for both Dumfries and Stranraer campuses over the last three complete years. The costs for both campuses are combined because of the arrangement of the budget structures that makes separating the costs between the two sites difficult. This may be re-structured in the future to provide separate costs for each location and make comparisons and efficiencies easier to quantify. Also due to financial changes the present financial year runs from April to March. But in previous years the financial years matched the academic years from August to July.

Table 3: Running Costs for Dumfries and Stranraer Combined

* Because 2013/14 financial year was a shorter 8 months, this figure is factored up by 12/8 to compare with the other years on an equal basis.
Note: these costs include an estimate for each year for the capital funded costs until the actual figures are available.

Campus	Running Cost 2011/12	Running Cost 2012/13	Running Cost* 2013/14	Average per Year
Dumfries and Stranraer	£679,621.77	£670,646.79	£632,570.14	£660,946.23

Need to update with 14/15 figures

7. Market Valuations

The following table outlines the valuations for each of the college's three sites.

Table 4: Site Valuations by Campus

Location	Tenure	Gross Internal Floor Area (sq m)	Total Site Area (sq m)	Valuation*
Dumfries Campus	Owned	14,485	45,000	£28,200,000
Stranraer Campus	Owned	3,073	5,750	£3,200,000
Catherinefield	Owned	303	2,220	£140,000
Totals		17,619	52,970	£34,184,000

*For Dumfries and Stranraer Campus the values shown are the Depreciated Replacement Cost for Land and Building as at 26 June 2015 and are excluding VAT.
*For Catherinefield the value shown is the Market Value for Land and Building as at 26 June 2015 and is excluding VAT.

8. Fitness for Purpose

8.1 Dumfries Campus

This is a modern building opened in 2008. The room layouts are continually being altered internally to meet curriculum need. This is a fairly straightforward process that is usually carried out in college holidays to be ready for the start of the new term. The building is well suited and accessible to disabled users. Three passenger lifts are available for users of all abilities.

8.2 Stranraer Campus

The building was opened in 1990, when the college was operated by Dumfries and Galloway Council. The building is not as adaptable to possible alterations due to its older design and structural frame and internal layout. Significant internal alteration will entail considerable re-building and re-arrangement to the structure of the building. The building is served by one passenger lift, which as stated above will need investment to renew the lift equipment and machinery due to age.

8.3 Catherinefield

The building was constructed in the 1920's as a primary school. It has since been adapted and converted to be in the configuration that can be seen today. It has been adapted in more recent years to meet disabled access requirements. It was operated as a nursery by the college up to 2007 following which the college moved to its new Crichton Campus location and the nursery building was unused for several years. It is now rented out and run as a private nursery providing a service to the local community from new born babies up to children of after school age.

9. Campus / Site Performance Assessments

Table 5: The building energy performance assessments

	Dumfries Campus	Stranraer Campus
Current rating	C+	F
Carbon dioxide emissions, kg per sq m of floor area per year	33	100
Approx current energy use per sq m of floor area, kWh/sq m	111	239
Date of issue of certificate	Apr 2009	Apr 2009
Notes		Thermal insulation works were carried out in 2010

On consideration of the figures from the above table 5, the figures show that the Dumfries building is more energy efficient. However considering that thermal insulation works were carried out in 2010 to Stranraer Campus, those Stranraer figures should significantly improve when next assessed. For Dumfries, no significant changes have been made to the building since its construction in 2008.

10. Future Plans

The following are the broad targets and future plans for the college for the next five years.
The College must respond to the developing needs of the curriculum. At present the Dumfries Campus is at capacity but should there be a requirement to grow in provision, and therefore learner numbers, there will be a need for additional space. This may be achievable by construction of new building(s) and/or extension to the existing building. The additional space would need to provide for increased teaching space, canteen facilities, student association/welfare space and additional staffing space.

Scotland's Rural College (SRUC) is currently reviewing its location in Dumfries and proposals include relocation to the Crichton Campus. This has resulted in discussions regarding partnership arrangements between Dumfries and Galloway College and SRUC for possible joint delivery of areas of the curriculum or co-location. This partnership opportunity would result in a review of the College estate to accommodate any increase in learner numbers.

As part of the College's annual Operational and Curriculum Planning process each department indicates what changes are required to ensure that the current estate meets the needs of delivery. Consideration and approval is within the realms of affordability. This has resulted in several changes such as refurbishment of the beauty salons, creation of a teaching nursery/playroom, converting general classrooms into combined classrooms and computer labs and expansion of the fitness suite. From this process future plans will include:

- Refurbishment of the hairdressing salons at Dumfries to reflect the current industry trends.
- Review of the current engineering/construction workshop layout and outside space at both Campus to ensure that the space meets the changing needs of the curriculum e.g. Wind

turbine technology, overhead lines technician courses, construction technician delivery, improved storage.

- Improved pedestrian access for the Energy Centre if the delivery expands.
- Review of the IT communications infrastructure at Stranraer.
- Marine Engineering is a possible future opportunity at Stranraer tied in to the Leisure market / Marina proposals being discussed for the redevelopment of the Stranraer Harbour area and the former Stena Ferry Terminal.

Catherinefield

The College is currently exploring the termination of the current lease in 2016 and the sale of the nursery to the existing tenant or on the open market.

11. Opportunities

There will be opportunities for growth working with partners on the Crichton Campus to develop, expand and improve provision for further and higher education. These will be explored and developed over the coming years.

12. Transport - Vehicle Fleet:

Staff transport is required on a regular basis for travel between Campus and to external events/meetings. On occasions and on peak times when all the pool cars are in use it is often required to rent cars on a daily basis from a local suppliers to meet operational demands of staff travel.

The existing vehicle fleet comprises of 7 cars, 2 vans and 3 mini buses. The replacement strategy is to replace the cars before they exceed 100,000 miles. On that basis the 1 car needs to be replaced in year 2015/16 with a second in year 2017/18. All the vehicles are diesel. When replacements are due consideration is given to cost, reliability, safety, economy, pollution emissions and local garage support for maintenance and repairs. The vehicles are presently always purchased outright. Considerable consideration has been give to the use of fully electric vehicles but the main reason for discounting their use at this time has been due to the lacking battery technology and the insufficient range capability. Also the cost of purchase or lease at present is expensive compared to conventional vehicles. It is envisaged the battery technology may improve in the near future and this area of development is being monitored and consideration given as part of the College's Climate Change action Plan.

The minibuses are not fully utilised and when replacement is due consideration will be given to only running one minibus at each campus and hiring suitable vehicles as the need arises.

13. Financing

All capital expenditure needs to be planned and programmed at least one year in advance. Historically the Scottish Funding Council has provided the college with a capital funding allocation however this changed in 2015 with all capital funding bids having to be submitted in advance every year.

Revaluations of the estate will be required every 5 years on the basis of depreciating replacement costs. The implications of the changes in the finance systems will mean that forward planning will be more critical in future.

14. Conclusion

This estate strategy outlines the issues and future aims of the college. For the College to develop and grow to better support the needs of the Dumfries and Galloway economy, expansion plans and concepts need to be well researched and explored well in advance to enable realistic and robust plans to be developed and discussed with the Scottish Government and appropriate funding bodies.

Finance and General Purposes Committee

CLIMATE CHANGE ACTION PLAN

1. Introduction

1.1 The purpose of this paper is to provide the Finance and General Purposes Committee with an opportunity to comment on the draft Climate Change Action Plan.

2. Background

2.1 One of the duties of the Finance and General Purposes Committee is to make recommendations regarding the College’s management of its property and facilities. The attached Plan provides the Committee with information regarding the proposals and actions to reduce the College’s carbon emissions by 20% by 31 December 2019 in line with the Outcome Agreement.

3. Recommendation

3.1 It is recommended that the Finance and General Purposes Committee consider and, if so minded, approve the Climate Change Action Plan and recommend it to the full board.

Dumfries and Galloway College

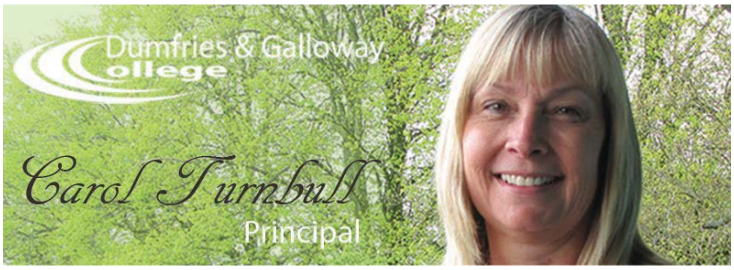
Climate Change Action Plan

2015 - 2020

Date: **October 2015**

Contents

Foreword from the Principal



There are many challenges facing Scotland's colleges in the future and many uncertainties. However, we can be certain that colleges and universities have a key role to play in contributing to Scotland's long-term national targets in relation to climate change. A successful response recognises the need to conduct all of our activities in a more sustainable way. As a result the College as an organisation must effect change through our primary role as an educator and skills provider by addressing how our own activities impact upon the wider environment.

We have signed up to the Universities and Colleges Climate Commitment for Scotland and commit to publishing and implementing a five year plan, which identifies how we will secure a significant reduction in emissions from our business and operational activities. We also aim to embed sustainability into day to day activity and provide a positive role model for students, staff and the wider community. We see sustainability as an integral part of good institutional practice, producing resource and cost efficiencies which will enable us to build an economically and environmentally sustainable institution.

This Climate Change Action Plan (CCAP) illustrates a clear target and vision for carbon management and environmental education in Dumfries and Galloway College that will allow us as a College community to not only reduce our own carbon emissions but to highlight the importance of a sustainability ethos with our students, staff and local community. Each of us has a responsibility to play in achieving the objectives of this Plan, however if we meet that challenge we will be contributing to a cleaner, healthier and more sustainable future.

Carol Turnbull
Principal & CEO
Dumfries and Galloway College

Foreword from the Carbon Trust

Cutting carbon emissions as part of the fight against climate change must be a key priority for all public bodies - it's all about getting your own house in order and leading by example. The Scottish and UK governments have identified the public sector as key to delivering carbon reduction across Scotland and the UK, in line with Kyoto commitments and the world-leading Scottish and UK Climate Change legislation.

The Carbon Trust's Public Sector Carbon Management Programme is designed in response to this. It assists organisations in saving money on energy and putting it to good use in other areas, whilst making a positive contribution to the environment by lowering their carbon emissions.

Dumfries and Galloway College was selected to take part in this ambitious programme. Dumfries and Galloway College partnered with the Carbon Trust in order to realise substantial carbon and cost savings. This Climate Change Action Plan commits the organisation to a target of reducing CO_2 by 20% by 31 December 2019, against a carbon emissions baseline year of 2014, and underpins potential cumulative financial savings to the organisation of around £280,000.

There are those that can and those that do. Public bodies can contribute significantly to reducing CO_2 emissions. The Carbon Trust is proud to support Dumfries and Galloway College in the on-going implementation of its carbon management.

Paul Wedgwood
General Manager, Carbon Trust in Scotland

Executive Summary

This Climate Change Action Plan (hereafter referred to as the Plan) is the culmination of a year's worth of work which has taken Dumfries and Galloway College from having carbon reduction as a College objective to the production of a comprehensive five year plan. The Plan emphasises the College's commitment to reducing carbon dioxide (CO_2) emissions over the short to medium term. The Plan illustrates how savings will be made through efficiencies and improved use of resources in addition to helping meet the wider objectives of the Climate Change (Scotland) Act 2009. In particular this is a response to our duty in Part 4 of this Act to assist the Scottish Government in achieving their 2020 and 2050 CO_2 emission reduction targets. The Plan is consistent with the College aims and those of the Scottish Funding Council (SFC).

The College has set a target for reducing carbon emissions by 20% by 31 December 2019.

Such a reduction would result in cost savings by the end of the final year of approximately £280,000 together with an overall cumulative reduction of approximately 900 tonnes of CO_2 emissions against a business as usual scenario.

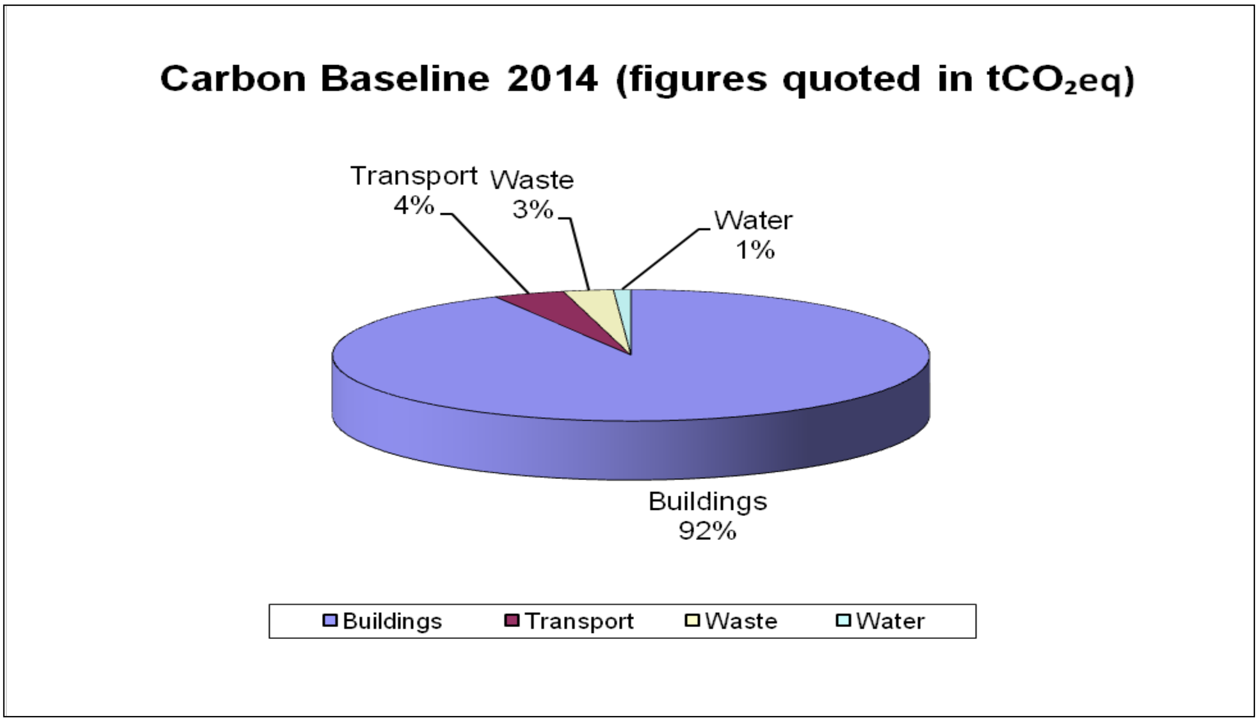
Information was compiled from the calendar year of 2014 to calculate baseline data as a starting point for CO_2 emissions and to provide a starting point for future measurement of reductions. Figure 1 shows the headline figures for the College for this initial baseline period.

Table 1 - Headline CO_2 Emissions for 2014

	TOTAL	Buildings	* Transport	Waste	Water	Fugitive
Baseline CO2 emissions (tonnes CO_2 equivalent)	**1246 tCO_2eq**	1128 tCO_2eq	47 tCO_2eq	33 tCO_2eq	11.5 tCO_2eq	26.5 tCO_2eq

*This is staff business travel and fleet vehicles only and does not include staff and student commuting to and from College

Chart 1 – Carbon baseline for 2014



The College will establish a Sustainability Committee, to oversee and drive forward the Plan. The Sustainability Committee will be led by the Director of OD and Facilities and will meet quarterly. .

The Plan will commence and be driven forward through:

- The introduction of carbon reduction initiatives into all operational planning, delivery and day-to-day activities.
- A strong focus on education for sustainable development (ESD) in all curriculum areas.
- The introduction of a staff awareness carbon reduction and sustainability programme during the induction process and as part of continuous professional development.
- A cross college behaviour change and awareness campaign to raise carbon reduction, energy efficiency and sustainable development with our wider campus community.
- Seeking opportunities for joint initiatives with external partners.

1 Introduction

Dumfries and Galloway College is committed to improving environmental performance, raising the profile of sustainability education and reducing its impact upon contributing to climate change. The staff, students, campus partners and wider community have the right to expect, that the College as a responsible institution, acts positively to promote behaviour change and reduce the impact upon the environment.

Dumfries and Galloway College has recognised the need for a co-ordinated approach to carbon management, education for sustainable development and global citizenship. In order to achieve this the College has not only scrutinised the estates and campus management but have also aligned this with curriculum development to produce the Climate Change Action Plan. This Plan has five stages which will determine the baseline data and which sets the agenda for five years of carbon reduction measures and sustainability education.

Step 1 - Mobilise	• Mobilise the organisation - determine key individuals, create a team, determine scope and ambition and set a timetable for the carbon management strategy and implementation plan.
Step 2 - Baseline and Forecast	• Set baseline, forecast and targets - *where are we?* and *where do we want to be?* Collect energy consumption data establish baseline to determine the carbon footprint of the organisation.
Step 3 - Identify and Quantify	• Identify and quantify options by compiling potential projects and identifying viable projects based on cost benefit analysis.
Step 4 - Approve Plan	• Finalise strategy and implementation plan and gain approval from key stakeholders. Communicate the strategy and plan at all levels of the organisation.
Step 5 - Implement the Plan	• Implement the plan by completing the viable projects and monitoring progress. Communicate success to stakeholders.

This Plan provides the structure and details of the projects that will help the College achieve the target of a 20% reduction in carbon emissions by 31 December 2019.

2 Carbon Management Strategies

Dumfries and Galloway College is committed to promoting environmental issues as an integral part of operational activities in order to demonstrate the aim of continual improvement and innovation in best environmental practices and education.

2.1 Context and Drivers for Carbon Management

Man-made carbon dioxide (CO_2) and other greenhouse gas emissions (GHG), also referred to as carbon emissions, are believed by the UK government and the majority of the scientific community to be a major cause of the increase in average global temperatures since the Industrial Revolution. Although some scepticism remains the evidence is very strong and the Precautionary Principle has persuaded successive governments to commit to reducing emissions. Increasing GHG emissions from the use of fossil fuels is the major contributory cause of man-made climate change. Carbon dioxide is one of a basket of six GHGs, and is created primarily by the burning of fossil fuels. As demand for fuel and energy increases globally so does the amount of CO_2 and other GHG emissions released into the atmosphere. The term carbon emissions will be used in this plan to describe all GHG emissions, from the basket of six, generated by the College's activities.

2.2 Climate Change (Scotland) Act (2009) and Climate Change Act (2008)

Scotland's net emissions of CO_2 in 2005 were over 54 million tonnes, approximately 0.2% of the World's CO_2 emissions. Scotland has 0.08% of the world's population and therefore proportionately produces higher carbon emissions per capita. The Scottish Government has sought to address this in the Climate Change (Scotland) Act (2009) which outlines national GHG emissions reduction targets. These targets are a mandatory 80% reduction in GHG emission levels (from a 1990 baseline level) by 2050 with an interim reduction level of at 42% by 2020. The UK Government has also committed to similar carbon reduction targets. Significant carbon savings will be required across all sectors in the UK including from Further and Higher Education Institutions.

2.3 Universities and Colleges Climate Commitment for Scotland (UCCCfS)

Dumfries and Galloway College is a signatory of the UCCCfS which commits Scotland's Universities and Colleges to address the challenge of climate change and reduce their carbon footprints accordingly. Signatories commit to producing and publishing a five year Climate Change Action Plan (CCAP) which includes measurable targets and timescales to implement and achieve carbon reduction from all business operations and activities.

2.4 Low Carbon and Sustainability Vision

Dumfries and Galloway College is committed to achieving continuous improvement in our environmental and sustainability performance by minimising our impact upon climate change and by educating our staff and students about sustainable development.

As well as striving for a reduced carbon future, we shall endeavour to deliver a more sustainable future by ensuring our staff, students and wider community have the knowledge, understanding, skills and values to live more sustainable lives. This will be achieved by embedding carbon reduction measures and education for sustainable development into all aspects of our planning process, delivery and day-to-day activities. At a national level we will also continue to share our expertise in sustainability education with the wider college community across Scotland. This is achieved through staff involvement in joint events with organisations such as EAUC and the College Development Network.

The College firmly believes that the Climate Change Action Plan will enable us to deliver this vision.

2.5 Strategic Themes

There are two primary objectives of the Plan:

- to achieve a reduction in carbon emissions by integrating carbon management within the culture of the organisation, and
- to embed education for sustainable development (ESD) across the college curriculum, campus and ethos.

In order to achieve these objectives, the College's strategy and implementation plan will need to address the following specific areas.

