

Board of Management

Date: 6 December 2016

Time: 1:30 pm

Room: 2097

A G E N D A

**Presented
by**

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|------|--|------------|----|
| 1 | 2015-16 Financial Statements incorporating Operating and Financial Review by the Board of Management | (attached) | GT |
| 2 | Welcome and Apologies for Absence | | BJ |
| 3 | Declaration of Interest | | BJ |
| 4 | Minute of Meeting of 4 October 2016 | (attached) | BJ |
| 5 | Matters Arising | | |
| 5.1 | Sale of Catherinefield | (verbal) | HP |
| 5.2 | SFC Interim Letter of Guidance 2017-18 | (attached) | BJ |
| 6 | Regional Chair's Report | (attached) | BJ |
| 7 | Principal's Report | (attached) | CT |
| 8 | President of the Students' Association Report | (attached) | SH |
| 9 | Approved Committee Minutes | | |
| 9.1 | Audit Committee of 10 May 2016 | (attached) | HC |
| 9.2 | Audit Committee of 20 September 2016 | (attached) | HC |
| 9.3 | Finance & General Purposes Committee Minute of 27 September 2016 | (attached) | JH |
| 9.4 | Human Resources Committee of 11 December 2015 | (attached) | SM |
| 9.5 | Learning & Teaching Committee 31 May 2016 | (attached) | DH |
| 9.6 | Board Development Committee of 26th April 2016 | (attached) | BJ |
| 9.7 | Board Development Lunch Meeting of 20 th September 2016 | (attached) | BJ |
| 10 | Committee Reports | | |
| 10.1 | Annual Report of the Finance and General Purposes Committee | (attached) | JH |

Board of Management

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| 11 | Current Governance Issues and the External Review | (verbal) | JP |
| 12 | Matters for decision | | |
| 12.1 | Strategic Risk Register | (attached) | JB |
| 12.2 | Revised Health & Safety Policy | (attached) | HP |
| 13 | Matters for discussion | | |
| 13.1 | Key Performance Indicators 2016-17 | (attached) | JB |
| 13.2 | 2015-16 Regional Outcome Agreement Self Evaluation | (attached) | CT |
| 13.3 | Code of Good Governance August 2016 | (attached) | BJ |
| 13.4 | Stranraer Campus Provision | (attached) | CT |
| 13.5 | Think Piece – Colleges Scotland Report | (attached) | BJ |
| 14 | Matters for information | | |
| 14.1 | 2015-16 Annual Report on Institution-Led Quality Review | (attached) | JB |
| 14.2 | Review of Skills and Enterprise Agencies | (attached) | CT |
| 14.3 | Feedback from Join Board Meeting with Borders College | (verbal) | BJ |
| 14.4 | Strategic/ROA Session Update | (Verbal) | BJ |
| 14.5 | National Bargaining Update | (Verbal) | CT |
| 15 | Any Other Business | | |
| 15.1 | Organisation Re-structure & Voluntary Severance Scheme
(added to agenda on 30 th November 2016) | | CT |
| 16 | Date and Time of Next Meeting | | |

Development Event – 24 January 2017 @ 10am

Board Meeting – Tuesday 7 March 2017 @ 2pm at Dumfries Campus

Board of Management

Minute of meeting of the Board of Management of Dumfries and Galloway College held on Tuesday 6 December 2016 at 1.30 pm in Room 2097 of the Dumfries campus

Present:

Brian Johnstone (Chair)	Pat Kirby
Delia Holland	Janet Brennan
Carol Turnbull	Ian White
Stuart Martin	Kenny Henry
Ros Francis	Emma Curtis
Hugh Carr	Scott Hardie
Karen McGahan	

In attendance:

- Jannette Brown, Vice Principal, Corporate Services & Governance
- Andy Wright, Vice Principal, Learning and Skills
- Helen Pedley, Director of Organisational Development and Facilities
- Jan Polley, External Reviewer
- Kay Bird, Secretary to the Board and Minute Taker

Item 1 only

- Karen Hunter, Finance Manager
- Angela Pieri, Grant Thornton

1 2015-16 Financial Statements incorporating Operating and Financial Review by the Board of Management

Angela Pieri tabled copies of the External Audit Annual Report and spoke to the Financial Statements and report which had been issued. The purpose of the report was to provide an overview of the Annual Report and Financial Statements.

Ms Pieri asked members to note that it had been a difficult year of transition and the College had handled the transition very well. There had been no material audit adjustments required and there was no impact on the final figures. The new form of reporting showed the technical deficit attributed to depreciation and pensions, and an explanation in the Financial Statements had been noted. Grant Thornton confirmed the Letter of Representation would be signed in its standard form and no additional disclosures had been requested. As it was the end of Grant Thornton's term Ms Pieri gave her thanks on behalf of Grant Thornton to the College and wished the College well in the future. The Chair gave thanks to the Auditors, the Vice Principal Corporate Services, the Finance Manager and her Team and both Audit and Finance & General Purposes Committees for all their hard work in producing the accounts.

The members discussed the report. Concerns were noted in particular to the press highlighting the technical deficit and taking it out of context resulting in bad publicity. The Financial Statements are not made public until around Easter. The Principal advised this was an issue for all Colleges and Colleges Scotland would produce a Sector wide press release which colleges could adapt to their needs. The Vice Principal Corporate Services & Governance presented a key message sheet, which did not form part of the Financial Statements had been produced which can be used for wider circulation.

Members noted the recommendations of the Audit Committee and the Finance and General Purposes Committee and approved the Financial Statements for signature by the Chair and the Principal.

Decision: The Board approved the Financial Statements.

Angela Pieri left the meeting.

2 Welcome and Apologies for Absence

The Chair welcomed all to the meeting and in particular welcomed Emma Curtis to her first Board Meeting and Jan Polley in her capacity as observer. Apologies for absence were intimated on behalf of Barry Graham and John Henderson.

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

3 Declaration of Interest

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

4 Minute of Meeting of 4 October 2016

The Minute of the Board of Management meeting held on 4th October 2016 was approved. The Chair reminded Board Members to complete the Equalities and Diversity Training and submit their certificates to the Board Secretary by the beginning of January 2017. The Chair asked the Principal about the marketing material to be published in connection with Learner Journey and the Principal confirmed this was still being developed and she would produce a summary for the next Board Meeting in March 2017.

Action: Board Secretary to ensure this is an Agenda item for the March 2017 Board Meeting.

5 Matters Arising

5.1 Sale of Catherinefield

The Director of Organisational Development and Facilities provided a verbal report. The sale was progressing and the purchaser's solicitors had asked for additional information and plans which had been provided. There was no date yet for conclusion of missives. The Director of Organisational Development and Facilities confirmed that the SFC had agreed that the sale proceeds would come to College.

5.2 SFC Interim Letter of Guidance 2017-18

The Chair advised this was an important letter that all Board Members should have sight of. The Chair in particular highlighted paragraph 6 of the letter.

6 Regional Chair's Report

The Chair spoke to his report which had been issued. The report was discussed and the Chair provided further information on a number of activities. The challenges for rural colleges was noted and the Chair confirmed the Principal had been putting forward a case for a separate funding strategy for rural colleges. Delia Holland spoke to item 3.6 in relation to the Chair's assessment and thanked Board Members for their input and she confirmed there had been a high level of satisfaction on the Chair's leadership through the recent changes. Delia Holland thanked the Chair for his work on behalf of the Board.

The Board noted the report.

7 Principal's Report

The Principal spoke to the report which had been issued and highlighted the key activities of the College. The Principal advised the College had struggled to get a meeting with UWS, however, a meeting was expected to take place in January 2017. UWS had confirmed they were keen to work with the College and sign a collaborative partnership agreement however funding is a challenge. The Vice Principal of Learning and Skills has been working with both Napier and Heriot Watt Universities to discuss articulation routes.

The Board noted the report.

8 President of the Students' Association Report

The President of the Student Association spoke to the report which had been issued. The President provided an update on Class Reps and Executive Members. He advised that he was working with Wallacehall Academy and on 17 March was undertaking some workshops at the school. The President spoke to the sport's report which was one of his key priorities for the year. The Chair thanked the President of the Student Association for his report and invited Board Member discussion. The Vice Principal of Corporate Services and Governance confirmed the College was giving full support to the Student Association and confirmed that the self-evaluation was still to be undertaken and would go to the Learning & Teaching Committee before coming to the Board.

The Board noted the report.

9 Approved Committee Minutes

The Chair asked the Chairs of each Committee to provide verbal updates on recent matters which have arisen and have been considered by this Committee.

9.1 Audit Committee Minute 10.05.2016

The Chair of the Audit Committee presented the minute of the meeting held on 10 May 2016 and confirmed there was nothing further to report.

The Board noted the minute.

9.2 Audit Committee Minute 20.09.2016

The Chair of the Audit Committee presented the minute of the meeting held on 20 September 2016 and confirmed the new external auditors would be in place early next year and at the Audit Committee Meeting on 21 November the accounts were approved.

The Board noted the minute.

9.3 Finance & General Purpose Committee Minute 27.09.2016

In the absence of the Chair of the Finance and General Purposes Committee Karen McGahan presented the minute of the meeting held on 27 September 2016. The Acting Chair advised of the position, as at the meeting on 29 November, with regard to Lennartz and confirmed the Annual report had been approved.

The Board noted the minute.

9.4 Human Resources Committee 11.12.2015

The Chair of the Human Resources Committee presented the minute of the meeting held on 11 December 2015 and confirmed there was nothing further to report from the meeting held on 4 October 2016.

The Board noted the minute.

9.5 Learning & Teaching Committee 31.05.2016

The Chair of the Learning & Teaching Committee presented the minute of the meeting held on 31 May 2016. The Chair confirmed at the meeting on 11 October 2016 the mentors gave an excellent presentation and the remit of the Learning & Teaching Remit was under review and a report was being tabled at the L&T Committee Meeting on 13 December 2016.

The Board noted the minute.

9.6 Board Development Committee 26.04.2016

The Chair of the Board Development Committee presented the minute of the meeting held on 26 April 2016 and confirmed there was nothing further to report.

The Board noted the minute.

9.7 Board Development Lunch 20.09.2016

The Chair of the Board Development Committee presented the minute of the meeting held on 20 September 2016 and confirmed there was nothing further to report, other than the Chair would like a Key Facts booklet on the College produced and asked the Board Secretary to put this item on the agenda for the next Board Development Committee.

The Board noted the minute.

Action: The Board Secretary to put Key Facts Booklet onto the Agenda for the Board Development Committee.

Subsequent discussions with the Principal confirmed that she will take this forward.

10 Committee Reports

10.1 Annual Report of the Finance and General Purposes Committee

In the absence of the Chair of the Finance and General Purposes Committee Karen McGahan spoke to the Annual Report which had been issued.

The Board noted the report.

11 Current Governance Issues and the External Review

Jan Polley gave a verbal report on Sector governance. The Sector is now in a new phase away from the national spotlight and the Sector is now getting down to and implementing good governance. The colleges are managing the challenges, checks and balances, as well as succession planning.

Jan Polley confirmed in light of the new requirement for an external review of the Board to be conducted, and as the College's external reviewer, she was in the process of carrying out the paper review and would be conducting four one to one talks with selected Board Members. As

part of her remit she had to attend a Board Meeting and would also be attending the Board Development Event in January 2017. A report would be produced in early February, which would not only celebrate what the Board was doing well but also to detail different focus points and expand on what the Board would like to do differently or better, and develop these. The deadline for the external review is end of March and once report is finalised it would go on the College's website and would be exhibited to the College's funders.

12 Matters for decision

12.1 Strategic Risk Register

The Vice Principal Corporate Services and Governance spoke to the report which had been issued. The Vice Principal of Corporate Services and Governance confirmed there were no changes and the report had been through EMT and approved by the Audit Committee who were recommending it to the Board for approval. The members discussed the report. The Chair reminded members to always consider any additional risks and bring them forward.

Decision: The Board approved the Strategic Risk Register.

12.2 Revised Health & Safety Policy

The Director of Organisational Development and Facilities spoke to the report which had been issued. She confirmed the report reflected recent H&S changes. The Fire Statement Policy was now presented as a separate document and the Fire Authority had had input into this policy. The policy had been to the F&GP Committee who had made some amendments, and approved the final policy, and were recommending to the Board for approval. The members discussed the report. As the policy was complex the Chair sought assurances from the Director of Organisational Development and Facilities that the policy was correct; she gave assurances confirming that the policy had been approved by the H&S Committee and H&S Officer for the College.

Decision: The Board approved the Revised Health & Safety Policy.

13 Matters for discussion

13.1 Key Performance Indicators 2016-17

The Vice Principal, Corporate Services and Governance spoke to the report which had been issued. She confirmed this was a quarterly report, however, it was too early in the new academic year to give a full report. The FTE column was an additional column within the table. EMT were confident the College would achieve its targets. The Principal advised although enrolment information was important the key focus was on credit targets as funding was dependent on the College meeting its credit targets. Ian White commented that the figure 2,971 in the 2016-17 row under the heading of Variance should be in brackets and this was agreed.

The Board discussed and noted the report.

13.2 2015-16 Regional Outcome Agreement Self Evaluation

The Principal spoke to the report which had been issued and she confirmed she had given an update at the Strategic Day in November, out of which some good points had been raised. Retention was still a major issue however the staff were very focussed in addressing the retention

issues and this will come to the next L&T Committee prior to a report being presented to the Board.

The Principal invited discussion on item 7 of the report. The SFC were asking College Boards to formally give a pledge to develop New Quality Arrangements, and this had been highlighted by Andrew Bawley in June. The Principal advised EMT had concerns with the timescale and the Vice Principal of Corporate Services and Governance advised that the final arrangements and documentation were not in place. The College's Inspector was meeting with the College next Wednesday. It could not be expected of staff to change to a new model part way through the academic year, however, EMT will look at implementing the new arrangements behind the scenes.

The Board agreed it was committed to engaging with Education Scotland and the Scottish Funding Council but concerns were noted regarding the timescale and receiving final documentation. Hugh Carr supported the decision of EMT not to implement this half way through the year.

Decision: The Board agreed that the Principal and Vice Principal of Corporate Services & Governance would draft suitable wording and circulate this to the Chair and Vice Chair of L&T for consideration before any form of pledge would be given.

13.3 Code of Good Governance August 2016

The Chair spoke to the report which had been issued. The members discussed the report and the Board agreed to the changes. The Board Secretary in conjunction with the Vice Principal of Corporate Services & Governance would now implement these changes into the College's governance documentation. The Chair thanked the Board Secretary for her work in this area.

Members noted the report.

Decision: The Board agreed to implement the changes brought in by the Code of Good Governance August 2016

Action: The Board Secretary will incorporate the changes into the College's Governance documentation, which will be presented to the Board at the March 2017 meeting for approval.

13.4 Stranraer Campus Provision

The Principal spoke to the report which had been issued to give an update on the current position, challenges and opportunities at the Stranraer Campus. EMT's opinion was that a more detailed information should be made available to the Board and the Board welcomed this approach. The members discussed the report and it was agreed that a more detailed report should be brought to the Board in June. It was agreed EMT would present a strategic plan at the March Board meeting which could be developed into a vision and business plan. Ros Francis commented that it was important to look at implementation of the courses and to work with Ayrshire College.

Members noted the report.

Action: EMT would present strategic plan at the Board Meeting on 7th March 2017 and a detailed plan at the June Board Meeting.

Kenny Henry left the Meeting

13.5 Think Piece – Colleges Scotland Report

The Chair spoke to the report which had been issued. This was a key document which focussed on the learner and articulation routes. The Board should support the College further developing it links and integration with schools and universities. Two Board Members commented that in their opinion it was just about saving money. The Chair commented that among other things it brought the vocational element into education and focussed on the learner.

Members noted the report.

14 Matters for information

14.1 2015-16 Annual Report on Institution –Led Quality Review

The Vice Principal, Corporate Services and Governance spoke to the report which had been issued. She confirmed this is a yearly report and this is the final year of this type of report. This year the Principal and Chair were not required to sign off the report. The report had been to the L&T Committee.

The Board noted the report.

14.2 Review of Skills and Enterprise Agencies

The Principal spoke to the report which had been issued. The report was for information only. She reported that the Chairs of the College and Borders College had requested a meeting to discuss implications for the South of Scotland, and the next phase 2.

The Board noted the report.

14.3 Feedback from Joint Board Meeting with Borders College

This Agenda item was covered in the Chair's report at Item 6 of this minute.

14.4 Strategic/ROA Session Update

The Chair gave a verbal report referencing members to the summary report prepared and circulated by the Board Secretary. It was a successful session and once the presentation had been received from D&G Education Department the presentations will be circulated by the Board Secretary.

Action: Board Secretary to circulate the presentations for the Strategic Day

14.5 National Bargaining Update

The Principal gave a verbal report informing the members that not much progress had been made. Another meeting was scheduled for later in the week and the Principal would report back to members after the meeting.

15 Any other Business

15.1 Organisation Re-Structure & Voluntary Severance Scheme.

The Principal spoke to the report which had been issued on 30th November 2016. The Principal advised that the College had undertaken recent changes part due to the impact of DYW on staff workloads and the type of work undertaken, which necessitated changes to be made to the

curriculum structure, which was now under review. The Principal advised discussions with staff, the Executive Team and the four Heads of Faculty had taken place and the need to restructure the curriculum teams and review the Executive Team, and the role of management. The report provided the Board with context and what was planned. The proposed restructure impacted mainly on the four Heads of Faculty and the nine curriculum leaders, the number of which would be reduced significantly and would lead to redundancies, although some staff may be redeployed. The result for the College would be to bring Heads of Faculty closer to learners and employer engagement could be given more focus.

The Principal advised this would lead to opening a Voluntary Severance Scheme and the Principal highlighted some of the points raised in the report. The Board were asked for their approval to open the Voluntary Severance Scheme in the College, subject to funding on the basis of either (i) the Principal would write to the SFC to ask for transitional funding, and put forward a case for the SFC to support the College as it moves forward or (ii) option to apply to Scottish Colleges Foundation, which holds £370K in trust for the College, for Operational Plan developments, to release monies to put forward. The Principal advised funding could not be explored fully until the Board gave its approval.

The Principal invited Board questions. The Chair commented that it was not ideal this was a late agenda item however highlighted that the proposed organisational re-structure incorporated good points for the EMT to take forward. Three Board Member commented on the aspect of funding that this matter had been rushed and should have been scrutinised by one of the standing committees before coming to the Board. It was agreed the Board would consider the options presented and writing to the SFC was favoured and it was further agreed that consideration would need to be given to the Scottish Foundation Trust and whether this was reasonable use of funds.

Karen McGahan left the meeting.

The Principal thanked the Board for their comments, observations and concerns regarding funding. It was noted that if the SFC were not forthcoming with funding the issue of funding would be brought back to the Board for further consideration as to whether the Scottish College Foundation could then be approached. The Principal would keep the Board updated as to progress.

The Board noted the proposed re-structuring. The Board went to a vote on the opening of a Voluntary Severance scheme, six Board Members in favour, one against and two abstained.

The Board Secretary confirmed that despite some Board Members having left the meeting was quorate.

Decision: The Board approved the Voluntary Severance Scheme. The Board asked to be advised once the Principal had established the budget changes required to fund the scheme and any implications for the year end outturn. It was agreed that the Principal would approach SFC for funding support in the first instance.

16 Date and Time of Next Meeting

- Board Development Event - Tuesday 24th January 2017 at 10am
- Board of Management Meeting - Tuesday 7th March 2017 at 2pm at Dumfries Campus.

Board of Management

Financial Statements for the year ended 31 July 2016

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide an overview of the Annual Report and Financial Statements for the year ended 31 July 2016.
- 1.2 A copy of the Financial Statements for the period is attached.

2. CHANGES TO REPORTING REQUIREMENTS

- 2.1 All Scottish colleges are preparing their July 2016 financial statements in accordance with Financial Reporting Standard (FRS) 102 and the revised Statement of Recommended Practice: Accounting for Higher and Further Education 2015 (2015 SORP) for the first time.
- 2.2 The College accounting policy for the treatment of capital grants has been revised following the adoption of the 2015 SORP, with deferred government grants to be released in future years has been included in the College balance sheet as current and long-term creditors.
- 2.3 The Statement of Comprehensive Income has replaced the Income and Expenditure Account in the new format, and includes all items of income and expenditure recognised in the period including unrealised surpluses or deficits which were previously included in the Statement of Total Recognised Gains and Losses.

3. AUDIT REPORT

- 3.1 The draft wording of the audit report is set out on pages 25 and 26, in accordance with the 'Annual Report to the Board of Management and the Auditor General for Scotland 2015/16' which has been issued by Grant Thornton.
- 3.2 Grant Thornton anticipate that they have now received all of the information they require in order to provide a standard unqualified audit report on these financial statements.
- 3.3 The Audit Committee have considered the Annual report from the external auditors, and have no concerns about the audit arrangements for the year.

4. PERFORMANCE REPORT

- 4.1 The Performance Report replaces the Operating and Financial Review, and is set out on pages 3 to 24 of the financial statements.
- 4.2 The Performance Overview includes a statement from the Principal providing her perspective on the College's performance over the period, a summary of the purposes and activities of the College, and key issues which could impact on the College delivering its objectives.

Board of Management

- 4.3 The Performance Analysis provides more details on how the College measures performance, and an analysis of the performance in 2015-16 compared to 2014-15, including outcomes for student numbers and student achievements, and financial performance indicators.

5. ACCOUNTABILITY REPORT

- 5.1 The Accountability Report includes Corporate Governance, and Remuneration and Staff.
- 5.2 The Corporate Governance report explains the College's governance structure and how this supports the achievement of objectives, which is similar to the Corporate Governance statements in previous financial statements.

6. RESULTS FOR THE YEAR

- 6.1 The Statement of Comprehensive Income shows an operating deficit of £833,000. £380,000 of the deficit is due to technical accounting requirements regarding the use of depreciation and £464,000 for the technical pensions accounting required. The technical adjustments therefore account for all of the deficit position.

7. BALANCE SHEET AT 31 JULY 2016

- 7.1 The Balance Sheets at 31 July 2016 and 31 July 2015 show a net current liability position due to the change in disclosure of deferred government capital grants and repayment of Lennartz balances.
- 7.2 The actuarial loss on the pension scheme of £1,825,000 charged to the Income and expenditure reserve has resulted in a net debit balance as at 31 July 2016.

8. RECOMMENDATION

- 8.1 It is planned to include a covering page (see appendix A over the page) to the published accounts summarising some of the key points from the statements, in particular provide an explanation regarding the technical deficit. Members are asked to review the contents of the covering page.
- 8.2 Members are asked to note that the Audit Committee considered the financial statements and related External Auditors' Annual Report to the Board of Management for the period ended 31 July 2016 at its meeting on 21 November 2016, and have recommended the financial statements for approval by the Board.
- 8.3 Members should also note that at its meeting on the 29 November 2016, the Finance and General Purposes Committee recommended the financial statements for approval by the Board.
- 8.4 Members are asked to review the financial statements, take into account the assurances provided by the Audit Committee, the recommendation of the Finance and General Purposes Committee and approve the Financial Statements for the period ended 31 July 2016.

Board of Management

Appendix A Results for the year ended 31 July 2016

Summary

Dumfries and Galloway College aspires to be an 'outstanding college', and aims to deliver the highest quality learning for our students, to make a positive contribution to the local Community Planning and Scottish Government national priorities, and to utilise the expertise of our staff to deliver continuous improvements. The College was recently reviewed by Education Scotland, who judged the College has in place effective arrangements to maintain and enhance the quality of its provision and outcomes for learners and other stakeholders.

The College is increasingly being recognised as a key partner in economic development and is involved in the Local Economic Leadership Group, the Crichton Campus Joint Academic Strategy Group, DG Strategic Partnership Board and Developing Young Workforce Regional Group, and is fully involved in the development of the Dumfries Learning Town.

The College's curriculum continues to be shaped to support and develop e-learning and blended learning approaches. Hospitality and Catering training facilities have been developed on the Dumfries campus which is aligned to one of the growth sectors highlighted in the South of Scotland Regional Skills Assessment 2012-2022. 'Project Search' was delivered with local partners, Princes Trust programmes continue to be amongst the best performing in Scotland, and the College Student Association was further strengthened during 2015-16 with the appointment of a full-time Student Association President.

Key Financial Indicators at 31 July 2016

- Credits achieved were 29,871, 98% of the target (2015 – 99%)
- Operating deficit - £833,000 (2015 – £192,000 deficit)
- Cash balances - £1,947,000 (2015 - £2,163,000)
- Net current liabilities - £526,000 (2015 – £171,000)
- Total reserves - £4,229,000 (2015 - £6,887,000)

Net current liabilities increased due to a decrease in cash and an increase in creditors. Long-term creditors were paid in the year and unspent student support funding and costs for developments were accrued at the year end. Current liabilities include £758,000 of deferred capital grants, which do not represent future cash outflows. The College has sufficient cash to meet future liabilities as they fall due, and no going concern issues have been raised.

Whilst the College reported a deficit position of £833,000 in its 2015-16 financial statements, £380,000 of the deficit is due to technical accounting requirements regarding the use of depreciation cash grant for Central Government budgeting rules, and £464,000 for the technical pensions accounting required. The technical accounting adjustments therefore account for all of the deficit and do not impact on the College's ongoing financial sustainability, and the underlying operating position for the year would have been a small surplus.

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The financial statements were approved and authorised for issue on 6 December 2016.

Professional Advisers

External Auditors:

Grant Thornton UK LLP
Chartered Accountants
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Internal Auditors:

RSM Risk Assurance Services LLP,
6th Floor
25 Farringdon Street
London

Bankers:

Bank of Scotland
Level 6
110 St Vincent Street
Glasgow

Barclays
90 St Vincent Street
Glasgow

Solicitors:

AB & A Matthews
The Old Bank
Buccleuch Street Bridge
Dumfries

Grieve, Grierson, Moodie and Walker
14 Castle Street
Dumfries

MacRoberts Solicitors
152 Bath Street
Glasgow

Performance Report**Performance Overview****Principal's Statement on Performance**

Dumfries and Galloway College aspires to be an 'outstanding college', and aims to deliver the highest quality learning for our students, to make a positive contribution to the local and national priorities, and to utilise the expertise of our staff to deliver continuous improvements. Improving attainment will be a key priority, particularly in curriculum areas with low performance indicators.

In August 2015 the College launched its five-year strategic plan, Vision 2020, setting out its vision and aspirations, and good progress has been made towards achieving the objectives during the academic year 2015-16.

The College achieved 98% of its target student numbers during 2015-16, with 29,871 credits achieved against a target of 30,371. Total numbers for student enrolments increased by 13% from last year, with full-time student numbers maintained at 1,600 and part-time numbers increased from 4,086 in 2014-15 to 4,874 in 2015-16. The College has also managed to maintain the level of student achievements from 2014-15, with 64% overall for full-time students successfully completing their programme of study in 2015-16.

In February 2016, the College was reviewed by Education Scotland, who judged the College has in place effective arrangements to maintain and enhance the quality of its provision and outcomes for learners and other stakeholders.

Strategically, the College is increasingly being recognised as a key partner in economic development and this is evidenced by the Principal chairing the Local Economic Partnership, Chair of the Crichton Campus Joint Academic Strategy Group Regional Chair being a member of Strategic Partnership Board and Developing Young Workforce Regional Group. The College is also fully involved in the development of the Dumfries Learning Town.

The College's curriculum planning process was identified as Best Practice in terms of meeting regional and national needs in the recent Education Scotland Aspect Review, and the curriculum continues to be shaped to support and develop e-learning and blended learning approaches. Hospitality and Catering training facilities have been developed on the Dumfries campus which enabled the College to offer Hospitality and Professional Cookery programmes during 2015-16, which is aligned to one of the growth sectors highlighted in the South of Scotland Regional Skills Assessment 2012-2022. 'Project Search' was delivered with local partners, which was a programme set-up to assist anyone with additional needs find a route to employment, and the College Student Association was further strengthened during 2015-16 with the appointment of a full-time Student Association President.

Partnership and collaboration are at the heart of what we do – with our learners, Dumfries and Galloway Council, Schools across the region, other stakeholders and employers. An Employer Engagement Strategy was developed and introduced in 2015-16. Employer engagement continues to be strengthened across the College with Faculty Teams developing a range of Employer Advisory Partnerships. This closer engagement and partnership working is resulting in focussed, employer-led programmes such as: Reablement training for up to two thousand staff in the Health Service sector; bespoke training programmes for Dumfries and Galloway Housing Partnership, Morgan Sindall and Laing O'Rourke. The College Energy Centre continues to work with key local partners for up skilling in the renewable sector. Numerous employer events were held across the college during the academic year, and these are resulting in increased work placement opportunities and, in some cases, direct recruitment for learners.

The College is taking a key role in supporting the establishment of a Developing Young Workforce Dumfries and Galloway group. The Developing Young Workforce initiative allows employers to play a key role in driving the future agenda for Dumfries and Galloway. The programme will provide a much more universal and structured offer for learners as a whole, which in turn will also help our businesses. The College will continue to strengthen links with schools to develop vocational pathways that offer alternative but meaningful routes to employment, with clear progression opportunities linked where possible directly to industry and employers

Performance Report (continued)**Purpose and Activities of Dumfries and Galloway College**

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.

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 4,800 part-time learners through its campus locations in Dumfries and 75 miles away in Stranraer.

Dumfries and Galloway College is located in the beautiful South West of Scotland. It is 77 miles from Glasgow and 79 miles from Edinburgh to the town of Dumfries, where the College's main campus is located. In particular, the Crichton Campus brings the choice of university learning to a region that in the past people have had to leave to attend university. A smaller campus is located in Stranraer in the west of the region, 75 miles from Dumfries and offers a range of full and part-time programmes.

Using the South of Scotland Regional Skills Assessment, provided by Skills Development Scotland, we are ensuring our curriculum aligns to local and national economic needs. We continue to invest in our facilities with refurbished state-of-the-art beauty salons at our Dumfries Campus in Summer 2016. Subject to funding, further investment is planned – particularly in the areas of Engineering at the Stranraer Campus. We have a medium-term ambition to become a Science, Technology, Engineering and Mathematics (STEM) centre are currently exploring development of skills academies with universities. We continue to explore opportunities to develop new curriculum areas, especially in the Food and Drink sector which has been identified as a key sector within Dumfries and Galloway. As well as seeking to create learning opportunities through to degree level through collaboration with University partners, we are currently in discussion with University of the West of Scotland to deliver a degree in the Creative Industries Sector. We signed a Memorandum of Understanding with Edinburgh Napier in May 2016.

The Scottish Government's response to the 39 recommendations in the final report of the Commission on Developing Scotland's Young Workforce will influence the allocation of government resources related to education and training. This initiative has enabled the College to strengthen links with schools and we will continue to work with them to develop vocational pathways that offer alternative but meaningful routes to employment, with clear progression opportunities linked where possible directly to industry and employers.

Our Strategic Plan sits alongside the College's Regional Outcome Agreement which sets out how we will meet the Scottish Government's expectations and deliver value for money for the public investment we receive.

Over the next 5 years we will support the Scottish Government's key pledges on growing Scotland's economy and tackling social injustice by ensuring we have the highest quality curriculum offering that delivers skills, education and training to meet local and national needs but one that is also inclusive and enables individuals to achieve their maximum potential.

Performance Report (continued)**Strategic Outcomes**

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.

Key issues and risks affecting Dumfries and Galloway College

The College has an established Risk Management Policy and Risk Assessment Policy, which outlines the approach to risk management and defines the key principles, processes and responsibilities for the management of risk across the College as well as providing a systematic way of identifying, monitoring and reporting risks to ensure the College is able to meet its objectives.

The Executive Management Team member responsible for planning maintains the College Risk Register, which is updated and considered regularly by the Executive Management Team and considered by the Audit Committee at each scheduled meeting.

The following risks from the College Risk Register have been identified as key risks:

- **National Pay Bargaining.** The impact of National Pay Bargaining on the College finances and staffing remains uncertain. The threat of future industrial action would be detrimental to learners achieving their qualifications as well as staff moral;

- **Public Sector Funding Cuts.** The continued uncertainty over public sector financial allocations beyond 2016-17 and potential funding cuts will have an impact on the curriculum provision and student services. Scenario planning and budgetary review will be undertaken to minimise the impact on learners and staff;

- **College Reclassification.** The impact on reclassification of the Scottish College sector as public bodies on 1 April 2014 for budgeting and financial reporting has reduced the flexibility of the College to manage financial and estates issues, and meet targets in the Outcome Agreement with the Scottish Funding Council. Internal planning and monitoring processes have been changed in order to minimise the impact of reclassification on learners. The College has been grateful to receive grant support from the Scottish Colleges Foundation to fund estates developments to enhance provision for learners.

- **Ability to achieve activity targets.** The Executive Management Team carry out a robust planning process in order to establish a Curriculum Plan each year, and an Operational Plan to support the curriculum. The funding received from the Scottish Funding Council is dependent on the College achieving its activity targets each academic year. A number of procedures have been established in order to achieve the target each year, and early warning strategies are being implemented in order to improve early retention. However, environmental pressures may impact on retention and this will continue to be monitored.

- **Crichton Campus Partners' review of property and provision in Dumfries.** The College has established shared services with the Universities of Glasgow and the West of Scotland including some shared building space and library services as well as articulation agreements for learners. The University of the West of Scotland are currently undertaking a 'Transformational Project' in respect of their services and the College will continue to discuss any potential impact on our shared services and articulation arrangements.

Performance Report (continued)**Performance Summary**

In August 2015 Dumfries and Galloway College launched its five-year strategic plan, Vision 2020, setting out its vision and aspirations, and good progress has been made towards achieving the objectives during the academic year 2015-16.

Student Numbers

During academic year 2015-16, the College delivered 29,871 credits against a target of 30,371 (2014-15 - 42,407 WSUMs). Total numbers for student enrolments increased from 5,705 in 2014-15 to 6,474 in 2015-16, an increase of 13%. Within these overall numbers full-time student numbers were maintained at 1,600 (1,619 in 2014-15). Full-time FE student numbers increased marginally from 1,112 in 2014-15 to 1,120 in 2015-16 but full-time HE student numbers decreased by 5%, from 507 in 2014-15 to 480 in 2015-16. Part-time FE student numbers increased by 19% from 3,861 in 2014-15 to 4,606 in 2015-16.

Student Achievements

The overall numbers of full-time students successfully completing their programme of study in 2015-16 was 64%, which was slightly lower than 66% achieved in 2014-15. The split between full-time Further Education and Higher Education student achievements was FE - 61% and HE 71% (2014-15 - 64% and 71%).

Successful completion for part-time students increased from 70% to 76% for FE students and from 70% to 71% for HE students.

Quality Assurance and Enhancement

In February 2016, the College was reviewed by Education Scotland, who judged the College has in place effective arrangements to maintain and enhance the quality of its provision and outcomes for learners and other stakeholders.

Curriculum Developments

The College's curriculum continues to be shaped to support and develop e-learning, blended learning approaches and online curriculum including Higher National Certificate in Social Care which is fully available online.

The College has developed Hospitality and Catering training facilities on the Dumfries campus which enabled the College to offer Hospitality and Professional Cookery programmes in Dumfries during 2015-16, which is aligned to one of the growth sectors highlighted in the South of Scotland Regional Skills Assessment 2012-2022.

The College, along with local partners, delivered 'Project Search', a programme set-up to assist anyone with additional needs find a route to employment.

The College's curriculum planning process was identified as best practice in terms of meeting regional and national needs in a recent Education Scotland Aspect review.

The College will continue to develop formal articulation routes for its students and recently signed a Memorandum of Agreement with Edinburgh Napier University to explore articulation opportunities – initially in the Engineering area but, potentially, this may expand to include other areas.

SFC provided the College with financial support towards the cost of developing the Student Association, and the College worked towards the Student Association being able to work as equal partners with the College. A full-time Student Association president was appointed in 2015-16, and the President and Vice President (Stranraer) are members of the Board of Management.

Performance Report (continued)**Future Developments**

Dumfries and Galloway College aspires to be an 'outstanding college', and aims to deliver the highest quality learning for our students, to make a positive contribution to the local and national priorities, and to utilise the expertise of our staff to deliver continuous improvements. Improving attainment will be a key priority, particularly in curriculum areas with low performance indicators.

Work will continue to identify opportunities to enhance collaboration with other Crichton campus partners, to identify future curriculum delivery, explore joint student association activities and explore further opportunities for co-location.

The College will continue to embed and develop the Student Association in 2016-17, working with the national Union of Students and ensuring equivalence of Student Association across both the Dumfries and Stranraer campuses.

The College will continue to strengthen links with Business Gateway in order to facilitate and support students who may be considering starting their own business.

Performance Analysis**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 £286,000 was received during the year to 31 July 2016 for several estates developments (2014-15 - £1,492,000 was received to fund development of a training kitchen and restaurant).

How we measure performance

The College Outcome Agreement with the Scottish Funding Council (SFC) sets out what the College plans to deliver in return for funding. The Outcome Agreement reflects the College's commitment to responding to the educational and skills needs within the Dumfries and Galloway Region. The 2015-16 SFC Outcome Agreement aligned to the Scottish Funding Council's six national priorities:

Efficient regional structures - to deliver an efficient regional structure to meet the needs of the Dumfries and Galloway Region;

High quality & efficient learning – to ensure that learner journeys are as short, efficient and effective as possible and that learners experience the highest quality of learning and teaching and achieve successful outcomes:

Access for people from widest range of backgrounds - to improve access to further and higher education for people from the widest possible range of backgrounds;

Right learning in the right place – to secure coherent provision of further and higher education in Scotland:

A developed workforce - To ensure students are qualified and prepared for work and to improve and adapt the skills of the region's workforce;

Performance Report (continued)

Sustainable institutions - to secure, well managed and financially and environmentally sustainable colleges.

The College Board of Management and Committees regularly measure and monitor progress towards delivery of the targets set out in the outcome agreement through regular reporting of Key Performance Indicators. The College also produces an annual outcome agreement self evaluation report.

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:

- Credit targets (previously measured as WSUMS)
- Enrolments
- Retention (both early and further)
- Student Outcomes
- Income and expenditure

The Learning & Teaching Committee of the Board also monitors academic performance, including retention, progression and outcomes, including sector comparators. In addition the Human Resources Committee of the Board monitors staffing.

Development and performance during the year

The Scottish Funding Council changed the measurement of the volume of student activity funded by grants from Weighted SUMS (WSUMS) to credits during 2015-16. 1 credit is equivalent to 40 hours of learning under the new measurement criteria.

The key performance indicators for 2015-16 and 2014-15 are as follows:

	2015-16	2014-15
Credits achieved	29,871	N/A
WSUMS achieved	N/A	42,407
Credits per FTE	140	N/A
WSUMS per staff FTE	N/A	203
<i>Target Credits</i>	30,371	N/A
<i>Target WSUMS</i>	N/A	42,529
Operating deficit (inclusive of IAS 19 adjustments)	(£833,000)	(£192,000)
Operating deficit - excluding transfer to Foundation	(£833,000)	(£174,000)
Deficit excluding transfer to Foundation as a % of total income	6.69%	0.99%
Deficit excluding transfer to Foundation as a % of total expenditure	6.27%	0.98%
Staff costs as a % of total expenditure excluding transfer to Foundation	60.0%	55.8%
Ratio of current assets to current liabilities	0.82	0.93
Days cash to total expenditure excluding depreciation and transfer to Foundation	59	49
Non SFC income as a % of total expenditure excluding transfer to Foundation	19.0%	26.4%

Education Scotland carries out periodic reviews of Scottish Colleges on behalf of the Scottish Funding Council with the aim of providing assurance on the quality of Scottish Education and promote improvement and innovation to enhance learners' experiences.

Education Scotland carried out an independent review of the quality of provision in Dumfries and Galloway College in February 2016, and reported their findings in April 2016. The report issued by HM Inspectors concludes that 'Dumfries and Galloway College has in place effective arrangements to maintain and enhance the quality of its provision and outcomes for learners and other stakeholders. This judgement means that, in relation to quality assurance and enhancement, the college is led well, has sufficiently robust arrangements to address any identified minor weaknesses, and is likely to continue to improve the quality of its services for learners and other stakeholders'.

Performance Report (continued)

Financial Out-turn for the period

The College is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to the 2015 SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the college is provided in note 27.

The College operating results are for a twelve month accounting period, from 1 August 2015 to 31 July 2016. The results for the period show an operating deficit of £833,000, which includes the additional planned expenditure from depreciation cash budgets of £380,000 as well as a net charge of £464,000 included in the Statement of Comprehensive Income to reflect the pension valuation changes for the Local Government Pension Scheme at 31 July 2016, in accordance with the technical accounting requirements as detailed at Note 19.

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 2016 shows a decrease in total reserves of £2,658,000 from balances at 31 July 2015, which includes an increase of £2,289,000 to £7,508,000 in the deficit for the Local Government Pension Scheme as detailed at Note 19. College bank balances shows a decrease during the period which reflects a reduction in funds which were retained to meet Lennartz liabilities as disclosed at Notes 15 and 16.

Deficit resulting from use of depreciation cash and pension revaluation under IAS 19

As highlighted previously, the impact of ONS reclassification of the Scottish College sector as central government bodies for budgeting and financial reporting has reduced the flexibility of the College to manage financial and estates issues, and meet targets in the College's Regional Outcome Agreement with the Scottish Funding Council.

Following the Scottish College sector reclassification as central government bodies from 1 April 2014, while the College prepares accounts under the 2015 Statement of Recommended Practice and Financial Reporting Standards FRS 102, it is also required to comply with Central Government budgeting rules. This affects, among other things, the way in which non-cash depreciation charges are treated. For the 2015-16 budget period this has meant that the College received cash for budgeted depreciation costs, and without approval to spend this cash, it would have been effectively frozen. The underlying operating position would therefore have been a small surplus before accounting for this additional spend and the adjustments for the pension valuation for the Local Government Pension Scheme at 31 July 2016 in accordance with the technical accounting requirements of IAS 19, as detailed at Note 19.

The Scottish Funding Council issued guidance to the College on this matter on 30 March 2015 which provided approval for the depreciation cash budget to be used for specific other areas of expenditure. During 2015-16, £380,000 of depreciation cash budget was used to fund pay costs and curriculum developments. In addition, the accounting adjustments to update the LGPS valuation at 31 July 2016 have resulted in a net charge of £464,000 to expenditure. The impact of the above has contributed £844,000 to the reported deficit for the 2015-16 financial period (2014-15 - £896,000). 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.

The impact on operating position is detailed below:

	2015-16 £000	2014-15 £000
Net depreciation spend		
Pay award	96	0
Curriculum developments	284	296
Total net depreciation spend	380	296
Accounting adjustments for IAS 19	464	600
Total additional costs relating to net depreciation spend and accounting adjustments for IAS 19 included within operating results	844	896

Performance Report (continued)**Review of Resource outturn for the year ended 31 March 2016**

Following the reclassification of colleges as public bodies on 1 April 2014, the college has been required to comply with government accounting and budgeting rules on a financial year basis (ie to the end of March). The college is given a revenue resource budget (RDEL) and a capital resource budget (CDEL) and must account for this budget on a financial year basis. The resource budgets and final outturn for the 2015-16 budgeting period are outlined below:

	RDEL	CDEL
	£000	£000
Resource budget for year ended 31 March 2016	13,343	0
Expenditure against resource budget	13,143	0
Net underspend/ (overspend) against budget	200	0

The outturn is better than forecast due to an underspend of student support funding for the period.

In addition, the College received a non-cash budget from the Scottish Government to cover depreciation costs.

Payment Practice Code

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 1.53% (2014/15 - 0.3%). The College did not pay any interest on late payments as defined under the Late Payment of Commercial Debts (Interest) Act 1998.

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.

Environmental Considerations and Sustainability Reporting

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.

The College has developed a comprehensive 5 year Climate Change Action Plan to achieve reduced emissions. The Climate Change Action Plan 2015-2020 emphasises the College's commitment to reducing carbon dioxide emissions over the short to medium term, and 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. The College has set a target to reduce carbon emissions by 20% by 31 December 2019 from the 2014 baseline data measurements. A copy of our Carbon Management Plan 2015-20 which provides detailed information in respect of our works towards facilitating greater sustainability can be accessed using the following web link:

https://www.dumgal.ac.uk/dumgalcontent/uploads/2016/03/Climate_Change_Action_Plan_Dec2015.pdf

The College confirms that it complies with Scottish Government sustainability reporting in line with the requirements of the Climate Change (Scotland) Act 2009.

Performance Report (continued)**Going Concern**

The College is preparing its financial statements in accordance with Financial Reporting Standard (FRS) 102 for the first time and the key impact of the changes relate to capital grants. FRS 102 requires the balance of deferred capital government grants amounting to £24,891,000 at 31 July 2015 require to be accounted for as creditor balances rather than reserves. The balance has been split between current liabilities of £756,000 and long-term liabilities of £24,135,000. The College balance sheet at 31 July 2015 shows net current liabilities of £171,000 as a result of this change in disclosure and a reduction of £24,891,000 in total reserves.

Following the Scottish College sector reclassification as central government bodies from 1 April 2014, while the College prepares accounts under the 2015 Statement of Recommended Practice and Financial Reporting Standards FRS 102, it is also required to comply with Central Government budgeting rules. This affects, among other things, the way in which non-cash depreciation charges are treated. For the 2015-16 budget period this has meant that the College received cash for budgeted depreciation costs, and without approval to spend this cash, it would have been effectively frozen. The underlying operating position would therefore have been a small surplus before accounting for this additional spend and the adjustments for the pension valuation for the Local Government Pension Scheme at 31 July 2016 in accordance with the technical accounting requirements of IAS 19, as detailed at Note 19.

The Scottish Funding Council issued guidance to the College on this matter on 30 March 2015 which provided approval for the depreciation cash budget to be used for specific other areas of expenditure. During 2015-16, £380,000 of depreciation cash budget was used to fund pay costs and curriculum developments. In addition, the accounting adjustments to update the LGPS valuation at 31 July 2016 have resulted in a net charge of £464,000 to expenditure. The impact of the above has contributed £844,000 to the reported deficit for the 2015-16 financial period (2014-15 - £896,000). 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.

The financial statements have been prepared on the going concern basis, which provides that the organisation will continue in operational existence for the foreseeable future. The disclosure of deferred government capital grants as creditors has resulted in the Balance Sheet at 31 July 2016 showing net current liabilities due to the accounting treatment of deferred grants rather than a future cash outflow for the College. In addition, the deficit reported in the Statement of Comprehensive Income includes £380,000 of 'net depreciation cash' expenditure and accounting adjustments for the LGPS pension valuation of £464,000. These technical accounting adjustments are not considered to have an impact on the College's ongoing financial sustainability.

Carol Turnbull

6 December 2016

Principal

Accountability Report**Corporate Governance Report****Board of Management**

The Regional Board for Dumfries and Galloway College is now well established and comprises of the Chair, the Principal, two student members, two staff members and nine non-executive members. The College recognises the important role Board members have in acting as ambassadors for the College as well as providing a governance role.

The College's Regional Board is responsible for bringing independent judgement to bear on issues concerning the College's strategic direction, performance, resources and standards of conduct. In addition the Board is responsible for systems of internal control. The Board reviews its effectiveness on an annual basis through a robust self evaluation process. The members who served on the Board of Management during the year and up to the date of signature of this report are set out on below.

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. Agendas, minutes, papers and reports of all meetings are available on the College website: www.dumgal.ac.uk

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.

Dumfries and Galloway College Board of Management met five times during the 2015-16 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 Board Development Committee (includes appointments), a Remuneration Committee, a Learning and Teaching Committee and Audit Committee. All committees are required to report back to the Board on their activities.

The Chair meets with each member of the Board on an annual basis as part of the Board's process of evaluating the effectiveness of board members. The evaluation of the Board Chair is undertaken by the Vice Chair. The performance of the Board Chair is also evaluated by the Scottish Government, as regional college chairs are appointed by the Scottish Ministers and are personally accountable to them.

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

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 and on the College website: www.dumgal.ac.uk

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.

Accountability Report (continued)**Corporate Governance Report (continued)**

The undernoted individuals are the current members of the Board of Management:

Janet Brennan
Hugh Carr
Emma Curtis (Student member)
Ros Francis
Barry Graham
Scott Hardie (Student member)
John Henderson
Kenny Henry (Support Staff Member)
Delia Holland (Vice Chair)
Brian Johnstone (Regional College Chair)
Pat Kirby
Stuart Martin
Karen McGahan
Carol Turnbull (Principal and Chief Executive)
Ian White (Lecturing Staff Member)

The following individuals were also Board members in the period from August 2015 up to 31 July 2016:

Janice Goldie (resigned December 2015)
Craig McGill (Student Member, term in office finished June 2016)
Julian Weir (Student Member, term in office finished June 2016)

A short biography of each Board member, together with their Register of Interests, can be accessed on our website using the following link: <http://www.dumgal.ac.uk/dumgalportal/index.php?pageid=BOM-profiles>

Jannette Brown acted as Board Secretary throughout the period, with Kay Bird taking over from August 2016.

Executive Management Team

The Board of Management has delegated day to day responsibility for running the College to the Executive Management Team.

The undernoted individuals are the current members of the Executive Management Team:

Carol Turnbull (Principal)
Jannette Brown (Vice Principal Corporate Services and Governance)
Helen Pedley (Director of Organisational Development and Facilities)
Andy Wright (Vice Principal Learning and Skills)

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 below, together with details of membership of key committees at 31 July 2016.

Key Committees:

Human Resources Committee
Members - Janet Brennan, Stuart Martin (Chair), Carol Turnbull and Ian White

Board Development Committee (Previously Selection and Appointments Committee)
Members - Hugh Carr, Delia Holland, Brian Johnstone (Chair), Stuart Martin and John Henderson

Accountability Report (continued)**Corporate Governance Report (continued)**

Remuneration Committee

Members - John Henderson, Delia Holland (Chair), Brian Johnstone and Ian White

Audit Committee

Members - Hugh Carr (Chair), Delia Holland, Pat Kirby and Stuart Martin

Finance and General Purposes Committee

Members - Ros Francis, John Henderson (Chair), Kenny Henry, Karen McGahan and Carol Turnbull

Learning and Teaching Committee

Members - Barry Graham, John Henderson, Kenny Henry, Delia Holland (Chair), Emma Curtis, Carol Turnbull, Scott Hardie and Ian White.

Appointments to the Board of Management

Following regionalisation of Scottish colleges and their designation as public bodies, Regional Chairs are appointed by the Scottish Minister and are subject to the Public Appointments process.

Any new appointments to the Board of Management are a matter for consideration by the Board as a whole. The Board has a Board Development Committee, which is responsible for the selection and appointment of any new member for the Board's consideration. Any appointment is also now subject to approval by the Cabinet Secretary for Education and Lifelong Learning.

Human Resources Committee

The primary purpose of the Human Resources Committee is to ensure that the College is operating within all legal requirements relating to employment law and other legislation affecting employment. The committee also approves the HR strategy and monitors actual performance against KPI's to include staff welfare, staff establishment, turnover, sickness, and absence. The Committee meets once per year.

Board Development Committee

The Board Development Committee was previously the Selection and Appointments Committee. The remit of this committee was revised and strengthened during 2015-16 to ensure compliance with the Code of Good Governance for Scotland's Colleges and the Board Development Framework. The Board Development Committee now has responsibility for advising the Board of Management on matters relating to members of the Board of Management, including Board Member appointment, balance of skills and experience, induction and training, balance in relation to equality as well as Board evaluation and development. The Committee meets at least once per year.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration, terms and conditions (and, where appropriate severance payments) of the Principal, members of the Executive Management Team and the Secretary to the Board. The Committee meets at least once per year. Details of the remuneration of senior post-holders for the period ended 31 July 2016 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.

The Audit Committee meets a minimum of four 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.

Accountability Report (continued)**Corporate Governance Report (continued)**

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 is responsible for ensuring compliance with the Financial Memorandum and Financial Regulations. It recommends the annual budget to the Board and monitors actual performance against budget. The Committee also makes recommendations to the Board on matters relating to the development and management of its property and facilities. The Committee meets four times per year.

Learning and Teaching Committee

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. The Committee meets four times per year.

Corporate Strategy

The Board of Management adopted the Code of Good Governance for Scotland's Colleges in January 2015. The Selection and Appointments Committee was strengthened during the year, and is now the Board Development Committee. The remit of the Committee now includes Board Member induction and training as well as Board Evaluation. An annual self-evaluation process has been established which includes a review of performance over the last 12 months, and an assessment of external and internal changes which are likely to impact on the Board in the next 12 months. Areas for development are identified and a Development Plan produced which is monitored throughout the year. Progress against the Development Plan is assessed as part of the following year's performance review.

A Board Strategic Session is included in the Board calendar each year.

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 2016 and up to the date of approval of the annual report and accounts.

Accountability Report (continued)**Corporate Governance Report (continued)*****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 2016 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.

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.

Risk Management and Internal Control***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.

Accountability Report (continued)**Corporate Governance Report (continued)**

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 2016 meeting, the Board of Management carried out the annual assessment for the period ended 31 July 2016 by considering documentation from the Executive Management Team and internal audit, and taking account of events since 31 July 2016.

Estates Strategy

The College is currently developing a five 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 curriculum 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.

Human Resources Strategy

The College has developed a five year human resources strategy to support the College's strategic plan Vision 2020. The strategy aims to achieve:

- an engaged, diverse, and high quality workforce;
- adaptable, flexible and innovative staff, teams and organisation;
- excellent leadership and management;
- a safe and healthy working environment.

Accountability Report (continued)**Corporate Governance Report (continued)****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 September 2014. 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 complies with the sector Board Development and Evaluation Framework.

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.

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 2016.

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 2016.

Following its self evaluation the Board has identified a number of areas for development. Key areas include:

- To keep strategy under review as events change
- To keep stakeholders under review
- To ensure to make use of student members
- To build on local area committee engagement (Dumfries and Galloway Council)
- To harness skills of Board members and own contacts more
- To make staff more aware of Board e.g. presentation to staff
- To Communication would help re clarity of roles such as e.g. student association
- To recruit members from vocational backgrounds
- Board members to undertake Equalities training

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 6 December 2016 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 2015 Statement of Recommended Practice Accounting for further and higher education, the 2015-16 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.

Statement of the Board of Management's Responsibilities (continued)

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 6 December 2016 and signed on its behalf by:

Brian Johnstone
Chairman

Remuneration and Staff 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 2016.

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 £60,000 or more, this information being disclosed in salary bandings of £5,000 above £60,000. 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, terms and conditions (and, where appropriate severance payments) of the Principal, members of the Executive Management Team and the Secretary to the Board. The Committee meets at least once per year. Details of the remuneration of senior post-holders for the period ended 31 July 2016 are set out in note 8 to the financial statements.

Remuneration including salary entitlements

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

The College's employees receiving more than £60,000 remuneration during the period covered by the financial statements are shown below. This information is disclosed in salary bandings of £5,000 above £60,000 or more.

	12 Month period ended 31 July 2016		16 Month period ended 31 July 2015	
	Number senior post- holders	Number other staff	Number senior post-holders	Number other staff
£60,001 to £65,000	3	0	0	3
£65,001 to £70,000	0	0	0	0
£70,001 to £75,000	0	0	1	0
£75,001 to £80,000	0	0	0	0
£80,001 to £85,000	0	0	2	0
£85,001 to £90,000	0	0	0	0
£90,001 to £95,000	1	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	0	0	1	0
	4	0	4	3

During the period, the College made no payments for compensation on early retirement or loss of office (2014-15 - £nil).

Remuneration and Staff Report (continued)

During the period, the College made no non-cash benefits available to staff (2014-15 - none).

Median Remuneration

Based on the 12 month figures above, the banded remuneration of the highest paid official in the organisation during the financial year 2015-16 was £95,000. (2014-15 - £95,000 on a pro-rata 12 month basis). This was 4 times (2014-15 4 times) the median remuneration of the workforce which was £24,000 (2014-15 £24,000).

Salary entitlements

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

Name	12 months ended 31 July 2016			16 months ended 31 July 2015		
	Actual			Actual		
	Salary £'000	Pension benefit £'000	Total £'000	Salary £'000	Pension benefit £'000	Total £'000
B. Johnstone - Actual	20	0	20	30	0	30
C. Turnbull - Actual	95	50	145	125	35	160
J. Brown - Actual	65	25	90	80	35	115
H. Pedley - Actual	65	25	90	75	30	105
S.A. Wright - Actual	65	50	115	85	20	105

Name	Annual Equivalent			Annual Equivalent		
	Annual Equivalent			Annual Equivalent		
	Salary £'000	Pension benefit £'000	Total £'000	Salary £'000	Pension benefit £'000	Total £'000
B. Johnstone - Annual Equivalent	20	0	20	20	0	20
C. Turnbull - Annual Equivalent	95	50	145	95	25	120
J. Brown - Annual Equivalent	65	25	90	65	25	90
H. Pedley - Annual Equivalent	65	25	90	55	25	80
S.A. Wright - Annual equivalent	65	50	115	65	15	80

The salary and pension benefits above are shown in bands of £5,000 in accordance with the 2014/15 Government Financial Reporting Manual. Pension Benefits are calculated as real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual.

Pension benefits for all College 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.

The Pension Benefits noted above include benefits from the Local Government Pension Scheme for three Senior Executives, and the Scottish Teachers Superannuation Scheme for one Senior Executive.

Contribution rates for both pension schemes are set annually for all employees, as set out at note 19.

Remuneration and Staff Report (continued)**Changes to the Local Government Pension Scheme**

Changes were made to the LGPS scheme from 1 April 2015. The pension after that date for members will be calculated on a career average basis, and the pension age will align with the state retirement age.

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

There is no automatic entitlement to a lump sum for LGPS scheme members. 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.

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 state retirement age in the current scheme. Member benefits build up in the new way from April 2015.

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.

	Accrued pension at pension age at 31 July 2016	Accrued lump sum at pension age at 31 July 2016	Real increase in pension 1 August 2015 to 31 July 2016	Real increase in lump sum 1 August 2015 to 31 July 2016	CETV at 31 July 2016	CETV at 31 July 2015	Real increase in CETV
Name	£'000	£'000	£'000	£'000	£'000	£'000	£'000
B. Johnstone	0	0	0	0	0	0	0
C. Turnbull	35	70	2.5	2.5	742	674	68
J. Brown	30	60	2.5	2.5	570	517	53
H. Pedley	25	50	2.5	2.5	390	365	25
S.A. Wright	25	70	2.5	7.5	449	391	58

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.

Remuneration and Staff Report (continued)**Compensation for loss of office**

No employees left under voluntary exit terms during the year.

Staff Report

The Staff Report contains information relating to staff costs and staff numbers.

Staff Costs

Staff costs for the year were as follows:

	Directly employ ed staff £'000	Seconded and agency staff £'000	2015-16 Total £'000	Directly employed staff £'000	Seconded and agency staff £'000	2014-15 Total £'000
Wages and salaries	6,140	46	6,186	7,711	61	7,772
Social security costs	457	0	457	527	0	527
Other pension costs	1,372	0	1,372	1,640	0	1,640
Total	7,969	46	8,015	9,878	61	9,939
Average number of FTE	213	1.5	214.5	209	2	211

The College employed 195 females and 120 males as at 31 July 2016. Of the four College Senior Executives, one is male and three are female.

Sickness Absence

The total number of days lost per full-time equivalent (FTE) to sickness absence during 2015-16 was 6.4 days, which has decreased from 2014-15 which was 7.5 days.

Policies in relation to disabled persons

The College is committed to a policy of equal opportunities for all staff and students, irrespective of their sex, marital status, age, race, ethnic origin, sexual orientation, disability, religion or belief, working pattern, employment status, gender identity, caring responsibility or trade union membership. 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. 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. The College undertakes to develop all staff and positively values the different perspectives and skills each bring to work.

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.

Expenditure on consultancy and payroll arrangements

Consultancy expenditure of £40,000 was incurred in respect of architectural and other specialist services relating to property and IT developments during the year to July 2016.

Exit packages

No Board member or senior manager left under voluntary or compulsory exit schemes in 2015-16 (2014-15 - none)

DRAFT 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 year ended 31 July 2016 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Balance Sheet, Statement of Cash Flows, Statement of Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Financial Reporting Standard (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 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

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 2016 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

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.

Opinion on other prescribed matters

In our opinion:

- the part of the Remuneration and Staffing 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; and
- the information given in the Performance Report for the financial year 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 and the part of the Remuneration and Staffing Report to be audited 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 Corporate Governance Report 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

XX December 2016

Statement of Comprehensive Income

		Year ended 31 July	Period ended 31 July (restated)
	Note	2016	2015
		£000	£000
INCOME			
SFC grants	2	9,909	12,906
Tuition fees and education contracts	3	1,719	2,271
Other grant income	4	395	1,760
Other operating income	5	422	569
Endowment and investment income	6	11	16
Total Income		12,456	17,522
EXPENDITURE			
Staff costs excluding exceptional costs	7	7,969	9,878
Fundamental restructuring costs		0	0
Other operating expenses	9	3,930	6,002
Transfer to Arms Length Foundation	9	0	18
Depreciation	12	1,197	1,579
Interest and other finance costs	10	193	237
Total Expenditure		13,289	17,714
(Deficit)/ Surplus before tax		(833)	(192)
Taxation		0	0
(Deficit)/ Surplus for the year		(833)	(192)
Unrealised deficit on revaluation of land and buildings		0	(1,785)
Actuarial (loss) in respect of pension schemes	19	(1,825)	(691)
Total comprehensive income for the year		(2,658)	(2,668)
Represented by:			
Unrestricted comprehensive income for the year		(2,658)	(2,668)

All items of income and expenditure relate to continuing activities.

A significant consequence of reclassification as central government bodies, from 1 April 2014, while the College prepares accounts under the 2015 Statement of Recommended Practice and Financial Reporting Standards FRS 102, it is also required to comply with Central Government budgeting rules. This affects, among other things, the way in which non-cash depreciation charges are treated. For the 2015-16 budget period the College received cash for budgeted depreciation costs, and without approval to spend this cash, moving the College's Statement of Comprehensive Income into a deficit position, it would have been effectively frozen. The underlying operating position would therefore have been a small surplus before accounting for this additional expenditure and the adjustments for the pension valuation for the Local Government Pension Scheme at 31 July 2016 in accordance with the technical accounting requirements of IAS 19, as detailed at Note 19.

The Scottish Funding Council issued guidance to the College on this matter on 30 March 2015 which provided approval for the depreciation cash budget to be used for specific other areas of expenditure. During 2015-16, £380,000 of depreciation cash budget was used to fund pay costs and curriculum developments. In addition, the accounting adjustments to update the LGPS valuation at 31 July 2016 have resulted in a net charge of £464,000 to expenditure. The impact of the above has contributed £844,000 to the reported deficit for the 2015-16 financial period (2014-15 - £896,000). 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.

Statement of Changes in Reserves for the year ended 31 July 2016

	Income and expenditure reserve	Revaluation reserve	Total
	£000	£000	£000
Balance at 1 April 2014	2,941	6,614	9,555
Surplus/ (Deficit) from the income and expenditure statement	(192)	0	(192)
Other comprehensive income	(691)	(1,785)	(2,476)
Transfers between revaluation and income and expenditure reserve	264	(264)	0
Release of restricted capital funds spent in period	0	0	0
	<u>(619)</u>	<u>(2,049)</u>	<u>(2,668)</u>
Balance at 1 August 2015	2,322	4,565	6,887
Surplus/ (Deficit) from the income and expenditure statement	(833)	0	(833)
Other comprehensive income	(1,825)	0	(1,825)
Transfers between revaluation and income and expenditure reserve	144	(144)	0
Release of restricted capital funds spent in year	0	0	0
	<u>(2,514)</u>	<u>(144)</u>	<u>(2,658)</u>
Total comprehensive income for the year	(2,514)	(144)	(2,658)
Balance at 31 July 2016	<u>(192)</u>	<u>4,421</u>	<u>4,229</u>

Balance Sheet as at 31 July 2016

		Year ended 31 July 2016	Period ended 31 July (restated) 2015
	Note	£000	£000
Non-current assets			
Fixed assets	12	<u>36,756</u>	<u>37,953</u>
Current Assets			
Trade and other receivables	13	511	297
Cash at cash equivalents	14	<u>1,947</u>	<u>2,163</u>
Total current assets		2,458	2,460
Less: Creditors - amounts falling due within one year	15	<u>(2,984)</u>	<u>(2,631)</u>
Net Current Assets/ (Liabilities)		<u>(526)</u>	<u>(171)</u>
Total Assets less Current Liabilities		36,230	37,782
Less: Creditors - amounts falling due after more than one year	16	(23,710)	(24,880)
Provisions			
Pension provisions	17	(8,291)	(6,006)
Other provisions		<u>0</u>	<u>(9)</u>
Total net assets		<u><u>4,229</u></u>	<u><u>6,887</u></u>
Unrestricted Reserves			
Income and expenditure reserve - unrestricted		(192)	2,322
Revaluation reserve		4,421	4,565
Total reserves		<u><u>4,229</u></u>	<u><u>6,887</u></u>

The financial statements on pages 27 to 51 were approved by the Board of Management on 6 December 2016 and were signed on its behalf by:

Brian Johnstone
Chairman

Carol Turnbull
Principal

Statement of Cash Flows for the year ended 31 July 2016

	Year ended 31 July	Period ended 31 July (restated)
Note	2016	2015
	£000	£000
Cash flow from operating activities		
(Deficit)/ Surplus for the period	(833)	(192)
Adjustment for non-cash items		
Depreciation	1,197	1,579
Decrease/ (increase) in debtors	(214)	704
(Decrease)/ increase in creditors	(817)	(1,904)
Increase/ (decrease) in pension provision	460	646
Increase/ (decrease) in other provisions	(9)	0
Adjustment for investing or financing activities		
Investment income	0	0
Interest payable	0	0
(Loss)/ Profit on sale of fixed assets	0	(16)
Net cash (Outflow)/ Inflow from operating activities	(216)	817
Cash flows from investing activities		
Proceeds from sales of fixed assets	0	18
Investment income	0	0
Payments to acquire fixed assets	0	(799)
	0	(781)
Cash flows from financing activities		
Interest paid	0	0
Repayments of amounts borrowed	0	0
	0	0
(Decrease)/ increase in cash and cash equivalents in the period	(216)	36
Cash and cash equivalents at beginning of the period	2,163	2,127
Cash and cash equivalents at end of the period	1,947	2,163

Notes to the Financial Statements**1. Statement of Accounting Policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

1.1 Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice (SORP) 2015: 'Accounting in Further and Higher Education'; the Financial Reporting Standards FRS 102 and the 2015-16 Government Financial Reporting Model (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.