Working Practices

Carbon management will be a key theme in all operational practices to ensure that sustainability is embedded in all activity including:

General maintenance
All college buildings energy (electricity and space heating) use
Fleet vehicles
Waste disposal
Water management
Fugitive emissions from air conditioning and refrigeration
Procurement
Policy and legislation

Travel

Staff and student business travel will be evaluated to ensure it is as energy efficient as possible.

Raising Awareness and Behaviour Change

Work will continue and expand across both College campuses to raise awareness wherever possible of climate change, energy use and sustainability.

Education for Sustainable Development (ESD)

The aim is to continue to be sector leading in ESD and to continue to progress ESD within the College. The College's existing ESD programme has raised the profile of the College's commitment to ESD and has been recognised as sector leading by Education Scotland. The ESD programme has been shortlisted twice by the Environmental Association for Universities and Colleges Green Gown Awards in 2012 and 2014 and nominated for a SQA Star Award in 2014. College ESD materials have also been shared with the wider Scottish college community and are used by other colleges, these materials can be obtained at:

http://www.eauc.org.uk/ucccfs/education_for_sustainable_development_workbooks

2.6 Targets and Objectives

Dumfries and Galloway College's overall target for carbon reduction is to achieve:

- at least a 20% reduction in overall carbon emissions by the end of calendar year 2019 (compared against the baseline year of 2014), with

- an interim target of at least a 9% reduction in emissions by the end of calendar year 2016.

This equates to a reduction of around 900 tonnes carbon dioxide equivalent and a cost saving of around £280,000 over the period to the end of 2019, against a business as usual scenario.

The Plan provides a quantified list of measures which are capable of achieving the College target. Details of the College's emissions and baseline projections can be found in appendix A.

Quantified savings and benefits:

	2015	2016	2017	2018	2019
Annual cost saving (£)	**15,725**	**33,467**	**53,432**	**75,845**	**100,954**
Annual CO_2 saving ($tCO_{2\ eq}$)	**63**	**124**	**182**	**239**	**293**
% of target achieved	**4%**	**9%**	**13%**	**16%**	**20%**

Unquantified benefits:

As well as the carbon and cost savings identified in this Plan, embedding sustainable carbon reduction measures and education for sustainable development will help achieve the following outcomes:

- Help to ensure compliance with climate change legislation.
- Prove the College's commitment to being an environmentally sustainable institutiuon.
- Maintain the College's reputation as sector leading in ESD advancement in the Scottish college education sector.
- Comply with the sustainability requirements of the Procurement Reform Bill.
- Accreditation of the National Union of Student's Responsible Futures Scheme.

3 Implementation

3.1 Financing

The capital cost of financing the Plan over the next 5 years is estimated to be £30,000 per annum sourced from the College's capital budget. In addition to finance from the College's capital budget, the Sustainability Committee will look at alternative sources of funding including:

- **Resource Efficient Scotland:** potential grant funding

3.2 Governance for Implementation

In order for carbon reduction to be effective, there needs to be a strategy embedded within the organisation that underpins its policies, practices and operations. This Plan will act as a benchmark for the sustainability of the College in the future, and will be reviewed and referred to regularly as the need arises.

The reduction target set out within the Plan will be considered in the event of any future capital developments and budget constraints in order to ensure the target is met.

3.3 Resource commitment

The Plan will create a need for monitoring and assessing of the initiatives and their success to date. This will be done on a bi-annual basis and will also allow for revision of the plan in line with the College's ongoing achievements and challenges. These plans have been initiated during a time of construction in the Dumfries Campus for the training kitchen and restaurant, and there will be increased energy requirements once these are operational. Due to this there is an element of flexibility in the reduction figures aimed for which may increase once new energy usage is fully determined.

3.4 Programme Management of the Plan

- The College will establish a Sustainability Committee to oversee drive forward the Plan, ensuring that the workload and responsibility does not lie solely with any one person.

3.4 Implementing the Initiatives

The Sustainability Committee, will focus on the operational aspects of carbon and energy reductions and embedding ESD within the College curriculum by identifying, quantifying and delivering cost effective projects and monitoring their impact.

Membership of the Sustainability Committee will comprise of:

- A curriculum representative from each Faculty, including a representative from the Stranraer Campus
- The Student Association President and/or the Student Association Sustainability Officers, with student representation from both Campus
- At least two representatives from College support staff, including at least one representative from the Stranraer Campus
- A representative from the College catering supplier

The Sustainability Committee will have responsibility for monitoring and revising the plan, developing and implementing new initiatives on a regular basis.

Appendix A

Emissions Baseline and Projections

The first step in developing a Climate Change Action Plan is to determine the organisation's current emissions, or carbon footprint, facilitating the setting of a realistic reduction target. The resources to be included, or the Scope, in the footprint must be decided, as well as determining the Boundaries of the carbon footprint, at the outset. The Scope and Boundaries of the carbon footprint will be determined by the extent of the estate, goods and services, staff and student travel and influence on education and behaviour change over which the College has operational control, direct or indirect influence and the availability of good quality data.

The next stage in setting carbon reduction targets is the estimation of projected emissions and costs if no action were taken (known as Business As Usual or BAU) in conjunction with determination of potential savings with the implementation of carbon management projects identified as achievable and fundable.

Projections for a range of future scenarios can be evaluated. The "gap" between the future BAU emissions and the projected emissions with carbon management projects implemented is known as the Value at Stake (Section 3.3 Projections and Value at Stake). The College's target emissions reduction will be based on this difference.

1. Scope

The scope of emissions sources considered in measuring the emissions baseline is as follows:

All years mentioned within this Plan are calendar years. When measuring the College's 2014 baseline, the following were taken into account:

- Heating
- Lighting
- Power (electricity)
- Fleet transport
- Business transport (excluding hire cars)
- Water use in the campus buildings
- Waste from the campus buildings
- Fugitive emissions in the campus buildings from air conditioning and refrigeration units

Heating is by gas at the Dumfries campus and electricity at the Stranraer campus. Lighting and power are from mains electricity.

Fleet transport consists of all the college fleet cars, minibuses and vans at both campuses, used by the College for its staff/student activities.

Business transport includes travel in essential user's own cars, air travel, train travel, bus travel and ferry travel carried out by staff engaged in out-of-College activities. It does not include hire car use as these are Scope 3 emissions from sources not owned or controlled by the College.

Employee and student transport to the College by car is not included, as there is no available analysis at present. This is likely to be too difficult to quantify for the student body due to the changing nature of the student numbers and the rural nature of the College.

The average number of employees employed over the calendar year of 2014 was approximately 300. This is the figure used in all calculations and references to the number of employees.

2. Carbon Baseline

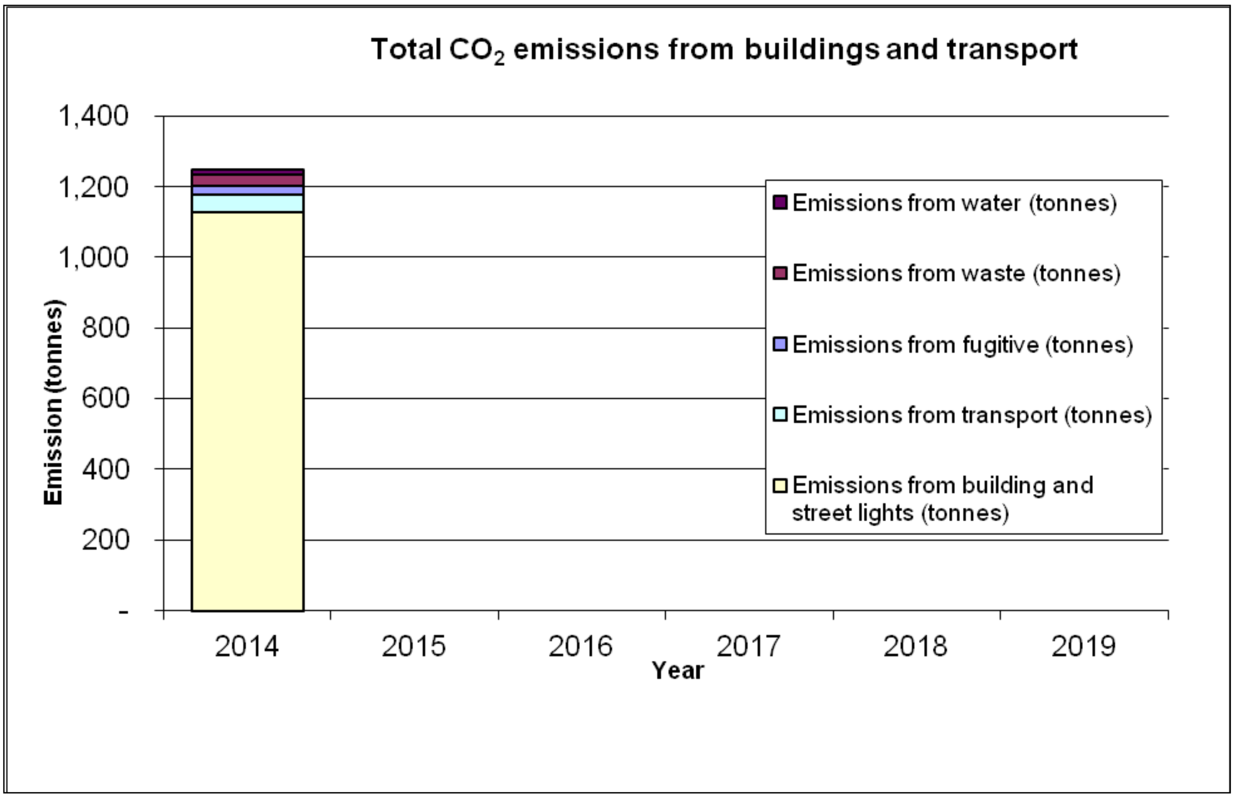
The carbon footprint of the College for 2014 was 1246 tonnes CO_2 equivalent. This is the total emissions for the Dumfries and the Stranraer campuses. The baseline data was calculated using information from the calendar year 2014. The emission factors used are those advised by DEFRA/DECC.

The following table summarises the 2014 Dumfries and Galloway College carbon baseline and provides an estimate of associated costs. The graph shows total tonnes of carbon emissions for the baseline year. This graph will be updated each year. The information clearly illustrates that the majority of the College's carbon emissions are produced by buildings use.

Table 2 – Summary table of emissions for baseline year 2014

	Total	Buildings (Gas & Electricity)	Transport	Waste, Water and Fugitive
Baseline CO_2 emissions (tonnes)	**1246**	**1128**	**47**	**71**
Baseline Cost (£)	**£286,416**	**£ 213,665**	**£29,815**	**£42,936**

Graph 1 – Total carbon emissions from buildings and transport for 2014



We will need to recalculate these figures after the hospitality suite (training kitchen and restaurant) has been operational for one year to determine the increase in CO_2 emissions.

The following table provides a summary of how data was sourced. This methodology will be refined in future years for more accurate reporting.

Table 2.2 – Data Source Summary

Data	Data Source
Buildings	Gas (Total Gas & Power) and electricity (EDF Energy) bills for both campuses.
Transport	Staff travel was calculated using expenses claims forms. The calculations used the DEFRA/DECC factor for an average car. Fleet car data is held by Estates. Some of the fleet cars have recently been replaced and this should impact positively on emissions in future years. Check statement with Elaine
Waste	Quantity data (tonnes, cubic yards and litres) was supplied by contractors for all waste collected and billed for. Waste is segregated accordingly and includes all paper/card, plastic bottles, food, scrap metal, wood and general waste (active and inert).
Water	Invoice data was used for metered water where available (Business Stream) at both the Dumfries and Stranraer campuses.
Fugitive Emissions	Current emissions data is from calculations by the Crichton Carbon Centre in 2008. There have been no significant changes to air conditioning or refrigeration since this was last calculated.

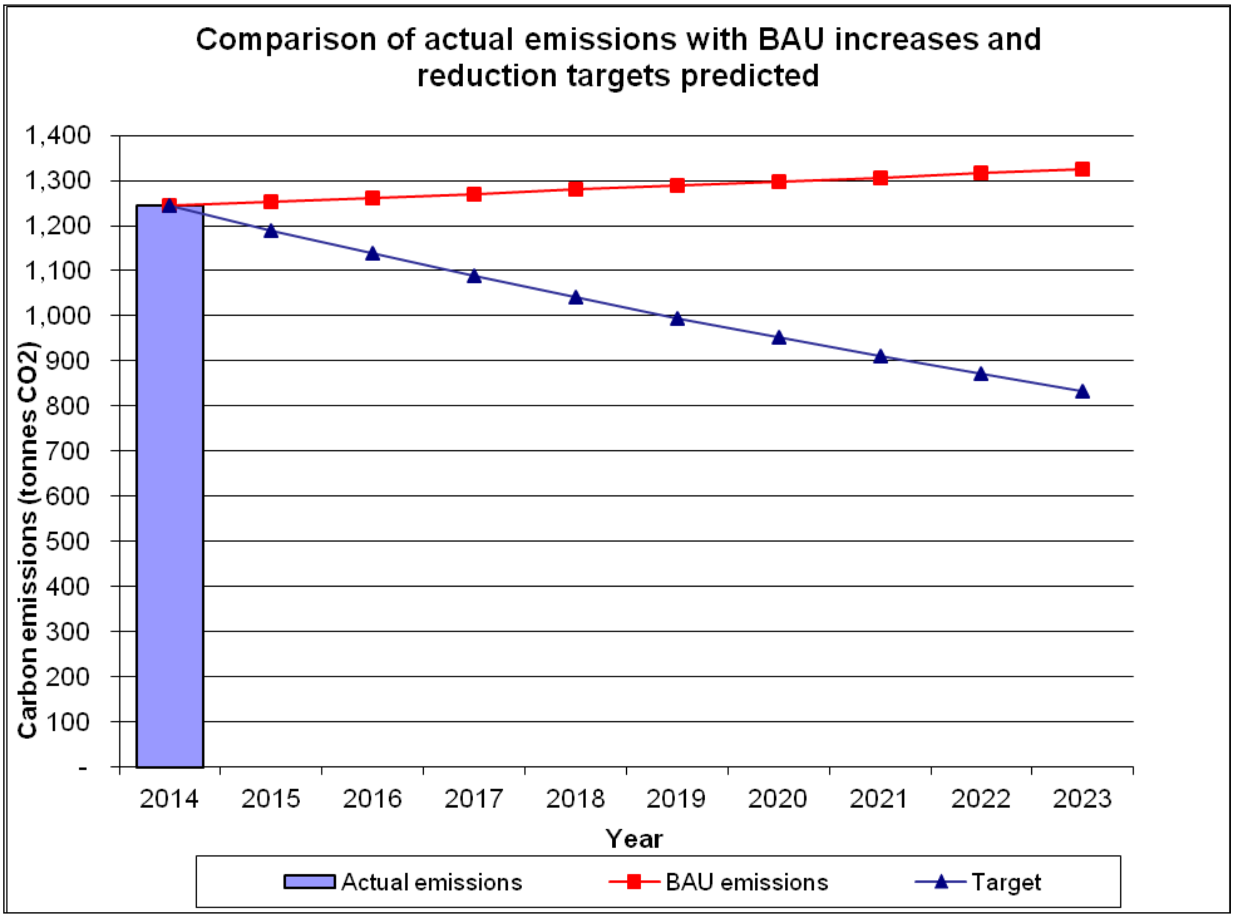
3. Projections and Value at Stake

Carbon Value at Stake

Value at stake is simply 'the cost of doing nothing'. It may be defined as the differences in emissions and costs between the 'business as usual' (BAU) and the 'reduced emissions scenario' (RES). These benefits and costs, when determined in monetary terms, take into consideration both the impact of rising costs of energy and the intended reduction in consumption through the RES.

The BAU scenario is the projection of changes in emissions and costs over the lifetime of the plan where it is assumed that no action is taken by the College. BAU carbon emissions are illustrated below; projections have been calculated using recognised DTI figures predicting an annual increase of 0.7% rise in consumption figures under normal growth conditions.

Graph 2 – Comparison of emissions from business as usual against a reduced emissions scenario



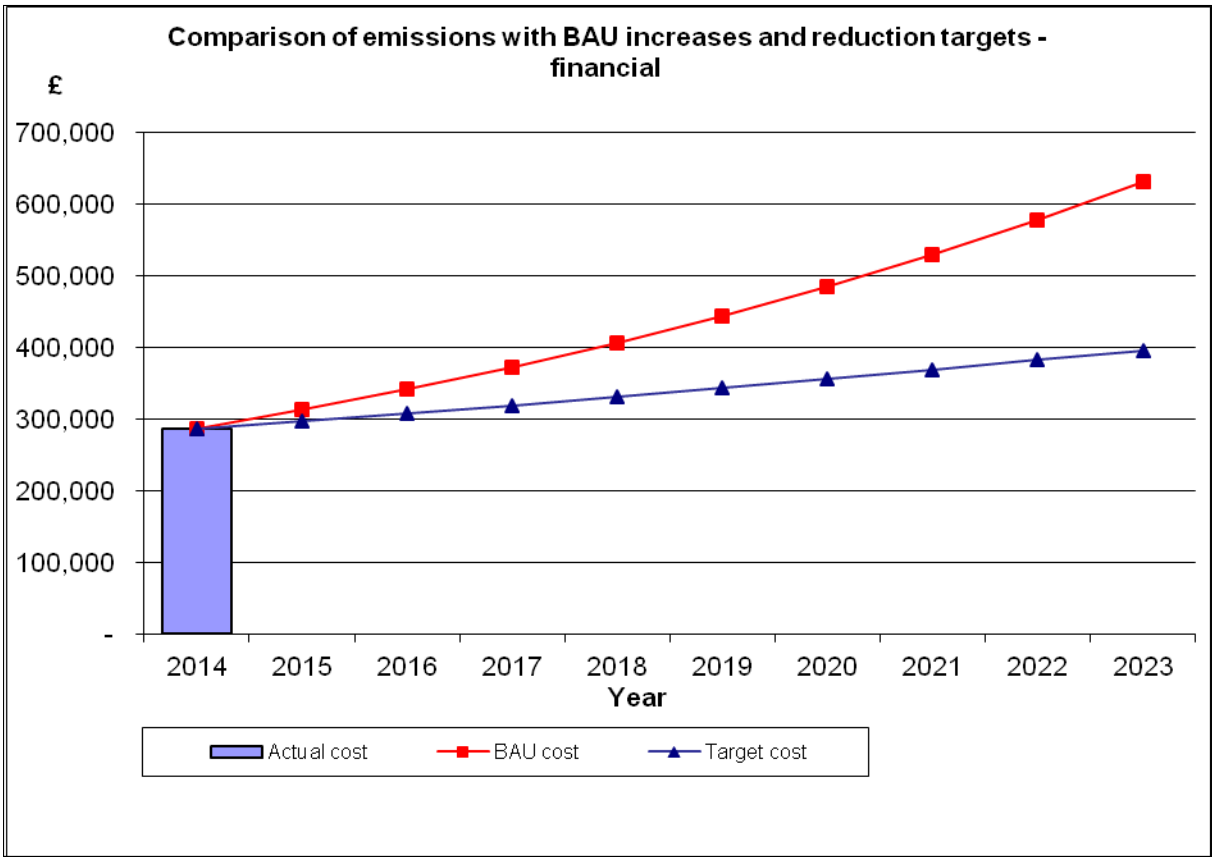
The target reduction line assumes a 20% decrease in overall carbon emissions by the end of 2019 which means emissions would reduce from 1246 tonnes CO_2 equivalent in 2014 to 995 tonnes CO_2 equivalent by the end of 2019. This would mean an overall cumulative saving of approximately 900 tonnes CO_2 by the end of 2019 against a BAU scenario. If this trajectory is continued the College would achieve an overall emissions reduction of 33% by 2023.

Financial Value at Stake

The cost implications of non-implementation are clearly illustrated below. A growth increase in consumption as detailed above and the volatility of utility costs will create a substantial financial burden on the College. Projections use recognised Carbon Trust data indicating a potential 8.4% annual increase in costs. The graph demonstrates that under a BAU scenario costs could increase by £157,490 per annum by the end of 2019.

It should be noted that under the RES of a 20% reduction in overall emissions will substantially reduce costs in comparison to a BAU scenario with the potential for an estimated cumulative saving of nearly £280,000 during the five year implementation period of this Climate Change Action Plan.

Graph 3 – Comparison of costs from business as usual against a reduced emissions scenario



Appendix B

Carbon Management Projects

To achieve the aim of reducing carbon emissions by 20% against the 2014 baseline, the College needs to save 900 tonnes of CO_2 equivalent by the end of 2019 against a BAU scenario.