The College is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102.

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 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 material to the financial statements are set out below.

1.2 Recognition of income

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

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

All income from short-term deposits and investment income is credited to the statement of income and expenditure on a receivable basis.

The College acts as paying agent on behalf of two funding bodies - the Scottish Funding Council and the Student Awards Agency for Scotland - in the collection and payment of certain Student Support Funds. Where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction, those funds are excluded from the income and expenditure of the College.

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, those funds are shown as College income and expenditure.

Grant funding

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

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

Notes to the Financial Statements (continued)**1. Statement of Accounting Policies (continued)****1.2 Recognition of income (continued)*****Donations and endowments***

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

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

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the restriction applied to the individual endowment fund.

Four main types of donations and endowments are identified within reserves:

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

Capital grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

1.3 Fixed assets

In line with FReM all tangible assets must be carried at fair value. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings

Land and buildings are measured using the revaluation model. Under the revaluation model, assets are revalued to fair value. Where appropriate Depreciated Replacement cost has been used as a measure of fair value for land and buildings otherwise Market Value will be used. The College has a policy of ensuring a full revaluation takes place at least every 5 years such that the fair value is not materially different to the current value. Depreciation and impairment losses are subsequently charged on the revalued amount.

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the College.

If a building is brought into use mid-way through a year the depreciation charge in the first year will be pro-rated to reflect the number of months that the asset was in use.

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

Notes to the Financial Statements (continued)**1. Statement of Accounting Policies (continued)****1.3 Fixed assets (continued)**

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2016. They are not depreciated until they are brought into use.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives.

The expected useful life of buildings can vary from 10 to 50 years as determined by professional opinion and valuation.

Equipment

Equipment, including computers and software, costing less than £10,000 per individual item and motor vehicles costing less than £5,000 are recognised as expenditure. All other equipment is capitalised and depreciated in accordance with the depreciation policy.

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

Buildings	10 to 50 years
Fixtures and fittings	10 years
Computer equipment	3 years
Other equipment	5 years
Motor vehicles	5 years

Where equipment is brought into use mid-way through a year the depreciation charge in the first year will be prorated to reflect the number of months that the asset was in use.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

Borrowing costs

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

1.4 Finance leases

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

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.5 Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

1.6 Cash and cash equivalents

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

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes to the Financial Statements (continued)**1. Statement of Accounting Policies (continued)****1.7 Taxation**

The College is an exempt charity within the meaning of the Trustee Investment and Charities (Scotland) Act 2005 and as such, is a charity within the meaning of Section 506 (1) of the Income and Corporation Taxes Act 1988. The College is recognised as a charity by HM Revenue and Customs and is recorded on the index of charities maintained by the Office of Scottish Charity Regulator. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

1.8 Accounting for retirement benefits

All new College employees have the option of joining a pension scheme. The schemes currently open to new members are the Scottish Teachers' Superannuation Scheme and the Dumfries and Galloway Council Pension Fund. Both of the schemes are defined benefit schemes, which are externally funded and contracted out of the State Second Pension (S2P).

Scottish Teachers' Superannuation Scheme

The Scottish Teachers' Superannuation Scheme (STSS) pension scheme provides benefits based on career average salaries. The assets of the scheme are held separately from those of the College. The STSS is a multi-employer scheme for which it is not possible to identify the assets and liabilities to College members due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme.

Dumfries and Galloway Council Pension Fund

The Dumfries and Galloway Council Pension Fund is a pension scheme providing benefits based on career average salaries. The assets and liabilities of the scheme are held separately from those of the College.

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined Benefit Plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the College's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the College. The College should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the College is able to recover the surplus either through reduced contributions in the future or through refunds to the extent to which the College is able to recover the surplus either through reduced contributions in the future or through refunds.

Notes to the Financial Statements (continued)**1. Statement of Accounting Policies (continued)****1.9 Employment benefits**

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

1.10 Financial Instruments

The College does not hold any complex financial instruments. The only financial instruments included in the financial statements are financial assets in the form of cash and cash equivalents as well as trade receivables and other current assets and financial liabilities in the form of trade receivables and other current liabilities.

All material amounts of trade receivables and other current assets due at 31 July 2016 have been brought into the Statement of Comprehensive Income irrespective of when actual payments were received.

All material amounts of trade payables and other current liabilities outstanding at 31 July 2016 have been brought into the Statement of Comprehensive Income irrespective of when actual payments were made.

1.11 Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) the College has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

1.12 Reserves

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

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

1.13 Transition to 2015 SORP

The College is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to the 2015 SORP has affected the reported financial position, financial performance and cash flows of the College is provided in note 27.

Notes to the Financial Statements (continued)

	Year ended 31 July 2016 £000	Period ended 31 July 2015 £000
2 SFC Grants		
FE recurrent grant (including fee waiver)	8,327	11,082
FE and HE childcare funds	279	374
Release of deferred capital grants	672	888
Infrastructure grant	379	379
Other SFC grants	252	183
Total	9,909	12,906
3 Tuition Fees and education contracts		
FE fees - UK	411	448
HE fees	749	919
SDS contracts	333	517
Education contracts	0	2
Other contracts	226	385
Total	1,719	2,271
4 Other grant income		
European funds	0	84
Release of deferred capital grants	87	116
Scottish Colleges Foundation grant (Note 9)	286	1,492
Other grants	22	68
Total	395	1,760
5 Other operating income		
Residences and catering	375	486
Other income-generating activities	19	34
Other income	28	49
Total	422	569

Notes to the Financial Statements (continued)

	Year ended 31 July 2016 £000	Period ended 31 July 2015 £000
6 Endowment and investment income		
Bank interest	11	16
7 Staff costs		
Wages and salaries	6,140	7,711
Social security costs	457	527
Other pension costs (including IAS 19 adjustments of £271k (2015 - £363k) note 19)	1,372	1,640
Staff costs excluding exceptional costs	7,969	9,878
Exceptional costs - severance costs	0	0
Staff costs including exceptional costs	7,969	9,878
Academic/ Teaching departments	4,055	4,988
Academic/ Teaching services	929	1,096
Administration and central services	2,510	3,109
Premises	363	531
Other expenditure	112	154
Catering and residences	0	0
Total	7,969	9,878

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

	No.	No.
Academic/ Teaching departments	86	82
Academic/ Teaching services	21	19
Administration and central services	89	92
Premises	14	13
Other expenditure	3	3
Catering and residences	0	0
Total	213	209

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:

	Year ended 31 July 2016		Period ended 31 July 2015	
	Number senior post-holders	Number other staff	Number senior post-holders	Number other staff
£60,001 to £70,000 per annum	3	0	2	0
£70,001 to £80,000 per annum	0	0	0	0
£80,001 to £90,000 per annum	0	0	0	0
£90,001 to £100,000 per annum	1	0	1	0
	4	0	3	0

8 Senior post-holders' emoluments

The number of senior post-holders, including the Principal was:

2016 No.	2015 No.
4	4

Senior post-holders' emoluments are made up as follows:

	Year ended 31 July 2016	Period ended 31 July 2015
	£	£
Salaries	278,845	383,118
Pension contributions	54,622	69,749
Total emoluments	333,467	452,867

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

	£	£
Salary (including holiday pay)	93,785	122,100
Pension contributions	19,038	23,975

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 three members of the Board of Management during the year amounted to £614.

Notes to the Financial Statements (continued)

	Year ended 31 July 2016	Period ended 31 July 2015
9 Other operating expenses	£000	£000
Teaching departments	1,003	1,155
Administration and central services	1,087	1,454
Premises costs (including additional Lennartz credit £170,000. 2015- charge - £90,000, note 16)	572	1,277
Planned maintenance	713	1,335
Other employee related costs	130	215
(Gain)/ Loss on disposal of fixed assets	0	(16)
Agency Staff Costs	46	61
Residences and catering	379	516
Overspend on student support funds	0	5
	3,930	6,002
Transfer to Arms Length Foundation	0	18
Total	3,930	6,020
Other operating costs include:		
Auditors' remuneration		
- external audit of these financial statements	15	15
-internal audit services *	14	24
- other services	5	0
Hire of plant and machinery - operating leases	84	106

* 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. No donations from the College to the Foundation were made in the period to 31 July 2016 (2015 - £17,500). The Foundation has continued to provide financial support for developments during the current financial period, as detailed at Note 4, and the College will be able to apply for funding for future projects which will not be able to be met from reserves after 1 April 2014 due to re-classification of the College sector.

A significant 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 2015 Statement of Recommended Practice and FRS 102, it is now also required to comply with Central Government budgeting rules. This affects, among other things, the way in which non-cash depreciation charges are treated as well as accounting for the annual valuation of the Local Government Pension Scheme (LGPS). During the 2015-16 budget period the College received cash for budgeted depreciation costs, and without approval to spend this cash, it would have been effectively frozen. The underlying operating position would therefore have been a small surplus before accounting for this additional expenditure and the adjustments for the pension valuation.

The Scottish Funding Council issued guidance to the College on this matter on 30 March 2015 which provided approval for the depreciation cash budget to be used for specific other areas of expenditure. During 2015-16, £380,000 of depreciation cash budget was used to fund pay costs and curriculum developments. In addition, the accounting adjustments to update the LGPS valuation at 31 July 2016 have resulted in a net charge of £464,000 to expenditure.

The impact of the above has contributed £844,000 to the reported deficit for the 2015-16 financial period (2014-15 - £896,000). 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)

	Year ended 31 July 2016 £000	Period ended 31 July 2015 £000
10 Interest payable		
Net interest cost on pension liability (note 19)	<u>193</u>	<u>237</u>

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	Fixtures, Fittings and Equipment £000	Motor Vehicles £000	Total £000
Cost or valuation				
At 1 August 2015	38,209	337	253	38,799
Additions	0	0	0	0
Disposals	0	0	0	0
At 31 July 2016	<u>38,209</u>	<u>337</u>	<u>253</u>	<u>38,799</u>
Depreciation				
At 1 August 2015	393	286	167	846
Provided during period	1,164	14	19	1,197
On disposals	0	0	0	0
At 31 July 2016	<u>1,557</u>	<u>300</u>	<u>186</u>	<u>2,043</u>
NBV at 1 August 2015	<u>37,816</u>	<u>51</u>	<u>86</u>	<u>37,953</u>
NBV at 31 July 2016	<u>36,652</u>	<u>37</u>	<u>67</u>	<u>36,756</u>
Inherited	3,820	0	0	3,820
Financed by capital grant	32,832	37	64	32,933
Other	0	0	3	3
At 31 July 2016	<u>36,652</u>	<u>37</u>	<u>67</u>	<u>36,756</u>

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 £36,652,000 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.

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
	<u>0</u>

13 Debtors: Amounts falling due within one year

	Year ended 31 July 2016 £000	Period ended 31 July 2015 £000
Trade debtors - net of provision for doubtful debts	50	56
Prepayments and accrued income	461	241
	<u>511</u>	<u>297</u>

14 Cash and cash equivalents

	31 July 2016 £000	31 July 2015 £000
Cash and cash equivalents	1,947	2,163

The College receives certain Scottish 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.

Agency funds of £363,000 are included in the cash and cash equivalents at the year end.

15 Creditors: Amounts falling due within one year

	Year ended 31 July 2016 £000	Period ended 31 July 2015 £000
Trade creditors	73	19
VAT	86	96
HMRC Lennartz Scheme	333	373
Other taxation and social security	141	118
Pension	130	115
Contract retentions	131	142
Accruals and deferred income	969	761
Deferred capital grants	758	756
Bursaries and Access funds for future disbursement (note 14)	363	251
	<u>2,984</u>	<u>2,631</u>

Deferred capital grants to be released within one year are included within current creditors, and the balance of deferred capital grants within long term creditors at note 16 in accordance with the requirements of FRS 102 and the 2015 SORP. The impact of the transition to FRS 102 and the 2015 SORP on the 31 July 2015 Balance Sheet and Statement of Comprehensive Income is detailed in note 27, and has increased current creditors at 31 July 2015 by £756,000 and long-term creditors at 31 July 2015 by

Notes to the Financial Statements (continued)

16 Creditors: Amounts falling due after more than one year

	Year ended 31 July 2016	Period ended 31 March 2015
	£000	£000
HMRC Lennartz Scheme	333	745
Deferred capital grants	23,377	24,135
	23,710	24,880

The estimated future liability under the Lennartz agreement was recalculated during the period, and showed a net decrease of £170,000 which has been credited to premises costs (note 9).

Deferred capital grants to be released within one year are included within current creditors, and the balance of deferred capital grants within long term creditors at note 16 in accordance with the requirements of FRS 102 and the 2015 SORP. The impact of the transition to FRS 102 and the 2015 SORP on the 31 July 2015 Balance Sheet and Statement of Comprehensive Income is detailed in note 27, and has increased current creditors at 31 July 2015 by £756,000 and long-term creditors at 31 July 2015 by £24,135,000.

17 Provisions for liabilities and charges

	Early Retirement pension costs	Defined Pension obligations (Note 19)	Other	2015-16 Total	2014-15 Total
At 1 August 2015	787	5,219	9	6,015	4,678
Expenditure in the period	(48)	(582)	(9)	(639)	299
Additional provision required in period	36	853	0	889	95
Revaluation adjustment	0	1,825	0	1,825	691
Interest charged	8	193	0	201	252
At 31 July 2016	783	7,508	0	8,291	6,015

The Early Retirement pension costs provision has been revalued using actuarial tables supplied by the Scottish Funding Council. The net interest rate applied was 0.5%.

Other provisions relate to redundancy costs.

18 Lease obligations

	Year ended 31 July 2016 £000	2015 £000
Total rentals under operating leases for equipment are as follows:		
Payable during the period	53	48
Future minimum lease payments due:		
- Not later than 1 year	4	48
- Later than 1 year and not later than 5 years	248	182
Total lease payments due	252	230

Notes to the Financial Statements (continued)

19 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 :

	12 months to July 2016 £000	16 months to July 2015 £000
Contribution to STSS	513	580
Contribution to LGPS	557	682
Pension costs as a result of implementing FRS 102	464	600
Total pension cost	1,534	1,862

Employer contribution rates during the period were:

STSS - 14.9% to August 2015

- 17.2% from September 2015

LGPS - 20.3% plus a monetary payment as noted below

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 on a consistent and reasonable basis and therefore, as required by FRS 102 (28), 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 2016.

Following the revaluation of the Dumfries and Galloway Council pension fund at 31 March 2014, the actuary determined that the funding level for Dumfries and Galloway College's element of the fund has decreased from 102% at 31 March 2011 to 98% at 31 March 2014, and the College element of the fund is in deficit. The future service rate for Dumfries and Galloway College has been calculated at 20.3% of pensionable pay, and the deficit to the fund is being met from a monetary payment rather than an adjustment to the contribution rate. The actuary has set employer contribution rates for three years at the future service rate plus a monetary payment, and total employer contributions to be applied for three years from 1 April 2015 are as follows:

2015/16 - 20.3% of pensionable pay plus £23,000

2016/17 - 20.3% of pensionable pay plus £24,000

2017/18 - 20.3% of pensionable pay plus £25,000

Notes to the Financial Statements (continued)

19 Pensions and similar obligations (continued)

Assumptions

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

	As at 31/07/16	As at 31/07/15
	%	%
Discount rate	2.40%	3.60%
Expected rate of return on plan assets	2.40%	3.60%
Future salary increases	3.90%	4.50%
Inflation/ pension rate increase	1.90%	2.60%

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2012 model assuming current rates of improvement have peaked and will converge to a long term rate of 1.25% p.a. based on these assumptions, the average life expectancies at age 65 are summarised below.

- Current pensioner aged 65: 22.7 years (male), 24 years (female).
- Future retiree upon reaching 65: 24.5 years (male), 26.7 years (female).

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

Scheme assets and expected rate of return for LGPS

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 fair value of the plan assets and return on those assets were as follows:

	Year ended 31 July 2016	Period ended 31 July 2015	Period ended 31 March 2014
	Fair value £000	Fair value £000	Fair value £000
Equities	13,016	12,143	10,025
Corporate bonds	3,031	2,429	2,005
Property	1,783	1,619	1,069
Other	0	0	267
	17,830	16,191	13,366
Actual return on plan assets	809	1,524	498

Notes to the Financial Statements (continued)

19 Pensions and similar obligations (continued)

Analysis of amount shown in the Balance Sheet for LGPS pensions:

	Year ended 31 July 2016	Period ended 31 July 2015
	£000	£000
Scheme assets	17,830	16,191
Scheme liabilities	<u>(25,314)</u>	<u>(21,387)</u>
	(7,484)	(5,196)
Present value of unfunded defined benefit obligations	<u>(24)</u>	<u>(23)</u>
Deficit in the scheme - net pension liability	<u>(7,508)</u>	<u>(5,219)</u>
Current service cost	<u>(853)</u>	<u>(1,045)</u>
Total operating charge	<u>(853)</u>	<u>(1,045)</u>

Analysis of the amount charged to interest payable/ credited to other finance income for LGPS pensions:

Interest cost	(780)	(1,022)
Expected return on assets	587	785
Interest on net deficit		0
Net charge to other finance income	<u>(193)</u>	<u>(237)</u>
Total income and expenditure charge before deduction for tax	(1,046)	(1,282)

Analysis of other comprehensive income for LGPS pensions:

Gain on assets	809	1,567
Experience loss on liabilities	(2,634)	(2,258)
Total other comprehensive income before deduction for tax	<u>(1,825)</u>	<u>(691)</u>

Notes to the Financial Statements (continued)

19 Pensions and similar obligations (continued)

	Period ended 31 July 2016	Period ended 31 July 2015
Analysis of movement in surplus/ (deficit) for LGPS pensions		
Deficit at the beginning of the period	(5,219)	(3,928)
Contributions paid by the College	582	682
Current service cost	(853)	(1,045)
Other finance charge	(193)	(237)
(Loss) recognised in other comprehensive income	<u>(1,825)</u>	<u>(691)</u>
Deficit at the end of the period	<u>(7,508)</u>	<u>(5,219)</u>
 Movement in the present value of the fair value of pension plan assets		
Present value of assets at the start of the period	16,191	13,366
Interest income	587	785
Participants contributions	163	211
College contributions	582	682
Benefits paid	(502)	(420)
Return on assets	<u>809</u>	<u>1,567</u>
Present value of assets at the end of the period	<u>17,830</u>	<u>16,191</u>
 Movement in the present value of pension liabilities		
Present value of obligations at the start of the period	(21,410)	(17,294)
Current service costs (net of member contributions)	(853)	(1,045)
Interest cost	(780)	(1,022)
Participants contributions	(163)	(211)
Benefits paid	502	420
Change in financial assumptions and other experience	<u>(2,634)</u>	<u>(2,258)</u>
Present value of obligations at the end of the period	<u>(25,338)</u>	<u>(21,410)</u>

The Actuarial report at 31 July 2016 has highlighted that the balance sheet position has worsened as a result of a decrease in the discount rate over this period. The effect of this may have been partially offset by greater than expected asset returns. The projected 2016-17 charge is likely to be higher than 2015-16 due to a lower net discount rate leading to a higher service cost.

Notes to the Financial Statements (continued)

20 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

The Crichton Foundation has previously provided grant funding towards the Henry Duncan building, which forms part of the Crichton Campus. During the year ended 31 July 2016 the Crichton Foundation provided grant funding of £10,000 for student support in 2015-16 which was fully disbursed to students by the College during the period, and £10,000 was received in July 2016 which will be disbursed to students during 2016-17. In addition, £1,500 was invoiced to Crichton Foundation in respect of prizes for the annual College Award Ceremony. No balances were outstanding at 31 July 2016.

The College provided training courses to Dumfries and Galloway Housing Partnership during the year ended 31 July 2016. Invoices to Dumfries and Galloway Housing Partnership amounted to £9,073. No balances were due to the College from Dumfries and Galloway Housing Partnership at 31 July 2016.

The College has engaged 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 £21,229. No balances were due to William Waugh by the College at 31 July 2016.

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 three members of the Board of Management during the year amounted to £614.

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

Notes to the Financial Statements (continued)

21 FE Bursaries and other Student Support Funds

	FE			Period ended 31 July 2016	Period ended 31 July 2015
	Bursary	EMA's	Other	£000	£000
Balance brought forward	239	0	0	239	0
Allocation received in period (including interest)	1,800	279	139	2,218	3,175
	2,039	279	139	2,457	3,175
Expenditure	(1,557)	(279)	(161)	(1,997)	(2,871)
Repayable to Funding Council as Clawback	(133)	0	0	(133)	0
College Contribution to funds	0	0	1	1	13
Virements between FE and HE Childcare and FE Discretionary funds	0	0	21	21	(78)
Balance Carried forward	349	0	0	349	239
Represented by:					
Repayable to Funding Council as Clawback	243	0	0	243	239
Retained by College for Students	106	0	0	106	0
	349	0	0	349	239

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.

22 FE and HE Childcare Funds

	Period ended 31 July 2016	Period ended 31 July 2015
	£000	£000
Balance brought forward	0	0
Allocation received in period	303	296
	303	296
Expenditure	(279)	(374)
Virements to FE Discretionary funds	(21)	78
Balance Carried forward	3	0
Represented by:		
Repayable to Funding Council as Clawback	3	0
Retained by College for Students	0	0
	3	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.

23 Capital Commitments

Provision has not been made for the following capital commitments at 31 July 2016:

	Period ended 31 July 2016	Period ended 31 July 2015
	£000	£000
Commitments contracted for	24	0

Notes to the Financial Statements (continued)

24 Post Balance Sheet Events

There are no post balance sheet events.

25 Contingent Liabilities

The College had no contingent liabilities at 31 July 2016 and 31 July 2015.

26 Comparatives

The comparative figures relate to the 16 month period 1 April 2014 to 31 July 2015.

27 Transition to FRS 102 and the 2015 SORP

As explained in the accounting policies, these are the College's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set out on pages 40 to 44 have been applied in preparing the financial statements for the year ended 31 July 2016, the comparative information presented in these financial statements for the period ended 31 July 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 April 2014. In preparing its FRS 102, SORP based Statement of Financial Position, the College has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS 102 SORP has affected the College's financial position, financial performance and cash flows is set out in the following tables.

Notes	1 April 2014			31 July 2015		
	2007 SORP	Effect of transition to	2015 SORP	2007 SORP	Effect of transition to	2015 SORP
	£000	£000	£000	£000	£000	£000
Non-current assets						
Fixed Assets	40,521	0	40,521	37,953	0	37,953
Current assets						
Trade and other receivables	1,001	0	1,001	297	0	297
Cash and cash equivalents	2,127	0	2,127	2,163	0	2,163
	3,128	0	3,128	2,460	0	2,460
Less: Creditors: amounts falling due within one year	(2,464)	(745)	(3,209)	(1,875)	(756)	(2,631)
Net current (liabilities)/assets	664	(745)	(81)	585	(756)	(171)
Total assets less current liabilities	41,185	(745)	40,440	38,538	(756)	37,782
Creditors: amounts falling due after more than one year	(1,184)	(25,023)	(26,207)	(745)	(24,135)	(24,880)
Provisions						
Provisions for liabilities	(750)	0	(750)	(796)	0	(796)
Other pension liability	(3,928)	0	(3,928)	(5,219)	0	(5,219)
Total net assets	35,323	(25,768)	9,555	31,778	(24,891)	6,887
Deferred capital grants	26,980	(26,980)	0	26,727	(26,727)	0
Unrestricted Reserves						
Income and expenditure reserve - unrestricted	1,729	1,212	2,941	486	1,836	2,322
Revaluation reserve	6,614	0	6,614	4,565		4,565
	8,343	1,212	9,555	5,051	1,836	6,887
Total Reserves	35,323	(25,768)	9,555	31,778	(24,891)	6,887

Notes to the Financial Statements (continued)

27 Transition to FRS 102 and the 2015 SORP (continued)

	2007 SORP £'000	STRGL £'000	Effect of transition to 2015 SORP £000	2015 SORP £000
Income				
SFC grants	12,906	0	0	12,906
Tuition fees and education contracts	2,271	0	0	2,271
Other grant income	1,136	0	624	1,760
Other income	569	0	0	569
Endowment and investment income	93	0	(77)	16
Total income before donations and endowments	16,975	0	547	17,522
Donations and endowments	0	0	0	0
Total income	16,975	0	547	17,522
Expenditure				
Staff costs	9,878	0	0	9,878
Fundamental restructuring costs	0	0	0	0
Other operating expenses	6,002	0	0	6,002
Transfer to Arms Length Foundation	18	0	0	18
Depreciation	1,579	0	0	1,579
Interest and other finance costs	0	0	237	237
Total expenditure	17,477	0	237	17,714
(Deficit)/ Surplus for the period	(502)	0	310	(192)
Unrealised (deficit) on revaluation of land and buildings	0	(1,785)	0	(1,785)
Actuarial (loss)/gain in respect of pension schemes	0	(1,005)	314	(691)
Total comprehensive income for the period	(502)	(2,790)	624	(2,668)

The key impact for Dumfries and Galloway College on transition to FRS 102 relates to capital grants. The value of deferred capital grants is a significant item in the College balance sheet, and reflects the large proportion of grants which were received from Scottish Funding Council and European Regional Development Funds for the College's Dumfries campus building. In addition, the Scottish Colleges Foundation provided a grant of £1,492,000 to fund development of a training kitchen and restaurant in the year ended 31 July 2015, of which £672,000 related to fixed assets.

The grants relating to fixed assets in the College balance sheet were accounted for as a deferred reserve under UK GAAP with a release of grant to income in the College Income and Expenditure Account over the expected useful life of the asset. Total deferred grants amounted to £26,727,000 at 31 July 2015.

The transition to FRS 102 has resulted in grants of £672,000 being treated as revenue income for the year ended 31 July 2015, and a reduction in the release of non-government grants during the year of £48,000.

FRS 102 requires the balance of deferred capital government grants amounting to £24,891,000 at 31 July 2015 to be accounted for as creditor balances rather than reserves. The balance has been split between current liabilities of £756,000 and long-term liabilities of £24,135,000. The College balance sheet at 31 July 2015 shows net current liabilities of £171,000 as a result of this change in disclosure and a reduction of £24,891,000 in total reserves.

In addition, the annual valuation of the Local Government Pension Scheme is accounted for under IAS 19, which has changed the interest charge for the year ended 31 July 2015 and the Actuarial adjustment.

2015-16 Accounts direction for Scotland's colleges and universities

- 1 It is the Scottish Funding Council's direction that colleges and universities comply with the 2015 *Statement of Recommended Practice: Accounting for Further and Higher Education* (SORP) in preparing their annual report and accounts.
- 2 Colleges and universities must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (for assigned colleges).
- 3 Incorporated colleges are also required to comply with the Government Financial Reporting Manual 2015-16 (FReM) where applicable.
- 4 Incorporated colleges are reminded that they must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2016.
- 5 The annual report and accounts should be signed by the chief executive officer and by the chair, or one other member of the governing body.
- 6 Incorporated colleges should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council
24 August 2016

Board of Management

Minute of meeting of the Board of Management of Dumfries and Galloway College held on Tuesday 4 October 2016 at 2 pm in Room 2099 of the Dumfries campus

Present:

Brian Johnstone (Chair)	John Henderson
Delia Holland	Pat Kirby
Carol Turnbull	Ian White
Stuart Martin	Kenny Henry
Ros Francis	Janet Brennan
Barry Graham	Scott Hardie

In attendance: Jannette Brown, Vice Principal, Corporate Services & Governance
Andy Wright, Vice Principal, Learning and Skills
Helen Pedley, Director of Organisational Development and Facilities
Kay Bird, Secretary to the Board and Minute Taker

Item 1 only Helen Cronie, HR Department

1 Equalities Training

Andy Wright, Jannette Brown and Helen Pedley were absent as they had previously undertaken the Equalities Training.

Helen Cronie presented to the Board an overview on Equalities Law in Scotland and the recent changes. Helen advised that every three years the staff undertake refresher training. There are nine protected characteristics identified within Equalities Law which Helen highlighted and advised these present various challenges within the college environment. In 2011 the Public Sector Equality Duty came into force and College is part of a diversity working group made up of the College, Police, D&G Council, Fire, NHS. The College also works closely with the LGBT and there is a students' diversity awareness week and citizenship week. Scott Hardie advised he would like to work with Helen on the LGBT events.

All new staff, as part of their induction, undertake a compulsory Equality and Diversity on-line training module. It is now a compulsory requirement for Board Members to undertake this Equality and Diversity Training by the end of December 2016. The Board Secretary will furnish Helen with the Board Member' email addresses and Helen will email the links so Board Members can undertake this training. This link will also allow Board Members to access other training in areas such as Health and Safety.

The Chair thanked Helen for her excellent, relevant and interesting presentation. The Chair stressed that diversity adds strength to the Board and confirmed we are taking steps to address this proactively in forthcoming recruitment. Delia Holland mentioned the problems with social media and cyber bullying and the Principal advised that as part of student induction, students are advised of the protocol and given tips and there is an 11 minute video on the College's Intranet which Board Members can have access to if they wish.

Action: The Board Secretary is to furnish Helen Cronie with the Board Member's email address for Helen to forward the links for the Equality and Diversity training, which is to be completed by Board Members by the end of December 2016.

2 Welcome and Apologies for Absence

The Chair welcomed all to the meeting and in particular welcomed Scott Hardie to his first Board Meeting and Scott introduced himself. Apologies for absence were intimated on behalf of Hugh Carr, Karen McGahan and Emma Curtis.

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

3 Declaration of Interest

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

4 Minute of previous meeting

The minute of the Board of Management meeting held on 7th March 2016 was approved subject to the insertion of “after a full discussion” to be inserted at points 10.9 and 10.10.

Action: The Secretary to the Board to amend the minute.

5 Matters Arising

5.1 Contact with Moray College and Forth Valley College

The Principal advised that at the June Board Meeting Andrew Brawley of Education Scotland had highlighted two colleges which had improved their retention rates. The Vice Principal, Learning and Skills had been in contact with Moray College and the Principal with Forth Valley College and as a result working group have been set up to address a range of different issues around retention. Two Board Members, Delia Holland and John Henderson sit on three of these working groups between them.

Barry Graham commented that the orientation days need to be examined as feedback from pupils at his school was that they were not enjoyable and not well structured. There should be a more comprehensive induction programme and more liaison with schools.

Action: The Principal will meet with Barry Graham to discussion liaison with schools and she will arrange Barry Graham to meet with Ian Hawker.

6 Regional Chair’s Report

The Chair spoke to his report which had been issued. The report was discussed and the Chair provided further information on a number of activities.

The Board noted the report.

7 Principal’s Report

The Principal spoke to the report which had been issued. The Principal advised the purpose of the report was to give Board Members a flavour of what was happening within the College. She reported full-time student numbers were slightly down and the full impact on the College’s credit target will not be known until 1st November 2016.

The Principal advised the Leavers’ Destination Figures will be available from Colleges Scotland at the end of November and will be reported to the Board later in the year.

The Principal advised that the College had obtained details to enable direct marketing of College opportunities to young people in the region.

The College's 'Open Door' Event will be held in late November. DH asked whether P7s and parents would be included and the Principal confirmed a different type of event would need to be held for this group and the College would be willing to consider this.

The Members held a discussion on enrolment numbers and trends.

The Board noted the report.

8 President of the Students' Association Report

The President of the Student Association spoke to the report which had been issued, advising on activities at the Dumfries and Stranraer campuses. The President advised the elections for the class reps were approaching and he was working hard to speak to classes and make this a positive experience. He advised Freshers' Week had been a success and strong links with companies had been built. The President is keen to continue building the strong links between the two campuses.

Stuart Martin enquired as to whether the 16 schools could be invited to the Christmas market at the College. Scott Hardie advised he would like to set up Student Association workshops which would entail College students and class reps going into the schools, this would encompass the secondary schools and also P7 classes. Barry Graham offered Wallace Hall to pilot this. The Chair asked whether the planned Student Association video which was discussed last session went on the College website. The Vice Principal Corporate Services and Governance advised it had not as not enough material had been gathered. The Chair raised the issue of work placement standard and suggested students who had graduated could act as ambassadors. Scott advised that promoting the college to secondary schools will take place in March 2017 and he will report back to the Board thereafter.

The President of the Students' Union advised the Partnership Agreement and self-evaluation document would be finalised shortly. The Development Plan for 2015-16 session will be updated and the Constitution will go to the Learning and Teaching Committee with the Partnership Agreement shortly. The Chair congratulated the President of the Students' Union on his report.