A number of carbon saving projects have been identified. Some of these are low cost high gain projects, while others are low cost, low gain. Many projects are based around raising awareness and education as this is the area where the College believes the greatest gains can be achieved. As the largest College building, the Dumfries Campus, is a relatively new building (8 years old), it was designed and built to be as energy efficient as possible. Taking this into account there is limited scope for large scale energy reduction initiatives. All of the projects will help reduce the College's carbon footprint, and all are important as contributors towards sustainability for the College.

1. Existing Established Initiatives

1.1 Education for Sustainable Development (ESD)

ESD Initiatives	Responsible	Next Stage
ESD Workbooks for Introduction to Sustainability, Construction, Hairdressing, Beauty and Health and Social Studies	Curriculum Leaders	Continue to promote and implement these further in the curriculum.
SCQF Credit Rating for Introduction to Sustainability	Quality Manager	Credit rate further ESD learning and teaching materials
Raising awareness and behaviour change	Student Association	Consider extracurricular workshops and awareness events for the academic year 2015/16.

Costs for the College's existing ESD programme have not been quantified as they have been included within existing staffing budgets.

1.2 Responsible Futures

The Student Association is taking part in a National Union of Students (NUS) pilot scheme called Responsible Futures. The vision for Responsible Futures is of a desirable, externally assessed accreditation mark for a whole-institution approach to environmental sustainability and social responsibility, spanning the formal and informal curriculum, applicable to both Further and Higher education. Social responsibility refers to the duty that institutions have towards wider society in relation to ethics, wellbeing, social justice, global citizenship and moral responsibility.

The whole-institution approach is by the College and the Student Association working together in partnership. One of the audited requirements of the scheme is that there is a working group, comprised of College representatives and students, which helps drive the scheme forward. The Sustainability Committee that would be responsible for overseeing the Climate Change Action Plan would be appropriate to meet this requirement.

Further detail about the Responsible Futures scheme can be found here:
http://sustainability.unioncloud.org/responsible-futures/about

2. Projects: Initiated, Planned and Proposed

The College recognises that in order to achieve the emission reductions and cost savings proposed in this Plan, the following elements need to be in place:

- An organised framework within the College that is sufficiently robust to support the financing, delivery and monitoring of carbon reduction and education for sustainable development projects.
- Clearly identified responsibility and accountability for delivery against targets.
- Identification of a range of suitable realistic carbon reduction and behaviour change projects across a range of relevant areas; this list must be regularly reviewed and flexible to adapt to emerging needs and opportunities for funding.

In this section , the term 'projects' will be applied to a full range of interventions that contribute to emissions reductions, education for sustainable development, raising awareness and behaviour change. Projects will range from traditional 'carbon management' measures such as reducing energy from lighting, which are generally easy to predict and quantify cost and emissions savings. However, other projects will also include interventions with staff and students to raise awareness of climate change and energy savings and curriculum related projects to ensure the College's sustainability ethos is fully embedded.

The following tables will outline the range of projects that have been initiated or are are currently being considered. The projects are at various stages from being implemented, in planning or considered for the future. Full costings and savings are not yet available for all projects, particularly long term projects, however this is normal with living documents where new projects will be considered and added over the duration of the plan. Moving forward, potential projects will be considered and agreed by the Sustainability Committee. Projects are split into four areas, initiated projects, projects that could be introduced immediately, projects that will be implemented over the medium term and longer term projects.

2.1 Initiated Projects

A number of projects are already in place as part of on-going works and initiatives as detailed below (E). These projects are largely low cost, high gain projects to kick start the Plan. Where the cost is £0, this means there is no additional outlay for materials or capital, however there will be generally associated staffs cost which will need to be quantified.

Ref	Project	Cost (£)	When	Status
E1	Low flow taps in beauty salons at Dumfries Campus.	1200	Aug 2015	Initiated
E2	Food waste and sustainability awareness	50	Ongoing 2015	Initiated
E3	Plastic bottle greenhouse	170	Sept 2015	Initiated
E4	Business Stream to audit the campus on water consumption and leakage detection	0	2015	Initiated
E5	Promotion of video conferencing between campuses	0	Oct 2015	Initiated

2.2 Immediate Term Projects

By Immediate Term Projects (IT) we mean projects that will be fully implemented and/or completed between now and the end of 2016. These projects have been quantified where applicable, and it is hoped through educating staff, students and other building users about sustainability, that behaviour change across the College will lead significantly to the interim reduction of 9% emissions savings. These IT projects are largely low cost, high gain projects Where the cost is £0, this means there is no additional outlay for materials or capital. The only costs will be existing associated staff costs.

Ref	Project	Cost (£)	When	Status
IT1	Lighting sensors in library and canteen	10,000	2015/16	Planned
IT2	Water awareness campaign – toilet flushing	150 approx	2015/16	Proposed
IT3	Energy awareness workshops	300 approx	2015/16	Proposed
IT4	Sustainability induction programme for new staff, either online or as induction pack for new staff using materials already developed in College	0	2015/16	Proposed
IT5	Waste audit	0	2015/16	Planned
IT6	Fleet vehicles and business travel audit	0	2015/16	Planned
IT7	College bike promotion and sustainable travel awareness	0	2015/16	Planned
IT8	Staff switch off campaign, including training for cleaning staff	0	2015/16	Planned

IT9	All of the Business Stream suggestions • Retrofit push taps • Install tap aerators and in-line flow restrictors • Change shower heads to aerated ones	3000	2015/16	Proposed
IT10	Evaluate sensors to utilise natural day lighting where appropriate	3000	2015/16	Planned
IT11	Waste and recycling awareness	150 approx	2015/16	Proposed
IT12	Solar panel feed in tariff display unit on public display	3000 approx	2015/16	Proposed
IT13	Wildflower meadow at back of college as carbon offsetting projects	2000 approx	2015/16	Proposed
IT14	Explore zone control audit of heating and air conditioning	3000	2015/16	Proposed
IT15	Low flow taps in hairdressing salons.	600	2015/16	Planned
IT16	Low flow taps in beauty salons at Stranraer.	600	2015/16	Planned

2.3 Medium Term Projects

Medium Term (MT) projects will be compiled as the Plan develops and decisions are made about projects that will be implemented. By MT we mean projects that will be started by 2017 with an aim to being completed by the end of academic session 2017/2018. Below are potential projects moving forward. Agreed projects will be quantified for the first annual review of the Plan by the end of 2015.

Ref	Project	Cost (£)	When	Status
MT1	Low flow/aerated taps fitted throughout the entire campus	TBC	2016/17	Proposed
MT2	Passive vents system review	TBC	2017	Proposed
MT3	Continued raising awareness and behaviour change workshops	TBC	Ongoing	Proposed
MT4	Complete college lighting sensors review	TBC	2017/18	Proposed
MT5	Changing lights in the library to low energy units.	TBC	2016/17	Planned

2.4 Long Term Projects

Long Term (LT) projects will be compiled as the Plan develops and decisions are made about projects that will be implemented. By LT we mean projects that will be implemented during 2018 and 2019, with an aim to being completed by the end of 2019. The following advises of potential projects moving forward. Agreed projects will be quantified nearer to implementation.

Ref	**Project**	**Cost (£)**	**When**	**Status**
LT1	Consider electric cars and installation of charging stations once the technology is suitable	TBC	2019	Proposed
LT2	Heating system to be replaced at Stranraer	TBC	2018	Proposed
LT3	Installation of central control system for air conditioning and heating systems	TBC	2017/18	Proposed
LT4	Curriculum ESD audit	0	2016/17	Proposed

Finance and General Purposes Committee

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JULY 2015

1. PURPOSE OF REPORT

The purpose of this report is to provide an overview of the Annual Report and Financial Statements for 2015. A copy of the Financial Statements for the period is attached.

2. FINANCIAL YEAR END

The financial statements have been prepared up to the financial year-end of 31 July 2015. As a result, the report includes results which cover the sixteen-month period April 2014 to July 2015.

The comparative figures are for the eight month period August 2013 to March 2014.

3. CHANGES TO REPORTING REQUIREMENTS

The reclassification of Scottish Colleges as part of Central Government for the purposes of financial reporting and budgeting was effective from 1 April 2014. The re-classification affects the way in which certain income and expenditure is treated for budget reporting purposes, and the Financial Statements now require to comply with the Government Financial Reporting Manual as well as the relevant Statement of Recommended Practice and Accounts Direction which is issued by the Scottish Funding Council.

Details of how these changes have impacted the financial statements are set out in the report below.

4. ANNUAL REPORT AND FINANCIAL STATEMENTS

4.1 Basis of Preparation

In order to provide some background on the layout and presentation of the financial statements, the Annual Report and Financial Statements covers all of the activities of the College, and have been prepared in accordance with the statutory requirements which are set out in the Further and Higher Education (Scotland) Act 1992 and Accounts Direction issued by the Scottish Funding Council. The financial statements require to comply with the Statement of Recommended Practice: Accounting for Further and Higher Education (2007), the 2014-15 Government Financial Reporting Manual (FReM) and in accordance with UK Generally Accepted Accounting Practice (UK GAAP). There are references to the statutory requirements and other guidance throughout the financial statements.

4.2 Format of the financial statements

The Statement of Recommended Practice (SORP) provides guidance on the layout of the financial statements, and additional disclosures are required in order to comply with the Government Financial Reporting Manual (FReM). The objective of the financial statements and related reports is to provide information that gives a true and fair view of the financial performance and financial position to a wide range of users for assessing the stewardship of the College's management and for making economic decisions. Users of the reports can include funding bodies, government, other institutions and employees, as well as lenders and creditors.

The Annual Report includes the financial information including income and expenditure account, balance sheet, and related notes as well as an Operating and Financial Review, statements on corporate governance and responsibilities, and an audit report. The Annual Report must now also include a Remuneration Report which sets out the remuneration and accrued pension benefits of Senior College Executives, in order to comply with the FReM.

4.3 Operating and Financial Review

The Operating and Financial Review is set out on pages 3 to 9 of the financial statements, and the format is mainly unchanged from the 2014 financial statements. This section of the accounts is intended to provide a comprehensive and balanced analysis of developments for Dumfries and Galloway College during the period covered by the accounts, including performance and operations during the period, and position at the end of the period, and should provide some context for the financial information which is detailed in the accounts.

The financial statements for the period are the first accounts covering the period from re-classification, and the main changes resulting from that which affect the results as reported in the accounts are noted on page 4. The requirement to comply with Central Government budgeting rules, and the expenditure of grant earmarked for depreciation is highlighted due to the effect on the College's income and expenditure account for the period.

4.4 Remuneration Report

The Government Financial Reporting Manual (FReM) requires the College to include a Remuneration Report as part of the financial statements. The Remuneration Report on pages 10 to 12 sets out the remuneration and accrued pension benefits of senior officials in the College, and other information which requires to be disclosed by the FReM. The format of the Remuneration Report has been based on the template provided to the College sector by the Scottish Funding Council.

The Remuneration Report includes an outline of the College remuneration policy for the Principal and senior managers, and outlines the operation of the Remuneration Committee. The FReM defines 'senior officials' as 'the composition of the management board having authority or responsibility for directing or controlling the major activities of the entity during the year. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or sections of the reporting entity'.

In addition, the College is required to disclose the median remuneration of the staff and the ratio between this and the highest paid official. The calculations are based on the full-time equivalent remuneration.

Some of the information is awaited in order to complete the Remuneration Report, including the calculation of Median pay and pension information.

4.5 Statement of Corporate Governance

The format of the Statement of Corporate Governance has been updated from previous reports in order to reflect the change in Board membership during the long period covered by the financial statements, and is set out on pages 13 to 17. The list of individuals who were Board members during the period are set out on page 14, and membership of the key committees is detailed at page 15 together with a brief description of each of the committees.

The statement refers to the 'Code of Good Governance for Scotland's Colleges' which the Board adopted in January 2015, and confirms that the Board have complied with Ministerial Guidance when appointing all non-executive board members.

The wording of the Statement of Board of Management's Responsibilities at page 18 is unchanged from previous years, and confirms the key elements of financial control which are in place in order to discharge responsibilities in accordance with the Scottish Funding Council's Financial Memorandum.

5. Audit Report

The wording of the audit report is set out on pages 19 and 20, in accordance with the 'Annual Report to the Board of Management and the Auditor General for Scotland 2014/15' which has been issued by Grant Thornton.

Grant Thornton have advised that the report is based on the information available to the auditor when their report was issued on 16th November. Some information was outstanding for the Remuneration Report at that point, and they have advised that the Audit Report could change if the information is received before the accounts are formally approved.

6. Results for the period

The Income and Expenditure Account, Balance Sheet, notes and other financial pages of the accounts are in the same format as previously reported, with some additional narrative included in the notes in order to provide a fuller explanation of some of the figures.

6.1 Income and Expenditure Account

The Income and Expenditure Account on page 21 shows an operating deficit of £502,000. The deficit has been incurred as a result of the additional expenditure of depreciation cash budget for the period to 31 March 2015, and additional expenditure on developments met from the depreciation cash amounted to £296,000. The additional expenditure of depreciation cash is explained in more detail within the 'Other Operating expenses' at note 9 (page 31 of the accounts).

In addition, an accounting adjustment to include non-cash costs of £286,000 have been recognised within staffing costs for the period to 31 July 2015 in order to reflect the FRS 17 pension valuation at that date. This adjustment has not affected the net 'Resource' budget for SFC reporting purposes.

The other operating income and expenditure for the period were in line with projections, with the underlying operating results excluding the additional expenditure of depreciation cash and accounting adjustments for the pensions valuation, showing a small surplus for the period

6.2 Balance Sheet

The Balance Sheet on page 23 shows a reduction in College assets and liabilities over the sixteen month period between April 2014 and July 2015. The main changes to highlight during the period were the reduction in valuation of land and buildings at 31 July 2015 of £1,785,000, and the pension scheme valuation at July 2015 which showed an increased deficit for the Local Government Pension Scheme of £1,291,000.

The net movement in bank balances for the period was small, and reflects the additional expenditure from depreciation budgets in the period.

6.3 Notes to the Financial Statements

The notes to the financial statements set out the main accounting policies on pages 25, 26 and 27. Further details of income and expenditure and balance sheet items are provided in the notes on pages 28 to 43. The accounting policies and format of the notes has not changed from previous years.

7. Recommendation

Members are asked to note that some additional information is awaited in order to complete the Remuneration Report, and to approve the financial statements for the period ended 31 July 2015 pending completion of this report.

It is recommended that the Finance and General Purposes Committee consider and, if so minded, approve the financial statements and recommend them to the full board

Dumfries and Galloway College

Contents

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Grant Thornton UK LLP
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M3 3EB

Internal Auditors:
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The Old Bank
Buccleuch Street Bridge
Dumfries

Grieve, Grierson, Moodie and Walker
14 Castle Street
Dumfries

MacRoberts Solicitors
152 Bath Street
Glasgow

Operating and Financial Review by the Board of Management of Dumfries and Galloway College

NATURE, OBJECTIVES AND STRATEGIES

The Board presents its report and the audited financial statements which cover the sixteen month period 1 April 2014 to 31 July 2015.

Legal Status

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

Scope of the Financial Statements

The Financial Statements cover all activities of the College.

Context

Dumfries and Galloway College is a single college in a single region. Dumfries and Galloway Council is the sole Local Authority for the region. The College is the only general further education college in the region and potential learners and employers are dependent on it to deliver a curriculum which meets their needs. The College delivers further and higher education across a broad range of curriculum areas from access level to SCQF level 8, to approximately 1,600 full-time and 3,500 part-time learners through its campus locations in Dumfries and 75 miles away in Stranraer.

The Region of Dumfries and Galloway is situated in the south west of Scotland. It is 77 miles from Glasgow and 79 miles from Edinburgh to the main town of Dumfries. The Region is the third largest in Scotland in terms of land mass but is one of the most sparsely populated with 150,800 people spread over 6,426 square kilometres.

The Region is characterised by small settlements of 3,000 people or less spread across a large area. Nearly half of all people live in settlements with fewer than 3,000 people. The largest town is Dumfries (population 31,630), followed by Stranraer (10,290) and Annan (8,430) with no other settlement having more than 4,000 people. The region suffers from a poor transport infrastructure with limited public services. A relatively low proportion of addresses in the region have broadband connections and those that do, have low average speed. The region faces many challenges – the economic situation, (currently it has the lowest average wage in Scotland and economic recovery is slow compared to other regions), rurality, and an ageing population.

Due to the characteristics of the region the College will remain financially challenged. In particular, the need to duplicate a wide range of curriculum and services in Stranraer, impacts both financially and on course viability. Small learner numbers and demand makes it difficult to sustain some provision and some courses require to be structured differently to those in Dumfries, e.g. by combining different levels of learners or using mixed methods of delivery, in order to maintain that area of provision.

The College's main campus is located in the outskirts of Dumfries adjacent to the Crichton Campus and the Universities of Glasgow and the West of Scotland, Scotland's Rural College (SRUC) and the Open University. The Crichton Campus is a unique collaboration between the College and these universities that brings a broad range of further and higher education to Dumfries. In particular, the Campus brings the choice of university learning to a region that in the past people have had to leave to attend university.

Mission Statement

The College's mission, as approved by the Board of Management, is:

"One College, One Team , where:

- Learners come first;

-The changing needs of the economy are met; and

- Innovation, collaboration and creativity are core to what we do.

The College Strategic Outcomes are:

- We will provide opportunities to access and progress through education and training at all levels;
- We will deliver education and training that is a route to employment and career development and is aligned to local and national economic need;
- We will be the first choice for recruitment, training and development of the workforce;
- We will enable communities to grow and develop through local education and training;
- We will support more businesses to start-up, grow and diversify;
- We will enable people to build their independence and confidence in a supported environment;
- We will enable people, through lifelong learning, to remain healthy and socially engaged.

Operating and Financial Review (continued)

NATURE, OBJECTIVES AND STRATEGIES

Outcome Agreement

The College has set out its strategic objectives in the Scottish Funding Council Outcome Agreement 2014/15 to 2016/17. The Outcome Agreement is agreed annually with the Scottish Funding Council (SFC), and sets out what the College plans to deliver in return for funding from SFC. The Outcome Agreement reflects the College's commitment to responding to the educational and skills needs within the Dumfries and Galloway Region, and sets out high level objectives, including planned activities and timescales in order to meet those objectives. The needs are aligned to the Scottish Funding Council's national priorities.

Achievements made during the 2014/15 academic year include:

a. The Board of Management and Executive Management Team strategic focus included the establishment of the new Regional Board structure, and successful recruitment of new Board Members;

b. The successful development of a new Strategic Plan for 2015-2020 'Vision 2020'. Development of the new plan has provided the catalyst and opportunity for all staff and Board members to contribute to the development of a collective Vision, Mission and Plan.

c. The College carried out a full Curriculum Review in 2014/15, in order to align the curriculum offering more closely to the economic needs of the region. Feedback from employers was used as well as Community Planning Partnership and other stakeholder groups in development of the Curriculum Plan for 2015/16.

d. The CREST project, which was a unique collaboration pooling expertise, resources and knowledge on sustainability, training and innovation from four colleges in the UK and Ireland, reached a successful conclusion during 2014/15. The project was supported by the European Regional Development Fund, and was managed by the Special European Union Programmes Body (SEUBP). The project provided a range of facilities to help entrepreneurs and SME's to bring innovative and sustainable ideas from concept to reality. The College has committed to continuing to use the Micro Renewable Centre created through the project to support and train businesses to adopt and implement renewable energy solutions.

e. Planning and further development of the College estate, including the successful completion of new Hospitality facilities in the Dumfries campus, in order to provide facilities to expand the curriculum and in response to regional demand for training in that area. The College are grateful to the Scottish Colleges Foundation, who provided grant funding of £1,492,000 to meet the costs of this project, which would otherwise not have been possible.

f. Further development of the College infrastructure and systems, including further upgrading of the ICT network infrastructure in order to support the use of digital technology, and development of systems including online course application and enrolment services, and the successful introduction of an online student funding application.

Deficit resulting from use of depreciation cash

In October 2010, the UK's Office of National Statistics (ONS) re-classified incorporated further education colleges throughout the UK as part of Central Government for the purposes of reporting government income, expenditure, finance and associated matters. The changes were effective for Dumfries and Galloway College from 1 April 2014, and from that date the College must comply with the requirements of the Scottish Public Finance Manual and HM Treasury's Consolidated Budget Guidance as well as prepare financial statements which comply with UK Generally Accepted Accounting Practice and appropriate accounting policies as set out on pages 25 to 27.