Action: Scott Hardie will liaise with Barry Graham on a pilot.

The Board noted the report.

9 Approved Committee Minutes

The Chair asked the Chair of the Finance & General Purpose Committee to provide verbal updates on recent matters which have arisen and have been considered by this Committee.

9.1 Finance & General Purpose Committee Minute 17.05.16

The Chair of the Finance & General Purpose Committee presented the minute of the meeting held on the 17th May 2016 and confirmed there was nothing further to report.

The Board noted the minute.

10 Committee Reports

10.1 Annual Report of the Audit Committee

In the Chair of the Audit Committee's absence Delia Holland spoke to the Annual Report which had been issued. The Vice Principal Corporate Services and Governance advised that although the last Audit Committee was not quorate the Chair and members agreed for the Annual Report to be brought to the Board. Delia Holland advised that the Board could take assurance that the internal and external auditors had no concerns. Delia Holland extended thanks to Karen Hunter and her team during a very difficult time of change.

The Board noted the minute.

11 Matters for decision

11.1 Revised Health & Safety Policy

The Director of Organisational Development and Facilities advised this Policy would be brought to the next Board Meeting in December.

11.2 Strategic Risk Register

The Vice Principal Corporate Services and Governance spoke to the report which had been issued. She advised there was nothing new to add since the last Board Meeting. She advised the Audit Committee usually recommends the Board to approve the Strategic Risk Register but is unable to do so as the last meeting was not quorate. It was questioned whether Risk No. 5 would need upgrading and the Vice Principal Corporate Services and Governance advised this is dependent on the outcome of the Principal's future meetings with UWS it might do. The Strategic Risk Register will be brought to the next Board Meeting in December.

The Board noted the report.

11.3 Revised 2016-17 Budget

The Vice Principal Corporate Services and Governance spoke to the report that had been issued. She advised that the Board, at its June meeting, approved the 2016-17 Budget. There have subsequently been a number of changes which are highlighted in her report and have been incorporated into the revised budget. The reworked figures indicate a £14,000 deficit however the Vice Principal Corporate Services and Governance assured the Board that the College will break even and they are working on reducing operation budgets. The Board discussed the increasing challenges faced by the College and the effects on Budgets. The revised Budget had been to the Finance and General Purpose Committee who recommends the Board consider and approve the revised Budget.

Decision: The Board approved the Revised 2016-17 Budget.

11.4 Board Strategic Themes for 2016-17

The Principal spoke to the report which had been issued. The Principal spoke of the historical Board Links which was no longer appropriate since regionalisation, however there is a need for Board Members to continue to meet with staff and gain a broader understanding of College operations. The Principal proposed that an annual progress report is provide to the Board in respect of progress towards the College's Vision 2020 and that two Strategic Themes based on the Strategic Outcomes contained in Vision 2020 are focussed upon each year. The Principal set out in her report the proposed themes for 2016-17, 2017-18 and 2018-19. The Board discussed the approach. Delia Holland asked if the Board Development Committee could look at the Governance

Structure and how it is working, this was agreed, and a paper will be brought to the Board in future.

The Vice Principal, Corporate Services and Governance confirmed that in March 2017 there will be a review of all the remits and Chairs of the Standing Committees.

Delia Holland advised that the Chair had asked her to review the remit of the Learning and Teaching Committee and she would present a paper at the next Board Meeting.

Action: (1) The Board Secretary to put on the Agenda for the next Board Development Committee meeting examination of the Governance Structure and how it is working. (2) The Board Secretary to include on the Agenda for the Board Meeting in December the Review of the L&T Remit.

Decision: The Board approved the approach.

11.5 Sale of Catherinefield

The Director of Organisational Development and Facilities spoke to the report which had been issued. John Henderson commented that the F&GP Committee had had a full discussion on the offer and recommended the offer to the Board for acceptance.

Decision: The Board approved the offer of £120,000 and to conclude the sale.

12 Matters for discussion

12.1 Key Performance Indicators 2016-17

The Vice Principal, Corporate Services and Governance spoke to the report which had been issued. The report looked back at the 2015-16 session and it was reported that the College is anticipating to deliver to its Credit Target for this session however this will be dependent on student retention. There is still work to be done around retention and the working group set up to examine this.

The Board discussed and noted the report.

12.2 Strategic Plan/Regional Outcome Agreement Update

The Principal spoke to the report which had been issued and advised this was the first annual report on Vision 2020. The Principal advised the College had made good progress and the report provided an overview of this. The Chair commented that a lot of work and actions had been undertaken by the College, and as time progresses the focus will be on the outcomes.

The Board discussed the progress and noted the report.

12.3 Students Reasons for Leaving Report

The Vice Principal, Corporate Services and Governance spoke to the report which had been issued. It was discussed by the Board that the understanding of why students leave is essential for improving retention rates.

The Board noted the report.

12.4 Learner Journey

The Principal spoke to the report which had been issued. She explained that this was a key focus for all colleges. The Principal advised the report sets out the College's position on Learner Journey approach and supports the College's strategic approach in Vision 2020. There has been a lot of work on articulation, working with universities and employers, in conjunction with the College's curriculum. The Board discussed the report and the Chair commented that a number of positive discussions have taken place with universities over the past year or so. The Chair asked how the College promotes these potential articulation routes and career pathways and whether it is mentioned in the Prospectus for the College. The Principal confirmed the College would first require guaranteed agreements with universities before promoting these pathways. The Chair asked for copies of marketing material published by the College on Learner Journey.

Members noted the report.

Action: The Principal will bring to the Board Meeting in December College marketing material.

12.5 The Crichton Trust Draft Strategy Plan

The Chair spoke to the report which had been issued and commented that it was useful to have a draft and that the Crichton Trust were seeking feedback, and any feedback from Board Members should be via the Chair.

Action: The Chair and the Principal will draft a joint letter on feedback to The Crichton Trust.

13 Matters for information

13.1 Education Scotland Review – Follow-up

The Vice Principal, Corporate Services and Governance spoke to the report which had been issued provided an update on actions taken since the review. Working Groups have been set up to report back to EMT.

The Board noted the report.

13.2 Board Development Update

The Chair spoke to the report which had been issued. Ros Francis asked if a copy of the advert for Board Member recruitment could be emailed to Board Members and this was agreed.

Action: The Secretary to the Board will circulate a copy of the advert which will be placed for the Board Member recruitment.

The Board noted the report.

13.3 Scotland Colleges 2016 – Audit Scotland Report

The Vice Principal, Corporate Services and Governance spoke to the report which had been issued and drew the Board's attention to the bottom of page 6 of the report and the recommendation that colleges should develop a long-term financial strategy of between 5-10 years. It was confirmed to the Board that the College was complying with this recommendation.

The Board noted the report.

13.4 National Bargaining Update

The Principal asking the Director of Organisational Development and Facilities to give a verbal report. Back information was provided and confirmation that the deal for support staff for 2016-17 is still outstanding. There have been strike days and the college has been able to operate as normal and learners have not been affected. There is proposed two further days of strike action in the coming month. The Director of Organisational Development and Facilities confirmed the College had undertaken a full risk assessment, as fire marshals and first aiders had been asked to withdraw from these duties, and there had been enough competent people in place. Discussions had also taken place with the fire brigade. The Chair gave his thanks to management for keeping the College open and learners were not affected.

13.5 DYW Funding Report

The Principal spoke to the report which had been issued. The report was to provide the Board with an update on how SFC monies were spent to support DYW activities. The Chair thanked the teams involved.

The Board noted the report.

14 Any other Business

Janet Brennan advised that the South West Scotland Arts Bursary a student from the College won and asked for Board Member representation next Tuesday, 11th October at Easterbrook Hall at 10.50am.

Delia Holland advised she was part of a working group set up by the Government and Jan Polley to look at senior independent officer and Board Members and she will in due course report back to the Board.

The Chair advised that he would like to host a Stakeholder Dinner at the College.

The Chair confirmed he had received an interim letter of guidance to the sector from the Minister for Further Education. The key message is that the Government agenda has not changed and the Chair will circulate a copy to Board Members.

15 Date and Time of Next Meeting

- Joint Board Meeting with Borders College – Tuesday 1st November 2016 at 10am
- Strategic/ROA Session – Tuesday 15th November 2016 at 10am
- Board of Management Meeting - Tuesday 6th December 2016 at 2pm at Dumfries Campus.



T: 0300 244 4000

Professor Alice Brown
Chair
Scottish Funding Council
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

29 September 2016

Dear Professor Brown,

SCOTTISH FUNDING COUNCIL – INTERIM LETTER OF GUIDANCE 2017-18

1. I am writing, as my predecessor did, at this time of the year in order to enable you to finalise your 2017-18 Outcome Agreement Guidance for both the college and university sectors.
2. The 2017-18 Draft Budget will be published later this year and will be set against a backdrop of challenging financial circumstances resulting from year on year real terms reductions proposed in the UK Spending Review; the uncertainty over the further £3.5bn reduction across the UK in 2019-20 planned by the former Chancellor; and, of course, the added uncertainty following the outcome of the EU Referendum.
3. This fiscal background means that it is important that all public bodies, and those receiving funding from the public purse, continue to operate in a way that demonstrates creativity, value for money and propriety. It is important, therefore, that we take a practical approach to future spending decisions. The Scottish Funding Council has a key role to play in continuing to ensure, not only that funding decisions made are well informed, but that the budget available to it is deployed in a way that makes the most effective use of the funds available.
4. In light of on-going Draft Budget preparations, I am unable to confirm budget allocations for the sectors at this stage in the planning process. I will write again following the conclusion of the process to set out clearly the budgets that have been agreed, and my full expectations for that funding.

5. You will, however, be aware that the First Minister has made clear the importance she places on excellence and equity in education and ensuring that Government priorities in this area are met. It is important, therefore, that I set out for you at this stage in the planning process my high level expectations for both colleges and universities in the coming academic year.

6. I can confirm that my high level strategic objectives for colleges and universities remain essentially unchanged from those set out in your Letter of Guidance of 10 September 2015. Specifically these are:

- Highly efficient and effective regional structures for colleges, including structures in multi-college regions
- High quality effective learning
- Access to education for people from the widest range of backgrounds, including implementation of the recommendations of the Commission on Widening Access
- Learning which prepares people well for the world of work and successful long term careers, and which prioritises provision that meets known skills gaps in the economy, for example in STEM subjects, and in doing so supports our ambitions for economic growth
- Internationally competitive and impactful research
- Effective knowledge exchange and innovation including excellent university / industry collaboration
- Leading the college contribution to implementing the Developing the Young Workforce strategy
- Address the underrepresentation of women on the governing bodies of colleges and universities and at senior levels, and gender balance among student intakes for some key subjects, including STEM subjects.

7. In asking institutions to deliver these high level objectives, I would ask that the Scottish Funding Council also takes account of a number of recent developments and key manifesto commitments which play a vital role in shaping future provision.

8. Specifically, I want the SFC to ensure that the level of provision in the college sector – 116,000 FTEs - is maintained in academic year 2017-18. In doing so, it is important that the SFC supports the college sector to continue to deliver the high quality learning and teaching opportunities that the sector has successfully provided to students since the implementation of college reform. It is also important that the SFC continues to support the reformed college sector to build on its strengths in delivering learning connected to the needs of their regions. In line with this, I expect the SFC to continue its efforts to ensure the college sector maintains progress on national bargaining and its plans for modernising the college workforce.

Programme for Government

9. I know that you will want to pay particular attention to the recently published Programme for Government which sets out clearly the First Minister's commitment to both the college and university sectors. In addition to the £33m accelerated capital awarded to support capital maintenance – which I expect the SFC to manage in a

way that maximises both the opportunity to deliver improvements across the further and higher education estates, but also in a way that ensures the economic impact of the investment is clear. The Programme for Government also confirmed an additional £1.3m to be used to support capital investment in physical infrastructure for HE research. I expect this funding, which will be match funded by the UK Government, to build on the already significant investment the SFC makes to ensure our universities continue to produce world class research.

10. The Programme for Government also makes reference to a forthcoming review of FE and HE student support to ensure that the entire system is equitable, fair and supports all students throughout their learner journey. The review will commence later this year (October) and conclude in autumn 2017. I understand my officials have already written to you to secure your involvement at project level and will discuss options for strategic input as work progresses. I look forward to your close engagement with this important review.

Widening Access

11. The widening access agenda is one against which I place the utmost importance. Ensuring that those with the potential to learn, regardless of their background, are able to access higher education is vital if we are to enable all individuals to achieve their potential. I would therefore ask that the SFC make explicitly clear in its guidance to the sector that delivering against this commitment is a clear priority for Government which should be met. I also expect the SFC to play a key role in taking forward, and supporting implementation of, the recommendations of the Commission for Widening Access. More details on my expectations for this will be included in a further letter of guidance to be issued later this year.

Developing the Young Workforce

12. Our Developing the Young Workforce (DYW) strategy, with its target to reduce youth unemployment by 40% by 2021, continues to be a key priority for Government. The SFC should continue to progress harnessing meaningful employer engagement in colleges and to forge high quality partnerships across school, training provision, colleges and universities in the best interests of the learner. I expect the SFC to monitor the impact that these new partnerships and approaches are having for learners, in particular those who face the greatest barriers, in line with the key performance indicators and intermediate measures set out in the DYW programme.

13. DYW - along with the implementation of the Commission for Widening Access - will form one of the twin foundations of our work to take forward the manifesto commitment on improving the learner journey. I will look to the SFC to support the Scottish Government as we scope this work. This will involve our establishing the evidence base, engaging the sectors, learners and other stakeholders; and developing and testing new approaches to ensure a more seamless and efficient experience for learners moving through the senior phase and ultimately to employment.

Science, Technology, Engineering and Maths

14. Building on the Developing the Young Workforce Programme, we are developing a STEM education and training strategy for Scotland. The strategy will aim to raise levels of STEM enthusiasm, skills and knowledge in order to support attainment and aspiration in learning, life and work as well as to meet labour market needs. I expect the SFC to play a full part in developing and then driving forward delivery of the strategy, including through the Outcome Agreements.

Gender Action Plan

15. I expect the SFC and its education partners to engage actively with the college and university sectors to implement its Gender Action Plan, published in August 2016, and to address the gender imbalance at senior academic levels in our institutions. In addition, you will be aware of the Gender Balance on Public Boards legislation announced in the Programme for Government. There will be an opportunity to comment on the Draft Bill before the end of the year and I would ask the SFC to encourage institutions, as appropriate, to participate in that consultation.

Innovation

16. The Innovation Centre programme represents a substantial and long term commitment of public funding. I therefore welcome the independent review being led by Professor Graeme Reid and will be interested to see his final report in the near future. I will look to the Funding Council to consider carefully the report's recommendations and to work in partnership with my officials, the Enterprise bodies and other partners to maximise the impact of the programme.

17. I am aware of the Funding Council's role in supporting the work of the Innovation Scotland Forum (ISF), particularly the development of an Action Plan to better drive industry-academia collaboration. I expect the Funding Council to continue to work in partnership with the sector, Enterprise bodies and others to support the delivery of the ISF Action Plan and to increase the economic returns from Scotland's world class research base. This work, of course, feeds into the ongoing review of the innovation landscape, into which the Funding Council should continue to contribute.

Enterprise and Skills Review

18. On 25 May, the First Minister announced that the Scottish Government would carry out an end-to-end review of enterprise and skills services in Scotland to ensure that public agencies, including the SFC, are delivering the joined-up support that young people, universities, colleges, training providers businesses and the workforce need. As one of the bodies whose services lie at the heart of this review, it is important that the SFC continues to engage positively and constructively with the work that is underway. I would ask that the SFC demonstrates creativity and energy in its response to the emerging findings which will be published shortly.

19. In addition, the outcome of the review may require additional guidance to be issued to the sector to ensure that its findings are reflected in Outcome Agreements. In the interim, I would anticipate that both sectors will give further consideration to ways in which they can take action now which is consistent with the aims of the review, such as simplification of the learner journey.

European Referendum Result

20. Earlier this year, the UK voted to leave the European Union – a vote which was overwhelmingly rejected by the Scottish electorate. We are intent on pursuing all options to maintain our relationship with the EU so that the benefits we currently enjoy can be preserved. We have already made clear that existing EU students and those about to start in 2016 will continue to benefit from free tuition and associated support for the duration of their course. I look to the Scottish Funding Council to work collaboratively with the Scottish Government and with institutions to consider how best to ensure both sectors, but particularly the university sector, maintain their relationship with partners in the EU; continue to foster international collaboration enabled by EU research programmes; and continue to ensure students from elsewhere in the EU benefit from a first class education in Scotland and that staff and student mobility continues to be encouraged.

Employability Services and Fair Work

21. On 8th September we announced the approach to employability support services for disabled and long term unemployed people in Scotland from 1st April 2017, with 1 year transitional services ahead of enduring services from April 2018. I look forward to discussing with the SFC the college sector's support for these services, building on its experience to date, including continued delivery of the Employability Fund.

22. Ministers have been clear that public bodies should lead the way on Fair Work, ensuring access to good jobs providing security and opportunity to employees, treating them with respect and providing fair reward. There are currently 4 FE and 4 HE institutions, accredited as Living Wage Employers. I would ask that you build on this by encouraging more FE and HE institutions to become Accredited Employers and to promote the benefits of Fair Work, both through their HR functions and more widely to staff and students.

Climate Change

23. The Government's ambitions around reducing carbon emissions were clearly set out in 'Climate Ready Scotland: Scottish Climate Change Adaptation Programme' which was laid before Parliament in May 2014. I note the progress that has been made across both sectors in this regard, however, I expect the SFC to encourage institutions to make further progress both to reduce GHG emissions, act sustainably and prepare effectively for the unavoidable impacts of climate change. In particular, I would ask that the SFC encourages all listed universities and colleges in

Scotland annually to report good quality and complete information on compliance with the climate change duties, by 30 November each year.

Audit Scotland

24. You will also be aware that Audit Scotland has recently published two reports – one looking specifically at colleges and the other at universities. I ask the SFC to consider carefully the content of each of these reports and, in particular, the recommendations set out for the SFC, and consider how best to respond. I would be grateful if the SFC could update me on its considerations before Parliament rises for the autumn recess in October.

25. The Audit Scotland report on Scotland's Colleges recommended that the sector should develop long term financial strategies and implement a more strategic approach to workforce planning. I would ask that the SFC supports the sector, as appropriate, to deliver these recommendations.

26. I note that the Audit Scotland report also mentions workforce planning underway at the SFC. As an organisation with an eye towards continuous improvement to fit with our public service reform ambitions, I would ask that you finalise this workforce plan and share with my officials at the earliest opportunity.

27. As noted at the outset of this letter, I will write again following confirmation of 2017-18 budgets for the FE and HE sectors, setting out in more explicit detail my expectations for the funding secured by both sectors. In the meantime may I take this opportunity to express how much I am looking forward to working with the SFC, colleges and universities over the coming years to shape the delivery of learning for our students; secure our ambition of excellence and equity for all; maximise the impact of our excellent research and of our combined resources to secure our collective ambitions for the sectors. Supporting learners to achieve their full potential is an ambition that I am passionate about. I look forward to your support in delivering for Scotland.

A handwritten signature in black ink, appearing to read 'S Sille', with a stylized, cursive script.

SHIRLEY-ANNE SOMERVILLE

Copies to:

James Dornan, Convener of Scottish Parliament Education and Skills Committee
Hugh Hall, Chair, Colleges Scotland
Shona Struthers, Chief Executive, Colleges Scotland
Liz McIntyre, Convener, Scotland's Colleges Principal's Convention
Professor Andrea Nolan, Convener, Universities Scotland
Alastair Sim, Director, Universities Scotland
Sally Loudon, Chief Executive, COSLA
Bill Maxwell, Chief Executive, Education Scotland
Damien Yeates, Chief Executive, Skills Development Scotland
Grahame Smith, General Secretary, STUC
Mary Senior, Scottish Official, University and College Union
Larry Flanagan, General Secretary, EIS
Mike Kirby, Scottish Secretary, Unison Scotland
Pat Rafferty, Regional Secretary, Unite Scotland
Gary Smith, Acting Regional Secretary, GMB Scotland
Vonnie Sandlan, President, NUS Scotland
Lena Wilson, Chief Executive, Scottish Enterprise
Charlotte Wright, Interim Chief Executive, Highlands and Islands Enterprise

Board of Management

Report to the Board by the Regional Chair

1 Introduction

The purpose of this report is to update the Board of Management on recent developments in the Further Education sector, the Region, as well as feedback from various meetings, and to encourage further discussion.

2 Colleges Scotland/Sector/Regional Chair's Group

2.1 I attended an event organised by the Scottish Government for Chairs of Public Bodies from a wide range of sectors. The event focused on diversity, governance, board recruitment, succession planning and the establishment of a mentoring framework for Board Members.

Some Boards established a Succession Planning Committee. I recommend that this becomes a standing item on our Board Development Committee Agenda going forward.

2.2 I chaired Colleges Scotland Audit Committee meeting, and met with the external auditors.

2.3 I attended the CDN College Board Marketing Conference in Glasgow with a number of Colleagues from our Board. This was a useful training event with updates from Colleges Scotland, Governance Group, Audit Scotland, CDN, NUS, and a session on motivation.

2.4 I attended the National Economic Forum, where the theme was Brexit. This also included a breakout session chaired by the Minister of Further Education, Higher Education and Science where we had an opportunity to discuss the importance of vocational education and skills training, including the vital contribution by colleges.

2.5 I attended Colleges Scotland Board Meeting. Main topic was consideration and approval of CS submission to the government's spending review, including the Think Piece (see later agenda item). We were joined by Aileen McKechnie, Scottish Government Director for Further Education, Higher Education and Science. We also considered and approved CS Accounts.

2.6 I attended the joint Board Meeting at Borders College with Colleagues (see later agenda item).

2.7 I met with some members of Lanarkshire College Board. We heard presentations by both Principals. Discussed the proposed establishment of South of Scotland Skills and Enterprise body and agreed to produce a joint letter from Chairs to the Cabinet Secretary. We were also joined by Dr John Kemp, Chief Executive of SFC where we pressed on him the challenges of rural colleges under current funding model.

Board of Management

3 Regional Business

- 3.1 I attended D&G Business Week Lunch in Crichton Church
- 3.2 I met with Jamie Hepburn MSP, Minister for Employability and Training, and DYW Regional Board Representatives at College
- 3.3 I met with Shirley Sephton, Unison Representative at College
- 3.4 I completed Board Members one-to-one meetings
- 3.5 I met with Colin Smyth MSP at college together with the Principal
- 3.6 I met with the Vice Chair for my appraisal and development evaluation
- 3.7 I Chaired the Board Development Committee meeting. We considered skills gaps, governance update and plans for board recruitment
- 3.8 I attended meeting with DYW Regional Group Chief Executive, Chair and Professor Robin Westacott and colleagues from Heriot Watt University with the Principal, to discuss possible co-operation between two institutions and articulation particularly in Engineering
- 3.9 I attended Employer Meeting at Stranraer Campus, hosted by Finlay Carson MSP (see further agenda item)
- 3.10 I completed the Interim Performance Review with the Principal, noting that progress is being made in all areas previously reported, and that the Principal considers that she is clear on strategic objectives and priorities, and considers that she receives good support and constructive challenge from the Board
- 3.11 I attended meetings with Joan McApline MSP and the Principal, also Emma Harper MSP and Rachael Hamilton MSP
- 3.12 I Chaired College Board Strategic/ROA day with stakeholders DYW Regional Board Chair and D&G Council Education Directorate (see separate report)
- 3.13 I attended D&G Community Planning Partnership Meeting
- 3.14 I attended the Audit Committee Meeting

4 Recommendation

It is recommended that the Board note the contents of this report, and members are invited to comment and discuss.

Brian Johnstone
Regional Chair
December 2016

Board of Management

Principal and Chief Executive Report: October-November 2016

1 Purpose of the Report

Members will note that there is a difference in the focus of this report in that it highlights some key executive activities that do not appear as specific agenda items but provide Board members with an insight into ongoing College developments. Learner activities and curriculum developments will continue to be reported via Learning & Teaching Committee.

2 The Report

2.1 *University of the West of Scotland – Partnership & Co-location*

A meeting arranged in November to discuss this has been postponed due to illness (UWS) and alternative dates are being considered. In the meantime, the Principal met with UWS External Engagement Director where, through informal discussions, it was reiterated that co-location with the College is still their preferred option but discussions with the SFC regarding funding (revenue as well as capital) income are ongoing.

Discussion also took place regarding future partnership working between UWS and Dumfries and Galloway College and the benefits of developing a formal partnership agreement between the two institutions. The agreement would be intended to provide an operating structure for the wide range of partnership activities undertaken and provide a framework within which the specific details of activities such as articulation, in-college degree delivery and staff development would be contained along with financial and governance arrangements. This type of agreement would contribute to the achievement of the College's strategic aims and objectives in terms of progression and opportunity.

2.2 *Heriot-Watt – Potential Partnership*

A successful meeting was facilitated by CEO of DG Chamber of Commerce between the College and Heriot Watt University to discuss articulation and potential collaboration opportunities. The College has now made further contact with Heriot Watt to progress these discussions initially focussing on HNC Electrical Engineering. However, the College needs to be mindful that discussions have also commenced with Edinburgh Napier University regarding advanced standing articulation (direct entry into year 2), and a Memorandum of Understanding has been signed. It may not be possible to offer Advanced Standing articulation with both Universities.

2.3 *Joint Academic Strategy Group*

Following the Scottish Funding Council Crichton Campus Visioning meeting in October, the Joint Academic Strategy Group (chaired by the College Principal) met to begin work on developing a 5-year strategic plan.

The Crichton Campus Academic Partners (Dumfries & Galloway College; Open University in Scotland; Scotland's Rural University College; University of Glasgow; and University of the West of Scotland) in

Board of Management

partnership with the Crichton Carbon Centre and Dumfries & Galloway Council Education Services are developing a bold **“Regional Statement of Ambition”** for Dumfries & Galloway and the Crichton Campus.

Over the next five years (2017-2021), the partners will contribute to the economic, social and cultural life of Dumfries & Galloway by providing the benefits of high quality Further and Higher education, skills development and training that meets regional needs and opportunities as well as attracting people to the region from other parts of Scotland, the wider UK and internationally.

The partnership arrangements on the Crichton Campus provide a unique opportunity to bring all stakeholders together and develop efficient, integrated, flexible and learner-focused pathways from school level through vocational, Higher National, undergraduate and postgraduate study up to including research degrees.

Central to this “Ambition” is a commitment to **widening access; increasing employer engagement; and delivering an efficient learner journey, focused toward and into sustained employment.**

Initial discussions regarding key priority sectors, developed within a national and regional context, including the Regional Skills Assessment and Regional Economic Strategy 2016-19, have been identified:

1. **Health and Social Care**
2. **Energy**
3. **Health and Wellbeing / Fitness and Nutrition**
4. **Food and Drink**
5. **Leisure and Activity Tourism**
6. **Education (Nursery and Enhanced Education)**
7. **Third Sector and Social Enterprise**

Further work on this will be undertaken at the next meeting in December.

2.4 College Development Network Awards

The College received a Highly Commended award at the College Development Network Annual Award in the *Employer Connections Category* for the partnership working in Care and Reablement.

2.5 Employer Engagement & DYW

2.5.1 Stranraer Employer Forum

An employer event was held in Stranraer campus in October with representatives from Helmet Integrated Systems Ltd (now known as Gentex); Stena Line, Lactalis McLelland Ltd and the College, including our Chair of the Board, Business Development Manager, Head of Faculty for Building & Engineering Services and myself. The event was hosted by Finlay Carson and although there weren't as many employers in attendance as we'd hoped it was an interesting and beneficial meeting.

A key issue for the employers is the ability to recruit – particularly (but not exclusively) Modern Apprenticeships. There was a general feeling that young people in the West of the region are not fully aware of the range of job and career opportunities in their area and it was agreed that the College

Board of Management

would take forward an action to host an event next year to facilitate awareness between employers and school pupils and their parents. The College also highlighted the opportunity to recruit directly from College and, as a result, 2 Modern Apprenticeships at Gentex have been advertised to College students.

Subsequent to this meeting, the Principal has been made aware of a similar event being arranged between Stranraer Academy, Douglas Ewart High School and the College. The event is being coordinated and facilitated through the Education Services DYW Co-ordinator. It was agreed that, rather than duplicate activity, the school event would be expanded to include the employers from the Employer Forum and others who were unable to attend.

2.5.2 'Open Doors' Event

A key theme arising from numerous events and meetings is the need to engage with and raise awareness with parents in respect of Developing Young Workforce.

With this in mind, a College 'Open Door's event was held in November and pupils (and parents) in the Senior Phase at School were invited to come to the college to see demos, tour the facilities, speak to students and staff. The overall aim is to encourage more learners to view college as an alternative route to further and higher education and employment from the traditional 'Higher to University' route.

The attached flyers were part of the event promotion and also highlighted 'gender imbalance' actions in terms of case studies and a statement on 'reserved places'. Advertising took place in the Regional Press, along with a 4-page wrap inside the Courier and a 4-page supplement in the Courier group papers (Moffat News, Herald and Observer). In addition to the press advertising there was a social media, digital and mobile phone campaign with both the Standard and the Courier group. Posters were issued to schools, as well as being displayed throughout the College and leaflets emailed directly to all school guidance teachers.

There was a steady stream of visitors throughout the evening including many pupils and parents and they visited the workshops, salons, Maclabs etc where they had the opportunity to see the facilities, talk to staff and students and try out some of the equipment. We also had a few enquiries about Modern Apprenticeships which is very encouraging.

2.5.6 School engagement

The college hosted a STEM and 'My Future' event on behalf of borough schools last week. The STEM event, organised by ST Joseph's College involved senior pupils undertaking a 'speed dating' exercise where they met employers, gathered information about different careers in STEM related subjects and hints and tips on employability skills. In the evening a 'My Future' event was hosted on behalf of the 4 Dumfries schools with over 500 employers, pupils and parents attending. It was the first time many had been at the college and, once again, they were impressed with our facilities (and size).

Board of Management

2.6 Meeting with Dumfries and Galloway Council and Skills Development Scotland

The Principal, in her role as Chair of the Local Employability Partnership, was invited to a meeting with DG Council and SDS to discuss employability and skills development issues and opportunities relating to Dumfries and Galloway. Discussion mainly centred on the Health and Social Care integration agenda and the need to develop new job roles and associated skills in this area. SDS have committed to providing support to take this forward, including funding to develop a new Care Qualification Framework if required. A range of meetings are taking place to move this agenda forward.

3 Recommendation

Members are asked to note the update on key College activities.

Carol Turnbull

Principal and Chief Executive Officer

December 2016

Board of Management

Report to the Board by the President of the Students' Association

1 Introduction

The purpose of this report is to update the Board of Management on recent developments in the Students' Association.

2 Class Rep Update

Student Engagement officer Elaine Crawford has been leading the class rep meetings and the feedback is very positive regarding the content and level of enjoyment throughout these meetings. The student association is creating a drop-in point for all class reps to attain relevant information throughout the year.

3 Executive members update

3.1 Health and Wellbeing Officer (David Nelson)

David is currently focussing on increasing participation levels throughout the college through lunchtime sport activities and coordinating with the specific sport leaders. There are also discussions taking place to start planning awareness days over the Christmas period leading through January covering the following areas:

- Stop Smoking
- Mental Health Awareness

3.2 Equality Officer (Mike Turner)

Mike is collaborating with lecturers of the learning skills department to ensure students from these courses are receiving the correct representation during class rep meetings, allowing an individual to advocate on their behalf to ensure their points are put across. Discussions are also in place to consider student I.D cards to be colour coded to make staff members aware that a student has a disability.

3.3 Constitution / Partnership Agreement

The Constitution and Partnership Agreement are currently being developed and will be reviewed by the current executive. These documents will be presented to the Learning and Teaching Committee, then Board early in the New Year.

4 Student Association Events

The Student Association has facilitated the following events:

- Community Police "Walk the Line"
- Alcohol Awareness
- Children in Need (Bake Sale, Balloon Raffle)
- UK International Soccer (Recruitment Drive for Coaches to coach in the USA)
- Avon

The student association are also integrating with business students to help them with their class projects. These business students will be running events over the Christmas and New Year period and picking specific charities to raise money. These include:

- Tombola Event
- Exercise Awareness Event
- Gaming Day

4.1 Schools Project

Contact has been made with Wallace Hall primary School and plans are in place for the association to play a part in their "World of Work Day" on March 17th. The student association will be aiming to allow class reps the

Board of Management

opportunity to provide fun workshops for the primary children on this day. We are liaising with School coordinator John McGill who will ensure we can contact Schools through the appropriate channels.

We will be looking to initiate this project in other schools who choose to use this opportunity and give children a positive experience of Dumfries & Galloway College.