Depreciation is recognised as a cost in the income and expenditure account in the financial statements in accordance with the requirements of accounting standards. Depreciation costs are intended to reflect the pattern of consumption of fixed assets over the period of their estimated use by the College.

The cash flow resulting from fixed asset transactions occur at a different time from the accounting transactions. The whole cash outflow is incurred initially when the asset is purchased, but subsequent depreciation costs charged in the income and expenditure account do not incur a cash outflow. The budget rules which apply from 1 April 2014 following reclassification require the College to spend the full amount of the cash budget allocated in order to meet the Resource Department Expenditure Limits for budget reporting purposes. The College received cash of £387,000 for the 2014/15 budget period which was ring-fenced for depreciation costs. Approval was received from the Scottish Funding Council to allow the College to apply this cash to meet costs for student support and specific areas which will deliver improved services to learners. Without this approval, the cash would have been effectively frozen.

As depreciation is already included in the financial statements as a cost, the additional expenditure has contributed to the net deficit in the financial statements. The Scottish Funding Council has confirmed that a deficit due to expenditure from depreciation funds should be treated as a 'technical' deficit.

Operating and Financial Review (continued)

Financial Objectives

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

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

The College has been able to apply to the Scottish Colleges Foundation to seek funding for estates and other developments which may not have been affordable from the College's operating budget. A grant of £1,492,000 was received during the period to 31 July 2015 for Hospitality developments, and the Foundation has agreed to provide grant assistance in 2015/16 for further estates and other projects.

Performance indicators

In accordance with Scottish Funding Council requirements, the College is required to publish and report progress against targets for national priorities. A 'Key Indicator Report' is reviewed at each meeting of the Board of Management as a measure of actual performance against target. The following areas are included within the report:

- WSUMS
- Enrolments
- Retention
- Finance
- Staffing

In addition, the Board receives regular reports to enable it to review the performance of Dumfries and Galloway College with its comparators.

The performance indicators for 2014/15 and 2013/14 are as follows:

	2014/15	2013/14
WSUMS achieved	**42,423**	42,761
WSUMS per staff FTE	**203**	212
Target WSUMS	***42,529***	*42,529*
Operating deficit (inclusive of FRS 17 adjustments)	**(£502,000)**	(£1,651,000)
Operating (deficit)/ surplus - excluding transfer to Foundation	**(£484,000)**	£469,000
(Deficit)/ Surplus excluding transfer to Foundation as a % of total income	**2.85%**	5.25%
(Deficit)/ Surplus excluding transfer to Foundation as a % of total expenditure	**2.77%**	4.43%
Staff costs as a % of total expenditure excluding transfer to Foundation	**56.6%**	59.1%
Ratio of current assets to current liabilities	**1.31**	1.27
Days cash to total expenditure excluding depreciation and transfer to Foundation	**66**	67
Non SFC income as a % of total expenditure excluding transfer to Foundation	**23.3%**	22.1%

FINANCIAL POSITION

Financial Results

As a consequence of reclassification as central government bodies, from 1 April 2014, while the College continues to prepare accounts under the FE/HE Statement of Recommended Practice, it is now also required to comply with Central Government budgeting rules. This affects, among other things, the way in which non-depreciation charges are treated. For the 2014/15 budget period this has meant that the College received cash of £387,000 which had been earmarked against depreciation. Without approval to spend this cash, moving the College's Income and Expenditure account into a deficit position, it would have been effectively frozen. The Scottish Funding Council issued guidance to the College on this matter on 30 January 2015 (SFC Announcement SFC/AN/03/2015) which provided approval for the cash to be applied to student support, loan repayments and deliver improved services to learners.

Operating and Financial Review (continued)

The impact of the above has contributed £296,000 to the reported deficit for the 2014/15 financial period. However, the Scottish Funding Council has confirmed (in its letter to the College on 30 March 2015) that a deficit resulting from the College following its 30 January 2015 guidance should be treated as a 'technical' deficit and should not be interpreted, on its own, as a challenge to the College's ongoing financial sustainability. This position has been agreed with Audit Scotland and the Scottish Government.

Out-turn for the period

The College operating results are for a sixteen month accounting period, from 1 April 2014 to 31 July 2015. The results for the period show an operating deficit of £502,000, which includes the additional planned expenditure from depreciation cash budgets of £296,000 as well as a net charge of £286,000 to the Income and Expenditure account to reflect the pension valuation changes for the Local Government Pension Scheme at 31 July 2015 in accordance with the technical accounting requirements, as detailed at Note 25.

The Central Government budgeting rules will require the College to continue to administer its budgets in compliance with the Government Financial Reporting Manual, and aim to meet the Resource Department Expenditure Limits for budget reporting purposes.

The College Balance Sheet at 31 July 2015 shows a decrease in total reserves of £3,292,000 from 31 March 2014, which includes an increase of £1,291,000 to £5,219,000 in the deficit for the Local Government Pension Scheme, as detailed at Note 25 and a decrease in the valuation of the College land and buildings by £1,785,000.

College bank balances shows a small increase during the period. Funds have been retained to meet creditors and future Lennartz liabilities as disclosed at Notes 15 and 16.

Taxation Status

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

Treasury Policies and Objectives

The College funds have been managed, on a day-to-day basis, by the Finance Manager. The level of cash reserves held during the year has reduced in accordance with the requirements of the Scottish Public Finance Manual (SPFM), and grant is drawn on the basis of need. In 2014/15, interest of £16,000 was earned on College funds. With the exception of cash and bank deposits, the College does not have any other investments. The College had no borrowing requirements during the period to July 2015.

Cash Flows/Liquidity

The College's cash and liquid resources position at the end of the period was £2,163,000 (31 March 2014: £2,127,000). This equates to having 66 days of cash on hand. The College has retained sufficient funds in order to repay a liability under HMRC's Lennartz scheme.

Creditor Payment Policy

The College has implemented the 'Better Payment Practice Code'. As such, we aim to pay suppliers within the agreed credit terms and deal with all disputes and complaints as quickly as possible. The proportion of year-end creditors to the aggregate invoiced amounts during the academic year was 0.3% (2013/14 - 4.0%). The College did not pay any interest on late payments as defined under the Late Payment of Commercial Debts (Interest) Act 1998.

CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE

Student Numbers

During academic year 2014/15, the College delivered 42,423 WSUMs. Total numbers for student enrolments increased from 5,541 in 2013/14 to 5,705 in 2014/15, an increase of 3%. Within these overall numbers full-time student numbers were maintained at 1,619 (1,616 in 2013/14). However full-time FE student numbers declined by 11% from 1,239 in 2013/14 to 1,112 in 2014/15 but full-time HE student numbers increased by 28%, from 393 in 2013/14 to 507 in 2014/15. Part-time numbers increased by 3.6% from 3,938 in 2013/14 to 4,086 in 2014/15.

Operating and Financial Review (continued)

Student Achievements

In academic year 2014/15 the % of full-time FE students successfully achieving their programme of study was 64% and 71% for HE full-time students. The number of FE part-time students successfully achieving their programme of student was 84% and 75% for HE part-time students.

Curriculum Developments

The College's curriculum continues to be shaped to support e-learning and blended learning approaches, as further developments for the Transform project are made.

The College carried out a full Curriculum Review in 2014/15, in order to align the curriculum offering more closely to the economic needs of the region. Feedback from employers was used as well as Community Planning Partnership and other stakeholder groups in development of the Curriculum Plan for 2015/16. Employer Advisory Boards were established with the aim of strengthening relationships with employers and businesses in the region. The remit of the Boards is to ensure the curriculum is fit for purpose, to increase industry visits and work experience opportunities for learners, and to encourage more employers to directly recruit from the College. During 2014/15, the College worked with the NHS to develop a 'Reablement programme', Dumfries and Galloway Housing Partnership to develop bespoke programmes, and SPEN to expand the Overhead Lines Technician course to include jointing skills. The College is currently in discussions with Laing O'Rourke to explore opportunities relating to the construction of the region's new acute district hospital.

Estates Strategy

The College is currently developing a 5 year estates strategy to support the College strategic plan Vision 2020. The strategy will aim to:

- provide flexible, fit for purpose accommodation to reflect modern delivery:
- continue to ensure efficient space utilisation;
- identify the need for rationalisation and disposal of assets which are surplus to requirements;
- maximise the value of the estate, looking at existing and alternative uses;
- establish and maintain clear routine, statutory and long term preventative maintenance plans;
- consider opportunities for effectiveness through shared services with our Crichton partners;
- ensure the space is fully accessible, meeting all ability needs;
- continue to reduce carbon emissions in line with the College's Climate Change Action Plan.

This strategy will be updated annually to reflect the development of the estate and to meet the changes in the wider environment.

Post-Balance Sheet Events

There were no post balance sheet events.

Future Developments

Dumfries and Galloway College is moving into an exciting stage of development, building on previous successes and driving forward to achieve the aspiration of becoming an ‘outstanding college’. The College aims to deliver the highest quality learning for students, to make a positive contribution to the local and national economies and to utilise the expertise of College staff to deliver continuous improvements. ‘Vision 2020’ is the Strategic Plan for the period 2015-2020 and sets out the vision ‘Inspiring our People, Businesses and Communities to be successful’, the mission ‘One College, one Team where: Learners come first; the changing needs of the economy are met; and innovation, collaboration and creativity are core to what we do'.

Priority Outcomes for academic year 2015/16 include:

Stakeholder Consultation - The Regional College Chair is driving forward the establishment of the Developing Young Workforce Regional Group in Dumfries and Galloway and, although this will be employer-led, the College will have a key role in taking forward this initiative. In addition, the College will be represented at a senior executive level on the Economic Leadership group which is being established in Dumfries and Galloway, which will ensure a cohesive approach to the economic development and success of the region.

Operating and Financial Review (continued)

Shared Services and Collaboration - The College will continue to seek opportunities to expand shared services with the Crichton Institute, which is a new collaborative venture comprising Crichton academic and wider strategic partners. All of the Crichton partners are working to identify and deliver enhanced facilities that will support and encourage a strong, vibrant student community on the Crichton campus.

Developing the Student Association - the College will use the funding provided by the Scottish Funding Council's College Strategic Fund to develop the Student Association by working with the National Union of Students to develop, implement and support a sustainable Students Association, and ensure equivalence of the student association across the two campuses in Dumfries and Stranraer.

High quality learning and teaching - the College is committed to meeting learner needs by providing appropriate learning opportunities, skills and qualifications. Improving attainment will be a key priority, and the College will continue to increase the number of programmes leading to recognised qualifications and level qualifications through the Scottish Credit Qualification Framework as well as develop strategies for improving attainment at course level.

Improving the success rates for students is a priority for the College, and ambitious targets have been set for 2015/16 for improvement in the number of learners achieving recognised qualifications, as well as improving retention rates.

The College will continue working to explore articulation opportunities with Crichton University partners, as well as maximise progression opportunities for all learners.

ICT and Broadband capacity - ICT is at the heart of our business. The College plans to upgrade the network infrastructure and cabling in our Stranraer campus in order to maximise the use of digital technology and deliver a flexible curriculum and learner experience, at the same level as the infrastructure in Dumfries.

RESOURCES

The College receives the majority of its income from the Scottish Funding Council in the form of grants. This income is supplemented by fees charged to private individuals and companies.

ENVIRONMENTAL CONSIDERATIONS

The College has signed up to the Universities and Colleges Climate Change Commitment. As such, we are committed to reducing our environmental impact and promoting sustainable development through education. The College recognises the scale and speed of climate change, and agrees that early action is needed to achieve the Scottish Government objective of reducing emissions by 80% by 2050.

The College is developing a 5 year Climate Change Action Plan to achieve reduced emissions. This is designed to contribute to government targets and minimise the environmental impact of any changes and developments where possible. The plan is being developed with support from the Carbon Trust and includes baseline data from a Carbon Audit. In addition to consideration of ongoing improvements such as energy-efficient lighting, insulation, paper and other waste reduction initiatives, plans are underway to roll out a programme of awareness raising for staff and students. This was a main priority identified in our Carbon Audit.

Awareness of sustainability and renewable issues have been further embedded into the curriculum during the year through the Sustainability Officer with workshops being delivered for staff and students and work books being developed across the curriculum. The full term of the College Green Travel Plan is now complete and an audit is being planned to confirm progress made. Initiatives continue regarding sustainable travel for staff and students together with promotions such as 'Walk to Work' week, and car sharing through collaboration with Dumfries and Galloway Council's 'DGTripshare' website. A pool cycle and bikebin is now available for staff at the Stranraer campus, which mirrors the facilities available at the Crichton campus.

PRINCIPAL RISKS AND UNCERTAINTIES

The Risk Register is reviewed by the Board of Management at every meeting. The principal risks that may affect the College's long-term financial position are:

- ***External financial environment.*** *The impact of National Pay bargaining on the College finances is unknown. In addition, the continued uncertainty of public sector financial allocations will continue to be closely monitored by the Board.*

- ***Diversify income streams.*** *The impact of the economic downturn and public sector funding cuts has increased the importance of finding other sources of income, and the College will continue to develop external funding bids where possible and collaborate with other organisations in order to increase non-SFC income.*

Operating and Financial Review (continued)

- ***Changes to the funding model**. The implementation of needs-led funding, in particular changes to Extended Learning Support and rural funding aspects of the recurrent SFC grant, will continue to be closely monitored and reported to the Board.*
- ***Capital funding.** There is potential for significant changes in the SFC allocation process for capital funding, which may impact the College's ability to fund estates developments and other projects in future. The College will continue to monitor this.*
- ***Student achievement and attainment**. The learners in the College generally achieve well, including wider achievement. However, the changes to the Regional Outcome Agreement with the Scottish Funding Council and attaching conditions on attainment to the recurrent grant could have a consequential impact on the College budgets in future years.*
- ***Demand for Student Support.** The demand for student support continues to be monitored, and assessed against funding available. The senior managers and Board will continue to monitor this.*

STAKEHOLDER RELATIONSHIPS

In line with other colleges, Dumfries and Galloway College has many stakeholders. These include:

- **Students** - The College must maintain an excellent reputation for high quality, flexible learning opportunities in order to be a first choice provider of learning and training.
- **Scottish Funding Council** - the College aims to maintain its good relationship with the Scottish Funding Council in order to ensure continued strategic development;
- **Staff** - The College recognises the value of its staff and has a number of measures to enhance communication;
- **Crichton Campus Leadership Group** - as a member of the Crichton Campus Leadership Group, the College works with campus partners to maximise the educational and other opportunities the Crichton campus can provide;
- **Local Employers, the Local Authority and community** - these groups provide a major input into the services required from the College in order to enhance the economic and social development of the region;
- **Government offices** - positive reports from Education Scotland and other external reviews on the work carried out in the College have a positive impact on the College's reputation in the local and wider community;
- **Other FE and HE institutions** - continued collaboration and benchmarking with other institutions is essential in order to maintain high quality learning;
- **Trade Unions** - the College aims to maintain a positive working relationship with all recognised representative bodies;
- **Professional Bodies** - continued close relationships with professional bodies will help to ensure programmes are relevant and of the highest quality.

Equal Opportunities and employment of disabled persons

The College is committed to a policy of equal opportunities for all staff and students. We aim to create an environment which enables everyone to participate fully in their chosen studies and college life. The College supports inclusiveness and widening access in all forms, particularly in relation to gender, ethnicity and disability. We aim to design our curriculum to be as accessible as possible for all students and provide extra support where this is reasonable. This includes the provision of alternative formats for curriculum material, physical access and financial assistance where students are eligible for third party support such as scribes and signers.

All individuals within Dumfries and Galloway College have a responsibility for compliance with legislation and for a positive attitude towards equal opportunities. All external persons connected to Dumfries and Galloway College will be encouraged to hold the same responsibility and commitment.

Disclosure of information to auditors

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

Remuneration Report

Introduction

The College is required to prepare and publish within its financial statements an annual Remuneration Report under the 2014/15 Government Financial Reporting Manual (FReM) issued by the Scottish Government, which is relevant for the financial period ending 31 July 2015.

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

The report also provides information on the number of College Employees, including Executive Management Team members, whose total actual remuneration was £50,00 or more, this information being disclosed in salary bandings of £5,00 above £50,000. The following report has been prepared in accordance with the aforementioned Regulations.

The College's External Auditor is required to audit certain parts of the remuneration report and give a separate opinion in his report on the Statement of Accounts as to whether the Remuneration Report has been properly prepared in accordance with the Regulations. All the tables in this report are subject to audit except those relating to Staff Members Allowances and Expenses.

Remuneration Policy

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

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration and benefits of the Principal and other senior post-holders. The Committee takes into account public pay policy, pay awards to other categories of staff and guidance from the Scottish Funding Council and Scottish Government.

Remuneration of the Executive Management Team is set out in note 8 of the financial statements.

The College's employees receiving more than £50,000 remuneration during the period covered by the financial statements are shown below. This information is disclosed in salary bandings of £5,000 above £50,000 or more.

	16 Month period ended 31 July 2015		8 Month period ended 31 March 2014	
	Number senior post-holders	**Number other staff**	Number senior post-holders	Number other staff
£50,001 to £55,000	**0**	**8**	0	0
£55,001 to £60,000	**0**	**0**	0	0
£60,001 to £65,000	**0**	**3**	1	0
£65,001 to £70,000	**0**	**0**	0	0
£70,001 to £75,000	**1**	**0**	0	0
£75,001 to £80,000	**0**	**0**	0	0
£80,001 to £85,000	**2**	**0**	0	0
£85,001 to £90,000	**0**	**0**	0	0
£90,001 to £95,000	**0**	**0**	0	0
£95,001 to £100,000	**0**	**0**	0	0
£100,001 to £105,000	**0**	**0**	0	0
£105,001 to £110,000	**0**	**0**	0	0
£110,001 to £115,000	**0**	**0**	0	0
£115,001 to £120,000	**0**	**0**	0	0
£120,001 to £125,000	**1**	**0**	0	0
	4	**11**	**1**	**0**

During the period, the College made no payments for compensation on early retirement or loss of office (2013/14 - £nil).

During the period, the College made no non-cash benefits available to staff (2013/14 - none).

Remuneration Report (continued)

Salary entitlements

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

	16 months ended 31 July 2015			8 months ended 31 March 2014		
	Actual			Actual		
Name	**Salary £'000**	**Pension benefit £'000**	**Total £'000**	Salary £'000	Pension benefit £'000	Total £'000
B. Johnstone - Actual	**30**	**0**	**30**	0	0	0
C. Turnbull - Actual	**125**	**35**	**160**	60	55	115
J. Brown - Actual	**80**	**35**	**115**	40	10	50
H. Pedley - Actual	**75**	**30**	**105**	40	5	45
S.A. Wright - Actual	**85**	**20**	**105**	40	5	45

	Annual Equivalent			Annual Equivalent		
Name	**Salary £'000**	**Pension benefit £'000**	**Total £'000**	Salary £'000	Pension benefit £'000	Total £'000
B. Johnstone - Annual Equivalent	**20**	**0**	**20**	0	0	0
C. Turnbull - Annual Equivalent	**95**	**25**	**120**	90	80	170
J. Brown - Annual Equivalent	**65**	**25**	**90**	60	15	75
H. Pedley - Annual Equivalent	**55**	**25**	**80**	60	10	70
S.A. Wright - Annual equivalent	**65**	**15**	**80**	60	5	65

Median Remuneration

Based on the 12 month equivalent figures above, the banded remuneration of the highest paid official in the organisation during the financial year 2014/15 was £95,000. (2013/14 - £90,000). This was 4 times (2013/14 4 times) the median remuneration of the workforce which was £24,000 (2013/14 £24,000).

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) Dumfries and Galloway Pension Fund.

Both STSS and LGPS are final salary pension schemes. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme.

Contribution rates are set annually for all employees, as set out at note 25.

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

Changes to the Local Government Pension Scheme

Changes were made to the LGPS scheme from 1 April 2005. The pension after that date for members will be calculated on a career average basis, and the pension age will align with the state pension age.

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

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

Remuneration Report (continued)

Senior Executives Pension

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

Name	Accrued pension at pension age at 31 July 2015	Accrued lump sum at pension age at 31 July 2015	Real increase in pension 1 April 2014 to 31 July 2015	Real increase in lump sum 1 April 2014 to 31 July 2015	CETV at 31 July 2015	CETV at 31 March 2014	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
B. Johnstone	0	0	0	0	0	0	0
C. Turnbull	35	70	2.5	2.5	674	605	57
J. Brown	30	60	2.5	2.5	517	469	42
H. Pedley	25	55	2.5	2.5	365	330	28
S.A. Wright	25	65	5	5	391	359	23

Cash Equivalent Transfer Value

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

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

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

1. The figures for pension and lump sum are illustrative only in light of the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement:

2. The accrued benefits figures are reflective of the pension contributions that both the employer and 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.

Compensation for loss of office

No employees left under voluntary exit terms during the year.

Approved by order of the members of the Board on 15 December 2015 and signed on its behalf by:

Brian Johnstone

Chairman

Carol Turnbull

Principal

Statement of Corporate Governance and Internal Control

Corporate Governance Statement

Dumfries and Galloway 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 principles of the UK Corporate Governance Code issued by the Financial Reporting Council in June 2010. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

The Scottish Government have published a 'Code of Good Governance for Scotland's Colleges' which codifies the principles of good governance that already exist in colleges, and promotes accountability and continuous improvement in how colleges are governed. The Code establishes standards of good governance practice for all college boards and provides the essential foundations for compliance with the legislative framework set out by the further and higher education acts.

The Board of Management of Dumfries and Galloway College adopted the ‘Code of Conduct for Members’ in June 2014. The Board also adopted the code of Good Governance for Scotland’s Colleges in January 2015. The Regional Board complied with the ‘College Sector Board Appointments: 2014 Ministerial Guidance’ when appointing all non-executive board members.

The Board of Management supports the work being done by the College Sector Good Governance Steering Group, and is already establishing a Development and Evaluation Framework in accordance with the guidance published in November 2015, using external evaluation.

Statement of full UK Corporate Governance Code compliance

In the opinion of the Board of Management, the College complies with all the provisions of the Code, in so far as they apply to the further education sector, and it complied throughout the period ended 31 July 2015.

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

In the opinion of the Board of Management, the College complies with all the provisions of the Code of Good Governance for Scotland's Colleges, and it complied throughout the period ended 31 July 2015.

Membership of the Board of Management

The Regional Chair, Brian Johnstone, was appointed in March 2014 and the College Board of Management became a Regional Board with effect from 3rd March 2015, with the Chair and the Principal continuing as members of the Board beyond 2nd March 2015 and all other appointments subject to review.

The Board recruitment process to appoint members to the Regional Board was implemented in two stages, in May 2014 and November 2014. An elections process was also undertaken to identify the staff Members, Student President and Vice President.

The recruitment of members for the Regional Board has been undertaken in-line with the College Sector Board Appointments: 2014 Ministerial Guidance. The Board Membership of 16 comprises of the Chair, the Principal, two student members, two staff members and 10 non-executive members.

The members who served on the Board of Management and Regional Board during the year and up to the date of signature of this report are set out on the next page. It is the Board's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Board is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against targets, capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues.

Dumfries and Galloway College Board of Management met seven times during the 2014/15 financial period and conducts its business through a number of committees. All of these committees are formally constituted with terms of reference approved by the Board of Management. The committees comprise non-executive members of the Board of Management and are all chaired by a Member of the Board. These committees include a Human Resources Committee, a Finance and General Purposes Committee, a Selection and Appointments Committee, a Remuneration Committee, a Learning and Teaching Committee and Audit Committee.

The Board Secretary maintains a register of financial and personal interests of the members of the Board of Management. The register is available for inspection at Bankend Road, Dumfries.

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

Statement of Corporate Governance and Internal Control (continued)

Formal agendas, papers and reports are supplied to Board Members in a timely manner, prior to Board 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 their independent judgement.

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

Members
The undernoted individuals are the current members of the Regional Board:

Janet Brennan
Hugh Carr
Ros Francis
Janice Goldie
Barry Graham
John Henderson
Kenny Henry (Support Staff Member)
Delia Holland (Vice Chair)
Brian Johnstone (Regional College Chair)
Pat Kirby
Stuart Martin
Karen McGahan
Craig McGill (Student Member)
Carol Turnbull (Principal and Chief Executive)
Julian Weir (Student Member)
Ian White (Lecturing Staff Member)

The following individuals were also Board members in the period from April 2014 up to 31 July 2015:

Sandy Burgess (resigned January 2015)
Sam Glendinning (Student Representative, resigned July 2015)
Colin Grant (resigned March 2015)
Rona Gunnell (resigned July 2014)
Amanda Hannah (resigned March 2015)
Tom Hydes (resigned July 2014)
Rona Malloney (Student Representative, resigned July 2014)
Andrew Nyondo (Lecturing Staff representative, resigned June 2015)

Jannette Brown acted as Board Secretary throughout the period.

Committees of the Board of Management

The Board of Management has formally constituted several committee with terms of reference. These committees act with delegated authority. Information on the Board's committees is given on the next page, together with details of membership of key committees at 31 July 2015.

Statement of Corporate Governance and Internal Control (continued)

Key Committees:

Human Resources Committee
Members - Janet Brennan, Tom Hydes, Stuart Martin, Carol Turnbull, Ian White

Selection and Appointments Committee
Members - Hugh Carr, Delia Holland, Brian Johnstone, Stuart Martin

Remuneration Committee
Members - John Henderson, Delia Holland, Brian Johnstone

Audit Committee
Members - Hugh Carr, Janice Goldie, Delia Holland, Pat Kirby, Stuart Martin

Finance and General Purposes Committee
Members - Ros Francis, John Henderson, Kenny Henry, Karen McGahan, Carol Turnbull

Learning and Teaching Committee
Members - Barry Graham, John Henderson, Kenny Henry, Delia Holland, Craig McGill, Carol Turnbull, Julian Weir, Ian White.

Appointments to the Board of Management

Any new appointments to the Board of Management are a matter for consideration by the Board as a whole. The Board has a Selection and Appointments Committee, which is responsible for the selection and nomination of any new member for the Board's consideration. The Board of Management is responsible for ensuring that appropriate training is provided as required.

Human Resources Committee

The primary purpose of the Human Resources Committee is to advise the Board of Management on all staffing matters affecting the College.

Selection and Appointments Committee

The Selection and Appointments Committee manage the process of recruitment and appointment of candidates for membership of the Board of management, including recommending candidates for approval of the Chair and Scottish Ministers.

The Selection and Appointments Committee also review and consider the composition and balance of the Board in relation to equality, skills and experience, develop policies and procedures for induction, training and development of Board members, and receive and review evaluation reports on Board performance and development.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration and benefits of the Principal and other senior post-holders. Details of the remuneration of senior post-holders for the period ended 31 July 2015 are set out in note 8 to the financial statements.

Audit Committee

The Audit Committee comprises a minimum of three 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.

Statement of Corporate Governance and Internal Control (continued)

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

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

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

Finance and General Purposes

The Finance and General Purposes Committee inter alia recommends to the Board of Management the College's annual revenue and capital budgets and monitors performance in relation to the approved budgets.

Learning and Teaching

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

Risk Management and Internal Control

Scope of Responsibility

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

Purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Dumfries and Galloway College for the period ended 31 July 2015 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Board of Management has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Management is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2015 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Management.

Risk and control framework

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

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

Statement of Corporate Governance and Internal Control (continued)

Risk and control framework (continued)

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

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

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

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

The Executive 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 and reinforced by risk awareness training. The Executive Management Team and the Audit Committee also receive regular reports from the internal auditor, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board of Management's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Executive Management Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2015 meeting, the Board of Management carried out the annual assessment for the period ended 31 July 2015 by considering documentation from the Executive Management Team and internal audit, and taking account of events since 31 July 2015.

Going Concern

After making appropriate enquiries, the Board of Management considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Conclusion

The Audit Committee's opinion is that the College has an appropriate framework of internal control, and provides reasonable assurance regarding the effective and efficient deployment of resources to achieve the College aims.

Approved by order of the members of the Board on 15 December 2015 and signed on its behalf by:

Brian Johnstone
Chairman

Carol Turnbull
Principal

Statement of the Board of Management's Responsibilities

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

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

The Board of Management is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992, the 2007 Statement of Recommended Practice on Accounting in Further and Higher Education Institutions, the 2014-15 Government Financial Reporting Manual (FReM) issued by the Scottish Government and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Funding Council and the College's Board of Management, the Board of Management, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year.

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

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

The Board of Management has taken reasonable steps to:

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

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

- Clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- A comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- Regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Management;
- Comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Finance and General Purposes Committee;
- Professional internal audit team whose annual programme is approved by the Audit Committee and endorsed by the Board of Management and whose head provides the Board of Management with a report on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

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

Approved by order of the members of the Board on 15 December 2015 and signed on its behalf by:

Brian Johnstone
Chairman

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

We have audited the financial statements of Dumfries and Galloway College for the period ended 31 July 2015 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 Income and Expenditure Account, the Statement of Historical Cost Surpluses and Deficits, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 125 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Board of Management and auditor

As explained more fully in the Statement of the Board of Management's Responsibilities, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We are also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Generic scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the college's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Management; and the overall presentation of the financial statements. It also involves obtaining evidence about the regularity of expenditure and income. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements, irregularities, or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

• give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the college's affairs as at 31 July 2015 and of its deficit for the period 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).

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.

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

Qualified opinion on the remuneration report

The accounts direction requires the preparation of a remuneration report in accordance with the Government Financial Reporting Manual (FReM). The FReM requires the pension disclosures for each senior official who has served during the year including:

- the real increase during 2014/15 in the pension, and if applicable related lump sum at age 60;
- the value at 31 July 2015 of the accrued pension and, if applicable, related lump sum at age 60;
- the value of cash equivalent transfer value (CETV) at 1 April 2014 and 31 July 2015,
- the real increase in the CETV funded by the employer during 2014/15.

The college has not included these disclosures in the remuneration report. Except for this matter, in our opinion, the part of the Remuneration Report to be audited has been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Ministers.

Opinion on other prescribed matters

In our opinion, the information given in the Operating and Financial Review for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the Statement of Corporate Governance and Internal Control does not comply with Scottish Funding Council requirements.

We have nothing to report in respect of these matters.

Jackie Bellard
For and on behalf of Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

15 December 2015

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

Income and Expenditure Account for the period ended 31 July 2015

	Note	Period ended 31 July 2015	Period ended 31 March 2014
		£000	£000
INCOME			
SFC grants	2	**12,906**	7,062
Tuition fees and education contracts	3	**2,271**	1,211
Other grant income	4	**1,136**	283
Other operating income	5	**569**	352
Endowment and investment income	6	**93**	24
Total Income		**16,975**	8,932
EXPENDITURE			
Staff costs excluding exceptional costs		**9,878**	5,004
Exceptional costs - severance costs		**0**	0
Staff costs including exceptional costs	7	**9,878**	5,004
Other operating expenses	9	**6,002**	2,672
Transfer to Arms Length Foundation	9	**18**	2,120
Depreciation	12	**1,579**	787
Interest payable	10	**0**	0
Total Expenditure		**17,477**	10,583
(Deficit)/ Surplus on continuing operations after depreciation of assets at valuation and before tax		**(502)**	(1,651)
Taxation		**0**	0
(Deficit)/ Surplus on continuing operations after depreciation of assets at valuation and after tax		**(502)**	(1,651)
(Deficit)/ Surplus for the period retained within general reserves		**(502)**	(1,651)

The income and expenditure account is in respect of continuing activities.

Other operating expenses includes costs of £296,000 which have been met from cash grants received from the Scottish Funding Council for depreciation in order to comply with Central Government budgeting rules and in accordance with guidance from the Scottish Funding Council, who have confirmed that a deficit due to expenditure from depreciation funds should be treated as a 'technical deficit' as described in more detail at Note 9.

Statement of Historical Cost Surpluses and Deficits for the period ended 31 July 2015

	Note	Period ended 31 July 2015	Period ended 31 March 2014
		£000	£000
(Deficit)/ Surplus on continuing operations before taxation		(502)	(1,651)
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	19	264	132
Historical cost (deficit)/ surplus for the period before and after taxation		(238)	(1,519)

Statement of the Total Recognised Gains and Losses for the period ended 31 July 2015

	Note	Period ended 31 July 2015	Period ended 31 March 2014
		£000	£000
(Deficit)/ surplus on continuing operations for the year after depreciation of assets at valuation and tax		(502)	(1,651)
Unrealised deficit on revaluation of fixed assets	12	(1,785)	0
Impairment of previously revalued fixed assets	12	0	0
Actuarial (loss)/ gain recognised since last annual report	19,25	(1,005)	(1,066)
Total recognised (loss) relating to the period		(3,292)	(2,717)
Total (loss) recognised since last annual report		(3,292)	(2,717)
Reconciliation			
Opening reserves		8,343	11,060
Total recognised (losses) for the year		(3,292)	(2,717)
		5,051	8,343

Balance Sheet as at 31 July 2015

	Note	**Period ended 31 July 2015**	Period ended 31 March 2014
		£000	£000
Fixed Assets			
Tangible assets	12	**37,953**	40,521
Current Assets			
Debtors	13	**297**	1,001
Cash at bank and in hand	14	**2,163**	2,127
Total current assets		**2,460**	3,128
Less: Creditors - amounts falling due within one year	15	**(1,875)**	(2,464)
Net Current Assets		**585**	664
Total Assets less Current Liabilities		**38,538**	41,185
Less: Creditors - amounts falling due after more than one year	16	**(745)**	(1,184)
Less: Provision for liabilities	17	**(796)**	(750)
Net Assets excluding pension liability		**36,997**	39,251
Pension liability	25	**(5,219)**	(3,928)
NET ASSETS INCLUDING PENSION LIABILITY		**31,778**	35,323
Deferred capital grants	18	**26,727**	26,980
Reserves			
Income and expenditure account excluding pension reserve		**5,705**	5,657
Pension reserve	19	**(5,219)**	(3,928)
Income and expenditure account including pension reserve	19	**486**	1,729
Revaluation reserve	19	**4,565**	6,614
Total reserves		**5,051**	8,343
Total Funds		**31,778**	35,323

The financial statements on pages 21 to 43 were approved by the Board of Management on 15 December 2015 and were signed on its behalf by:

Brian Johnstone
Chairman

Carol Turnbull
Principal

Cash Flow Statement for the period ended 31 July 2015

	Note	**Period ended 31 July 2015**	Period ended 31 March 2014
		£000	£000
Net cash inflow from operating activities	20	**2**	(2,514)
Returns on investments and servicing of finance	21	**16**	17
Capital expenditure and financial investment	22	**18**	2
(Decrease)/ increase in cash in the period		**36**	(2,495)

Note to the Cash Flow Statement

Reconciliation of net cash flow to movement in net funds

(Decrease)/ increase in cash in the period		**36**	(2,495)
Movement in net funds in period		**36**	(2,495)
Net funds at 1 April 2014	23	**2,127**	4,622
Net funds at 31 July 2015	23	**2,163**	2,127

Notes to the Financial Statements

1 Statement of Principal Accounting Policies

Basis of preparation

The financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and the Accounts Direction issued thereunder by the Scottish Further and Higher Education Funding Council which requires compliance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2007), the 2014-15 Government Financial Reporting Manual (FReM) issued by the Scottish Government, and in accordance with applicable accounting standards. They conform to the Accounts Direction and other guidance issued by the Scottish Funding Council.

Basis of accounting

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

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

Recognition of income

Income from SFC recurrent grant has been recognised on a time basis to match the College's performance for the period in towards the SFC Outcome Agreement targets for the 2013/14 and 2014/15 academic years.

Income from other grants, contracts, tuition fees and other services rendered is included to the extent of completion of the contract or service concerned.

Income from donations is credited to the income and expenditure account in the year in which it is received, unless specific restrictions apply.

Income from short-term deposits and endowments is credited to the income and expenditure account in the period in which it is earned.

Fixed assets

Tangible assets

Land and buildings

The majority of the College's buildings being specialised buildings, open market value is not an appropriate basis of valuation. Land and buildings are therefore valued on the basis of depreciated replacement cost with the exception of the Catherinefield building which has been valued on an open market value. Land is not depreciated and buildings are depreciated over their estimated life as identified by the valuer.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and released to income and expenditure account over the estimated life of the building on a basis consistent with the depreciation policy.

Finance costs, which are directly attributable to the construction of land and buildings, are capitalised as part of the cost of those assets.

A review for impairment of tangible fixed assets is carried out if events change or if changes in circumstances indicate that the carrying value of the tangible fixed assets may not be recoverable.

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

Subsequent expenditure on existing fixed assets

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

- Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed asset in excess of the previously assessed standard of performance;
- Where a component of the tangible fixed asset that has been treated separately for depreciation purposes and depreciated over its individual useful economic life, is replaced or restored; or
- Where the subsequent expenditure relates to a major inspection or overhaul of a tangible fixed asset that restores the economic benefits of the asset that have been consumed by the entity and have already been reflected in depreciation.

Notes to the Financial Statements (continued)

1 Statement of Principal Accounting Policies (continued)

Equipment

Equipment costing less than £10,000 per individual item and motor vehicles costing less than £5,000 are written off to income and expenditure account in the year of acquisition. All other equipment and vehicles are capitalised and depreciated in accordance with the depreciation policy.

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

Where items of equipment are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and released to income and expenditure account over the estimated life of the asset on a basis consistent with the depreciation policy.

Depreciation

Depreciation is provided to write off the cost or valuation of tangible fixed assets on a straight-line basis over the expected useful lives of the assets.

i) Buildings	10 to 60 years
ii) Leasehold	length of lease
iii) Furniture, equipment and vehicles	3 to 10 years

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

Rental costs in respect of operating leases are charged to income and expenditure account on a straight line basis.

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 income and expenditure account together with any surplus or deficit on disposal.

Maintenance of premises

The costs of maintenance are charged to the income and expenditure account in the period in which they are incurred.

Liquid resources

Liquid resources include sums on short-term deposits with recognised banks, building societies and government securities.

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.

Notes to the Financial Statements (continued)

1 Statement of Principal Accounting Policies (continued)

Provisions

The College provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated cash flows are discounted using the discount rate prescribed by the Scottish Funding Council.

Unfunded pensions are accounted for under FRS 12.

Agency arrangements

The College acts as an agent in the collection and payment of certain Student Support Funds. These funds are excluded from the College Income and Expenditure Account, 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 those funds do not meet the definition of agency funds, the income and expenditure relating to those funds are shown in the College Income and Expenditure Account.

Retirement Benefits

All new members of staff have the option of joining a pension scheme. The schemes currently open to new members of staff are the Dumfries and Galloway Council Pension Fund and the Scottish Teachers' Superannuation Scheme. Existing employees are entitled to maintain their membership of the Scottish Teachers' Superannuation Scheme.

Dumfries and Galloway Council Pension Fund

The Dumfries and Galloway Council Pension Fund is a pension scheme providing benefits based on final pensionable pay. The assets and liabilities of the scheme are held separately from those of the College. Pension scheme assets are measured using bid values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Contributions to the Scheme are determined by an actuary on the basis of triennial valuations using the Age Attained Method. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes, after making allowances for future withdrawals. The amount charged to the income and expenditure account represents the service cost expected to arise from employee service in the current year.

Scottish Teachers' Superannuation Scheme (STSS)

The College participates in the Scottish Teachers' Superannuation Scheme pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the College. The College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the year.

Leased Assets

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at the present value of minimum lease payments at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

Rental costs in respect of operating leases are charged to income and expenditure account on a straight line basis.