5 DAGCOL Sport

This year as Student President I am focussing on specific areas to strengthen student opportunities. Improving retention and raising our Health and Wellbeing profile across the nation is high on my list of priorities and is something that is already starting to take shape. Last year I volunteered with DAGCOL Sport and given my vision/passion for health and wellbeing I believe DAGCOL Sport could be sustained and developed by integrating into the Student Association. The college has agreed to pilot integrating and funding DAGCOL sport as part of the Student Association. This will be evaluated and reviewed at the end of the session. Attached is a paper (page 3 onwards) I plan to circulate to staff and students regarding the integration of DAGCOL Sport into the Student Association.

DAGCOL Sports Activity Update

Football Results -	9/11/16	Dumfries College 3 – 2 Glasgow Caledonian
	16/11/16	New College Lanarkshire 4 – 2 Dumfries College

SSS Event 16/11/16

The second Scottish Student Sport Basketball event of the year was held at Dumfries & Galloway College. This was the first ever “SSS” fixture ever to take place at our campus. Dumfries College came out victorious beating City of Glasgow College 49-48.

6 Moving forward

6.1 Full Class Rep meeting

Meeting date and time to be confirmed however this will be an opportunity to gather all class reps together as one and highlight the student association plans for the year. It will also be an opportunity to recruit possible additions to the student association.

6.2 Southwest Trophy Event (Term2)

The event will take place at Dumfries Campus on Tuesday 13th December, with 4 sports on offer for both Dumfries and Stranraer students to participate in. The fixture is designed to increase participation, build links between the two campuses and develop student attitudes through sport.

6.3 Additional Executive members

The association will be collaborating with the student engagement officer to highlight potential areas within the association that could be filled starting from next term.

7 Recommendation

It is recommended that the Board note the contents of this report

Scott Hardie
President
Students' Association
29th November 2016

Board of Management

**Student Association
Scott Hardie, President
Vision/Directive 2016-17**

This year as Student President I am focussing on specific areas to strengthen student opportunities. Improving retention and raising our Health and Wellbeing profile across the nation is high on my list of priorities and is something that is already starting to take shape. Last year I volunteered with DAGCOL Sport and given my vision/passion for health and wellbeing I believe DAGCOL Sport could be sustained and developed by integrating into the Student Association.

I would like staff members to be aware of one of the areas I am working on this year within the college.

Last year I voluntarily ran the Dumfries College Men's Football team and I was lucky enough to experience some special moments leading and organising all the students throughout the year. The side fulfilled all fixtures in the Scottish Student Sport calendar, I believe this is the first-time Dumfries have managed to do that.

We narrowly missed out on promotion and reached the Scottish Cup semi-final only to be knocked out on penalty kicks. The most encouraging thing for me was watching all the students come together as a team and the effort they produced to represent the college was staggering considering the competition and challenges of competing against bigger institutions.

We had over 30 squad members last year and only one participant left the college during their study year, this was to go into employment. I am not stating that Football was the reason they fulfilled their year in education but It is no coincidence that given an extra incentive to be a student at this institution helps people cope and stay motivated during the academic year.

I am also sure that staff members within the sports department would certainly back this up and included in this report you will find a statement on behalf of the Sports Lecturing Staff.

The sports department have made specific changes to their curriculum leaders this year. All Scottish Student Sport activities now fall under the project which was created last year 'DAGCOL SPORT'. This group can be found on Facebook and is monitored constantly by myself. I would like to urge staff members to visit this page and see exactly what we have achieved, how we have competed and the direction we are moving towards.

We have strong communication links with the Sports department and collaborate with lectures to get student authorisation prior to their participation in sporting events.

Board of Management

This year already we have 3 Football Teams (2 competitive and 1 recreational)

We also have a Men's Basketball team and I accompanied two students to the British University Sport Golfing Tournament. At this tournament we were the only College representation in Britain to be involved or to have registered students in this event, which I feel has now raised our profile within Scottish Student Sport.

Scottish Student Sport have been streaming our college campus over their social media page showing other colleges our ideas and the events we are running throughout the year.

Current Sports Teams

- Stranraer College FC (mixed male and female recreational participants)
- Dumfries College Men's FC (2 teams competing in Scottish and BUCS Events)
- Dumfries Men's Basketball Team (Competing in 4 term time Scottish Events)

Golf Participation

- Katie Malcom - HNC Sports Development and Coaching
- Alex Long - HND Sports Development and Coaching
- Both these students represented Dumfries College at the British Open held at St Andrews in September.

National Representation

Last year we had two students who were successful during national football trials and this year we have two successful students once again who will play for The Scottish Student National team, their names are listed below

- Scott Norman (2015/16 and 2016/17)
- Ally Barnes (2016/17)
- Benjamin Wagner (2015/16)

Upcoming participation

There are opportunities coming up for Cross Country, Golf, Netball, Football and Basketball which we will look to pursue and offer individuals the opportunity to represent the college and test their abilities in the chosen sport against some of the top colleges in the nation.

These opportunities are open to everyone however this is new territory for Dumfries & Galloway College and it takes a while for the word to spread about these extra opportunities available.

Our Facebook page has over 270 followers and is gaining momentum. Students are starting to enquire more consistently and ask for a variety of sports to be available at the college. In our 2nd year now of this sports project I feel there has been a solid foundation in place to continuously build on every year, it's my hope that the College will keep opportunities like these going, not only this year but also looking forward to future years ahead.

“DAGCOL sport has given all students within the College the opportunity to participate in a variety of different sports and compete at National level. It is with great satisfaction as a member of staff to see this grow and allow students to take on the responsibility of managing this themselves, giving them a

Board of Management

vast number of skills and qualities recognised by employers. Specific voluntary roles have been created which replicate current industry standards and prepares sports students for employment.”

Roddy Carlyle

Sports Department Lecturer

Dumfries Campus

Sporting opportunities can indirectly be used as a mentoring system for people who are experiencing difficulties during their time at Dumfries & Galloway College. It gives them the opportunity to release themselves into a different environment, an environment in which they are comfortable and can gain additional life skills from specific leaders who may be the difference between staying at the college or leaving.

I believe I can help individuals within this group and not only make them fulfil their sporting potential but also believe in themselves and positively affect their personalities throughout the year.

“Last year I spoke with Scott regarding the possibility of a football match between students from Stranraer Campus and Dumfries Campus. Scott was keen to pursue this and arrangements were made for a fixture to be played at Palmerston Park in Dumfries. The event was very well organised and students from both teams had an enjoyable day.

Prior to the event and following discussion with Management and Lecturing staff measures were put in place to ensure only students who were up to date with their course work and had good attendance were available to play. This had a positive impact and was a clear motivation and reward to students for their hard work over the year. It also had a positive impact on student relationships with staff, other students on the same course and the wider group.

I feel such events promote good behaviour at College and improve student retention and course completion. It further encourages a healthy lifestyle and supports students to grow socially.

We have a wide range of sporting abilities within the College. For some involved it was their first ever chance to play a full 11 a side match and this year one Stranraer student has been selected to play for Dumfries and Galloway College in a Scottish Student Sport match.

This year has seen the introduction of the Southwest Trophy with teams from both campuses this time playing an 11 a side match in Stranraer. Again the fixture was a great success and played in a good spirit. Both teams returned to the Stranraer Campus following the game and shared hospitality provided by the Catering students.

I feel that a lot of good work has gone into these events and they have been of great benefit to the students and College as a whole. I feel these events should be supported so they can grow and develop as Dumfries and Galloway College does. These events are a great way to help to forge and cement relationships between the Campuses and the students themselves.

Scott has some great ideas for the future to develop these events and involve other sports and other students. I feel a strong foundation is being laid and that with support these events will continue to be a great success for years to come.”

Neil Brown

Lecturer

Stranraer Campus

Board of Management

It is my aim to build on the success of DAGCOL sport, to demonstrate the benefits and longevity of the project. I would like senior members to consider where this project may be most effective within our institution and I would obviously like to be involved in these discussion after piloting the project over the last two years.

Board of Management

Minute of the Meeting of the Audit Committee of the Board of Management of Dumfries and Galloway College held on 10 May 2016 at 2 pm in Room 2009

Present:	Hugh Carr (Chair) Stuart Martin	Pat Kirby
In attendance:	Carol Turnbull, Principal Philip Church, Client Manager, RSM Jannette Brown, Secretary to the Board and Vice Principal Corporate Services & Governance Kay Bird, (new Secretary to the Board)	Karen Hunter, Finance Manager Angela Pieri, Grant Thornton
Minute Taker:	Heather Tinning, Executive Team Assistant	

1 Apologies

The Chair welcomed members to the meeting, in particular Kay Bird, the new Secretary to the Board. Apologies for absence were intimated on behalf of Delia Holland.

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 indicate declarations of interest as appropriate throughout the meeting.

3 Minute of Previous Meeting

The Minute of the Audit Committee meeting held on 8 March 2016 was approved.

4 Matters Arising

In terms of the Account Year-End, the Principal confirmed that there was no update to report at present and that the Account Year-End will remain at 31st July.

5 Internal Audit Reports

5.1 Human Resources Effectiveness

Mr Church spoke to the report which had been issued, advising that the Human resources controls were found to be well designed and operating efficiently. Three management actions were identified. The college's policies and procedures are benchmarked against other colleges within the sector, and key findings are highlighted in the report. The findings summary identified issues relating to non-completion of four SD1 forms, and minor issues with the completion of two interview evaluation forms. In terms of the Rating identified as Amber/Green, Mr Church advised that this was

based on RSM's methodology, and that the rating was more directed towards Green, which would have been applied if there had been no medium issue identified.

5.2 Procurement

Mr Church spoke to the report which had been issued, following an audit of Procurement as part of the approved internal audit periodic plan for 2015/16. It was identified that there was reasonable assurance that the college had adequate controls that were well designed and fully implemented. The key findings confirmed that all the procedures had been adhered to with the transactions in the PECOS system. Mr Church referred to the findings in terms of the supplier sourcing procedures in particularly in the case of Construction. The Finance Manager reported that the Finance Department contact firms to ensure that the information received is correct, especially with change of bank details, to help prevent any fraud.

5.3 Progress Report

Mr Church spoke to the report which had been issued. Mr Church identified the main areas of concern in the key findings of the assignments:

- Human Resources Effectiveness
- Procurement
- Follow Up

The Impact of findings had been extracted from the Human Resources Effectiveness and Procurement Reports. Appendix A identified the other reports that had previously been to the Committee. A summary on progress will be discussed at the September meeting.

5.4 Internal Audit Plan 2016-17

Mr Church spoke to the report which had been issued. He spoke of the recent fundamental changes resulting in the re-evaluation of the colleges' strategic aims and priorities, and highlighted the six Strategic Outcomes that had been identified by the college. In order to approve the Internal Audit Strategy, the committee were asked to confirm that the annual plan provides sufficient assurance to monitor the college's risk profile effectively and that the plan covers the key risks of the college. In order to alleviate pressure on the Student Funding team, Student Support Audit will take place week commencing 20th June. In terms of Income Generation, the Vice Principal CS&G advised that both campuses will be audited to ensure that processes and controls are in place in terms of best practice. The appendix B, included in the report, highlights how the strategy links into the college risk register.

Decision: The Committee formally approved the Internal Audit Plan 2016-17

6 External Audit Plan 2015-16

The Vice Principal, Corporate Services & Governance, spoke to the report which had been issued, advising that this is the last year of the college's five-year work under work of Audit Scotland Contract. The draft External Audit Plan had now been confirmed, with no fundamental changes to

be made. The Vice Principal, Corporate Services & Governance highlighted the key areas in terms of the key changes resulting from FRS102. Accounts will be prepared for the year ending 31 July 2016 on an IFRS basis for the first time. In terms of the key phases of the audit cycle, following the final accounts visit in October 2016, the accounts will be presented to the committee in November for sign off. Discussion surrounded the fees for the college audit and other services, members were advised that indicative fees, which have remained stagnant, are set by Audit Scotland. A letter from Audit Scotland is received by the college informing of the fee level, which is also presented at the Audit Committee.

7 Strategic Risk Register

The Vice Principal, Corporate Services & Governance spoke to the report which had been issued highlighting the three changes that had taken place since the last committee meeting. The Vice Principal, Corporate Services & Governance sought member's views on risk number six, review of property and provision in Dumfries, and advised that the SRUC is not part of the discussion at this stage. Members discussed the report and approved the key changes.

Decision: Strategic Risk Registers changes approved

8 Review of Risk Management Policy

The Vice Principal, Corporate Services & Governance spoke to the report which had been issued, following review of the Policy by the Executive Management Team. The Secretary advised that the report highlights mainly terminology changes and that there was nothing significant to note.

Decision: The Committee agreed that the changes were robust and clear and approved the revised policy

9 Audit Scotland Letter re change of External Auditors

The Vice Principal, Corporate Services & Governance spoke to the Audit Scotland letter which had been issued advising that the college has a change of External Auditor from next year. The proposed Auditor for the college is Scott Moncrieff, to commence on 1st August 2016. The Vice Principal, Corporate Services & Governance advised that the College had no part in the selection process. Angela Pieri advised that she is currently working towards completing this financial year prior to the new appointment. She advised that the protocol when taking over or giving up new audits is for both parties to share new policies. The Principal advised that Audit Scotland are looking to meet with College Principals on an individual basis, as part of a review of regionalisation and looking at wider governance issues.

10 Any other Business

None.

11 Date and Time of Next Meeting

The next meeting of the committee planned to take place on Tuesday 20 September 2016 at 2 pm.

Board of Management

Minute of the Meeting of the Audit Committee of the Board of Management of Dumfries and Galloway College held on 20 September 2016 at 2 pm in Room 1074b

Present: Hugh Carr (Chair)
Delia Holland

In attendance: Carol Turnbull, Principal
Philip Church, Client Manager, RSM
Jannette Brown, Vice Principal Corporate Services & Governance
Brian Johnstone, Chair Board of Management
Kay Bird, Secretary to the Board/Minute Taker
Karen Hunter, Finance Manager
Angela Pieri, Grant Thornton

1 Apologies

The Chair welcomed members to the meeting. Apologies for absence were intimated on behalf of Stuart Martin and Pat Kirby.

The Secretary to the Board confirmed the meeting was inquorate and no decisions could be made.

2 Declaration of Interest

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

3 Minute of Previous Meeting

The Minute of the Audit Committee meeting held on 10 May 2016 could not be approved and will be carried forward to the next meeting to be held on 22nd November 2016.

4 Matters Arising

No matters arising.

5 Internal Audit Reports

5.1 Follow-up Report

Mr Church spoke to the report which had been issued, advising that out of the 12 recommendations 11 were medium priority and one high priority. Reasonable progress is being made, 8 have been fully implemented and one recommendation is one-going. Three are still to be implemented in relation to Institutional Sustainability, revised dates for implementation have been agreed, and is a reflection on what is happening within the Sector. The members noted the report.

5.2 Annual Report 2015-16

Mr Church spoke to the report which had been issued, and confirmed the College has an adequate and effective framework for risk management, governance and internal control. No issues need to be flagged. There were no significant issues raised in connection with Risk Management which is linked to the College's Risk Register and Student data. The Committee discussed the implementation of the internal audit recommendations, performance indicators and Annual Opinions. Delia Holland asked Mr Church to explain further the 'reasonable progress' indicator given and Mr Church advised he was comfortable with the reasoning behind the outstanding recommendations which was indicative with what was happening within the sector. The Chair of the Board of Management commented that there had been a lot of work and changes on governance and board development and Mr Church advised the college was making good steady progress in these areas. The members noted the report.

6 Audit Scotland Reports

The Vice Principal, Corporate Services & Governance, spoke to the reports which had been issued and the Committee discussed the individual reports and lessons to be learned, as follows:-

6.1 Coatbridge College

The key point was the governance weakness at the Coatbridge College in relation to severance arrangements. The Vice Principal, Corporate Services & Governance confirmed there is SFC guidance which has come to the Board and there are systems in place within the College on severance pay which should give the Committee assurances. The College publishes all agendas, minutes and reports on its website.

6.2 Glasgow Clyde College

The key point here was the Board of Glasgow Clyde College did not comply with the Code of Good Governance. The Vice Principal, Corporate Services & Governance confirmed this College complies with the Code of Good Governance.

6.3 Edinburgh College

The key point was the Edinburgh College did not deliver on its credit target and got into financial difficulties. The Vice Principal, Corporate Services & Governance advised the Committee can take reassurance from the Internal Auditor's reviews on Student Activity. The Principal further advised the SFC had further tightened up this area too.

6.4 Glasgow College Board

The key point is the college, which is a regional strategic body for the Glasgow region operates in a different way to Dumfries & Galloway College, lacked systems in place for internal control. The Vice Principal, Corporate Services & Governance gave reassurance to the Committee that this College has effective systems in place which is evidenced by internal audit reports.

6.5 Scotland's Colleges 2016

The Committee discussed the report. The recommendation is that colleges should develop long term financial strategies, for a minimum of 5 years. The Chair asked how practical was this and the

Vice Principal, Corporate Services & Governance advised that as the college is financed on a yearly basis it was a difficult exercise and would be based on aspirations, a worse case and best case scenario. It is not known what affect national pay bargaining will have on colleges. The Principal commented that it is disappointing this is a requirement as a lot of college resources will be used for little benefit to the college.

The members noted the reports

7 2015-16 Draft Audit Committee Annual Report

The Chair spoke to the report. The Vice Principal, Corporate Services & Governance advised there were two typographical errors, one at point 3.2 and one at 7.3 which she confirmed would be amended. The Chair was happy with the report, which he confirmed could be taken to the Board Meeting on 4th October 2016.

Action: The report will be amended and presented to the Board on 4 October 2016 for Board approval.

8 Scottish Funding Council Financial Memorandum – Additional Requirements

The Vice Principal, Corporate Services & Governance spoke to the report which had been issued, together with the Financial Memorandum and SFC Guidance documentation. The report summarised the revisions to the Financial Memorandum and the Vice Principal, Corporate Services & Governance confirmed that the College was compliant in all areas with the exception of 'Cash Management and Banking'. The College was waiting to hear from Royal Bank of Scotland and the deadline for implementation will be pushed back as there are delays with the Scottish Government and Royal Bank of Scotland. This matter will need to go to the Board in due course. Members noted the report.

9 Informing the Audit – Risk Assessment

Angela Pieri spoke to the report. The Auditors have a duty to ask set question and show management's responses and confirm these processes are in place. Brian Johnstone highlighted an error on page 7 of the report, the Committee is just called the Audit Committee and not the Audit and Risk Management Committee. Angela Pieri acknowledged this as an error. Brian Johnstone asked what procedures the College has in place for litigation matters. The Vice Principal, Corporate Services & Governance advised the procedure would depend on the matter and may go to the Chair of the relevant Committee and or Chair of Board of Management. The matter would be reported to the College's insurers. The Chair asked whether there was a financial limit that if exceeded the matter would be referred to the SFC. The Principal and the Vice Principal, Corporate Services & Governance advised that there were limits in relation to severance / settlement pay but not for legal claims.

10 Update – Challenging to Lennartz Ruling

The Finance Manager spoke to the report which was an update on her previous report. The Committee discussed the updates and members noted the report.

11 Strategic Risk Register

The Vice Principal, Corporate Services & Governance spoke to the report and the Committee was asked to review the College's Strategic Risk Register. It was reported there were no new issues identified since the previous risk register. The report could not be approved.

Action: The report will be tabled at the next Board meeting.

12 Any other Business

The Finance Manager confirmed that the external audit was to commence on 3rd October 2016 for three weeks and that there had been big changes to the accounting format and report. The Accounts will be going to the next Finance & General Purposes Committee. Brian Johnstone asked whether the Finance Manager could produce a one page key fact document on the accounts. It was suggested the Vice Principal, Corporate Services & Governance, the Finance Manager, the Chair of Audit, the Chair of F&GP and the Regional Chair could consider appropriate wording of notes to explain the technical deficit in the accounts.

Action: The Vice Principal, Corporate Services & Governance to circulate accounts to above mentioned once wording has been completed.

13 Date and Time of Next Meeting

The next meeting of the committee is to take place on Tuesday 22 November 2016 at 2 pm.

14 Good Governance

The Chair asked members of the Executive Team and the Finance Manager to withdraw from the meeting in order for the Committee to meet privately with internal and external auditors in accordance with the Code of Good Governance for Scotland's Colleges.

Angela Pieri and Philip Church both advised there was no issues with the college and everything was in order with a good risk management policy imbedded.

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 27 September 2016 at 2.00 pm in Room 1074b, Dumfries Campus.

Present: John Henderson (Chair) Ros Francis
Kenny Henry Karen McGahan
Carol Turnbull

In attendance: Jannette Brown, Vice Principal Corporate Services & Governance
Karen Hunter, Finance Manager
Helen Pedley, Director of Organisational Development and Facilities
Kay Bird, Secretary to the Board/Minute Taker

1 Welcome and Apologies for Absence

The Chair welcomed members to the meeting, all members were present.

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 17 May 2016 was amended to make reference, at '15 Any Other Business' to the Lennartz Ruling, on the first line, and the Minute was approved.

4 Matters Arising

4.1 Sale of Catherinefield

The Director of Organisational Development and Facilities reported the tenant's survey on the property valued the property at £120,000 and the survey conducted by D M Hall on behalf of the College had valued the property, on the basis that it was occupied, at £140,000. If unoccupied DM Hall advised the valuation would be between £123,000 - £130,000. The tenant's initial Offer to Purchase of £110,000 was rejected and the tenant has submitted a final offer of £120,000. On the facts the property had, previous to this tenancy, been on the market for two years, the deterioration of the property if it stood empty for a further long period, the current property market and DM Halls' valuation, the Members accepted this was a reasonable offer which could be recommended to the Board.

Board of Management

Decision: Members agreed to recommend the tenant's Offer of £120,000 to the Board at its next meeting.

5 Draft Annual Finance & GP Committee Report

The Chair spoke to the draft Annual Finance & GP Committee Report. Figures are still outstanding for items 6.2 and 6.3 and will be available when the accounts have been audited. Discussions followed. The Chair was not comfortable with the wording in 6.3 and the recent changes in financial reporting standards are causing confusion, particularly non-cash items eg, depreciation leading to a deficit.

Action: The Vice Principal of Corporate Services and Governance and the Finance Manager agreed to reword Item 6.3.

The Chair raised the point on Item 8.2 and running deficits in pensions now being shown. The Vice Principal of Corporate Services and Governance advised the Committee should take comfort in the fact that external auditors confirm the college is financially sound and narrative in the accounts offer explanations. Ros Francis asking whether a caveat should be added to the narrative that the college is not able to set money aside.

Action: The Vice Principal of Corporate Services and Governance will amend the report to reflect this.

The Vice Principal of Corporate Services and Governance advised the college pension is revalued every three years. It is due in March 2017 and a report will come to this Committee thereafter. She further advised that it is not just colleges running pension deficit but the whole of Local Government. The Vice Principal of Corporate Services and Governance offered to bring a person to the Board from an investment perspective if further explanation was required by the Committee. The Director of Organisational Development and Facilities advised the Pension Board meets every 3 months and either she or the Finance Manager attends and assurances have been given by the Pensions Board in relation to the deficits. The Director of Organisational Development and Facilities confirmed that if the Pension Board have any concerns she would report this to the Board.

Action: The Chair will, when the revisions have been made, send the report to all the Committee to review.

6 Facilities Update

The Director of Organisational Development and Facilities spoke to the report. There had been a large programme of refurbishment over the summer, which had come in on time and budget, and had been well received. The insurance claim money for the flooding had recently been received. A flood risk assessment, which was a requirement of the insurers, has been carried out and this report is awaited. The Director of Organisational Development and Facilities confirmed any recommended works which may be a result of the risk assessment would need to be met by the college. It was confirmed by the Finance Manager that the claim had not adversely affected the insurance premium when the policy came up for renewal in August 2016. Members noted the report.

Board of Management

7 Revised Health and Safety Policy

The Director of Organisational Development and Facilities advised the Committee the policy is being updated and before being brought to this Committee needs to be presented to the Health and Safety Committee for their input. User friendly on-line risk assessments are being introduced across the College.

Action: The revised Health & Safety Policy will be tabled at the next F&GP Committee.

The Director of Organisational Development and Facilities left the meeting.

8 Revised Budget 2016-17 (and verbal Financial Update)

The Vice Principal of Corporate Service and Governance spoke to the report and highlighted that due to changes in the budget this resulted in an increase in overall operating deficit of £14,000. However, she assured the committee the College is planning a break even outturn for financial year 2016-17 and is currently consulting with budget holders with the intention of reducing the deficit. The Principal commented this illustrates how tight the finances really are at the college. The Chair commented that the Committee understood how difficult it was for the college under the financial constraints imposed and that there is small contingency in place but there is not much room for manoeuvre. Ros Francis raising the question whether the on-going strikes would raise costs. The Principal advised that this was very dependent on how long the strikes continue. Today was the second day of industrial strikes and there are fewer support staff out on strike than the first strike action day. EMT are working with managers to ensure all aspects have been covered so far. A full update on the strikes will be provided at the HR Committee and Board Meeting on 4th October 2016.

The Finance Manager commented that the Management Accounts for August and September will be available at the end of September, student numbers and staff contracts are just settling down. Cashflow is good, the insurance company settled the claim for the flood damage quickly and there has been a VAT rebate. The Vice Principal of Corporate Services and Governance confirmed the Lennartz money was still in the bank. The Finance Manager advised the Royal Bank of Scotland accounts were still not set up due to the delays by RBS, the deadline has been extended. The process between the Government and RBS has proved more complex than originally anticipated. Member noted the report.

9 Draft Financial Statements 2015-16

The Vice Principal of Corporate Services and Governance and the Finance Manager spoke to the report. The Finance Manager advised the Statement of Comprehensive Income looked very different now due to changes in accounting requirements of FRS102. A discussion followed and it was highlighted that the use of narrative within the accounts was essential for external bodies to perceive the changes, and the Vice Principal of Corporate Services and Governance confirmed the external auditors at the Audit Committee on 20 September 2016 had re-iterated this point. Grant Thornton are still to have sight of the accounts however the audit commences next week. It was confirmed that Scott Moncrieff, through Audit Scotland's tendering exercise, have been appointed as the new auditors and Lennartz will be raised with them. The Vice Principal Chair Corporate Services and Governance advised that a paper would be coming to the Committee regarding Audit Scotland's requirement for a five to ten year financial strategy which was very difficult as colleges are financed on a yearly basis. Members noted the report.

Board of Management

10 Aged Debt Report

The Finance Manager spoke to the report. The two larger invoices have now been paid in full. The Principal comment that the finance team had done well to keep aged debt to a minimum and the Chair gave credit to the team for their good efforts. Members noted the report.

11 2016-17 Fee Policy

The Vice Principal of Corporate Services and Governance spoke to the report. The fees have stayed at the same level as 2015-16 and the only proposed increases, in line with the cost of inflation, are in relation to room hire and sports hall hire.

Decision: The Committee approved the fees for 2016-17.

12 Update – Challenge to the Lennartz Ruling

The Finance Manager spoke to the report and provided a further update. Scotland Colleges Steering Group are not happy with Ernest & Young and are trying to get consensus with other colleges. The reputation of colleges and how it would be perceived if colleges claimed back monies due was still an issue. Scott Moncrieff have heard nothing further from HMRC. The Chair advised that the Audit Committee was less concerned regarding how the college would be viewed and took the stance if the money was due back the college should claim it. The question was raised that if the college did receive a windfall of VAT repayment would the college be able to retain this. The Vice Principal of Corporate Services and Governance advised guidance would need to be sought from SFC. The Committee was in agreement to pursue a claim for repayment of VAT with Ernest & Young if the college can engage with them. The Finance Manager will keep the Committee updated. Members noted the report.

13 Any Other Business

The Principal added further to the point on the industrial action which had been discussed at agenda item 8 that if Board members are approached for their comments they should not be drawn in and should refer back to National Pay Bargaining and any queries to Colleges Scotland. The Principal has today sent an update on the industrial action, from Colleges Scotland, to Board Members. The Principal further comments there was no early resolution in sight.

14 Date and Time of Next Meeting

The next meeting of the Committee would take place on Tuesday 29 November 2016 at 2pm.

Board of Management

Minute of Meeting of the Human Resources Committee of the Board of Management of Dumfries and Galloway College held on Friday 11 December 2015 at 2 pm in Room 1074b

Present: Stuart Martin (Chair) Janet Brennan
 Carol Turnbull Ian White

In attendance: Jannette Brown, Secretary to the Board and Vice Principal Corporate Services & Governance
 Helen Pedley, Director of Organisational Development and Facilities

Minute taker: Caroline Donoghue, Executive Team Assistant

1 Apologies for Absence

There were no apologies received

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 indicate declarations of interest as appropriate throughout the meeting.

3 Minute of Previous Meeting

The Minute of meeting from 06 October 2015 was approved.

4 Matters Arising

Item 5: Helen Pedley, Director of Organisational Development and Facilities has not yet met with Janet Brennan with regards to the exit questionnaire, this meeting has still to be arranged and will take place as soon as diaries allow.

Item 7: Helen Pedley, Director of Organisational Development and Facilities confirmed that she has not yet met with Occupational Health department; however, a meeting arranged for early January 2016.

5 Draft Human Resources Strategy

Helen Pedley, Director of Organisational Development and Facilities spoke to the report, which had been previously circulated. The purpose of this paper is to provide the Human Resources Committee with the opportunity to consider the paper and suggest amendments. This is a living document which will continue to be updated to reflect the changing needs of the organisation and external environment.

The Director confirmed the layout of this draft strategy has changed considerably from the first version. The content of the report has been rearranged to achieve a more cohesive report.

The members discussed and noted the content in the report and complemented the Director on a comprehensive and valuable report.

Members were asked to discuss and provide feedback on the staff survey enclosed within the strategy. The Director confirmed the survey would be submitted to staff for completion every two years which would allow time for any changes to be implemented, monitored and evaluated; although it was felt that, if necessary or more constructive, the survey could be conducted on a yearly basis.

The Director advised she intended to seek the views of the unions on the Survey and Human Resources Strategy. It is intended to have the survey sent to staff in February for completion.

The members considered noted the draft report. The final report will be submitted to the board for approval in March.

6 Any Other Business

The Principal gave an update to the meeting with regards to the National Pay Bargaining and the recent industrial action ballot taken by EIS.

7 Date and Time of Next Meeting

The next meeting date and time will be confirmed.

Board of Management Learning and Teaching Committee

Minute of meeting of the Learning and Teaching Committee of the Board of Management held at the Dumfries Campus on Tuesday 31 May 2016 from 2.00 pm in Room 2058.

Members present:	Delia Holland (Chair) Barry Graham Julian Weir	Carol Turnbull (Principal) Kenny Henry Ian White
Faculty representatives:	Jim Maginess	David Denholm
In attendance:	Andy Wright, Vice Principal (Learning and Skills) Jannette Brown, Vice Principal (Corporate Services & Governance) Kay Bird (Secretary to the Board and Minute Taker)	
Item 3 only	Iain Hawker (Head of Faculty, Business, Computing & Creative Industries) Robert Burns (Business, Computing & Creative Industries) June Holland (Head of Faculty, Education, Health & Social Studies) Stephen Shellard (Education, Health & Social Studies)	

1 Welcome and Apologies for Absence

The Chair welcomed all to the meeting, including the new Board Secretary, Kay Bird to her first Learning and Teaching Committee meeting.

Apologies for absence were intimated on behalf of John Henderson and Peter Woods.

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

2 Declaration of interest

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

3 Presentation – Use of IT in Delivery

Iain Hawker, Head of Faculty for Business, Computing & Creative Industries and Robert Burns Curriculum Leader, gave a presentation and demonstration on the use of technology in the computing courses using Microsoft One-Note software. The Vice Principal of Learning and Skills confirmed they are looking to develop the software into other areas. The Principal advised this facility could widen access to courses for Stranraer Students.

June Holland, Head of Faculty of Education, Health and Social Studies and Stephen Shellard, Lecturer, gave a presentation on the use of technology in their Faculty in particularly in self-

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evaluation, and organising the students learning, which is of particular assistance to remote learners. Members noted current use is targeted at two levels of learners, HNC in Social Sciences and Access to Higher Education students however the Faculty are looking to roll it out to other learners. Course BLOGS are used, giving a summary of class contents and linked in to LearnNet. Members further noted if a learner misses a class the tutor emails the learner with links to the course notice board they can pick up on what they missed. Schedules, revision checklist, additional course information, together with links to Podcast are posted on the course notice board.

Members raised concerns whether all students were capable of managing this technology on entry. The Vice Principal Learning and Skills advised many students were comfortable with using technology and those less confident will highlight this and receive assistance. For students coming straight from school many use technology in the school environment however it was commented there could be discussions with schools to smooth transition in this area.

4 Minute of Previous Meeting

The Minute of the Learning and Teaching Committee held on 15 March 2016 was approved.

5 Matters Arising

The Chair advised there was a shortage of Non-Executive Members on the Committee and Non-Executive Members could widen their knowledge from more contact with staff and students.

Action: The Chair will raise this at the Board Meeting on 7th June 2016.

6 Education Scotland Review

6a College Review Report

The Principal advised this was the final report and the college achieved a level of “effective” which is the highest level. The report contained many positive statements in particular a Good Practice in ICT and three example of Excellence. Retention was highlighted as a main point for action. Andrew Brawley, Lead Officer Colleges, will be giving a presentation on the Review at the Board Meeting on 7th June 2016. The Chair congratulated the college on the excellent report and was pleased to report that the College was referred to as a good example, in a recent governance meeting she had attended.