Notes to the Financial Statements (continued)

	Note	**Period ended 31 July 2015**	Period ended 31 March 2014
		£000	£000
2 SFC Grants			
FE recurrent grant (including fee waiver)		**11,082**	5,554
FE and HE childcare funds		**374**	123
Release of deferred capital grants	18	**888**	445
Infrastructure grant		**379**	791
Other SFC grants		**183**	149
Total		**12,906**	7,062
3 Tuition Fees and education contracts			
FE fees - UK		**448**	230
HE fees		**919**	452
SDS contracts		**517**	219
Education contracts		**2**	4
Other contracts		**385**	306
Total		**2,271**	1,211
4 Other grant income			
European funds		**84**	150
Release of deferred capital grants	18	**164**	77
Scottish Colleges Foundation grant (Note 18)		**820**	0
Other grants		**68**	56
Total		**1,136**	283
5 Other operating income			
Residences and catering		**486**	310
Other income-generating activities		**34**	16
Other income		**49**	26
Total		**569**	352

Notes to the Financial Statements (continued)

	Note	Period ended 31 July 2015 £000	Period ended 31 March 2014 £000
6 Endowment and investment income			
Bank interest		**16**	17
Net return on pension asset/ liability	**25**	**77**	7
Total		**93**	24
7 Staff costs			
Wages and salaries		**7,711**	4,062
Social security costs		**527**	265
Past service credit (note 25)		**0**	0
Other pension costs (including FRS 17 adjustments of £363k (2014 - £95k) note 25)		**1,640**	677
Staff costs excluding exceptional costs		**9,878**	5,004
Exceptional costs - severance costs		**0**	0
Staff costs including exceptional costs		**9,878**	5,004
Academic/ Teaching departments		**4,988**	2,546
Academic/ Teaching services		**1,096**	455
Administration and central services		**3,109**	1,735
Premises		**531**	212
Other expenditure		**154**	56
Catering and residences		**0**	0
Total		**9,878**	5,004

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

	No.	No.
Academic/ Teaching departments	**82**	84
Academic/ Teaching services	**19**	16
Administration and central services	**92**	86
Premises	**13**	13
Other expenditure	**3**	3
Catering and residences	**0**	0
Total	**209**	202

Notes to the Financial Statements (continued)

7 Staff costs (continued)

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

	Period ended 31 July 2015		Period ended 31 March 2014	
	Number senior post-holders	Number other staff	Number senior post-holders	Number other staff
£50,001 to £60,000 per annum	1	0	3	0
£60,001 to £70,000 per annum	2	0	1	0
£70,001 to £80,000 per annum	0	0	0	0
£80,001 to £90,000 per annum	0	0	1	0
£90,001 to £100,000 per annum	1	0	0	0
£100,001 to £110,000 per annum	0	0	0	0
	4	**0**	5	0

8 Senior post-holders' emoluments

	2015 No.	2014 No.
The number of senior post-holders, including the Principal was:	**4**	5

	Period ended 31 July	Period ended 31 March
Senior post-holders' emoluments are made up as follows:	**2015**	2014
	£	£
Salaries	**383,118**	216,691
Benefits in kind	**0**	0
Pension contributions	**69,749**	38,609
Total emoluments	**452,867**	255,300

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

	£	£
Salary (including holiday pay)	**122,100**	60,000
Benefits in kind	**0**	0
	122,100	60,000
Pension contributions	**23,975**	11,647

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

The members of the Board of Management, other than the Principal, Regional Chairman, and staff members, did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. Travel expenses reimbursed to four members of the Board of Management during the year amounted to £565.

Notes to the Financial Statements (continued)

9 Other operating expenses		**Period ended 31 July 2015**	Period ended 31 March 2014
		£000	£000
Teaching departments		**1,155**	797
Administration and central services		**1,454**	1,036
Premises costs (including additional Lennartz charge £90,000. 2014 - credit - £111,000, note 16)		**1,277**	184
Planned maintenance		**1,335**	144
Other employee related costs		**215**	67
(Gain)/ Loss on disposal of fixed assets		**(16)**	(2)
Agency Staff Costs		**61**	38
Other income generating activities		**0**	0
Residences and catering		**516**	313
Overspend on student support funds		**5**	95
		6,002	2,672
Transfer to Arms Length Foundation		**18**	2,120
Total		**6,020**	**4,792**
Other operating costs include:			
Auditors' remuneration	- external audit of these financial statements	**15**	16
	-internal audit services *	**24**	13
	- other services	**0**	7
Hire of plant and machinery - operating leases		**106**	57
Hire of other assets - operating leases		**0**	0

** Two different professional firms provide External Audit and Internal Audit services.*

The College is participating in the Scottish Colleges Foundation, an independent trust which was established with the purposes of supporting further and higher education colleges in Scotland. Total donations from the College to the Foundation in the period to 31 July 2015 amounted to £17,500 (2014 - £2,120,000). The donation of £2,120,000 in the period to 31 March 2014 represented a transfer to the Foundation of cash reserves which had been built up by the College over a number of years, in order to In order to try to mitigate the impact of the re-classification of the Scottish College sector on Dumfries and Galloway College. The Foundation has provided financial support for Hospitality developments during the current financial period, as detailed at Note 18, and the College will be able to apply for funding for project future projects which will not be able to be met from reserves after 1 April 2014 due to re-classification.

The grant received from the Foundation during the period was used to fund Hospitality developments as detailed at Note 18.

A further consequence of reclassification of the College as a central government body is that, from 1 April 2014, while the College continues to prepare accounts under the FE/HE Statement of Recommended Practice, it is now also required to comply with Central Government budgeting rules. This affects, among other things, the way in which non-depreciation charges are treated. For the 2014/15 budget period this has meant that the College received cash of £387,000 which had been earmarked against depreciation. Without approval to spend this cash, moving the College's Income and Expenditure account into a deficit position, it would have been effectively frozen. The Scottish Funding Council issued guidance to the College on this matter on 30 January 2015 (SFC Announcement SFC/AN/03/2015) which provided approval for that cash to be applied to student support, loan repayments and deliver improved services to learners.

The impact of the above has contributed £296,000 to the reported deficit for the 2014/15 financial period. However, the Scottish Funding Council has confirmed (in its letter to the College on 30 March 2015) that a deficit resulting from the College following its 30 January 2015 guidance should be treated as a 'technical' deficit and should not be interpreted, on its own, as a challenge to the College's ongoing financial sustainability. This position has been agreed with Audit Scotland and the Scottish Government.

Notes to the Financial Statements (continued)

10 Interest payable	**Period ended 31 July 2015 £000**	Period ended 31 March 2014 £000
Net interest cost on pension liability (note 25)	**0**	0

11 Taxation

The Board does not consider that the College was liable for any corporation tax arising out of its activities during the year.

12 Tangible Fixed Assets

	Land and Buildings £000	**Equipment £000**	**Motor Vehicles £000**	**Total £000**
Cost or valuation				
At 1 April 2014	41,498	310	267	42,075
Additions	679	35	85	799
Disposals	0	(8)	(99)	(107)
Transfers	0	0	0	0
Revaluation adjustment	(3,968)	0	0	(3,968)
At 31 July 2015	**38,209**	**337**	**253**	**38,799**
Depreciation				
At 1 April 2014	1,031	277	246	1,554
Provided during period	1,544	15	20	1,579
On disposals	0	(6)	(99)	(105)
Revaluation adjustment	(2,182)	0	0	(2,182)
At 31 July 2015	**393**	**286**	**167**	**846**
NBV at 1 April 2014	40,467	33	21	40,521
NBV at 31 July 2015	**37,816**	**51**	**86**	**37,953**
Inherited	3,950	0	0	3,950
Financed by capital grant	33,866	51	80	33,997
Other	0	0	6	6
At 31 July 2015	**37,816**	**51**	**86**	**37,953**

Land and buildings were revalued at 31st July 2015 by DM Hall, Chartered Surveyors in the capacity of independent valuer. The basis of valuation adopted was depreciated replacement cost for all but the Catherinefield Nursery which was valued at Market Value, and the valuation was made in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual.

Inherited Land and Buildings with a net book value of £37,816,000 have been partially financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Council, to surrender the proceeds.

Land and buildings additions during the period represent the capital element on completion of Hospitality developments. The project has provided Hospitality facilities in the Dumfries campus, including a training kitchen and restaurant, in order to expand the curriculum and in response to regional demand for training in that area. The Scottish Colleges Foundation provided grant funding for the project, as detailed at Note 18.

Notes to the Financial Statements (continued)

12 Tangible Fixed Assets (continued)

If inherited land and buildings had not been revalued they would have been included at the following amounts:

	£000
Cost	0
Aggregate depreciation based on cost	0
	0

13 Debtors: Amounts falling due within one year	**Period ended 31 July 2015 £000**	Period ended 31 March 2014 £000
Trade debtors - net of provision for doubtful debts	**56**	121
European Funding	**0**	0
Prepayments and accrued income	**241**	880
	297	1,001

The movement in prepayments and accrued income from 31 March 2014 reflects the change in accounting period end, which co-incides with the 2014/15 academic year at 31 July 2015. The comparative figures include grant funding of £548,000 which was earned for the portion of the 2013/14 academic year up to 31 March 2014 but unpaid.

14 Cash at Bank and in hand	**31 July 2015 £000**	31 March 2014 £000
Cash at bank and in hand	**2,163**	2,127

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

Cash at bank and in hand (note 15)	**251**	21

	Period ended 31 July 2015	Period ended 31 March 2014
15 Creditors: Amounts falling due within one year	**£000**	£000
Trade creditors	**19**	134
VAT	**96**	61
HMRC Lennartz Scheme	**373**	355
Other taxation and social security	**118**	138
Pension	**115**	122
Contract retentions	**142**	120
Accruals and deferred income	**761**	1,513
Bursaries and Access funds for future disbursement (note 14)	**251**	21
	1,875	2,464

The movement in accruals and deferred income from 31 March 2014 reflects the change in accounting period end, which co-incides with the 2014/15 academic year at 31 July 2015. The comparative figures include expenditure accrued of £366,000 which was incurred for the portion of the 2013/14 academic year up to 31 March 2014 but unpaid at that date as well as fees received which relate to the remainder of the 2013-14 academic year of £142,000.

Notes to the Financial Statements (continued)

16 Creditors: Amounts falling due after more than one year	**Period ended 31 July 2015**	Period ended 31 March 2014
	£000	£000
HMRC Lennartz Scheme	**745**	1,184

The estimated future liability under the Lennartz agreement was recalculated during the period, and showed a net increase of £90,000 which has been charged within premises costs (note 9).

17 Provisions for liabilities and charges	Early retirement pension costs	Other	**2014-15 Total**	2013-14 Total
At 1 April 2014	741	9	**750**	959
Expenditure in the period	(64)	0	**(64)**	(32)
Additional provision required in period	95	0	**95**	(13)
Revaluation adjustment	0	0	**0**	(179)
Interest charged	15	0	**15**	15
At 31 July 2015	787	9	**796**	750

The pension provision has been revalued using actuarial tables supplied by the Scottish Funding Council. The net interest rate applied was 1%.

Other provisions relate to redundancy costs.

18 Deferred Capital Grants	**SFC**	**Other**	**Total**
	£000	**£000**	**£000**
At 1 April 2014			
Land and Buildings	22,385	4,296	26,681
Equipment	264	35	299
	22,649	4,331	26,980
Cash Receivable			
Land and Buildings	7	672	679
Equipment	120	0	120
	127	672	799
Released to Income and Expenditure Account			
Land and Buildings	(596)	(156)	(752)
Equipment	(292)	(8)	(300)
	(888)	(164)	(1,052)
At 31 July 2015			
Land and Buildings	**21,796**	**4,812**	**26,608**
Equipment	**92**	**27**	**119**
	21,888	**4,839**	**26,727**

A grant of £1,492,000 was received from the Scottish Colleges Foundation during the period which was used to fund the College's Hospitality project, together with a portion of SFC grants. Total costs of the development, which includes the construction of a new training restaurant and kitchen, amounted to £2,011,000. Of the total expenditure, £679,000 represents capital costs which are shown as buildings additions at note 12, and revenue costs which are included in planned maintenance costs at note 9. The capital portion of the grant received from the Scottish Colleges Foundation of £672,000 is shown above, and the corresponding revenue portion of the grant amounts to £820,000 and is shown as other grant income at Note 4.

Notes to the Financial Statements (continued)

19 Reserves

	Period ended 31 July 2015	Period ended 31 March 2014
	£000	£000
Revaluation Reserve		
At 1 April 2014	**6,614**	6,746
Revaluations in the period	**(1,785)**	0
Transfer to Income & expenditure account in respect of:		
Depreciation on revalued assets	**(264)**	(132)
At 31 July 2015	**4,565**	6,614
General Reserve (Income and expenditure account including pension reserve)		
At 1 April 2014	**1,729**	4,314
(Deficit)/ Surplus for the period	**(502)**	(1,651)
Transfer from revaluation reserve	**264**	132
Actuarial (losses)/ gains on pension scheme	**(1,005)**	(1,066)
At 31 July 2015	**486**	1,729
Represented by:		
Income & expenditure account		
At 1 April 2014	**5,657**	7,088
(Deficit)/ Surplus for the period	**(502)**	(1,651)
Transfer to pension reserve	**286**	88
Transfer from revaluation reserve	**264**	132
	5,705	5,657
Pension Reserve		
At 1 April 2014	**(3,928)**	(2,774)
Current service cost	**(1,045)**	(377)
Employer contributions	**682**	282
Past service costs	**0**	0
Gains/ (losses) on curtailments and settlements	**0**	0
Net return on assets	**77**	7
Transfer to income & expenditure	**(286)**	(88)
Actuarial (losses)/ gains	**(1,005)**	(1,066)
At 31 July 2015	**(5,219)**	(3,928)
Summary		
Income & expenditure account	**5,705**	5,657
Pensions reserve	**(5,219)**	(3,928)
At 31 July 2015	**486**	1,729

Notes to the Financial Statements (continued)

20 Reconciliation of operating surplus/(deficit) to net cash flow from operating activities	**Note**	**Period ended 31 July 2015**	Period ended 31 March 2014
		£000	£000
Operating (deficit)/ surplus after depreciation of assets at valuation and tax		**(502)**	(1,651)
Pension costs	25	**363**	95
Depreciation	12	**1,579**	787
(Gain)/net loss on disposal of fixed assets	9,12	**(16)**	(2)
Deferred capital grants released to income	18	**(1,052)**	(522)
Decrease/ (increase) in debtors	13	**704**	(449)
Decrease in creditors	15,16	**(1,027)**	(539)
Increase/ (decrease) in provisions	17	**46**	(209)
Interest receivable - bank interest	6	**(16)**	(17)
Net return on pension liability	19	**(77)**	(7)
Net cash (outflow)/ inflow from operating activities		**2**	(2,514)

21 Returns on investments and servicing of finance

Interest received	6	**16**	17
Interest element of finance lease repayments		**0**	0
Net cash inflow from returns on investments and servicing of finance		**16**	17

22 Capital expenditure

Purchase of tangible fixed assets	12	**(799)**	0
Sales of tangible fixed assets		**18**	2
Deferred capital grants received	18	**799**	0
Net cash inflow/(outflow) from capital expenditure		**18**	2

Notes to the Financial Statements (continued)

23 Analysis of Net Funds

	At 1 April 2014	Cash Flows	Other Changes	**At 31 July 2015**
	£000	£000	£000	**£000**
Cash	2,127	36	0	**2,163**
Finance lease/hire purchase contracts	0	0	0	**0**
TOTAL	2,127	36	0	**2,163**

24 Lease commitments

	Period ended 31 July 2015	Period ended 31 March 2014
The annual commitments under operating leases for equipment are as follows:		
Expiry - within one year	**3**	3
- within two to five years	**45**	44
- after five years	**0**	0

Notes to the Financial Statements (continued)

25 Pensions and similar obligations

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

The total pension costs for the institution was :

		16 months to July 2015 £000	8 months to March 2014 £000
Contribution to STSS		**580**	276
Contribution to LGPS		**682**	293
Pension costs as a result of implementing FRS 17	19	**363**	95
Total pension cost		**1,625**	664

Employer contribution rates during the period were:
STSS - 14.9%
LGPS - 20% increased to 20.3% from 1 April 2015

The Scottish Teachers Superannuation Scheme

College lecturing staff are entitled to become members of the Scottish Teachers' Superannuation Scheme. The latest actuarial valuation of this scheme was carried out as at 31 March 2005.

The assumptions which have the most significant effect on the valuation and other relevant data are as follows:

Rate of return on investments in excess of rate of increase in salaries	2.0%
Rate of return on investments in excess of rate of increase in pensions	3.5%
Market value of the assets as at 31 March 2005	£18,474m

The actuarial value of the STSS scheme at 31 March 2005 showed a deficiency of £836m, which requires a supplementary provision by all members of 3.15% per annum for a period of 15 years.

The College is unable to identify its share of the underlying assets and liabilities in the STSS scheme. Consequently, in line with the requirements of FRS 17 - Retirement Benefits, the College accounts for contributions to this scheme as if it were a defined contribution scheme.

The Local Government Pension Scheme (LGPS)

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

The triennial valuation of the Dumfries and Galloway Council Pension Fund was carried out as at 31 March 2014 by Hymans Robertson LLP. The valuation for Dumfries and Galloway College's participation in the Dumfries and Galloway Council Pension Fund was updated by Hymans Robertson as at 31 July 2015. The assumptions that have the most significant effect on the valuation and other relevant data at 31 July 2015 are as follows :

	31 July 2015 % p.a.	31 March 2014 % p.a.
Pension Increase Rate	2.6%	2.8%
Salary Increase Rate	4.5%	5.1%
Expected Return on Assets	3.6%	5.7%
Discount Rate	3.6%	4.6%

Life expectancy is based on the S1NMA and S1NFA year of birth tables with medium cohort improvements and a 1% p.a. underpin, applied from 2008, and are the same as those used in the previous accounting period.

Notes to the Financial Statements (continued)

25 Pensions and similar obligations (continued)

Local Government Pension Scheme

	Period ended 31 July 2015	Period ended 31 March 2014
	£000	£000
Fair value of plan assets	**16,191**	13,366
Present value of funded defined benefit obligations	**(21,387)**	(17,269)
	(5,196)	(3,903)
Present value of unfunded defined benefit obligations	**(23)**	(25)
Deficit	**(5,219)**	(3,928)

Movements in present value of defined benefit obligation		
At 1 April 2014	**17,294**	15,440
Movement in year :		
Current service cost	**1,045**	377
Past service costs relating to retrospective changes to members' benefits	**0**	0
Past service (gains) in respect of future pension increases	**0**	0
Interest cost	**1,022**	473
Curtailment	**0**	0
Actuarial gains/(losses)	**2,258**	1,084
Contributions by members	**211**	85
Benefits paid	**(420)**	(165)
At 31 July 2015	**21,410**	17,294

Movements in fair value of plan assets		
At 1 April 2014	**13,366**	12,666
Expected return on plan assets	**1,099**	480
Actuarial gains/(losses)	**1,253**	18
Contributions by employer	**682**	282
Contributions by members	**211**	85
Benefits paid	**(420)**	(165)
At 31 July 2015	**16,191**	13,366

Expense recognised in the income and expenditure account		
Current service cost	**1,045**	377
Losses on settlements and curtailments	**0**	0
Past service cost/(gain)	**0**	0
Interest on defined benefit pension plan obligation	**1,022**	473
Expected return on defined benefit pension plan assets	**(1,099)**	(480)
Total	**968**	370

The expense is recognised in the following line items in the income and expenditure account:

Staff costs	**1,045**	377
Investment income	**(77)**	(7)
Interest costs	**0**	0
	968	**370**

Notes to the Financial Statements (continued)

25 Pensions and similar obligations (continued)

	Period ended 31 July 2015	Period ended 31 March 2014
	£000	£000
Analysis of the amount recognised in the statement of total recognised gains and losses (STRGL):		
Actual return less expected return on pension assets	**1,253**	18
Change in financial assumptions underlying the scheme liabilities	**(2,258)**	(1,084)
Actuarial (loss)/ gain recognised in the STRGL	**(1,005)**	(1,066)

The fair value of the plan assets and return on those assets were as follows:	2015	2014
	Fair value	Fair value
	£000	£000
Equities	**12,143**	10,025
Corporate bonds	**2,429**	2,005
Property	**1,619**	1,069
Other	**0**	267
	16,191	13,366
Actual return on plan assets	**1,524**	498

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

The Actuarial report at 31 July 2015 has highlighted that the pension deficit has increased due to falling real bond yields which has been partially offset by strong asset returns. The projected defined benefit cost for 2015-16 has also risen due to falling real bond yields.

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

	As at 31/07/15	As at 31/03/14
	%	%
Discount rate	**3.60%**	4.30%
Expected rate of return on plan assets	**3.60%**	6.00%
Future salary increases	**4.50%**	5.10%
Inflation/ pension rate increase	**2.60%**	2.80%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old person to live for a number of years as follows:

- Current pensioner aged 65: 23 years (male), 25.6 years (female).
- Future retiree upon reaching 65: 24.9 years (male), 27.7 years (female).

Notes to the Financial Statements (continued)

25 Pensions and similar obligations (continued)

History of plans

The history of the plans for the current and prior periods is as follows:

Balance sheet	**Period ended 31/07/15 £000**	Period ended 31/03/14 £000	Year ended 31/07/13 £000	Year ended 31/07/12 £000	Year ended 31/07/11 £000
Present value of scheme liabilities	**(21,387)**	(17,269)	(15,415)	(14,127)	(12,352)
Present value of unfunded liabilities	**(23)**	(25)	(25)	(25)	(22)
Fair value of scheme assets	**16,191**	13,366	12,666	11,033	10,569
Deficit/ surplus	**(5,219)**	(3,928)	(2,774)	(3,119)	(1,805)

Experience adjustments

Experience adjustments on scheme liabilities	**(796)**	5	0	675	(1)
Experience adjustments on scheme assets	**1,253**	18	810	(607)	453
	457	23	810	68	452

The College expects to contribute approximately £544,000 to the scheme in the next financial year.

26 Related Party Transactions

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

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

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

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

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

Member	**Organisation**	**Position**
J. Henderson	Crichton Foundation	Appointed Trustee (Representative of Dumfries and Galloway College)
H. Carr	Dumfries and Galloway Housing Partnership	Director of Finance
K. McGahan	William Waugh & Sons (Builders) Ltd	Finance Director

Notes to the Financial Statements (continued)

26 Related Party Transactions (continued)

The Crichton Foundation has previously provided grant funding towards the Henry Duncan building, which forms part of the Crichton Campus. During the period ended 31 July 2015 the Crichton Foundation provided grant funding of £10,000 for student support, which was fully disbursed to students by the College during the period. In addition, £500 was invoiced to Crichton Foundation in respect of a contribution to the annual College Award Ceremony. No balances were outstanding at 31 July 2015.

The College provided training courses to Dumfries and Galloway Housing Partnership during the period to 31 July 2015. Invoices to Dumfries and Galloway Housing Partnership amounted to £47,359. No balances were due to the College from Dumfries and Galloway Housing Partnership at 31 July 2015.

The College has appointed William Waugh & Sons (Builders) Ltd for various maintenance works during the period, following tender exercises in line with standard College procurement procedures. Invoices from William Waugh & Sons during the period amounted to £90,465. No balances were due to William Waugh by the College at 31 July 2015.

The members of the Board of Management, other than the Principal, Regional College Chair, and staff members, did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. Travel expenses reimbursed to four members of the Board of Management during the year amounted to £565.

27 FE Bursaries and other Student Support Funds

	FE Bursary	**EMA's**	**Other**	**Period ended 31 July 2015**	Period ended 31 March 2014
	£000	£000	£000	**£000**	£000
Balance brought forward	0	0	0	**0**	113
Allocation received in period (including interest)	2,635	351	189	**3,175**	1,664
	2,635	351	189	**3,175**	1,777
Expenditure	(2,312)	(351)	(208)	**(2,871)**	(1,750)
Repayable to Funding Council as Clawback	0	0	0	**0**	(3)
College Contribution to funds	0	0	13	**13**	26
Virements to FE and HE Childcare and FE Discretionary funds	(84)	0	6	**(78)**	0
Balance Carried forward	239	0	0	**239**	50

Represented by:					
Repayable to Funding Council as Clawback	239	0	0	**239**	0
Retained by College for Students	0	0	0	**0**	50
	239	0	0	**239**	50

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

Notes to the Financial Statements (continued)

28 FE and HE Childcare Funds

	Period ended 31 July 2015 £000	Period ended 31 March 2014 £000
Balance brought forward	**0**	7
Allocation received in period	**296**	116
	296	123
Expenditure	**(374)**	(214)
Repayable to Funding Council as Clawback	**0**	0
Virements from FE Bursary	**78**	0
College contribution to funds	**0**	91
Balance Carried forward	**0**	0
Represented by:		
Repayable to Funding Council as Clawback	**0**	0
Retained by College for Students	**0**	0
	0	0

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

29 Capital Commitments

	Period ended 31 July 2015 £000	Period ended 31 March 2014 £000
Contracted for at 31 July 2015 (31 March 2014)	**0**	0

30 Post Balance Sheet Events

There are no post balance sheet events.

31 Contingent Liabilities

The College had no contingent liabilities at 31 July 2015 and 31 March 2014.

32 Comparatives

The comparative figures relate to the period 1 August 2013 to 31 March 2014.

Board of Management

FINANCIAL UPDATE AT SEPTEMBER 2015

1. Changes to Financial Reporting and Budgeting

The budget planning objective for Dumfries and Galloway College following re-classification of the Scottish College Sector within Central Government for budgeting and reporting is now to achieve a balanced budget each year, manage cash balances throughout the year, and maintain broadly the same level of working capital year on year.

The College accounting period has reverted to a July year end, and the current period is a 12 month period ending on 31 July 2016. The income and expenditure reports in the attached Appendix include projections for the 12 month accounting period August 2015 to July 2016.

2. Budget Changes

The budget for 2015/16 is currently being reviewed, and a report which takes into account changes to grant income, depreciation and other areas has been prepared for the Committee to consider. The budget variances below have been based on the original budget, and variances to October will be considered in detail against the revised budget.

3. Results to 30th September 2015

3.1 Key Performance Indicators

The Key Performance Indicators for monitoring the out-turn for the year, and working capital position at 30th September 2015 are summarised as follows:

Income and Expenditure:

Operating Surplus/ deficit as % of income	0.10%
Non-SFC income as % of total income	21.16%

Balance Sheet:

Current Assets: Current liabilities	1.44
Days cash to annual expenditure (excluding depreciation)	42

Board of Management

The KPI's indicate that the College is operating with low net assets, and the bank balances are not excessive, in line with the requirements of Central Government budgeting and reporting.

3.2 Income and Expenditure

Income and expenditure for the period to September 2015 and forecasts to July 2016 are summarised as follows:

	PERIODS 1 AND 2		FORECAST TO JULY 2016		
	Actual	**Budget**	**Forecast**	**Budget**	***Variance***
	£000	**£000**	**£000**	**£000**	**£000**
Income (1)	1,780	1,816	12,466	12,502	*(36)*
Staffing Costs (2)	1,149	1,248	7,749	7,848	*99*
Other Costs (3)	835	880	4,593	4,638	*45*
Total Expenditure	1,984	2,128	12,342	12,486	*144*
Operating Surplus/-Deficit	(204)	(312)	124	16	*108*

The forecast for the year to 31 July 2016 will be revised when the budget has been updated and variances assessed.

3.3 Balance Sheet

The balance sheet movement for the period between July and September is as follows:

	September '15	**July '15**	***Movement***
	£000	£000	*£000*
Fixed Assets	37,769	37,953	*-184*
Current Assets	2,571	2,460	*111*
Current Liabilities	(1,781)	(1,875)	*94*
Long Term Liabilities	(745)	(745)	*0*
Provisions	(796)	(796)	*0*
Pension Liability	(5,219)	(5,219)	*0*
Net Assets	31,799	31,778	*21*
Deferred Capital Grants	(26,591)	(26,727)	*136*
Revaluation Reserve	(4,540)	(4,565)	*25*
I&E Account	(668)	(486)	*-182*
	(31,799)	(31,778)	*(21)*
Cash at Bank	**1,612**	**1,875**	*-263*
Net current assets	**790**	**585**	*205*

3.4 Fixed Assets – the decrease in fixed assets represents the depreciation charges on the College buildings and other fixed assets.

3.5 Current Assets and Liabilities – overall bank balances have decreased by £263,000 from July balances. Grant funding from the Scottish Funding Council is drawn when required in order to meet expenditure as it falls due each month.

4. Student Support

Projections for student support for the 2015/16 academic year have been prepared based on the applications for bursary, discretionary and childcare support received to date. The projections indicate that sufficient grant will be available for the academic year, and the split of grant up to March 2016 has been updated to match the expected profile of expenditure.

5. Capital Grant

The Scottish Funding Council has provided a Capital Maintenance Grant which requires to be used for estates and infrastructure maintenance costs.

The grant amounts to £378,000 for the current year.

6. Lennartz

Following discussions between the six Scottish colleges which have Lennartz agreements, a tender exercise has appointed Ernst and Young to review the VAT/ Lennartz position of each college, with a view to recommending any action which might be appropriate following the recent case which is with the Court of Appeal.

7 Recommendation

Members are asked to discuss the report.

Board of Management

INCOME AND EXPENDITURE

	PERIODS 1 AND 2 August and September 2015		FORECAST - 12 MONTHS TO JULY 2016 August 2015 to July 2016		
	Actual	Budget	Forecast	Budget	*Variance*
INCOME	£000	£000	£000	£000	£000
Grant Income	**1,412**	1,421	**10,050**	**10,059**	*9*
Release of deferred capital grant	**136**	136	**816**	**816**	*0*
Fee Income	**224**	250	**1,533**	**1,559**	*26*
Other Income	**8**	9	**67**	**68**	*1*
					0
Total Income	**1,780**	**1,816**	**12,466**	**12,502**	**36**
EXPENDITURE					
Gross pay costs	**922**	994	**6,211**	6,283	*72*
Pensions	**163**	179	**1,054**	1,070	*16*
National Insurance	**64**	75	**484**	495	*11*
Total Pay Costs	**1,149**	**1,248**	**7,749**	**7,848**	**99**
Property Costs	**310**	349	**1,284**	**1,323**	*39*
Other overheads	**341**	331	**2,025**	**2,015**	*(10)*
Depreciation	**184**	200	**1,184**	**1,200**	*16*
Student Support Contingency	**-**	-	**100**	**100**	-
Total Other Costs	**835**	**880**	**4,593**	**4,638**	**45**
Total Expenditure	**1,984**	**2,128**	**12,342**	**12,486**	**144**
OPERATING SURPLUS/ (DEFICIT)	**(204)**	**(312)**	**124**	**16**	**(108)**

STUDENT SUPPORT

	PERIODS 1 AND 2 August and September 2015		FORECAST - 12 MONTHS TO JULY 2016 August 2015 to July 2016		
	Actual	Budget	Forecast	Budget	*Variance*
	£000	£000	£000	£000	£000
Income	**118**	118	**2,534**	**2,534**	**0**
Expenditure	**118**	118	**2,534**	**2,534**	**0**
Net costs to be met by College	**0**	**0**	**0**	**0**	**0**

Board of Management

REVISED BUDGET FOR 2015-16

1 PURPOSE OF REPORT

The purpose of this report is to seek approval for revisions to the budget for the 2015-16 financial year.

2 REPORT

This budget relates to the period August 2015 to July 2016.

The budget previously approved by the Committee has been revised and now incorporates the following changes:

2.1 Scottish Funding Council Income

The grant offer from SFC included funding from the European Social Fund of £605,000 split between £302,000 core funding for 1,277 additional credits and £303,000 student support. As the additional credits are not now forecast to be met, the budget income has been revised to remove this additional income.

The final grant allocation for ESOL (English for Speakers of Other Languages) has now been advised by SFC, which has increased grant income by £18,000.

2.2 Pay costs

The estimated pay costs reported previously were based on the staff required to deliver the planned curriculum, and included a number of vacancies. The classes and timetables for the year are now established, and the revised estimate for pay costs for 2015/16 has reduced by £138,000 to £7,710,000.

2.3 Student Support

Forecasts for student support expenditure have been prepared, and based on the current number of applications the forecast expenditure for bursaries, childcare, and discretionary funding are all within the budget income available for the year.

In addition, the split of student support grants for the period up to 31 March 2016 and between April and July 2016 has been revised in order to match the expenditure for each period more closely.

The student support contingency of £100,000 has been released as it is unlikely to be required before 31 March 2016, and the projected expenditure on student support has been reduced by the ESF funding of £303,000 which will not be required for the additional student numbers.

2.4 Scottish Colleges Foundation

Grant funding of £550,000 has been agreed by the Scottish Colleges Foundation for capital improvements during the year, including the work on reconfiguring the beauty salons, refurbishing hairdressing salons, creation of a new childcare facilities, and the car park extension. The grant income and related expenditure has been included in the revised budget.

2.5 Property revaluation and depreciation

The original depreciation budget was based on the previous valuation, and included an estimate for depreciation relating to the Hospitality developments.

The depreciation forecasts for 2015/16 have been revised following the revaluation of the College buildings at 31 July 2015, including the final capital element of the Hospitality development. The change to depreciation costs and income from the release of deferred capital grants shows a net reduction in costs of £11,000.

3 NET OPERATING RESULTS

The net effect of the above changes to the operating results is a decrease of income of £35,000 for the year. The original budget of £100,000 for Operational Plan developments has been reduced by £35,000 in order to leave a forecast break-even operating result for the year.

The budgets and forecasts will be reviewed on an ongoing basis to ensure that any further changes to income and expenditure are identified, and potential savings highlighted which can be utilised for priority requests highlighted from the Operational Planning and budget review process which is currently underway.

A summary of the revised budget is attached at the Appendix to this report.

4 Recommendation

Members are asked to review the revisions to the budget, and recommend the revised budget to the Board.

APPENDIX

		August 2015 to July 2016
INCOME		**£000's**
Grant Income		9,473
Release of deferred capital grant		816
Fee Income		1,559
Other Income		68
Total Income	**£**	**11,916**
EXPENDITURE		
Total Pay Costs	**£**	**7,710**
Property Costs		1,283
Other overheads		1,714
Depreciation		1,200
Student Support Contingency		-
Total Other Costs	**£**	**4,197**
Total Expenditure	**£**	**11,907**
OPERATING SURPLUS/ (DEFICIT)	**£**	**9**

		August 2015 to July 2016
STUDENT SUPPORT		**£000's**
Income		2,533
Expenditure		2,533
Net costs to be met by College	**£**	**-**

Board of Management

PROCUREMENT STARATEGY

1. Introduction

The purpose of this report is to provide the Finance and General Purposes Committee with the opportunity to input into the Procurement Strategy currently being developed.

2. Background

The College is subject to Public Sector procurement regulations and legislation. It has been recommend by Advanced Procurement for Universities and Colleges (APUC), a centre of expertise for all Colleges and Universities that the College has a procurement strategy setting out the a clear pathway for identifying and acting on improvements to ensure that best value is being obtained consistently when goods and services are purchased.

The Scottish Government will publish their Procurement Reform Bill in December 2015. With recommendation from APUC the draft Strategy has been created to include both new national and EU regulations and legislations.

The Procurement Strategy will form part of our Procurement & Commercial Improvement Programme (PCIP) assessment by the Scottish Government in 2016.

3. Recommendation

The attached strategy is a starter paper to facilitate discussion on what the Committee considers should be included in the strategy. Items for inclusion will then be further developed and a final draft of the strategy will be presented to the committee for approval at a future meeting.

Board of Management

Procurement Strategy 2015-2018

1. Introduction

The procurement of goods and services is a key process within the College. The Procurement Strategy specifies the objectives and policies relating to the management, efficiency of effectiveness of procurement to obtain best value from everything we purchase. Best value procurement will:

- Be transparent
- Create the most economically advantageous balance of quality and cost
- Follow all appropriate regulations and legislation
- Encourage open and fair competition
- Reduce the burden on administrative and monitoring resources
- Lead to simplified and routine transactions

The College wants to develop and maintain a good relationship with all its suppliers, local, regional, national, international, private and other public sector partners. We need a diverse and competitive supplier base that enables us to match our requirements with the relevant strengths and characteristics of the supplier.

The McClelland report was published in 2006 by the Scottish Government identified some weaknesses in relation to public sector procurement in that structures, people and technology were not in place to deliver effective procurement. It prompted centres of expertise across the public sector in Scotland. The centre of expertise for Further and Higher Education sector is Advance Procurement for Universities and Colleges (APUC).

APUC provide the Further and Higher Education sector opportunities to achieve cost savings and delivery of best value procurement solutions.

Procurement is an area that continues to receive political attention. Within these times of financial constraint, the ability to deliver more for less and eliminate waste is a key driver. In terms of delivering services that ensure maximum value the role of procurement is vital.

The College uses e-Procurement systems. PECOS is used for day to day purchasing. Hunter is used as a contract database and Public Contract Scotland (PCS) adverting portal is used for relevant procurement across the College.

Procurement is embedded in the Colleges Financial Regulations. The College will remove procurement from the Financial Regulations to create a detailed procurement policy that includes EU and National thresholds. See Appendix A.

2. Purpose of the Strategy

This document aims to ensure that procurement planning reflects the College's Strategic aims and priorities. This will provide an opportunity not only to co-ordinate the current processes but also provide a clear pathway for identifying and acting on improvements to ensure that best value is being obtained consistently when goods and services are being purchased.

3. Procurement Strategy, Objectives and Key Performance Indicators

The College Procurement Strategy has identified five key objectives:

- To promote the delivery of value for money through good procurement practice and optimal use of procurement collaboration opportunities
- To facilitate the development of an effective and co-ordinated purchasing effort within the College
- To analyse the institutions non staff spend and apply appropriate procurement strategies to deliver value for money and reduce commercial risk
- To develop appropriate management information in order to measure the performance and value for money achieved by the College
- To embed the sustainability statement within the Colleges procurement function and to comply with all relevant UK legislation in all aspects of College purchasing.

A set of best performance indicators (BPIs) will be developed to be monitored by the Executive Management Team quarterly and the Finance and General Purposes Committee on an annual basis.

These objectives enable the College to seek and ensure best value and value for money in relation to the procurement of goods and services. It is anticipated that the BPIs will be fully established and monitored from the financial year 2016-17 onwards. The College will seek to establish baseline data for the 2014-15 financial year. The College is assessed against the McClelland attributes as part of the Procurement & Commercial Improvement Programme (PCIP):

- Procurement Strategy and objectives
- Leadership and Governance
- Defining the Supply Need
- Commodity / Project Strategies and Collaboration
- Contract and Supplier Management
- Key Purchasing Processes and Systems
- People
- Performance Measurement

4. Leadership and Governance

The College is committed to exhibiting best practice in all aspects of corporate governance. The College will ensure that all procurement, financial regulations and procedures are complied with and that value for money is achieved.

Within the College procurement is part of the Finance function and therefore falls within the responsibility of the Finance Manager. The day to day purchasing and internal financial controls is supervised by the Senior Finance Assistant. The Finance Department will liaise and consult with APUC on a regular basis.

The College will use the Public Contract Scotland advertising portal to advertise contacts over the value of £50,000 and the Quick Quote facility for tenders between £20,000 and £50,000.

4.1 McClelland Report

In response to the recommendations in the McClelland report APUC has produced a best practice 'Sector Procurement Manual'. This is based on the Scottish Governments procurement journey. The manual gives best practice on all aspects of procurement of goods and services from the initial purchasing to contract management. The College is committed to applying the guidance in this manual to all procurement transactions and contracts it undertakes.

4.2 Procurement Reform Bill

The College is required to meet its obligations to the Procurement Reform Bill that shall form Scottish legislation in December 2015. This will add additional responsibilities to the College such as advertising contracts over £50,000, publish a contract register on our website and look at contracts under the threshold with the view to having contracts for Suppliers where spend is £12,000 or more per annum (£48,000 over a 4 year period). The College Procurement Policy and Procedures will be updated to reflect the changes.

4.3 Suppliers Charter

The College has signed the Suppliers Charter. The Suppliers Charter forms an agreement between public purchasing and the business community in which public bodies commit to:

- Develop public sector procurement processes with the aim of ensuring fairness and transparency
- Consult with business on an ongoing basis to achieve change

- Advertise contracts in the appropriate manner consistent with the requirements of the Public Contracts (Scotland) regulations 2012
- Use the standard pre-qualification questionnaire when applicable
- Provide debriefing on request whether or not procurement regulations require it

In return by signing to the Suppliers Charter the College commits to:

- Recognise that Public Sector must work within a legal framework when awarding contracts
- Encourage members to adhere to the Suppliers Charter including the use of the standard questionnaire
- Use judgement in bidding only for appropriate contracts
- Work with customers to deliver value for money throughout the life of the contract

4.4 Risk Assessment of Operational Environment

The College reviews its risk register on a regular basis. The College receives regular current procurement information from APUC, Scottish Government and CIPS. This information is monitored along with news and legislation changes to identify risk areas of procurement which relate to the College.

In developing the Procurement Strategy a number of key risks which directly relate to procurement were identified. The Strategy, objectives and action points are designed to include mitigation of procurement risk. Some of the key risks associated with procurement are:

- Non-compliance with procurement legislation
- Failure to procure goods and services from the correct Supplier at the best price
- Contracts let with companies who fail to meet their obligations in a way consistent with College expectations and policies
- Inadequate expertise and structure to deliver effective procurement

This analysis along with guidance issued by APUC, the Scottish Government is used as a basis for this procurement strategy.

5. Defining the Supply Need

Accurate specifications are deemed to be vital in tendering to ensure the College obtains the expected level of service at the expected price. For each tender contract a detailed specification will be developed to specify the expected service by the College and where appropriate implement a service level agreement.

The College shall actively monitor key existing contracts using customer feedback and management information to improve performance and achieve better value for the College.

6. Sourcing Strategies and Collaboration

6.1 Annual Expenditure Analysis

The College shall review its expenditure on an annual basis, categorising spend by commodity with a view to developing a sourcing strategy.

The College shall establish mechanisms for sourcing commodities by:

- Using established framework agreements
- Direct tendering (either as a single College or through collaboration with other bodies)
- Competitive quotations

The sourcing strategy shall seek to reduce the supply base on an annual basis and through supplier management the College shall seek to ensure that the desirable suppliers are included on its supplier database.