The Chair acknowledged problems with retention had been a long-term problem and staff had tried hard to improve retention rates. The Principal advised one of the issues was there was no pattern to the retention rates which made addressing the problem difficult. One area to consider which may improve retention is the improvement of transition for S4 and S5 pupils giving more exposure to the College and the courses. The Principal advised consideration needs to be given to a Board/Staff Workshop to focus on retention to gather new ideas.

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Action: Board/Staff Workshop to be tabled at the next Committee meeting on 11th October 2016.

The Vice Principal Corporate Services & Governance raised a question on behalf of Peter Woods, Learning & Teaching Mentor. He was keen to know from the committee their hopes / suggestion for what may change within the mentoring process and offer an update on the process at a future meeting. The Chair put to the Committee how the Board and College can take mentoring forward. The Vice Principal of Learning and Skills advised it is essential to move forward as a group and it is essential not to lose the relationship with the mentors and the staff. It was agreed that the Vice Principal Learning & Skills to keep committee updated on any changes. The Committee agreed to a presentation at its next meeting.

Action: Peter Woods to give a presentation at the next Committee meeting on 11th October 2016.

6b Learners Report

The Chair commented this was an excellent shorter Learners Report, prepared by the College and published on the College website.

The Principal advised the Committee that Education Scotland is introducing a new quality framework, full details to follow but there is likely to be an annual review at a lighter level with external reviewer input.

7 Student Association Update

Julian Weir, Student Association President, advised the members the Students' Association is currently working with the College to develop a partnerships agreement. The partnership agreement will be presented to this committee at its next meeting. Julian Weir confirmed the election for the new President and Vice-Presidents close today and there will be a handover so the incoming office bearers are fully updated as to the current position.

8 2016-17 Funding to Support the Student Association

The Vice Principal of Corporate Services & Governance spoke to the report which had been issued, together with the Scottish Funding Council letter, the Framework for the Development of Strong and Effective College Students' Association and Development of Strong and Effective College Students' Association Self Evaluation Framework. The purpose of the report is to provide members with assurance that the Students' Association is being adequately funded. The Chair commented that a lot is now being asked of the students and asked when feedback on the self-evaluation process is expected. The Vice Principal of Corporate Services & Governance confirmed regular updates on the development plan and outcomes from self-evaluation will be presented to this Committee and the Board. She reminded the Committee that the Students' Association Development Plan was approved by the Board at its December meeting. The Chair thanked Julian Weir for his contributions and wished him all the best for the future.

Board of Management Learning and Teaching Committee

The Committee noted the report.

9 2016-17 Curriculum Delivery Plan

The Vice Principal Learning and Skills spoke to the report which had been issued and sought the views of the Committee. He confirmed Stranraer Academy was the school with no take up and this was due to a disagreement on the offer, however the College had had positive talks with the school about the future and discussions are ongoing. The Foundation Engineering Course is not going to run as only four learners wanted to follow this pathway. Barry Graham suggested a big issue is this course needs a clearer path to university and links with university as at present universities will not accept this qualification as equivalent to a Higher. The Vice Principal Learning advised the key to this course was leading onto employment and not about entry to university which was why employers were involved in the design of the course. Barry Graham had not appreciated this and suggested the purpose of the course is re-examined. The Chair suggested the different pathways are made clearer and there is better engagement with parents in improving their understanding that there are alternative routes to university. The Principal commented schools should have more input and Skills Scotland involvement was required too.

Action: The Vice Principal Learning and Skills will review the course pathways with emphasis on engagement of parents, schools and career opportunities.

10 Vice Principal (Learning and Skills) Update

The Vice Principal Learning and Skills spoke to the report which had been issued. He advised that HE retention had remained stable and acceptable however there are still issue in FE programme. The Chair commented that this does need to be addressed however understands that the College and staff have been trying to address this issue. The Vice Principal Learning and Skills commented that there were no defined patterns for reasons for retention issues which made addressing problems difficult. Taster courses are being considered.

Action: It was agreed the Principal Learning and Skills and the Principal would consider new strategies and work with the Board to take this forward.

Members noted the report.

11 Key Performance Indicators

The Vice Principal Corporate Services & Governance spoke to the report which had been issued. The report distinguished between early student retention which was down 3% on last year, and on-course student retention. The Committee discussed one of the reasons for early student retention issues is that the course is not what the learner thought it was going to be and a way forward would be to ensure the learner has as much information as possible on the course before

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enrolment. The Principal will discuss with Gillian Brysden, the Head of Education for Dumfries & Galloway Council working with schools and better engagement with pupils to reduce early student retention. The Principal commented that Skills Development Scotland should be picking up on the students who have left, however the schools know the students better and their involvement may be beneficial. The statistics for Progression are correct up to the end of June 2015 and most have progressed. Student Outcomes are on target and the Vice Principal Corporate Services & Governance confirmed these targets are set through the Outcome Agreement. Barry Graham asked whether the National Average figures could be inserted into future reports for a comparison, the Committee agreed the Sector Average would be more beneficial.

Action: The Vice Principal of Corporate Services & Governance will insert the Sector Average Figure for comparison.

Members noted the report.

12 Quality Audit Reports/Surveys – Complaints Handling Statistics

The Vice Principal, Corporate Services and Governance spoke to the report which had been issued, a comparison had been inserted for the previous year. The Ombudsmen recently reviewed the categories of complaints resulting in changes next year. Members noted that it had taken a while for the new system to come in and Staff Awareness Programme had resulted in staff being more confident with the procedures.

Members noted the report.

13 Any other Business

13.1 University of the West of Scotland

The Principal reported progress was limited, the matter was with the Funding Council and a response was awaited.

13.2 Chamber of Commerce Scotland - Awards

The Chair congratulated the College on their success at the Award Ceremony.

14 Date and time of the Next Meeting

The next meeting of the Learning and Teaching Committee will take place on Tuesday 11th October 2016 at 2pm.

Minute of the Meeting of the Board Development Committee of the Board of Management of Dumfries and Galloway College held on 26 April 2016 at 2:30 pm in Room 2009

Present: Brian Johnstone (Chair) Delia Holland
Stuart Martin Hugh Carr

In attendance: Jannette Brown, Secretary to the Board
Kay Bird, New Secretary to the Board

Minute taker Heather Tinning, Executive Team Assistant

1 Welcome and Apologies

The Chair welcomed all to the meeting, in particular Kay Bird recently appointed as the new Secretary to the Board. The Chair thanked Jannette Brown for the excellent work she had undertaken as the out-going Secretary to the Board. Apologies were intimated on behalf of John Henderson.

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

2 Declaration of Interest

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

3. Minute of Meeting

The minute of the meeting of the Board Development Committee of 29th January 2016 was approved.

4 Matters Arising

None.

4.1 Board Recruitment – Independent Person

The Chair confirmed that he had spoken to Rona Gunnell, a previous Board Member. Rona confirmed that she would act as an Independent Person to be part of the recruitment process throughout. It was agreed that individual board meetings should highlight any skills gaps the board may have and this should be established before progressing with board recruitment.

Action: The Board Secretary to pursue potential dates, late August/September, for moving forward with the vacant positions and confirm with the Chair.

4.2 Length of appointment – extension

The Chair confirmed Karen McGahan was happy to continue as a Board Member beyond her 2 years in office. The Board Secretary confirmed that a 4-year extension can be offered. The next stage is to prepare a letter to Scottish Government requesting an extension detailing the contribution and CPD undertaken by the member.

Action: The Chair will to meet with Karen to progress as a priority.

5 External Governance Effectiveness Review

The Chair spoke to the report which had been issued. The Chair advised that the information is in draft, the official notification has still to be received. Members noted the review should be completed by the end of December 2016 and that the Chair is required to submit a summary response by this date. In terms of the External Reviewer, the Chair reported this person will be expected to attend some Board and Committee meetings and observe to ensure that Governance is being adhered to. Given the involvement in board development so far, it was agreed to establish if Jan Polley would be prepared to act as External Reviewer.

Action: The Board Secretary to discuss with Jan Polley the possibility of her acting as External Reviewer.

6 Board Evaluation and Development Process

The Chair spoke to the report which had been issued for discussion on an appropriate board evaluation and development process. The Board Secretary explained the purpose of the three Templates. In the event of an underperformance issue, a plan would be put in place to develop and help the individual. The Chair confirmed that his one to one self-evaluation meeting would be undertaken by the Vice Chair. He explained that he also has an annual review with a member of staff from Scottish Government. Common themes from one to one evaluation meetings will be included in the Board Development Plan.

Action: It was agreed that the Chair would send members an e-mail advising them of the self-evaluations for all Board Members as part of the Development Framework and one to one evaluations meetings scheduled by the Chair.

6.1 Board member evaluation and development

Following the Development Session at the end of last year Members confirmed their own development needs.

6.2 Board evaluation 2015-16

The Chair spoke to the report which had been issued. The Chair sought members' views on the prompts in Relationships and Collaboration Criteria, which was still to complete. Evidence included stakeholder themes; Employer Advisory Boards, Fully integrate with Community Planning Partnership. As an outcome the College was part of the regional bid for funding to support Developing the Young Workforce, in terms of taking this forward with the bid and the award. The college has also done a lot more work with the schools, including hosting the Head Teacher's

conference (originally a Board initiative) . Crichton Campus Leadership Group attended by both the Chair and the Principal. The Principal chairs the Joint Academic SG.

The committee discussed the contribution of the two student members at Board who are engaged at meetings. Further development of student board members may be required to encourage them to participate fully in the life and work of the College. The Student Association is currently reviewing its constitution which will come to the Board meeting in October for approval. The Board has good relationships with the staff board members, staff who attend the Learning and Teaching committee and college staff were involved in the development of Vision 2020.

Action: The Chair to discuss with the Principal the possibility to meet with staff at staff events.

The Board Secretary confirmed that all our Board and committee minutes are published on the College website once they have been approved. Some college policies are also published on the website. The Board Secretary confirmed that the College is compliant with FOI legislation.

Action: The Committee requested a report on the number and nature of FOI requests to go to the next board meeting.

The Board Secretary confirmed that Andrew Brawley, HM Inspector will be attending the June Board meeting to talk about the findings of Education Scotland Review.

6.3 Board Development Plan 2016-17

The Chair spoke to the report which had been issued. Members were asked to comment on the areas highlighted in Development Required. The Chair advised that he would like to bring the Development Plan back to this committee to review progress. The Committee agreed that faculty communication was vital and an area for development next year. The Chair will take this forward with the Principal.

Action: The Chair to discuss methods of communication with the Principal.

7 Board Calendar 2016-17

The Board Secretary spoke to the draft Board Calendar for meetings 2016-17 which had been issued. Members noted the Strategic Session and Development Event scheduled for November and January, which would link in with the Development Plan. It was agreed to schedule in a 12.45pm working lunch prior to the Audit Committee Meeting on 20th September 2016.

Action: The Board Secretary to amend the Calendar of Meetings 2016-17 for recommendation to the Board in June

8 Any other Business

None.

9 Date and Time of Next meeting

The date and time of the next Board Development Meeting was confirmed as Tuesday 20th September starting at 12:45pm.

Minute of the Meeting of the Pre- Board Development Committee Lunch of the Board of Management of Dumfries and Galloway College held on 20 September 2016 at 12:45 pm in Room 2023

Present: Brian Johnstone (Chair) Delia Holland
John Henderson Hugh Carr

In attendance: Kay Bird, Secretary to the Board/Minute Taker

1 Welcome and Apologies

The Chair welcomed all to the meeting. Apologies were intimated on behalf of Stuart Martin.

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

2 Declaration of Interest

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

3. Minute of Meeting

The minute of the meeting of the Board Development Committee of 26th April 2016 will be tabled at the Board Development Committee Meeting on 18th October 2016.

4 Draft Agenda for Board Development meeting on 18th October 2016

The Chair asked for comments on the draft Agenda and the Chair expanded on the following matters on the Agenda.

4.1 Length of Appointment – Extension

The Chair advised that the Scottish Minister for Education had approved a four year extension for Karen McGahan. Members asked for a document detailing all Board Member's appointment dates and terms in office and for succession planning to be discussed at the next Board Development Meeting. The question was raised as to whether just one extension was allowed for individual Board Members.

Action: The Board Secretary to produce a table of Board Member appointment dates and terms. The Board Secretary will check guidelines on the number of extensions a Board Member is allowed.

4.2 New Board Member Recruitment

The Board Secretary is putting together a timetable and updating the recruitment pack in line with new guidance, to recruit 3 new Board Members. As part of this process the Skills Audit for Board Members needs to be updated in order to ascertain any skills gaps within the Board. The Skills Audit carried out in 2013 was produced at the meeting and it was agreed the Board Secretary would

circulate a Skills Audit Form for 2016 for Board Members to complete and return by the end of the month.

Action: The Board Secretary to send out the Skills Audit to Board Members by the end of the week.

4.3 External Reviewer

The Chair advised a meeting had taken place with Jan Polley, who had agreed to be the college's External Reviewer, and there was now a timetable for the review. The date which the review needs to be conducted by has been moved back to 31st March 2017, however we are well underway and the Board Secretary is collating the documentation which has been requested for the desk review. Jan Polley will speak with four Board Members and she will attend the Board Meeting on 6th December 2016 and the Board Development Event on 24th January 2017.

Delia Holland and John Henderson expressed concern that a disproportionate amount of time had recently been spent on Governance and we were not focussing on why the Board is here, inspiring staff and young people. The Chair responded that the Board was doing a lot of good work and the Standing Committees were performing well however Governance was here to stay.

4.4 Board member evaluation and development

The Chair advised the one to one assessments were near completion and had raised the issue of succession planning for the Board.

4.5 Board Self-Evaluation 2015-16

This document was being finalised and would be brought to the Board Development Committee in due course.

4.6 Board Development Plan 2016-17

The Board Development Plan, with updates, will be tabled at the next meeting on 18th October 2016.

The Chair advised that there will be more meetings and improved communications with the Student Association in the future.

The Chair reported the one to one assessment with Barry Graham had highlighted the process of meeting the objectives on the learning and teaching side should be reviewed. Delia Holland advising she had met with the Vice Principal of Learning and Skills that morning and they were looking at the Learning & Teaching Committee remit and will bring to the Board a paper with suggestions on the way forward. The Chair would like to find a replacement for Board-links and more presentations to the Board by faculty staff. Delia Holland commenting that the Vice Principal of Learning and Skills is looking to change the style of his report at the Learning and Teaching Committee to promote more discussions on single topics.

It was agreed there were no amendments to be made to the Agenda.

5 Any other Business

5.1 The Chair confirmed his email to Board Members informing them of the Joint Meeting at Border College on 1st November 2016 and encouraged Board Members to attend.

5.2 The Members agreed consideration should be given to whether a college publication with key facts on the college could be produced for stakeholders, employers etc. The Board Secretary producing to the committee a copy of the College's Scotland Key Facts 2016 booklet which will be distributed at the next Board Meeting; a similar format could be used. Hugh Carr suggesting that on Board Member's business cards a link into the college website could be noted. Delia Holland suggesting the project could be put out to college students to design.

5.3 Delia Holland advising that as a result of the Education Scotland Review four working groups had been set up and she and John Henderson were part of the working groups.

5.4 The Chair will email Board Members with a view to organising a table at the St Andrew's Dinner at the Crichton on Friday 18th November 2016. Board Members will have to pay for themselves but if any guests are invited the college would pay for their costs.

6 Date and Time of Next meeting

The date and time of the next Board Development Meeting was confirmed as Tuesday 18th October starting at 2.00pm.

Board of Management

Annual Report by the Finance and General Purposes Committee to the Board of Management

1 PURPOSE OF REPORT

- 1.1 To advise the Board of Management of the activities and decisions of the Finance and General Purposes Committee during Financial Period 2015-16.

2 BACKGROUND TO REPORT

- 2.1 The Finance and General Purposes Committee comprises a minimum of three members of the Board of Management, as well as the Principal and a staff representative. The Committee operates in accordance with written Terms of Reference approved by the Board of Management.
- 2.2 It is a requirement of the College's Financial Regulations that the Finance and General Purposes Committee provides the Board with an Annual Report so that all members can be fully informed of, amongst other things, the state of the College's finances.

3 ADMINISTRATIVE MATTERS

- 3.1 This report covers a twelve month period from 1 August 2015 to 31 July 2016.
- 3.2 The membership of the Committee during the period was:
- John Henderson (Chair)
Ros Francis
Kenny Henry (Staff representative)
Karen McGahan
Carol Turnbull (Principal)
- 3.3 Other attendees at Finance and General Purposes Committee meetings include:
- Jannette Brown, Secretary to the Board and Vice Principal Corporate Service and Governance
Helen Pedley, Director of Organisational Development and Facilities
Kay Bird, new Secretary to the Board
Karen Hunter, Finance Manager
- 3.4 During the relevant period, the Committee's formal meetings were as follows:

Date of Meeting:	Board members present:
7 October 2015	John Henderson Kenny Henry Karen McGahan

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	Carol Turnbull
8 December 2015	John Henderson Ros Francis Kenny Henry Karen McGahan Carol Turnbull
1 March 2016	John Henderson Ros Francis Kenny Henry
17 May 2016	John Henderson Ros Francis Kenny Henry Karen McGahan

There was an average attendance of 4 members (80%).

4 FINANCIAL MANAGEMENT

- 4.1 The Committee is responsible under the terms of the College's Financial Regulations to ensure that the College has a sound system of internal financial management and control and a robust mechanism for considering financial issues.
- 4.2 The Committee scrutinises the College's annual revenue and capital budget, and recommends the Annual Budget for approval to the Board of Management. The Committee thereafter monitors performance throughout the year in relation to the approved budgets.
- 4.3 The Committee scrutinises the Annual Financial Statements of the College, including the Operating and Financial Review, and recommends them for approval by the Board.
- 4.4 The Committee also review and approve the College Financial Statements Return and Financial Forecast Return, which are based on the Financial Statements and Annual Budget respectively, prior to submission to the SFC.
- 4.5 In order to assess the ongoing financial position of the College during the year, and the changing environmental and other issues which affect the College, the Agenda for each Committee meeting during 2015-16 included the following Items:
 - **Financial Update** – to monitor operating results against budgets, and assess the forecast out-turn for the financial period;
 - **Aged Debt Report** – to monitor client and student debt balances, and approve any proposed write-offs of unrecovered debts;
 - **Cash Flow Forecasts** – to monitor the College's actual bank balances and assess forecast balances for the financial year.

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- 4.6 The impact of the ONS Re-classification on the College has continued to be the main consideration for the Committee during the year. The difference in the treatment of depreciation for accounting purposes and for HM Treasury budget reporting has been a significant consideration during the year, and the impact of additional expenditure against SFC's 'net depreciation cash budget' has been considered in detail by the Committee.
- 4.7 The Committee have monitored the ongoing developments in National Pay Bargaining throughout the year, including the impact of pay awards on budgets and the move to introduce common terms and conditions for College staff.
- 4.8 The Committee has assessed the ongoing College capital expenditure programme, including developments undertaken using grants received from the Scottish Colleges Foundation, as well as Fire and Health and Safety Audits, and ongoing monitoring of new build retention monies.
- 4.9 The Committee will continue to assess the issues arising from the ONS re-classification and the impact on the College budget and accounts from meeting the requirements of Government Budget and reporting.

5 ANNUAL BUDGET

- 5.1 The Annual Budget for 2015-16, which was approved in March 2015, was monitored against actual results during the current year, including developments and changes impacting on the results and forecasts as well as the impact of expenditure from the College's 'depreciation cash' budget.
- 5.2 The budget for 2016-17 was reviewed at the Board of Management meeting in May 2016.

6 ANNUAL FINANCIAL STATEMENTS

- 6.1 The College Financial Statements for the twelve month period August 2015 to July 2016 are in draft form, and the external audit is scheduled to take place during October 2016. The auditors will issue their final report when the work has been completed.
- 6.2 The accounting adjustments to reflect the pension valuation at 31 July 2016 has resulted in a net charge of £464,000 against operating results for the period.
- 6.3 In order to achieve the budget targets for Scottish Government reporting, additional expenditure on development works was undertaken during the period which was met from 'depreciation cash grants'. This additional expenditure, together with the Pension Valuation adjustments, have resulted in an operating deficit for the period of £833,000.
- 6.4 The College has prepared the financial statements for the year ended 31 July 2016 in accordance with the Financial Reporting Standard (FRS) 102 for the first time, and the key

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impact relates to the accounting treatment of capital grants which now require to be disclosed as creditors in the balance sheet. This change in accounting treatment has increased total creditors at 31 July 2016 by £24,135,000. The deferred grants now included in current liabilities amounts to £758,000 which has resulted in a net current liability position in the College balance sheet at 31 July 2016.

7 OTHER MATTERS

- 7.1 There are no capital finance matters arising which require the Board to obtain prior written consent from SFC.
- 7.2 The main focus and work of the Finance and General Purposes Committee for the forthcoming period will be to continue to address the challenges of ONS Reclassification of Scottish Colleges as Public Sector bodies particularly HM Treasury budget treatment of non-cash as well as continued uncertainty over SFC grant funding levels and the impact on operating results and budgets.
- 7.3 There are no other foreseeable events that will affect the work of the Finance Committee.

8 OPINION

- 8.1 The Finance and General Purposes Committee's view on the Board of Management's responsibilities, as described in the Financial Regulations, is that they have been satisfactorily discharged.
- 8.2 The Finance and General Purposes Committee's view is that
 - *The College's financial affairs are planned, conducted and controlled so that its total income is sufficient, taking one period with another, to meet its total expenditure, and its operational financial viability is maintained, subject to ongoing treatment of depreciation cash funds for HM Treasury reporting purposes and the College's inability to set aside funds for future capital replacement; and*
 - *The Board of Management has taken all reasonable steps to ensure that the College has sufficient financial resources to meet its need in the form of cash and other liquid assets or borrowing facilities or has plans to generate such resources, and this will continue to be monitored given the likelihood of ongoing funding reductions.*

Board of Management

Strategic Risk Register

1. Introduction

- 1.1 The purpose of this paper is to provide the Board of Management with the opportunity to review the College's Strategic Risk Register.

2 The Report

- 2.1 In line with the College's Risk Management Policy any risk with an inherent rating of 12 or above must have mitigating controls in place and where the residual rating remains above 12 should be reviewed at least quarterly in order to identify if any further actions could be taken to reduce the residual rating to below 12. For completeness all risks are included in the attached register, in order of high to low ratings.
- 2.2 The Principal and Executive Management Team routinely review the Strategic Risk Register to reflect the risks the College is facing and the mitigation that will be applied to each risk. There are currently 11 strategic risks, three of which are rated 12 or above.
- 2.3 At this time there is no change to risk no4 'unable to achieve credit (activity) target'. However, further strike action by UNISON members may impact negatively on early retention.

3. Recommendation

- 3.1 The Audit Committee recommends that the Board of Management consider and, approve the Strategic Risk Register.

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Risk No.	Risk Description	Inherent Risk			Controls in Place	Assurances	Internal/ External	Residual risk			Further Action	Risk Owner
		Likelihood	Impact	Total				Likelihood	Impact	Total		
1	National Pay Bargaining	4	4	16	1. Detailed financial planning undertaken and approved by Finance and General Purposes Committee to ensure "affordability" of any offer. 2. National negotiation processes in place with recognised unions. 3. Government public sector pay guidance for 2016-17 is for maximum 1%.	1. Feedback to EMT and the Board 2. Included in budget which is monitored and reported through F&GP and Board 3. Sound internal planning and monitoring to ensure service continuity in event of industrial action	Internal/ External	4	4	16	Regular communication with staff and student association executive on sector developments and management position. Regular liaison with union bodies in college. Industrial action will be detrimental to learners achieving their aims/qualifications.	EMT
2	Public sector funding cuts - forecast for session 2017-18	4	4	16	1. Scenario planning undertaken and measures to offset reduction identified which is then used to inform curriculum planning. 2. Annual review of provision undertaken through planning and budgetary process to ensure match of income and expenditure.	1. Curriculum plans approved by EMT and L&T 2. Budget approved by the Board	Internal	3	4	12	Reduce curriculum provision and or student services in line with funding and implement cost savings. Seek to increase non SFC income.	EMT
3	Governance issues: Reclassification and other changes to governance reduce the flexibility of the College to manage financial and estates issues and meet targets in the Outcome Agreement.	4	4	16	1. Executive Management Team and Finance Manager representation at relevant briefings and ongoing monitoring of changes 2. External audit advice	1. Appropriate and robust internal planning and monitoring arrangements 2. Regular liaison with Scottish Funding Council	Internal/ External	3	4	12	Seeking support from Scottish College Foundation to support College's continuing development. SFC Guidance on Depreciation and Deficits	EMT
4	Unable to achieve credit (activity) target	3	3	9	1. Real time monitoring system. 2. Contingency plans in place to offer additional provision as required. 3. Annual review of staffing and provision to rebalance areas of growth with areas of decline.	1. Reviewed by ET on a weekly basis 2. Reviewed by ET on a weekly basis 3. Review carried out by HR and presented to ET for	Internal / External	3	3	9	Early warning strategies to be implemented to improve early retention. Current dispute with UNISON could impact on retention	EMT

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Risk No.	Risk Description	Inherent Risk			Controls in Place	Assurances	Internal/ External	Residual risk			Further Action	Risk Owner
		Likelihood	Impact	Total				Likelihood	Impact	Total		
					4. Annual review carried out by internal audit	consideration/approval. 4. Internal audit report presented to audit committee						
5	University of West of Scotland - Review of property and provision in Dumfries.	4	3	12	1. Principal continue to discuss with Senior Management of UWS. 2. Principal and Vice Principal on the Joint Academic Strategy Group. 3. Regular reporting and discussion at EMT as information becomes available.		Internal/ External	3	3	9	Continue dialogue with UWS. Keep SFC informed of potential loss of contribution to college overheads from UWS for shared accommodation. Also potential loss of articulation opportunities for College students if UWS provision if reduced.	EMT
6	Failure to achieve attainment targets	4	4	16	1. Real time monitoring systems in place 2. Strategies in place to improve retention. 2. Strategies in place to improve student success 3. Poorly performing programmes removed from the curriculum.	1. Monitored at course level and review by Vice Principal (Learning and Skills) 2. Monitored through self evaluation process and reported to ET and L&T committee	Internal/ External	1	4	4	Moving forward achieving attainment targets agreed with the SFC in the Regional Outcome may be a condition of grant. Low attainment can also be detrimental to college reputation.	EMT
7	Implications following the implementation of 'needs-led' funding model, in particular ELS and rural funding	4	4	16	1. Principal member of College Sector Funding Group. 2. Continuous review of curriculum and delivery by ET to ensure that adverse impact minimised.	1. Feedback to ET and Board meetings 2. Reports to L&T Committee	Internal	2	2	4	College to develop an access and inclusion strategy detailing how ELS funding be used	EMT
8	Disruption to business continuity due to Influenza pandemic, terrorism, fire or other disaster	2	4	8	1. Business continuity plan in place (check audit report recommendations)	1. Reviewed by ET and report to Board 2. Internal audit review carried out in 11/12	Internal / External	2	2	4	Implementation of audit recommendations	EMT

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Risk No.	Risk Description	Inherent Risk			Controls in Place	Assurances	Internal/ External	Residual risk			Further Action	Risk Owner
		Likelihood	Impact	Total				Likelihood	Impact	Total		
9	Prevent Duty – disruption due to threat of extremism / risk of external influences	3	4	12	1. Vice Principal attendance at local multi-agency CONTEST group 2. Regular reporting of Prevent issues at EMT. 3. Constant scanning to identify new potential threats.	1. College Prevent Action Plan 2. CONTEST meetings/minutes 3. EMT meetings/minutes	Internal	2	2	4	Vice Principal leading on Prevent Action Plan, any issues would be identified through regular reporting at EMT. Immediate concerns to be raised with contact within Police Scotland. Review of evacuation procedures in relation to 'stay safe' principles planned for September 2016	EMT
10	Imbalance between demand for student support funds/bursaries and funds available	2	3	6	1. Detailed analysis and monitoring of spend undertaken on an ongoing basis by Finance Manager, discussed monthly with VP (CS&G) who updates ET. 2. Allocation and amounts reviewed on an annual basis to ensure funding constrained within amount available. 3. Annual review carried out by internal audit	1. ET meetings/minutes 2. ET meetings/minutes 3. Internal audit report presented to audit committee	Internal / External	1	2	2	No further action but continue to monitor expenditure and amend student funding policies to match demand with available budget.	EMT
11	Loss of collaborative partnership arrangements	2	3	6	1. Policy of limiting dependence on any one partnership. 2. Regular reporting of partnership issues at ET. 3. Constant scanning to identify new potential partnerships.	1. Currently not specifically reviewed 2. ET meetings/minutes 3. ET meetings/minutes	Internal	1	2	2	No further action. Although policy not specifically reviewed, any issues would be identified through regular reporting at ET.	EMT

Board of Management

Health and Safety Policy

1. PURPOSE

The purpose of this report is to provide the Board of Management with a revised Health and Safety Policy and Fire Policy Statement for discussion and approval.

The Health and Safety Policy has recently undergone a review in light of recommendations from the recent Health and Safety Audits and recommendations from the Health and Safety Committee and the Finance and General Purposes Committee. The main change was to separate the Fire Policy Statement as a separate document from the Health and Safety Policy.

3. RECOMMENDATION

The Finance and General Purposes is recommending approval of both policies to the Board of Management.

Board of Management

FIRE POLICY STATEMENT

The College is committed to ensuring, as far as is reasonably practicable, the health, safety and welfare of all College employees, students and any other persons who may work on, visit or use these premises, or who may be affected by its activities or services. The College will therefore ensure that fire safety is a priority in all areas under its control. The risk of fire will be managed in compliance with the Fire (Scotland) Safety Act 2005, the Fire Safety (Scotland) Regulations 2006, the Management of Health and Safety at Work Regulations 1999, and other relevant legislation.

The policy is relevant to all staff, students and any other persons who may work on, visit, or use its premises, or who may be affected by its activities or services.

Policy Aim

The aim of this policy and relevant guidance is therefore to provide a fire safety framework which will be implemented to protect lives and College assets. To achieve this the College hereby makes the following commitments:

- To undertake regular Fire Risk Assessments which will be monitored, maintained and reviewed annually or more frequently if required.
- To identify, prioritise and implement reasonably practicable control measures to control the risk from fire.
- To provide suitable and sufficient information, instruction and training in fire safety to all staff.
- To specify from which of its buildings emergency evacuation must be managed/supervised, and to provide a mechanism for developing, implementing and maintaining managed evacuation procedures.
- To regularly test evacuation and other emergency procedures and to maintain all emergency and precautionary equipment.
- To conduct regular fire safety inspections.
- To ensure effective liaison with the local fire authority where appropriate.

Responsible Manager

Mrs Carol Turnbull (Principal) will have overall management responsibility for the Fire Safety within the premises.

Mrs Helen Pedley (Director of Organisational Development and Facilities) will deputise in the above role.

Board of Management

Fire Safety Guidance

1. Fire Prevention

Fire kills and therefore it is vital that people are aware of the serious consequences of fires. Fire requires an ignition source, a fuel and oxygen – removal of any of these will stop a fire. The fire safety precautions are all based on removal of some part of these requirements for a fire.

It is vital that all staff, students and visitors, where it is reasonably practicable, actively try to remove either ignition sources or fuel for fires by good housekeeping procedures and also report any concerns they may have to the Fire, Health and Safety Officer.

All people, whilst on College premises:

- Must not, so far as is reasonably practicable, put themselves or others at risk of fire by their actions or omissions.
- Should know what actions to take in the event of discovering a fire.
- Must, on hearing the fire alarm, evacuate the building by the nearest emergency exit in accordance with the Fire Evacuation Procedure for the relevant campus.
- Must comply with all fire safety instructions provided by the College or by a Evacuation Marshal.
- Must not tamper with any fire safety equipment provided any the College.

2. Associated Procedures

The following procedures have been developed to support the Fire Policy:

- Evacuation Procedure Dumfries Campus (appendix 1)
- Evacuation Procedure Evening Dumfries Campus (appendix 2)
- Evacuation Procedure Stranraer Campus (appendix 3)
- Evacuation Procedure Evening Stranraer Campus (appendix 4)
- Health and Safety including effective inspection and maintenance regimes.
- Risk Assessment
- Testing Portable Appliances
- Contractors Safe System of Work provided at any Campus.
- Isolated working.
- Personal Emergency Evacuation Plan

3. Fire detection and raising the alarm

Actions to be taken in the event of a fire are detailed in the Fire Action Notice posted at every break glass fire alarm call point. On discovering a fire you should follow the instructions given on the notice.

Board of Management

On hearing the fire alarm you should leave the building by the nearest available fire exit, following the evacuation procedure.

4. Electrical equipment in Offices

All appropriate electrical portable equipment that are powered by mains electrical supplies must have been PAT tested as per the College Testing Portable Appliances Procedure and a certificate for this testing will be available for inspection by the Fire Authority as required.