The College follow the Procurement Policy and Procedure in sourcing goods, services and works.

6.2 Collaboration

The College will use national contract where possible and will seek to collaborate with other public bodies where it is deemed of benefit to the College and its stakeholders.

6.3 Terms and Conditions

The College will develop contractual terms for standard procurement. Bespoke terms will be used when required for unique projects.

6.4 Corporate and Social Responsibility

Corporate and Social Responsibility (CSR) is broadly described as a collection of related disciplines which represent an organisations overall ethos, personality and character. The banner CSR covers a wide number of issues including environment responsibility, human rights, equal opportunities, diversity, corporate governance, sustainability and community involvement.

The College demonstrates a clear commitment to CSR in all of its operations. The College is a member of the Environmental Association for Universities and College (EAUC), signed the Climate Change Commitment and has a Climate Change Action Plan which has been approved by its Board of Management.

The College has robust governance policies on equalities in gender, disabilities, equal opportunity and race. The College is committed to being a 'living wage' accredited employer.

The Procurement Strategy is committed to supporting the College in its CSR objectives and policies by:

- Continuing to provide the opportunity for local Suppliers and SMEs to win business in line with procurement policy and best value
- Incorporate the assessment of Corporate and Social Responsibility aspects into procurement processes including the 'living wage'.

7. Contract and Supplier Management

The College will aim to have all material spend on goods and services under contract whether it be under collaborative procurement agreements awarded by APUC or contracts awarded by the College. This will ensure that the College is obtaining best value and continuous value for money. It also provides legally binding terms and specifications which can be used for reference in the light of any arising disputes.

A link to a list of current contracts awarded by the College along with those currently out to tender will be in the College Procurement section of the College Website.

The College shall adopt a formal approach to managing its key Suppliers by establishing and monitoring Best Performance Indicators (BPIs)

Approved suppliers on the PECOS e-procurement system will be reviewed on an annual basis to confirm value for money.

8. People

The College recognises the importance of suitably qualified members of staff and will fund members of staff to attend procurement training events as appropriate.

9. Performance Measurement

The College is required to report to the Scottish Government on the BPI's on an annual basis. Through this procurement strategy, the College will develop further measures to improve procurement performance and support business improvement through BPI's to the Executive Management Team quarterly. A report shall be provided annually to the Finance and General Purposes Committee and Board of Management. The following BPIs have been suggested by APUC:

Outcomes	Main Actions and Commitments	Best Practice Indicators	Timescales
Leadership and Governance - Practices and Processes			
Aggregate purchases to tender at institutional level.	Review annual expenditure.	Increased proportion of institutional expenditure that is contracted directly or positively influenced by procurement.	Annual
Contract and Supplier Management - Practices and Processes			
Support category A and B contracts where appropriate	Embedded procurement policy	Levels of spend of category A and B over total spend of category A, B and C contracts Increase number of relevant Cat A and B contracts in use	Annual Annual

10. Implementation and Review

The College will seek to implement its procurement strategy through taking the actions outlined. The strategy will be reviewed every 3 years or when new legislation is implemented.

Appendix A

Authorisation Levels (Internal)

Budget Holder	Up to £10,000
Principal	£10,000 to £74,999
Chairman, Vice Chairman or Chairman of the Financial and General Purpose Committee	Over £75,000

Thresholds

Over £5,000	3 Quotes requested in writing or on Quick Quotes
Over £20,000	3 or more quotes or mini tender if Framework Agreement available. This should be advertised on Quick Quotes, accessed via Public contracts Scotland
Over £50,000	PCS – Public Contract Scotland Open Tender advert
Over £172,514 Supplies and Service EU Tender	PCS open tender – Will automatically advertise in the OJEU (Official Journal of the European Community)
£4,322, 012 Works Tender	PCS open tender – Will automatically advertise in the OJEU (Official Journal of the European Community)

Finance and General Purposes Committee

AGED DEBT REPORT

1 DEBTORS AND COLLEGE TOTAL INCOME

The value of sales invoices issued by the College on an annual basis is relatively small in comparison to total income. The majority of College income relates to grant funding from the Scottish Funding Council, and other grants which are received at agreed stages during the year. Approximately 1,000 invoices are issued each year, which represents less than 10% of college income.

The number of reminder letters issued for late payments each year is relatively low in comparison to total College income. In addition, the debts which are eventually forwarded to debt collection agents to pursue is very small in comparison to the total invoices raised each year.

2 AGED BALANCES AS AT 31 OCTOBER 2015

A breakdown of the aged debtor balances as at 31st October 2015 is as follows:

	July 2015 Total £	October 2015 Total £	Current £	> 1 mth £	> 2 mths £	> 3 mths £	3+ £	*No Debts 3+
Client	1,288	9,452	7,396	(3,873)	5,252	-	678	25
Student	(10,619)	14,324	1,475	5,636	7,273	-	(60)	43
Bursary 2008/09	140	-	-	-	-	-	-	-
Bursary 2013/14	-	-	-	-	-	-	-	-
Bursary 2014/15	1,895	1,885	-	-	-	-	1,885	7
Grand Total	**(7,296)**	**25,660**	**8,870**	**1,763**	**12,525**	**-**	**2,502**	**75**

The total level of debt has increased by £32,956 from a credit balance of £7,296 since July 2015. This is mainly due to an increase in student debt including tuition fees and registration fees for self funding students in the new academic year. Client debt has also increased with Bursary debts remaining unchanged.

The system of weekly reminder letters for debtor balances is ongoing and ensures that debtor balances are current. Any difficult cases are referred within the prescribed timescale to the College debt collection agents, TNC, to pursue.

2.1 CLIENT DEBTOR BALANCES

Client debt has increased by £8,164 since July 2015. The balance includes invoices totalling £5,225 to a local business which has regular enrolments for students on work-based courses.

2.2 STUDENT DEBTOR BALANCES

The total level of student debt has increased by £24,943 since July 2015. The July balance showed a credit amount of £10,619 for 2015/16 fees received in advance from international students. The remaining increase of £14,324 is mainly due to outstanding tuition and registration fees for the new academic session. Many of these fees will be credited if SAAS agree to pay the tuition fees, and instalment plans have been drawn up for the remainder.

2.3 BURSARY DEBTORS

The overall level of bursary debt has decreased by £150 since July 2015, mainly due to an older debt being written off in August.

2.4 BAD DEBT PROVISION

At 31 July 2015 the provision in the accounts amounts to £693, and reflects the low level of older debts. The provision will be reviewed again in January 2016.

3 DEBT COLLECTION AGENTS

The total balance currently at the final stage of debt collection amounts to £350.55 and is being handled by TNC. The balance relates to invoices for bursary overpayments, and doesn't include any course fees. The number of debts being pursued by the College debt collection agents as noted above is relatively low, and relates to invoices for overpayments made for periods covered by sickness absence.

Overpayments of student support are difficult to pursue, as the individuals who have been overpaid generally are no longer attending College, are experiencing other difficulties and are unable to pay the balances. However, the College requires to pursue these debts in order to comply with Scottish Funding Council and Student Awards Agency for Scotland policies.

4 PROPOSED BALANCES TO WRITE-OFF

The recent balances which have been pursued through the debt collection agents, and which have now been classed as irrecoverable by them are noted below. Total balances of £2,106.79 are now proposed to be written-off, which comprises student fees of £691.00 and student support overpayments of £1,415.79.
The committee are now asked to approve the following balances for write-off:

Reference	Amount £	Debt Type	Date
0701653	691.00	Fees	19/09/2013
0900285	279.00	Bursary	16/12/2014
1300812	465.15	Bursary	19/11/2014
1301266	299.43	Bursary	05/06/2015
0900387	372.12	Bursary	14/01/2015
	2,106.79		

5 Summary of Amounts Written Off

The table below shows the debts written-off in each of the previous six years.

Summary of amounts previously written-off:

Year debt was written-off	Year of original debt:				
	2013/14	**2012/13**	**2011/12**	**2010/11**	**2009/10**
2015/16					
2014/15	7,025.33				
2013/14		8,107.20	634.42		
2012/13			200.00		50.00
2011/12				2,033.17	
2010/11				220.00	1,237.00
	7,025.33	**8,107.20**	**834.42**	**2,253.17**	**1,287.00**

6 Recommendation

Members are requested to approve the write-off of balances totalling £2,106.79.

Board of Management

CASH FLOW FORECASTS FOR NOVEMBER 2015

1. Purpose of the Report

The purpose of this report is to present the updated 2015-16 Cash Flow forecasts to the Committee and highlight the key aspects for review.

2. Report

The Scottish Funding Council (SFC) have established a process to manage the payment of grants to Colleges, in line with Government Financial Reporting and Budgeting requirements. The College is expected to maintain a minimum level of cash reserves required in order to operate effectively and meet costs as they fall due. The College submits a monthly claim to SFC which highlights actual and forecast bank balances, and expected expenditure each month as well as any variances form budget allocations set by SFC.

The format of the College's cash flow projections was updated in order to predict cash movements as accurately as possible and forecast cash requirements each month. The projections cover the period from April to July which is required for SFC returns.

The current format includes a section for core College cash movements, Lennartz balances and Hospitality developments. The Hospitality developments section will be completed when the final retentions have been paid, and Lennartz balances will reduce over the remainder of the agreement which is due to be completed in July 2018.

The main areas for the Committee to review are the 'Total closing bank balances' each month, and the movement at the SFC budget cut-off periods March and July. The monthly grant claim is calculated in order to provide total forecast bank balances of £1m each month to meet operating expenditure.

The bank balances were higher than originally forecast for August and September, and reflect additional grant drawn to meet costs for student transport which have not yet been invoiced. In addition, some expenditure has not been as high as forecast.

3. Recommendation

Members are asked to note the forecast movements and closing bank balances in the period.

Dumfries and Galloway College

Cash Flow Projections for 2015-16

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Projected FY	Forecast	Forecast	Forecast	Forecast	Projected AY 2014-15
	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16		Apr-16	May-16	Jun-16	Jul-16	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Income																		
SFC Grants																		
SFC Core Grant	150,000	500,000	1,050,000	1,335,766	600,000	600,000	600,000	750,000	750,000	900,000	500,000	390,500	8,126,266	1,200,000	650,000	850,000	623,461	8,413,961
ESF Funding 50% Core	-	-	-	-	-			-	-	-	-	-	0	-	-	-	-	-
SFC (Projects Non ERDF)	-	-	-	-	-	-	-	-	-	-	-	-	0	-	-	-	-	-
- SPARQS - Single College Student Association	17,750 -	17,750	-	-	-	10,142	10,143	10,143	10,143	10,143	10,143	10,143	71,000	-	-	-	-	71,000
Student Support																		-
Bursary	183,000	112,327	209,401	195,322	-	175,000	210,000	-	185,000	185,000	205,000	354,000	2,014,050	165,000	160,000	161,000	-	1,800,000
FE Childcare	20,000	6,638	43,991 -	8,428	-	31,000	28,000	28,000	27,550	27,200	28,000	28,000	259,951	30,550	27,500	11,091	-	266,891
HE Childcare	6,000	5,257	15,373 -	13,472	-	3,000	3,000	4,500	4,500	4,500	5,000	5,000	42,658	3,500	3,109	-	-	36,109
FE Hardship	20,000 -	1,219	25,448 -	5,015	-	8,500	9,000	9,000	9,500	9,500	9,500	9,203	103,417	8,500	8,000	4,901	-	85,604
ESF Funding 50% Student Support	-	-	-	-	-	-	-	-	-	-	-	-	0	-	-	-	-	-
Capital Maintenance	-	-	-	-	-	-	-	-	-	378,942	-	-	378,942	-	-	-	-	378,942
EMA Admin	-	-	-	-	8,000	-	3,000	-	-	-	-	-	11,000	-	-	-	-	11,000
EMA Student Maintenance	24,500	15,730	18,435	960	-	32,000	32,000	25,305	28,115	38,000	2,230	24,685	241,960	24,500	24,500	24,500	-	255,835
ESOL	1,069	1,069	1,069	1,069	-	-	-	-	-	-	-	-	4,276	-	-	-	-	-
ESOL (2015-16)	-	-	-	-	-	-	-	4,702	4,702	4,702	4,701	4,701	23,508	3,743	3,743	3,743	3,743	38,480
ESF	-	-	-	-	-	-	-	-	-	-	-	-	0	-	-	-	-	-
Capital	-	-	-	-	-	-	-	-	-	-	-	-	0	-	-	-	-	-
Other Income																		
ERDF Grants received	-	-	38,830	-	-	-	-	-	-	-	-	-	38,830	-	-		-	-
Other grant income	11,057	-	-	-	-	10,000	-	2,500	-	-	-	-	23,557		-	-	-	12,500
HE Hardship	-	-	-	-	27,050	-	-	-	-	18,170			45,220	-	-	-	-	45,220
SAAS Fees	-	-	18,564	2,570	-	4,325	7,372	-	-	-	405,500		438,331	43,200	-	-	-	460,397
Re-charges - UWS/ Gl. Uni/ DGC	16,587	11,255	-	18,188	4,114	2,394	11,173	-	80,000	60,000	-	50,000	253,711	40,000	-	-	-	247,681
SDS fees	33,863	20,311	57,990	42,349	16,856	23,065	19,371	20,500	21,500	21,500	22,500	25,500	325,305	28,500	25,500	21,500	22,000	268,292
Other cash received	19,931	55,684	56,606	65,780	26,711	44,129	36,898	45,500	20,000	25,500	65,500	45,500	507,739	32,500	45,000	45,000	34,500	466,738
Total cash in	**503,757**	**709,302**	**1,535,707**	**1,635,089**	**682,731**	**943,555**	**969,957**	**900,150**	**1,141,010**	**1,683,157**	**1,258,074**	**947,232**	**12,909,721**	**1,579,993**	**947,352**	**1,121,735**	**683,704**	**12,858,650**
Expenditure																		
Payroll	622,659	618,266	612,874	614,794	594,620	592,057	624,029	627,490	631,951	706,490	650,490	643,774	7,539,494	661,500	635,000	658,000	662,000	7,687,401
ESOL Salaries	1,213	1,214	2,095	667	2,293	1,085	846	-	-	-	-	-	9,413	-	-	-	-	4,224
ESOL	-	-	4,935	-	-	-	-	-	-	-	-	-	4,935	-	-	-	-	-
ESOL (2015-16)	-	-	-	-	-	-	-	4,702	4,702	4,702	4,701	4,701	23,508	3,743	3,743	3,743	3,743	39,326
SPARQS Salaries	3,732	3,567	3,600	2,253	5,498	3,788	4,273	3,951	3,951	3,951	3,951	3,951	46,466	-	-	-	-	33,314
SFC - SPARQS - Single College Student Association	112	2,156	2,818	2,490	157	5,349	220	6,676	6,676	6,676	6,627	6,629	46,586	-	-	-	-	39,010
EMA payments	14,730	27,480	19,890	720	-	19,650	31,350	25,305	28,115	38,000	15,470	24,685	245,395	24,500	24,500	24,500	-	256,075
Bursary payments (inc. student transport)	110,327	105,401	104,873	5,771	1,140	63,430	122,420	405,000	311,172	326,172	261,172	243,172	2,060,050	155,000	145,000	140,000	-	2,173,678
ESF Funding - Student Support	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FE Childcare	10,638	20,491	15,105	-	-	10,082	16,927	50,905	27,000	27,200	27,200	28,000	233,548	30,550	27,500	27,441	-	272,805
HE Childcare	5,700	9,974	7,537	210	-	3,054	7,760	3,236	3,500	4,000	2,740	-	47,711	4,000	4,000	3,609	-	35,899
FE Hardship	7,781	7,448	4,945	-	-	4,837	10,197	11,545	11,530	12,130	12,130	19,623	102,166	10,000	9,700	8,904	-	110,596
HE Hardship	5,186	4,970	3,592	-		1,208	3,898	5,010	5,010	5,010	5,000	8,610	47,494	4,520	4,520	4,540	-	47,326
Other Student Support	23	58	67	-	-	161	1,431	-	-	-	-	-	1,740	-	-	-	-	1,592
Student support overspend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation spend - estates developm	-	-	-	-		332,965	19,391	30,609	17,035	-	-	-	400,000	-	-	-	-	400,000
PL payments (excl student transport)	102,328	294,419	208,308	184,868	147,730	264,686	204,294	150,000	125,000	110,000	195,000	180,000	2,166,633	180,000	160,000	135,000	130,500	1,982,210
Maintenance costs - from SFC Capital Mai	-	-	-	-	-	-	-	-	-	378,942	-	-	378,942	-	-	-	-	378,942
Other payments	22,585	19,331	26,165	30,428	5,565	21,992	19,391	10,000	10,000	10,000	10,000	10,000	195,457	10,000	10,000	9,500	9,000	135,448
Capital Grant - payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retention for Crichton/.payment for Car Pa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total cash out	**907,014**	**1,114,775**	**1,016,804**	**842,201**	**757,003**	**1,324,344**	**1,066,427**	**1,334,429**	**1,185,642**	**1,633,273**	**1,194,481**	**1,173,145**	**13,549,538**	**1,083,813**	**1,023,963**	**1,015,237**	**805,243**	**13,597,846**
Net cash inflow/(outflow)	**(403,257)**	**(405,473)**	**518,903**	**792,888**	**(74,272)**	**(380,789)**	**(96,470)**	**(434,279)**	**(44,632)**	**49,884**	**63,593**	**(225,913)**	**(639,817)**	**496,180**	**(76,611)**	**106,498**	**(121,539)**	**(739,196)**
Balance b/f	**494,079**	90,822	(314,651)	204,252	997,140	922,868	**542,079**	445,609	11,330	(33,302)	16,582	80,175	**494,079** -	145,738	350,442	273,831	380,329	997,140
Balance c/f	**90,822**	**(314,651)**	**204,252**	**997,140**	**922,868**	**542,079**	**445,609**	**11,330**	**(33,302)**	**16,582**	**80,175**	**(145,738)**	**(145,738)**	**350,442**	**273,831**	**380,329**	**258,790**	**257,944**

Lennartz:																		
Quarterly payments	-	-	131,148	-	-	96,388	-	-	95,954	-	-	95,954	419,444	-	-	95,954	-	**384,250**
Cash outflow	**-**	**-**	**131,148**	**-**	**-**	**96,388**	**-**	**-**	**95,954**	-	**-**	**95,954**	**419,444**	**-**	**-**	**95,954**	**-**	**384,250**

Dumfries and Galloway College

Cash Flow Projections for 2015-16

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Projected FY	Forecast	Forecast	Forecast	Forecast	Projected AY 2014-15
	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16		Apr-16	May-16	Jun-16	Jul-16	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance b/f	1,242,367	1,242,367	1,242,367	1,111,219	1,111,219	1,111,219	**1,014,831**	1,014,831	1,014,831	918,877	918,877	918,877	1,242,367	822,923	822,923	822,923	726,969	1,111,219
Balance c/f	**1,242,367**	**1,242,367**	**1,111,219**	**1,111,219**	**1,111,219**	**1,014,831**	**1,014,831**	**1,014,831**	**918,877**	**918,877**	**918,877**	**822,923**	**822,923**	**822,923**	**822,923**	**726,969**	**726,969**	**726,969**

Hospitality Project:																		
SFC - Capital Maintenance	-	-	-	-	-		-	-	-	-	-	-	-					
SFC - Capital element	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income from Foundation (Capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total cash in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments made																		-
SFC - Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foundation	62,008	5,885	20,675	840	-	-	-	55,128	-	-	-	-	144,536	-	-	-	-	**55,128**
Cash outflow	**62,008**	**5,885**	**20,675**	**840**	-	-	-	**55,128**	-	-	-	-	**144,536**	-	-	-	-	**55,128**
Net cash inflow/(outflow)	(62,008)	(5,885)	(20,675)	(840)	0	0	**0**	(55,128)	0	0	0	0	(144,536)	0	0	0	0	(55,128)
Balance b/f	144,536	82,528	76,643	55,968	55,128	55,128	**55,128**	55,128	-	-	-	-	144,536	-	-	-	-	55,128
Balance c/f	**82,528**	**76,643**	**55,968**	**55,128**	**55,128**	**55,128**	**55,128**	-	-	-	-	-	-	-	-	-	-	-

Total closing bank balances	**1,415,717**	**1,004,359**	**1,371,439**	**2,163,487**	**2,089,215**	**1,612,038**	**1,515,568**	**1,026,161**	**885,575**	**935,459**	**999,052**	**677,185**	**677,185**	**1,173,365**	**1,096,754**	**1,107,298**	**985,759**	**984,913**

Opening bank balances	**1,880,982**