5. Fire Safety Inspections

Fire safety inspections will be conducted on a regular basis across the College, at least every quarter, or more frequently for designated areas. These fire inspections will use the attached checklist (appendix 5) to ensure:

- There is good housekeeping.
- Fire escapes including corridors/stairways (inside and out) are not blocked and are clear and hazard free.
- There is no excessive amount of highly flammable materials being stored in work areas.
- All significant ignition sources are properly managed.
- All fire doors are in good condition.
- All compartments are not breached and clear and hazard free.
- All general fire provisions are checked and inspected.
- Emergency lighting system is checked monthly.
- Fire alarm tests will take place every Friday at 3pm at both Campuses.

6. Emergency Evacuation for People with Impairments

The College must put in place appropriate management plans to effectively evacuate all staff, students and visitors including those with impairments from the building in the event of a fire alarm being detected.

A Personal Emergency Evacuation Plan (PEEP) will be produced for those who declare they have an impairment which may affect their ability to exit the building and all relevant personnel informed of the plan. A copy will be retained at reception on both Campus in the Evacuation Folder for reference.

Where an individual has identified that they are hard of hearing and may have difficulty hearing the fire alarm they should be provided with an alerter which is available at reception. This should be collected at the start of the day and returned when finished for the day.

Special evacuation chairs (Evac Chairs) which can be used to transport persons requiring assistance down a stair are available at refuge points throughout the College. Only persons trained in the use of the Evac Chairs will transport individuals.

Board of Management

Throughout the College there are designated refuge points where an individual who has mobility impairment may use in the event of a fire alarm. Within each refuge point there is a communication point to enable the person to contact reception. The refuge point will only be used as a temporary haven while waiting on evacuation. Use of the refuge point will be explained during the PEEP.

Board of Management

Appendix 1

Fire Evacuation Procedure – Dumfries Campus Daytime

1 Purpose

This procedure gives guidance to employees of Dumfries and Galloway College in the event of the Dumfries campus building being evacuated during daytime working in the event of a suspected fire. It should be read in conjunction with guidelines for Evacuation Marshals (appendix 1).

2 Scope

The procedure applies to evacuating the Dumfries campus during the daytime only.

3 References

Fire (Scotland) Act 2005 as amended, guide to Educational Premises.

4 Definitions

None

5 Procedure

5.1 Upon Discovering a Fire you should:

- 5.1.1 Raise the alarm using the nearest fire alarm call point.
- 5.1.2 Evacuate the building using the nearest fire exit.
- 5.1.3 Go to the designated assembly point, provide the Evacuation Marshal with information regarding the fire situation and await instructions.

5.2 Upon Hearing the Fire Alarm you should:

- 5.2.1 Evacuate the building by the nearest available exit.
- 5.2.2 Go to the designated assembly point and await instructions.
- 5.2.3 Do not take risks.
- 5.2.4 Do not stop to collect personal belongings.
- 5.2.5 Do not use the lift.
- 5.2.6 Do not re-enter the building until told it is safe to do so.
- 5.2.7 Evacuation Marshals to carry out designated duties.

5.3 Fire Alarm

In the event of a suspected fire the alarm will sound continuously, College staff, students, contractors and visitors should leave the building by the nearest exit and assemble at relevant assembly points and await instructions/briefing.

Board of Management

5.4 Senior Manager in Charge (SMC)

The senior staff member will establish a Control Point nominally at Reception depending on location of fire. The senior staff member will:

- 5.4.1 Establish, using the fire alarm panel with assistance of the estates team, the location of the fire.
- 5.4.2 Prevent any interference with the panel until instructed to by the Fire and Rescue Service.
- 5.4.3 Stand by to receive reports from Evacuation Marshals or staff, especially relating to disabled persons or visitors, completing the Evacuation Marshal checklist.
- 5.4.4 Account, where practicable, for visitors to the College
- 5.4.5 Make brief notes of any incidents as they occur including time for future reference.
- 5.4.6 Liaise and provide information/assistance to the Fire and Rescue Service as necessary.
- 5.4.7 Oversee re-entry procedure to building, informing staff to re-enter the building first via entry points controlled by Evacuation Marshals, followed by students by the sound of a Klaxxon. One sound for staff to re-enter and two for students/visitors to re-enter.
- 5.4.8 Provide a report of the incident to the Fire, Health and Safety Officer.

5.5 Receptionist

The receptionist will:

- 5.5.1 Telephone the Fire and Rescue Service by dialling 999 informing them that the fire alarm has been triggered providing clear information regarding the name and full address of the College premises including the postcode and location of the entry point for the tender. In addition provide any details available with regard to the type and nature of the fire.
- 5.5.2 Report to the senior member of staff with the visitor's booking in sheet.
- 5.5.3 Monitor the refuge point control panel responding to contact from individuals at the Point (s) via the panel at the reception desk.

5.6 Staff will:

- 5.6.1 Direct students from the building via the nearest Fire Exit route

Board of Management

- 5.6.2 Report to a senior member of staff where students/staff are unaccounted for if known
- 5.6.3 Return to work area on instruction prior to students re-entering the building
- 5.6.4 Designated Evacuation Marshals/Evac Chair trained staff will check nominated areas.

6 Investigation

Following the activation of the fire alarm, and when safe to do so, a full investigation will be carried out by the Fire, Health & Safety Officer and Maintenance Foreman. The investigation will be carried out in order to ascertain the nature and location of the fire or if an unwanted action/call. This information should then be passed to the Fire and Rescue Service upon arrival or by telephone if deemed to be urgent.

Evacuation Marshall Guidelines

1. Introduction

These are guidelines for staff who have been trained to perform an evacuation sweep of the Campus (Evacuation Marshals). Evacuation Marshals will be fully trained and provided with update training at least every 3 years or more frequently if required. Upon completion of the training the Evacuation Marshal will be added to the list of approved Marshals and given a designated area to check in the event of a fire. A list of all Evacuation Marshals and designated areas is provided to each Marshall and retained at the main reception.

2. Responsibilities

It is the responsibility of the Evacuation Marshall to:

- 2.1 Wear a high visibility vest at all times during the evacuation process.
- 2.2 Go to your designated checking area as specified on the checklist but only if safe to do so.
- 2.3 Ensure that staff, students and visitors have evacuated your designated area.
- 2.4 Complete a physical check of designated area as instructed. This includes dispersing/redirecting of people bunching at approaches to exit points.
- 2.5 Reinforce to all individuals that the alarm has sounded and that they are required to evacuate the building using the nearest emergency exit. If there is reluctance or refusal by others to evacuate this should be reported to the senior member of staff.
- 2.6 Report to the senior member of staff at the control centre that your designated area is evacuated, normally reception unless otherwise designated, by either:
 - Going there in person if safe to do so, by external route if necessary.
 - Radio link carried by estates team or designate Evacuation Marshal.
 - Internal or mobile phone to reception.

Board of Management

- 2.7 If you are unable to check your designated area please report to the senior member of staff that the area is unchecked.
- 2.8 Having reported to the senior member of staff proceed immediately to your designated building exit/re-entry control point as indicated on the Evacuation Marshall Checklist.
- 2.9 Await building re-entry instructions conveyed to the designated assembly points by the form of a klaxon. One sound for staff to re-enter. Two sounds for all other students and visitors to enter.
- 2.10 Ensure that all enter the building safely.

3. Debrief

A debriefing will be held after the building has been reoccupied where any concerns are to be raised with the senior member of staff.

Board of Management

Appendix 2

Fire Evacuation Procedure – Dumfries Campus Evening

1 Purpose

This procedure gives guidance to employees of Dumfries and Galloway College in the event of the Dumfries campus building being evacuated during evening working in the event of a suspected fire.

2 Scope

The procedure applies to evacuating the Dumfries campus during the evening only.

3 References

Fire (Scotland) Act 2005 as amended, guide to Educational Premises.

4 Definitions

None

5 Procedure

5.1 Upon Discovering a Fire you should:

- 5.1.1 Raise the alarm using the nearest fire alarm call point.
- 5.1.2 Evacuate the building using the nearest fire exit.
- 5.1.3 Go to the designated assembly point, provide the responsible person with information regarding the fire situation and await instructions.

5.2 Upon Hearing the Fire Alarm you should:

- 5.2.1 Evacuate the building by the nearest available exit.
- 5.2.2 Go to the designated assembly point and await instructions.
- 5.2.3 Do not take risks.
- 5.2.4 Do not stop to collect personal belongings.
- 5.2.5 Do not use the lift.
- 5.2.6 Do not re-enter the building until told it is safe to do so.

5.7 Fire Alarm

In the event of a suspected fire the alarm will sound continuously, College staff, students, contractors and visitors should leave the building by the nearest exit and assemble at relevant assembly points and await instructions/briefing.

5.8 Senior Member of Staff Present

The senior staff member will establish a Control Point nominally at Reception depending on location of fire. The senior staff member will:

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- 5.8.1 Telephone the Fire and Rescue Service by dialling 999 providing clear information regarding the name and full address of the College premises including the postcode and location of the entry point for the tender.
- 5.8.2 Establish, using the fire alarm panel with assistance of the Duty Janitor the location of the fire.
- 5.8.3 Prevent any interference with the panel until instructed to by the Fire and Rescue Service.
- 5.8.4 Stand by to receive reports from staff, especially relating to disabled persons or visitors, following evacuation of the building.
- 5.8.5 Account, where practicable, for visitors to the College.
- 5.8.6 Make brief notes of incidents as they occur including the time for future reference.
- 5.8.7 Liaise and provide information/assistance to the Fire and Rescue Service as necessary
- 5.8.8 Oversee re-entry procedure to building, informing staff to re-enter the building concurrently with their students and visitors by the sound of a klaxon.
- 5.8.9 Provide a report of the incident to the Fire, Health and Safety Officer.

5.9 Duty Janitor

The Duty Janitor will:

- 5.9.1 Report to the senior member of staff present.
- 5.9.2 Operate the Fire Alarm Panel.
- 5.9.3 Check the refuge point.
- 5.9.4 Check the area where the fire is suspected and ensure that all personnel have evacuated – **provided it is safe to do so.**
- 5.9.5 Advise the senior member of staff on practical matters.

5.10 Staff will:

- 5.10.1 Where practicable, escort students from the building and remain with students in the designated assembly areas.
- 5.10.2 Report to senior member of staff where students/staff are unaccounted for if known
- 5.10.3 Report any unusual incidents which may require further action by the Fire and Rescue Service or College staff.
- 5.10.4 If a decision is made to re-enter return to work area on instruction with students and visitors.

Board of Management

6 Investigation

Following the activation of the fire alarm, and when safe to do so, a full investigation will be carried out by the janitor. The investigation will be carried out in order to ascertain the nature and location of the fire or if an unwanted action/call. This information should then be passed to the Fire and Rescue Service upon arrival or by telephone if deemed to be urgent.

Board of Management

Appendix 3

Fire Evacuation Procedure – Stranraer Campus Daytime

1 Purpose

This procedure gives guidance to employees of Dumfries and Galloway College in the event of the Stranraer campus building being evacuated during daytime working in the event of a suspected fire. It should be read in conjunction with guidelines for Evacuations Marshals (appendix 1).

2 Scope

The procedure applies to evacuating the Stranraer campus during the daytime only.

3 References

Fire (Scotland) Act 2005 as amended, guide to Educational Premises.

4 Definitions

None

5 Procedure

5.1 Upon Discovering a Fire you should:

- 5.1.1 Raise the alarm using the nearest fire alarm call point.
- 5.1.2 Evacuate the building using the nearest fire exit.
- 5.1.3 Go to the designated assembly point, provide the Evacuation Marshall with information reading the fire and await instructions.

5.2 Upon Hearing the Fire Alarm you should:

- 5.2.1 Evacuate the building by the nearest available exit.
- 5.2.2 Go to the designated assembly point and await instructions.
- 5.2.3 Do not take risks.
- 5.2.4 Do not stop to collect personal belongings.
- 5.2.5 Do not use the lift.
- 5.2.6 Do not re-enter the building until told it is safe to do so.
- 5.2.7 Evacuation Marshalls to carry out designated duties as per appendix 1.

5.11 Fire Alarm

In the event of a suspected fire the alarm will sound continuously, College staff, students, contractors and visitors should leave the building by the nearest exit and assemble at relevant assembly points and await instructions/briefing.

5.12 Senior Manager in Charge (SMC)

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The senior staff member will establish a Control Point nominally at Reception depending on location of fire. The senior staff member will:

- 5.12.1 Establish, using the fire alarm panel with assistance of the estates team, the location of the fire
- 5.12.2 Prevent any interference with the panel until instructed to by the Fire and Rescue Service.
- 5.12.3 Account, where practicable, for visitors to the College.
- 5.12.4 Stand by to receive reports from Evacuation Marshals or staff, especially relating to disabled persons or visitors, completing the Evacuation Marshall checklist.
- 5.12.5 Make brief notes of incidents as they occur including the time for future reference.
- 5.12.6 Liaise and provide information/assistance to the Fire and Rescue Service as necessary
- 5.12.7 Oversee re-entry procedure to building, informing staff to re-enter the building first via entry points controlled by Evacuation Marshals, followed by students by the sound of a Klaxxon. One sound for staff to re-enter and two for students/visitors to re-enter.
- 5.12.8 Provide a report of the incident to the Fire, Health and Safety Officer.

5.13 Receptionist

- 5.13.1 Telephone the Fire and Rescue Service by dialling 999 informing them that the fire alarm has been triggered providing clear information regarding the name and full address of the College premises including the postcode and location of the entry point for the tender. In addition provide any details available with regard to the type and nature of the fire.
- 5.13.2 Report to the senior member of staff with the visitor's booking in sheet.

5.14 Staff will:

- 5.14.1 Where practicable, escort students from the building and remain with students in the designated assembly areas
- 5.14.2 Report to senior member of staff where students/staff are unaccounted for if known
- 5.14.3 Return to work area on instruction prior to students re-entering the building
- 5.14.4 Designated Evacuation Marshalls/Evac Chair trained staff will check nominated areas.

Board of Management

6 Investigation

Following the activation of the fire alarm, and when safe to do so, a full investigation will be carried out by the janitor. The investigation will be carried out in order to ascertain the nature and location of the fire or if an unwanted action/call. This information should then be passed to the Fire and Rescue Service upon arrival or by telephone if deemed to be urgent.

Board of Management

Appendix 4

Fire Evacuation Procedure – Stranraer Campus Evening

1 Purpose

This procedure gives guidance to employees of Dumfries and Galloway College in the event of the Stranraer campus building being evacuated during evening working in the event of a suspected fire.

2 Scope

The procedure applies to evacuating the Stranraer campus during the evening only.

3 References

Fire (Scotland) Act 2005 as amended, guide to Educational Premises.

4 Definitions

None

5 Procedure

5.1 Upon Discovering a Fire you should:

- 5.1.1 Raise the alarm using the nearest fire alarm call point.
- 5.1.2 Evacuate the building using the nearest fire exit.
- 5.1.3 Go to the designated assembly point, provide the senior person in charge with information regarding the fire situation and await instructions.

5.2 Upon Hearing the Fire Alarm you should:

- 5.2.1 Evacuate the building by the nearest available exit.
- 5.2.2 Go to the designated assembly point and await instructions.
- 5.2.3 Do not take risks.
- 5.2.4 Do not stop to collect personal belongings.
- 5.2.5 Do not use the lift.
- 5.2.6 Do not re-enter the building until told it is safe to do so.

5.15 Fire Alarm

In the event of a suspected fire the alarm will sound continuously, College staff, students, contractors and visitors should leave the building by the nearest exit and assemble at relevant assembly points and await instructions/briefing.

5.16 Senior Member of Staff Present

The senior staff member will establish a Control Point nominally at Reception depending on location of fire. The senior staff member will:

Board of Management

- 5.16.1 Telephone the Fire and Rescue Service by dialling 999 providing clear information regarding the name and full address of the College premises including the postcode and location of the entry point for the tender.
- 5.16.2 Establish, using the fire alarm panel with assistance of the Duty Janitor the location of the fire.
- 5.16.3 Prevent any interference with the panel until instructed to by the Fire and Rescue Service.
- 5.16.4 Stand by to receive reports from staff, especially relating to disabled persons or visitors, following evacuation of the building.
- 5.16.5 Make brief notes of incidents as they occur including the time for future reference.
- 5.16.6 Liaise and provide information/assistance to the Fire and Rescue Service as necessary
- 5.16.7 Oversee re-entry procedure to building, informing staff to re-enter the building concurrently with their students and visitors by the sound of a klaxon.
- 5.16.8 Account, where practicable, for visitors to the College.
- 5.16.9 Provide a report of the incident to the Fire, Health and Safety Officer.

5.17 Duty Janitor

The Duty Janitor will:

- 5.17.1 Report to the senior member of staff present.
- 5.17.2 Operate the Fire Alarm Panel.
- 5.17.3 Check the refuge point.
- 5.17.4 Check the area where the fire is suspected and ensure that all personnel have evacuated – **provided it is safe to do so.**
- 5.17.5 Advise the senior member of staff on practical matters.

5.18 Staff will:

- 5.18.1 Where practicable, escort students from the building and remain with students in the designated assembly areas.
- 5.18.2 Report to senior member of staff where students/staff are unaccounted for if known
- 5.18.3 Report any unusual incidents which may require further action by the Fire and Rescue Service or College staff.
- 5.18.4 If a decision is made to re-enter Return to work area on instruction with students and visitors.

Board of Management

6 Investigation

Following the activation of the fire alarm, and when safe to do so, a full investigation will be carried out by the Janitor. The investigation will be carried out in order to ascertain the nature and location of the fire or if an unwanted action/call. This information should then be passed to the Fire and Rescue Service upon arrival or by telephone if deemed to be urgent.

Board of Management

Appendix 5

Fire Safety Inspection Form

Area Inspected:	
-----------------	--

Inspection Carried Out:		
Name:	Position:	Date:

1. ALARM			
	Yes	No	Comments/Actions taken
Are all call points clearly visible and suitably signed?			
Is the alarm tested weekly, using a rotating schedule of call points?			
Is the control panel screen clearly visible and showing any faults?			
Is there a zone plan displayed adjacent to the alarm panel?			
Have there been any problems with false alarm activations since the last inspection?			
Have all fire alarm activations been reported to Estates?			
2. ESCAPE ROUTES AND FIRE DOORS			
Are all corridors and stairwells kept clear and free from obstruction?			
Are all fire exit routes signs in place and clearly visible?			
Are all stairwell doors and corridor doors, excluding automatic fire doors, marked Fire Door keep Shut? Are all automatic fire doors marked automatic fire door, keep clear?			
Are all final exit doors in good working order, have easy to open locking systems?			
Do fire doors form a tight fit and do they have intumescent strips and smoke seals?			
Is the assembly area identified on fire action notices?			
3. FIRE FIGHTING APPLIANCES			
Are there any fire extinguishers missing?			
Are the locations and types of fire extinguishers suitable indicated?			
Are pins in place within all fire extinguishers?			
4. FIRE PREVENTION			
Are Fire Action Notices posted on			

Board of Management

each level of the building at escape routes and adjacent to all manual call points			
Are fire doors being wedged open			
Is general housekeeping satisfactory and refuse areas kept tidy			
Are exit stairs free of obstructions, refuse and in a safe condition			
Are flammable stores kept tidy and secure			
Are unattended experiment notices in place			
Are any unauthorised electric bar heaters or space heaters or cube adapters used			
Are notice boards, walls and foyer area excessively covered with posters			
Is all maintenance or contracting 'Hot Work' controlled by 'Hot Work Permits'			
5. CLOSING DOWN PROCEDURES			
Are all non-essential electrical appliances switched off			
Are all flammable substances stored in the appropriate containers			
Is all naked flame equipment switched off at the end of the day			
Are departments securely locked to prevent unauthorised entry			
6. EMERGENCY LIGHTING			
Are all permanently maintained emergency lights operating satisfactorily			
Are any light fittings obscured by equipment			
7. FIRE SAFETY LOG BOOK			
Are records of the most recent fire risk assessment, weekly fire alarm testing, fire drills, emergency light testing, emergency lighting servicing, fire alarm maintenance, fire extinguisher maintenance, fire suppression systems maintenance, fire evacuation chair maintenance/checks and fire safety training are up to date and being kept in a Fire Safety log book.			

Board of Management

**HEALTH AND SAFETY POLICY**

Strategic Aim	To continue to develop and ensure effective leadership, governance and management throughout the organisation	
Responsibility	Director of Organisational Development and Facilities	Helen Pedley
Revision Date	05/12/2016	

Board of Management

HEALTH AND SAFETY POLICY

STATEMENT OF INTENT

Dumfries and Galloway College is committed to continual improvement in health, safety and safety performance. It recognises its “duty of care” to employees, students, members of the public and employees of sub-contractors in all college situations.

The College will aim to comply with its legal responsibilities as required by the Health and Safety at Work etc Act 1974, and all other health and safety legislation. In so doing the College will:

- provide adequate control of the health and safety risks arising from our work activities;
- provide a safe and healthy working environment;
- provide and maintain safe plant and equipment;
- ensure safe handling and use of substances;
- provide suitable and sufficient health and safety training
- prevent work-related accidents/incidents and cases of work-related ill health;
- maintain safe and healthy working conditions;
- make all employees aware of their legal responsibilities for ensuring their own health and safety and that of others;
- involve trade union representatives in the consultation process;
- monitor the effectiveness of any measures taken to reduce risk; and
- review and revise this policy as necessary at regular intervals to take into account changes in circumstances or in legal requirements.
- promote the importance of health and safety environment and working practices
- Implement emergency procedures – evacuation in case of fire or other significant incident.

Signed:

Date:

C A Turnbull
Principal

Board of Management

1 ORGANISATION

1.1 Board of Management

As the employer, overall responsibility for health and safety lies with the Board of Management. The Board of Management places particular importance on the promotion of Health, Safety and Welfare of all those employed in the College, or who use the College facilities. It attempts to do this by:

- 1.1.1 Providing and maintaining plant, systems and working environments that are safe and without risk to health and adequate welfare facilities for all.
- 1.1.2 Making arrangements to comply with existing legislation, ensuring safety and absence of risk to health in connection with the use, handling, storage and transport of equipment, materials and personnel.
- 1.1.3 Providing necessary information, instruction, training and supervision.
- 1.1.4 Ensuring that operations within the environs of the College undertaken by College employees are carried out in such a way that the adjacent population and non-employees are not exposed to unacceptable risks to their health and safety.
- 1.1.5 Ensuring continuing joint consultation with employees to fulfil the aims and objectives of the College's Health and Safety Policy.
- 1.1.6 Monitoring the effectiveness of the overall Procedures throughout the College via Safety Consultants and the College Health and Safety Committee.
- 1.1.7 Co-operating with local industry, industrial occupational safety groups and the general public in promoting training courses or similar events in the interest of health and safety.
- 1.1.8 The Board of Management require employees to co-operate and to ensure that a healthy and safe place of work is maintained at all times. Any system of work must be such that persons do not endanger themselves or others and bring to the attention of the College management any health or safety problem which they are not able to put right.

1.2 Principal

- 1.2.1 The Principal of the College as Chief Executive Officer of the Board is responsible for ensuring that the aims of the Health and Safety Policy are carried out and that the policy is revised at appropriate intervals and for reporting to the Board on all matters relating to Health, Safety and Welfare.

Board of Management

1.3 Director of Organisational Development and Facilities

- 1.3.1 The Director of Organisational Development and Facilities has day-to-day responsibility for ensuring this policy is put into practice. He/she will chair the College Health and Safety Committee.

1.4 Executive Management Team

- 1.4.1 EMT Members are responsible and accountable to the Principal for all matters relating to health, safety and welfare within their areas of responsibility. They must ensure that:
- a) All staff under their control receive information, instruction and training to enable them to carry out their work in a safe and efficient manner.
 - b) They keep up to date with all health and safety matters within their area of responsibility.
 - c) Regularly review health and safety matters as an Executive Team.

1.5 Responsibilities of Line Managers (member of staff who manages or assists in the management of staff)

All line managers have a general duty for ensuring, so far as is reasonably practicable, the health, safety and welfare of employees and learners under their direction at work and are responsible for ensuring that the safety policy is implemented within their own departments. Staff must monitor the workplace to ensure that safe conditions are maintained. Where risks are identified, that member of staff must ensure that these are rectified, so far as is reasonably practicable.

1.5.1 All managers shall:

- ensure that employees, contractors, learners and visitors are aware of the safety procedures within their area particularly to deal with imminent danger;
- ensure that all equipment, plant and substances used within their area are suitable for the task and are kept in good working order, including regular maintenance and servicing of equipment;
- ensure risk assessments are carried out for tasks, workplaces and equipment associated with staff and learners under their supervision;
- take immediate and appropriate steps to investigate and rectify any risks to health and safety arising from work activity;

Board of Management

- bring to the attention of the Executive Management Team any health and safety issues that require their attention;
- ensure all near misses and accidents within their area are recorded and reported appropriately investigating where required;
- maintaining safe access and egress to the workplace at all times;
- ensure that each new employee under their line management receives health and safety induction training including precautions and procedures appropriate to their jobs (refer to induction procedure);
- ensure the provision of adequate training, information, instruction and supervision to ensure the work is conducted safely;
- Monitor the effectiveness of any control measures in place to minimise risk. Keep records of instruction and training delivered to staff which relates to health and safety;
- Liaise with the Health and Safety Officer as appropriate participating in health and safety audits as required;
- Co-operate with Union Safety Representatives and members of the Health and Safety Committee.
- Ensure that health and safety procedures and activities are inclusive and do not represent barriers to learning.

1.6 Employee Responsibility

All employees must:

- Take reasonable care for their own health and safety;
- Consider the safety of other persons who may be affected by their acts or omissions;
- Work in accordance with information and training provided;
- Refrain from intentionally misusing or recklessly interfering with anything that has been provided for health and safety reasons;
- Report any hazardous defects in plant and equipment, or shortcomings in the existing safety arrangements, to a responsible person without delay;
- Report any accidents or incidents in accordance with college procedures.
- Ensure all learners are inducted in matters relating to Health and Safety.
- Ensure that protective clothing, (eye, face, hand, foot, head and ear equipment protection to EU Standard only) are available for safe working procedures and is used when and where necessary.
- Co-operate with the College under the Health and Safety at Work Act 1974, This involves attendance as requested in training programmes, participation in audits, the provision and use of equipment and complying with College safety signs, rules and regulations.

1.7 Visitors, Contractors and Learners

Board of Management

The College will ensure, as far as is reasonably practicable, that premises, plant and systems of work provided, are safe and without risk to health. Visitors, contractors and learners obligations are:

- To take reasonable care of themselves and others who may be affected by their acts or omissions;
- To co-operate with college employees;
- To comply with safety policies and rules and associated good practice of the College, and their own organisations, as appropriate.

1.7 Health and Safety Officer

The Health and Safety officer is responsible for:

- the maintenance of safety records;
- investigation of accidents;
- providing accident statistics;
- monitoring changing legislation and advising College Management as appropriate;
- assisting in the development and monitoring of the College's Health and Safety policies and procedures.
- Advise the college on its obligations in respect of assessment, control and monitoring of hazardous substances, the workplace, work equipment, welfare facilities and for the use, handling, storing and transport of articles and substances.
- Liaison with outside agencies with an interest in safety matters.
- Developing appropriate safe systems of work to meet the requirements of legislation.
- Organising and promoting various methods of promoting safety and accident prevention to raise the profile and stimulate safety awareness.
- Provide Health and Safety training where appropriate.
- Provide staff with specialist advice and information in order to assist them in meeting their health and safety responsibilities.
- Complete and review Fire Risk Assessments in accordance with the Fire Safety Act (Scotland) 2005 for approval by the Fire Authority.

1.8 Refectory Manager

Special responsibility is vested in the Catering Contractor in that their appointed Refectory Manager must ensure that all catering staff and facilities, with the exception of teaching kitchens, work and are kept in accordance with up-to-date practices in health, safety, fire safety and hygiene.

1.9 Responsibility of all Employees

Board of Management

Apart from any specific responsibility which may be delegated to them, all employees must:-

- Be aware of their legal duties under Section 7 and 8 of the Health and Safety at Work etc. Act 1974 to take care of their own safety and that of other employees and persons who may be affected by their work, to co-operate with their employer so far as is necessary to enable them to carry out their own responsibilities successfully and not to misuse safety equipment or procedures provided.
- On discovering a potential hazard, take temporary action wherever possible to make the hazard safe, warn others as necessary and report the hazard and any action taken to their HSO and manager/supervisor. Make any suggestions that they feel may improve health and safety within their working environment.
- All staff must make themselves familiar with the emergency evacuation procedure, location of exits and the alternative safe routes to assembly points.

1.9 Health and Safety Committee

The College Health and Safety Committee reviews safety performance within the college and consists of employer and employee representatives. The Committee is chaired by a member of management who has the power to act upon decisions reached by the Committee.

Dumfries and Galloway College encourages consultation with Trade Union Safety Representatives. Consultation will take place regarding:

- a) New or Revised (draft) health, safety and welfare policies
- b) The objectives set in Health and Safety Committee
- c) Health and safety audits

Forums for consultation include Course Committee meetings where health and safety is a standing item on the agenda and the College Health and Safety Committee which meets regularly as the forum for College health and safety issues.

2 ARRANGEMENTS FOR SAFE WORKING PROCEDURES

2.1 The following arrangements for health and safety are detailed in the individual procedure document available on AdminNet/LearnNet.

- Accident Reporting
- Adverse Weather
- Contractors Guidance on Health and safety
- Contractors Safe System of Work

Board of Management

- Emergency Evacuation
- Management of Infectious Diseases
- Personal Protective equipment
- Personal safety Spectacles
- Risk Assessment
- Safety on Study trips
- Stress Management
- Student Work Experience Placement
- Testing Portable Appliances
- Use of College Vehicles

2.2 Accident Reporting

All accidents must be reported using the on-line form on AdminNet or in person to the Health and Safety Officer.

Where an accident occurs ensure the injured person receives the appropriate First Aid treatment by a Qualified First Aider via the Main reception Desk(s).

Where the injured person requires conveying to hospital or home then any of the following methods should be used depending on the type and severity of the accident or incident:

- a) by calling an ambulance
- b) by calling a taxi

The Health and Safety Officer will investigate reported accidents/incidents as appropriate with a view to prevention of recurrence and resulting recommendations will be actioned, so far as reasonably practicable.

Accident statistics will be monitored by the Health and Safety Officer to establish trends. Corrective measures will then be devised, implemented and results monitored.

2.3 Communication

Where a member of staff has a concern regarding health and safety they should advise their line manager, if not available, directly with the Health and Safety Officer who will also inform the member of staffs line manager.

3 DISTRIBUTION

All Staff
All Students
Quality Manual

Board of Management

Key Performance Indicator Report

1 Introduction

The purpose of this paper is to provide the Board of Management with an update on the Colleges Key Performance Indicators.

2 The Report

One of the many duties of the board is to ensure satisfactory delivery of the College's performance and financial targets and, if necessary understand and agree actions when targets are not being achieved.

The Board has agreed four Key Performance Indicators (KPIs) to monitor and review at each board meeting. The KPIs are: Activity; Retention (both early and further); Student Outcomes; and Income & Expenditure.

2.1 Activity

From session 2015-16, WSUMs activity target was replaced with a much simpler credit activity target. WSUMs had been the building block to our funding for the past 20 years. Under the WSUMs measure set tariffs were applied for students on full-time courses, SUMs could be claimed for students receiving extended learning support (ELS) and a subject weighting was applied to each student.

The Credit measure more closely matches student activity and is identical to the way we counted part-time SUMs. A credit is equivalent to 40 hours of learning. The Credit system pays the same pro rata price for a full or part-time student which means the funding system supports protected groups such as women returners who are more likely to study on a part-time basis. The College Credit target is around 25% lower than the equivalent WSUMs target as a result of removing the full-time tariffs, ELS activity and subject weightings.

2.1.1 Credits

The table below shows actual activity against target. Activity for session 2016-17 is the current position (24 November 2016) which includes a forecast to the end of the session.

	Target	Actual	Variance	Projected Further Credits	Projected Total	Potential /actual Claw back	FTE
2016-17	30,067	27,096	(2,971)	2,971	30,067	none	2004.5
2015-16	30,371	29,871	(500)	n/a	n/a	£87,000	1990.5
2014-15	42,529	42,413	(116)	n/a	n/a	£22,806	n/a
2013-14	42,529	42,761	232	n/a	n/a	none	n/a
2012-13	38,711	39,014	303	n/a	n/a	none	n/a

Board of Management

There is growing interest from Scottish Government in Full Time Equivalent (FTE) funded places delivered by colleges. Under the new simplified credit measure it is easier to work out the level of FTEs delivered by colleges and overall in the sector, 1 full-time equivalent (FTE) is equal to 15 credits. The table above has been expanded to include FTE figures.

2.1.2 Enrolments

Whilst enrolment figures do not form part of the Board KPIs, the College reports them for information. The table below shows the total enrolment for session 2016-17 to date (24 November 2016), compared to final audited enrolment figures for the previous four sessions.

Enrolments	Full-time					Part-time	Total
	HE Dfs	HE Str	FE Dfs	FE Str	Total		
2016-17	495	28	807	215	1,545	1,948	3,493
2015-16	456	24	895	225	1,600	4,874	6,474
2014-15	470	35	895	215	1,615	4,090	5,705
2013-14	393	none	984	255	1,632	4,098	5,730
2012-13	373	none	958	285	1,616	3,938	5,554

2.2 Retention

There are two retention KPIs the Board monitors:

- Early Student Retention – a measure of the number of students that meet the required retention date for Credit funding purposes (approx 25% of the course duration) as a percentage of total enrolments; and
- Student Retention – a measure of the number of students who complete the course as a % of total enrolments.

Sector figures have now been included in the report, although the sector figures for 2015-16 will not be available until January 2017.

2.2.1 Early Student Retention

The table below shows early student retention figures for session 2016-17 to date (24 November 2016), compared to final retention figures for the previous four sessions.

	Full-time Further Education		Full-time Higher Education	
	Actual	Sector	Actual	Sector
2016-17	91	-	93	-
2015-16	88	Not available	95	Not available
2014-15	91	91.4	96	95.6
2013-14	92	92.3	94	95.5
2012-13	91	91.6	94	94.4

Board of Management

2.2.2 Student Retention

The table below shows the student retention figures for session 2016-17 to date (24 November 2016), compared to final audited retention figures for the previous four sessions. Retention of full-time further education students is below the College target and also below the sector average. Retention of full-time Higher Education students was above College target and slightly above the sector.

	Full-time Further Education			Full-time Higher Education		
	Actual	Target	Sector	Actual	Target	Sector
2016-17	90	76	-	92	85	-
2015-16	70	75	Not available	83	82	Not available
2014-15	70	74	74.6	84	81	82.7
2013-14	74	74	77.3	82	81	84.2
2012-13	73	74	76.9	80	80	82.3

2.3 Student Outcomes

The student outcome measures the % of successful students as a % of total enrolments. This measure is analysed at the end of each session. Sector figures have now been included in the table below. The sector figures for 2015-16 will be available in January 2017. Headline student outcomes for the past five sessions are as follows:

	Full-time Further Education			Full-time Higher Education		
	Actual %	Target %	Sector%	Actual %	Target %	Sector%
2015-16	61	70	Not available	71	76	Not available
2014-15	64	67	64.0	71	74	71.4
2013-14	64	65	65.9	71	72	71.3
2012-13	63	63	65.5	70	73	70.3
2011-12	61	61	63.5	70	61	68.9

It should be noted that the Scottish Funding Council has targeted colleges to further increase the success rate for full-time further education students to 69% by 2016-17.

Board of Management

2.4 Income and Expenditure

Monitoring of income and expenditure against budget forecast is undertaken by the Finance and General Purposes Committee and reported to Board.

Income and expenditure	PERIODS 1 TO 3 (October '16)		FORECAST TO JULY 2017		
	Actual	Budget	Forecast	Budget	Variance
	£000	£000	£000	£000	£000
Income (1)	2,789	2,829	11,821	11,861	-40
Staffing Costs (2)	1,938	1,946	8,122	8,136	14
Other Costs (3)	824	816	3,876	3,901	25
Total Expenditure	2,762	2,762	11,998	12,037	39
Operating Surplus/(Deficit)	27	67	(177)	(176)	1
Underlying Operating Surplus/ (Deficit) – net of depreciation cash expenditure	27	67	0	1	1

3. Recommendation

The Board is asked to discuss progress against targets.

Board of Management

2015-16 Regional Outcome Agreement Self-Evaluation

1 Purpose of the Report

Colleges are required to submit an annual Regional Outcome self-evaluation report to Scottish Funding Council highlighting key successes and achievements and identifying areas for improvement.

2 The Report

Please find report attached for AY 2015-16

3 Recommendation

Members are invited to note the content of the report and comment on progress to date. In addition, members are asked to formally commit the College to work with ES and SFC in the year of development in creating new arrangements for the college, and commit to producing an evaluation report and an enhancement plan for Oct 2017.

Carol Turnbull
Principal
December 2016



Dumfries and Galloway Regional Outcome Agreement Self-Evaluation Report AY 2015-16

1 Executive Summary

The College believes it has made good progress in 2015-16, particularly in the areas of employer Engagement, aligning curriculum to local and national economic needs and school and articulation partnerships. There is evidence that we are increasingly being viewed as a key strategic partner within the Crichton Campus and amongst Community Planning Partnerships.

Effective College governance arrangements are in place with the creation of a Regional Board aligned to Scottish Government recommendations and recommendations from the Code of Good Governance have been implemented and incorporated into College policy and procedures.

The external review by Education Scotland took place during the week beginning 8 February 2016. They examined learning and teaching and other important activities that impact on the quality of the learner experience. Education Scotland evaluated these against the three key principles of *high quality learning, learner engagement* and *quality culture*, using the 13 reference quality indicators outlined in *External quality arrangements for Scotland's colleges, updated August 2013*.

Education Scotland's overarching judgement was:

*"Dumfries and Galloway College has in place **effective** arrangements to maintain and enhance the quality of its provision and outcomes for learners and other stakeholders. This judgement means that, in relation to quality assurance and enhancement, the college is led well, has sufficiently robust arrangements to address any identified minor weaknesses, and is likely to continue to improve the quality of its services for learners and other stakeholders."*

The report highlighted areas of positive practices, examples of excellence as well as 3 main points for actions for the College to address.

The College was slightly below the Credit target achieving 29,871 Credits which was a shortfall of 500. Recruitment of full-time learners was down slightly on the previous year and retention rates dropped which contributed to the shortfall. College teams have developed and implemented a series of actions aimed at improving our retention and attainment rates and Short-life working groups have been established to develop college-wide strategies.

Vision 2020 (the College's 5-year strategic plan that sets out our vision and aspirations) was implemented in August 2015. The plan provided the catalyst and opportunity for all staff and Board members to engage and contribute to the development of a collective Vision, Mission and Plan and sits alongside our Regional Outcome Agreement.

The College continues to develop the curriculum, offering learning opportunities from Access through to degree level in almost all curriculum areas and, working with our University partners, we have increased articulation opportunities and the number of University funded Higher National places.

Our Princes Trust programmes, aimed at disadvantaged young people continues to be successful and has recently been reported as having the best performing indicators in terms of retention and achievement in Scotland.

We continue to develop our link with employers and have a strong commitment to deliver skills training and education that meets the needs of the local and national economy

2 Key Performance Indicators

From session 2015-16, WSUMS activity was replaced with a much simpler credit activity target. WSUMS had been the building block to our funding for the past 20 years. Under the WSUMS measure set tariffs were applied for students on full-time courses, SUMs could be claimed for students receiving extended learning support (ELS) and a subject weighting was applied to each student. The Credit measure more closely matches student activity and is identical to the way we counted part-time SUMS. A credit is equivalent to 40 student hours of learning.

In 2015-16 the College achieved 29,871 credits, 500 short of the SFC target of 30,371.

Just over 84% of total WSUMS were delivered at the Dumfries campus with almost 16% delivered at the Stranraer campus. A total of 6,474 students enrolled on college programmes, which was an increase of 769 (+13%) on the previous year. 1,600 of these enrolled on full-time programmes which is a decrease of 15 on the previous year.

Higher National numbers continue to grow with 480 full-time learners enrolled in 2015-16, compared to 505 in 2014-15.

Retention rates for full-time Further Education programmes need to improve and a significant amount of work has already been done in this area. It is too soon to measure the impact of this at this stage.

Retention on full-time FE programmes was 69%, a reduction of 1% on the previous year and 3% below the sector average. A number of strategies have been implemented to address this and improve retention rates.

Retention of students on full-time Higher Education programmes in 2015-16 was 82%, a reduction of 2% on the previous session, but still above the sector average.

Success rates for learners on full-time Higher Education programmes was 71%, which is 2% above the sector average. Success rates for students on full-time FE programmes was 61%.

Table 1	WSUMs		Enrolments						
			Full-time					Part-time	Total
	Actual	Target	HE Dfs	HE Str	FE Dfs	FE Str	Total		
2015/16	29,871	30,067	456	24	895	225	1600	4,874	6,474
2014/15	42,413	42,529	470	35	895	215	1615	4090	5705
2013/14	42,761	42,529	393	-	984	255	1632	4098	5730

Table 2	Retention (%)				Outcome (%)			
	Full-time Further education		Full-time Higher education		Full-time Further education		Full-time Higher education	
	Actual	Target	Actual	Target	Actual	Target	Actual	Target
2015/16	69	75	82	82	61	70	71	76
2014/15	70	74	84	81	64	67	71	74
2013/14	74	74	82	81	64	62	71	72

The following provides a summary of the success rates for students by each equality category compared to the previous academic session

Table 3	2015-16		2014-15		2013-14	
	Enrolments	Success	Enrolments	Success	Enrolments	Success
Disability	832	75%	833	72%	712	72%
Care experience/leavers	73	41%	102	57%	71	58%
10% most deprives postcodes	482	71%	365	60%	465	58%

Table 4						
Age						
Under 16	195	61%	149	64%	287	50%
16-19	1573	69%	1628	68%	1673	67%
20-24	850	80%	845	75%	829	71%
25 and over	3856	86%	3083	84%	2953	79%

Table 5						
Sex of Student						
Female	3604	83%	2880	79%	2919	76%
Male	2869	77%	2825	76%	2820	76%
Other	1	0%	0		0	

Table 6						
Ethnicity (excl Scottish, English, Welsh Irish and Northern Irish)	354	65%	266	78%	283	73%

Table 7						
Religion						
Christian/Protestant	793	85%	497	73%	323	69%
Roman Catholic	177	74%	109	68%	86	69%
Other Christian	59	75%	53	72%	57	74%
Muslim	15	80%	14	50%	10	65%
Buddhist	27	67%	20	70%	15	40%
Jewish	1	0%	1	100%	1	0%
Sikh	1	0%	2	50%		
Hindu	4	100%	1	100%		
Any other religion/body	40	80%	28	68%	17	53%
Not categorised	2819	87%	2781	82%	3414	83%
None	2303	71%	2111	70%		
Prefer not to say	235	85%	88	84%	1816	65%

Table 8						
Sexual Orientation						
Heterosexual	3083	74%	2604	71%	2318	69%
Gay Man	27	78%	23	43%	25	56%
Gay Woman/Lesbian	23	74%	52	62%	12	50%
Bisexual	56	52%	48	69%	22	55%
Other	42	74%	39	79%	20	70%
Prefer not to say	3243	87%	2974	81%	3342	82%

3 Commitment to Opportunities for All

In terms of articulation and progression opportunities, all curriculum areas offer programmes from Access to Higher National level, with the exception of Motor Vehicle Engineering. The majority of HN programmes have University articulation opportunities including direct entry into 2nd year of University of the West of Scotland degree in Social Work.

New Higher National Provision was introduced in Stranraer campus. A Crichton Campus Summer School aimed at S2 pupils (about to enter S£) is currently being developed to provide young people with a flavour of the range of opportunities available at the Crichton.

New approaches to delivery have been piloted in the Introduction to Hairdressing and Beauty programmes. The College is committed to delivering high quality learning and teaching and the Learning and Teaching mentor team, now established and into its third academic year, was identified as best practice by Education Scotland, in terms of supporting staff and learners.

The number of 16-19 year olds enrolled on college programmes in 2015-16 decreased slightly on the previous year and accounts for 24% of our total enrolments but accounts for 55% of full-time enrolments.

Articulation routes continue to be developed with our University partners. The Early Adopter project piloted with a small number of pupils from Dumfries secondary schools who undertook the Higher National Certificate in Electrical Engineering whilst still at school proved very successful. All learners achieved their qualification and gained entry to the University of their choice. This programme continued to be rolled out in 2015-16 but the College is finding that the majority of schools prefer to consider lower level programmes rather than Higher National level programmes

Dumfries and Galloway Secondary School Head Teachers conference was hosted by the College on Thursday (12) & Friday (13) March 2015. Approximately 40-50 senior staff from schools attended this event and we were delighted to welcome them to our Dumfries Campus. One of the sessions was based on School/College links and the Chair, Principal, VP Learning and Skills Heads of Faculty were involved.

This was followed up with individual meetings with each Head Teacher from the 16 secondary schools across Dumfries and Galloway. This has resulted in agreeing senior vocational pathway provision with 15 of the schools for 2015-16.

Partnerships with schools and employer groups continue to be strengthened and the college hosted a successful Developing Young Workforce Regional Conference in June (using DYW funding from Scottish Funding Council) with attendees from across the Region. Presentations from learners and employers provided the context for some dynamic and stimulating conversations. Key themes that emerged from the workshop session were:

- The need to raise awareness of parents and pupils of alternative education pathways to the traditional academic routes –eg Foundation Apprenticeships, Higher National Certificates and Diplomas.
- The importance of employers being involved in the process and how that is achieved
- The need for a DYW Strategy for the Region that takes account of local employment opportunities

The Local Employability Partnership has strategic responsibility for developing an Action Plan to take these forward.

A series of gender imbalance taster sessions were held in the College and pupils from S2 and S3 were invited to participate. Attendance was good and feedback was very positive. It is too early to measure the impact of these sessions as pupils are still at school but it is intended to arrange more for academic session 2016-17.

A range of generic approaches are used to build learners' independence and confidence, including team building, group projects, competitions and events. Curriculum teams deliver to Curriculum for Excellence values, particularly through the new national qualifications. Learners are involved across a range of competitions and events which support confidence and build independence.

4 Education and training that is a route to employment and career development and is aligned to local and national economic needs.

A full review of the College Curriculum plan was undertaken to ensure the College Curriculum offering aligned to the SDS Regional Skills Assessment 2012 (updated in 2015). Hospitality programmes were re-introduced in Dumfries campus in 2015-16, the number of places available in Care and Engineering have increased, with a reduction in multi-groups studying Hair and Beauty programmes. The Curriculum planning process was identified as best practice in terms of meeting regional and national needs in a recent Education Scotland Aspect review.

Programmes have been realigned for delivery of Curriculum for Excellence. Some refinements in Business, Computing and Accounting programmes have resulted in an increase in enrolments in these areas.

Employer Advisory Partnerships have influenced content and course design across all curricular areas. Employers are becoming more involved in the development of Faculty Plans and any new curriculum planning is subject to being fit for purpose for education and training that is aligned to local and national economic need. Workplace coordinators have been appointed to facilitate work-placement opportunities for learners and to enhance links with employers.

An Employer Engagement Strategy was developed and introduced in 2015-16 and employer engagement continues to be strengthened across the College with Faculty Teams developing a range of Employer Advisory Partnerships. This closer engagement and partnership working is resulting in focussed, employer-led programmes such as: Reablement training for up to two thousand staff in the Health Service Sector; bespoke training programmes for Dumfries and Galloway Housing Partnership, Morgan Sindall and Laing O'Rourke. The College Energy Centre continues to work with key local partners for upskilling in the renewable sector. Numerous employer events were held across the college during the academic year, and these are resulting in increased work placement opportunities and, in some cases, direct recruitment for learners.

Dumfries and Galloway College was the main sponsor for Dumfries and Galloway chamber of Commerce Business Awards held in April 2016 and was an opportunity to raise the profile of the college and demonstrate its commitment to working with businesses and their representatives across the region.

A range of programmes aimed at enhancing learners' employability skills were introduced including the new BBC Digital Employability Programme and the college continues to expand its work-based and online learning programmes.

Faculty teams encourage a culture of enterprise through a range of strategies and interventions. These include: Live briefs across all Creative Industries Higher National programmes, Enterprise activity units included in Business, IT and Construction Skills; Starting a Business and Preparing a Formal Business Plan units in Higher National Beauty programmes and Marketing Units on Sports programmes. A range of partnerships have been developed that enhance learners' enterprise skills such as MAKLab agreement for access to facilities for all Creative Industries students and staff, guest talks across all curriculum areas, presentations from employers and self-employed businesses.

Feedback from employers and schools in the West of the Region have indicated the need for some basic engineering provision at our Stranraer Campus. The College Board of Management approved this development and an options review in terms of location is currently being undertaken with a view to the first cohort of learners enrolling in 2018-19.

5 Community Education and Training

Partnership working with North West Resource Centre has increased community enrolments in addition to the agreement that has been in place with the cyber centre at Ewart Library for a number of years.

The college continues to develop online curriculum including the Higher National Certificate in Social Care which is fully available online and attracts learners from as far north as Inverness.

The College works with under-represented groups such as Project Search and the Community Teams have worked with 'The Usual Place' for a number of years to support their development. Complete Training Solutions have further developed their portfolio of courses with a range of evening programmes.

6 Current Year Progress

Full time enrolments in FE are lower than target with a total of 1,020 compared to 1,119 in the previous year but HE enrolments have increased from 479 to 522 (+9%). Overall, full-time enrolments have decreased by 4%. School enrolments are 363 compared to 325 in the previous year which is an increase of 11%.

It is too early to say whether the actions and interventions introduced at the beginning of the academic session have had a positive impact on our Early Student Retention but the College is hopeful that there will be some improvement.

A series of employer events have been held across the college:

Beauty students invited salon owners from across the region to come into college and receive a 'Hot Stones' Therapy massage. Learners took the opportunity to demonstrate their skills, to show off the excellent training facilities the college has and to survey the employers to find out what they think the college should be delivering in this area. Feedback was extremely positive and the team are using this to make adjustments to full time programmes and to develop a series of up-skilling workshops.

An employer forum was hosted in Stranraer Campus by Finlay Carson MSP. Employers reported that they find it difficult to recruit and there is a lack of awareness of the types of jobs available in the locality. It was agreed that the college would host a 'Job Awareness' event later in the academic year and employers would come along to inform and advise school pupils and their parents of the job opportunities available.

7 New Quality Arrangements

SFC and Education Scotland (ES) will introduce new quality arrangements and a new approach for all colleges from AY 2016-17. This will integrate quality arrangements with outcome agreement evaluation and reporting. Scottish Funding Council are asking College Boards to formally pledge / commit to engage with ES and SFC in the year of development and to create new arrangements for their college, and commit to producing an evaluation report and an enhancement plan for Oct 2017.

Carol Turnbull
Principal
October 2016

Board of Management

Code of Good Governance – August 2016

1 Introduction

The purpose of this paper is to provide the Board of Management with an update on the changes introduced by the Code of Good Governance – August 2016 (the Code) and to discuss the College's implementation of these changes.

2 The Report

- 2.1 Attached to this report is the revised Code of Good Governance from Scotland's Colleges for the Board's reference.
- 2.2 One of the duties of the Board is not only to follow the letter but also the spirit of the Code to ensure good governance. All colleges that receive funding from the Scottish Funding Council or from a regional strategic body must comply with the Code as a term and condition of grant. Each Board must state its adoption of the Code into the corporate governance statement contained in its annual audited financial statement.
- 2.3 The Board Secretary and the Vice Principal, Corporate Services and Governance have discussed the changes introduced by the Code and their implementation into the College's good governance documentation.
- 2.4 The changes to the Code are detailed below with the text in blue detailing the implementation the College and Board have taken or will take:
 - 2.4.1 A.2 – is a new clause – Every Board Member must ensure that they are familiar with and their actions comply with the provisions of their board's Code of Conduct.
Implementation: Board Members have been provided with a copy of the Code and are kept up to date by the Board Secretary of their obligations under the Code of Conduct. Board Development events highlight Code of Conduct matters.
 - 2.4.2 A.14 – there is now a link to The Guide for Board Members in the College Sector.
Implementation: Board Members have been informed.
 - 2.4.3 B.3 –B.7 – these clauses have moved up within the Code and there is greater emphasis on Student Engagement and stronger links with the Student Association. The Board must have regard to the Framework for the Development of Strong and Effective College Students' Associations in Scotland.
Implementation: The Board is strengthening its links with the Student Association and the College has in place funding to develop and is developing the Student Association as has been reported previously to the Board. All board members have already been provided with a copy of the Framework for the Development of Strong and Effective College Students' Association. The Board Secretary is involved in induction training for the Student Association President and Vice Presidents.

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- 2.4.4 C.1 – C.4 – these are new clauses confirming the board is primarily accountable to its main funder and the board must ensure delivery of the outcome agreement.
Implementation: Board Members are aware of this and this is evidenced in Board documentation.
- 2.4.5 C.7 – this clause has been expanded to include the prompt production and dissemination of agendas, minutes and papers to the public. Every board meeting and committee must have a well-structured agenda which is circulated timeously and key documentation must be retained to justify decisions which were made.
Implementation: All agendas, minutes and papers from Board Meetings and Standing Committees are placed into the Governance section of the external and internal College's website, as soon as minutes from each Board Meeting and Standing committee are approved by the relevant meeting.
- 2.4.6 C.8 - this clause now includes 'Finance' to be included within the minimum committees.
Implementation: There is already in existence a Finance & General Purposes Committee.
- 2.4.7 C.9 – this is a new clause, the board must ensure every board committee has a specified member of the management team to provide advice and support to discharge its remit.
Implementation: A member of EMT has been allocated to the Board and all standing committees.
- 2.4.8 C.14 – additional text has been inserted to the effect that the Audit Committee must work with management and auditors to resolve any issues in relation to financial reporting.
Implementation: This has already been implemented and is evidenced by the work of the Audit Committee in their minutes and the Audit Committee has an opportunity to meet with the Auditors, without the presence of EMT at the end of Audit Committee meetings. The Audit Committee remit had already been updated to reflect this requirement.
- 2.4.9 C.15 – this is new clause to the effect that the Audit Committee must promptly pursue recommendations arising from audit reports and monitor their implementation.
Implementation: The Board Secretary will ensure this obligation is inserted into the Audit Committee Remit and members are aware of their obligations.
- 2.4.10 C.19 – C.21 – these are new clauses under the new heading of 'Remuneration Committee'. In essence the members of the committee must understand their role and responsibilities. Members must undertake the on-line training module provided by CDN. The Board must have a formal procedure in place for setting the remuneration of the Principal by a designed committee of non-executive members.
Implementation: The College has in place an established Remuneration Committee and a formal procedure for setting the remuneration of the Principal. The Board

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Secretary will forward details of the on-line Remuneration training to members and will keep records of completion for members.

- 2.4.11 C.23 – this clause has been expanded to include effective monitoring arrangements are in place and college staff report relevant financial matters to the Board.

Implementation: Effective monitoring and reporting systems have been in place for some time, and evidenced by the Audit Committee and Finance & General Purposes Committee minutes. The remit of both committees already reflect this.

- 2.4.12 C.24 – this clause now makes reference to and provides a link to OSCR Guidance and Good Practice for Charity Trustees.

Implementation: Board Members have been made aware of this link.

- 2.4.13 The section previously headed ‘Employee Relations’ has been superseded by ‘Staff Governance’.

- 2.4.14 C.27 – this clause now makes reference and a link to the nationally agreed college sector Staff Governance Standard.

Implementation: Board Members have been advised accordingly.

- 2.4.15 D.1 – this clause has been expanded to include the duties of the Chair to promote effective team-working and positive relations between Board Members.

Implementation: Effectiveness is evidenced in the Chair’s annual one-to-one assessment into which all Board Members were asked to contribute.

- 2.4.16 D.5 – this is a new clause pertaining to where the college is a charity and Board Members are charity trustees.

Implementation: No action required.

- 2.4.16 D.11 – this is a new clause clearly highlighting the individual roles of the Board, the Chair and the Principal.

Implementation: All persons are aware of their roles which is evidenced by Board Meeting and Standing Committee documentation.

- 2.4.17 D.13-D.14 – the role of the Board Secretary has been expanded and independence from senior management required.

Implementation: A new external Board Secretary was recruited and commenced her position in May 2016 with a full job specification in place.

- 2.4.18 D16 – this is a new clause ensuring arrangements are in place to deal with a board secretary’s potential or real conflicts of interest.

Implementation: The Board Secretary has been furnished with a copy of the College’s Whistle Blowing Policy.

- 2.4.19 D.21 – this is a new clause ensuring new committee members receive committee induction and have their specific training needs assessed.

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Implementation: The Board Secretary will liaise with the Chair of the Board of Management and the Chair of the relevant committee to ensure induction training is provided.

- 2.4.20 D.23 – this clause has been expanded to include that the Board must send its self-evaluation and board development plan to its funding policy and publish them on-line

Implementation: The Board has been and is continually working on both documentations and the Board Secretary will ensure that once they are signed off by the Board they are published on-line.

- 2.4.21 D.25 – this is a new clause with the effect that Board Members must have an annual performance appraisal.

Implementation: This policy has been implemented with all Board Members having a one-to-one assessment with the Chair over the summer and early autumn of 2016. This process will be repeated every year and monitored by the Board Secretary.

- 2.4.22 E.1 and E.2 – At the beginning of both clauses the previous wording of “The College” has been substituted by the words “The board”.

Implementation: The Board has been made aware of their responsibilities.

- 2.4 Although the Code in the area of equality and diversity (A.12) has not been amended this area has been brought to the forefront. There has been issued to Board Secretaries a paper on Equality and Diversity and awareness training for Board Members is compulsory.

Implementation: The Director of Organisational Development and Facilities is updating the College’s Equality and Diversity Policy which will be presented to the Board. Board Members received awareness training at the Board Meeting on 4th October 2016. Board Members have been provided with a link to complete the college’s on-line module by end of December 2016. The recent recruitment campaign for new Board Members has highlighted diversity and equality. At the Board Development Event in January 2017 there will be an item on diversity and equality.

- 2.5 B3 and B9 – These points are already included in the Learning and Teaching Committee remit and will need to be taken into consideration when the Learning & Teaching Committee remit is reviewed, as they will still need to be incorporated within the Board framework.

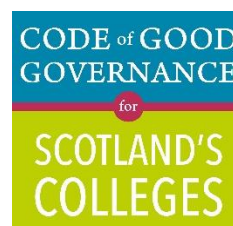
3. The College’s Good Governance Documentation

The Board Secretary is in the process of reviewing and amending the College’s Articles of Governance and Governance Manual, and Standing Orders in line with the changes. The Remits and membership of the Committees will also be revised, as previously agreed by board, accordingly in line with the Code. The revised documentation will be presented to the Board at the March Board Meeting.

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4. Recommendation

The Board is asked to discuss, note and adhere to the changes.



Code of Good Governance for Scotland's Colleges

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Annex 1: References and Definitions

1. Background

The original *Code of Good Governance for Scotland's Colleges* was published in December 2014. In Summer 2016, the Good Governance Steering Group undertook a review and the Code was updated. The Cabinet Secretary's Good Governance Task Group recommendations were also taken into account during the review of the Code.

Colleges Scotland will act as custodian for any future reviews and in keeping with the way that the Code was created, the broad range of stakeholders who developed the Code will be engaged fully with any revisions.

2. Foreword

Colleges in Scotland thrive in the heart of their communities, serving the interests of those communities, students, employers, governments and their agencies and other stakeholders. They have an essential and valuable role in Scottish society. In 2014/15, they enrolled almost 300,000 students and a study by EMSI (Economic Modelling Specialists International) showed that the economic impact of Scotland's colleges to the business community in Scotland is almost £15 billion each year.

Colleges and regional strategic bodies receive substantial public funding and also operate in an increasingly commercial and enterprising way. We value the significant contribution college board members make to governing our colleges and regional strategic bodies, and to their stewardship of taxpayer's money, ensuring its efficient and effective use.

Boards are expected to innovate, pursue new opportunities and take measured risks in delivering what is best for their stakeholders. In recent times, they have gone through major transformational change, embracing regionalisation and post-16 education reforms.

Against this background, it is right and proper that the highest standards of governance and propriety are expected of our boards and those individuals who serve them. This Code of Good Governance codifies the principles of good governance for learners and learning that already exist in our colleges and promotes accountability and continuous improvement in how colleges and regional strategic bodies are governed.

The Code is based on key principles and has been written in a way that is mandatory and anticipates compliance. All colleges that receive funding from the Scottish Funding Council (SFC) or from a regional strategic body must comply with the Code as a term and condition of grant. Exceptions should be rare and must be explained publicly.

In addition to demonstrating good governance, colleges and regional strategic bodies must also ensure compliance with their statutory and other obligations. The Board Secretary role is vital in providing guidance to the board on its legal and other obligations.

Colleges have an important individual and collective role to play in promoting economic, social and cultural well-being. We expect this Code to provide the essential underpinning to help discharge that role to the highest standards possible.

Hugh Hall, Chair of the Good Governance Steering Group
August 2016

3. Code of Good Governance for Scotland's Colleges

Governance and the Code

Corporate governance:

- is the way in which organisations are directed and controlled within a legislative framework
- defines the distribution of rights and responsibilities among the different stakeholders and participants in the organisation
- determines the rules and procedures for making decisions on corporate affairs including the process through which the organisation's objectives are set
- provides the means of achieving those objectives and monitoring performance.

Scotland's colleges refers to colleges either funded by SFC or by a regional strategic body for the provision of education. Such colleges can be incorporated or non-incorporated. The overarching purpose of good governance for Scotland's colleges is to:

- lead the college, region or regional strategic body and set its strategic direction and values
- ensure effective management and financial controls to support the student experience within a framework of public accountability and transparency
- deliver high quality learning and outcomes.

The *Code of Good Governance for Scotland's Colleges* has been developed and is owned by the college sector. Colleges are required to comply with it as a condition of grant from either SFC or their regional strategic body. It establishes standards of good governance practice for all boards and provides the essential foundations for compliance within the legislative framework.

Boards must not only follow the letter but also the spirit of the Code to ensure good governance. Boards must think deeply, thoroughly and on a continuing basis about their overall tasks and the implications of these for the roles of their individual members. Key to this is the leadership of the chair, the support given to and by the principal, and the frankness and openness of mind with which issues are discussed and tackled by all board members.

Statement of Compliance with Good Governance

Each board must state its adoption of the Code in the corporate governance statement contained in its annual financial statement. The chair, on behalf of the board, is expected to report as to how the principles have been applied by the board. Where, for whatever reason, a board's practice is not consistent with any particular principle of the Code, it should make this known to SFC or, if it is an assigned college, the regional strategic body. This should be done immediately they become aware of an inconsistency and, without exception, in advance of publishing the information. An explanation for that inconsistency must be clearly stated in its corporate governance statement. Boards will be expected to offer a clear rationale for exceptions in the context of their college's operational model and to identify mitigations.

Individual board members have duty to act on serious concerns about the governance of their body. Information on who board members can approach is included in [The Guide for Board Members in the College Sector](#).

4. Principles

Section A: Leadership and Strategy

Conduct in Public Life

- A.1 Every college and regional strategic body must be governed by an effective board that is collectively responsible for setting, demonstrating and upholding the values and ethos of the organisation.
- A.2 Every board member must ensure that they are familiar with and their actions comply with the provisions of their board's Code of Conduct.
- A.3 The *Nine Principles of Public Life in Scotland*, which incorporate the seven Nolan principles, must be the basis for board decisions and behaviour. These key principles, which apply individually and collectively are:
- Duty/Public Service
 - Selflessness
 - Integrity
 - Objectivity
 - Accountability and Stewardship
 - Openness
 - Honesty
 - Leadership
 - Respect

Vision and Strategy

- A.4 The board is responsible for determining their institution's vision, strategic direction, educational character, values and ethos. Regional strategic bodies must also determine the regional strategy for colleges assigned to them. The board of an assigned college must have regard to the strategy determined by the regional strategic body. Board members have a collective leadership role in fostering an environment that enables the body to fulfil its mission and meet Scottish Government priorities, for the benefit of students and the community it serves.
- A.5 The board must develop and articulate a clear vision for the region or college. This should be a formally agreed statement of its aims and desired outcomes which should be used as the basis for its overall strategy and planning processes.
- A.6 The board provides overall strategic leadership of the region or college. The board is responsible for formulating and agreeing strategy by identifying strategic priorities and providing direction within a structured planning framework.
- A.7 The board must ensure that a comprehensive performance measurement system is in place which identifies key performance indicators. It must ensure that it scrutinises performance measures and reports these on their website in a manner that is both timely and accessible to stakeholders. This will allow the board to determine whether or not the vision and mission of the region or the college are being fulfilled and that the interests of stakeholders are being met.

- A.8 The board (except in the case of assigned college boards) is responsible for overseeing the negotiation of its outcome agreement with SFC, to meet the needs of the college or region and make best use of available funding, consistent with national strategy. The board must ensure effective engagement with all relevant stakeholders in the development of its outcome agreement and monitor performance in achieving the agreed outcomes.
- A.9 The roles and responsibilities of the boards of assigned colleges should be undertaken in the context of the roles and responsibilities of their regional strategic body. Assigned college boards must contribute constructively to the development of the outcome agreement led in its region by the regional strategic body and support the regional strategic body to monitor performance in achieving the agreed outcomes.

Corporate Social Responsibility

- A.10 The board must demonstrate high levels of corporate social responsibility by ensuring it behaves ethically and contributes to economic development while seeking to improve the quality of life of the local community, society at large and its workforce.
- A.11 The board must exercise its functions with a view to improving economic, cultural and social wellbeing in the locality of the college or region. It must have regard to social and economic needs and social inclusion.
- A.12 The board must provide leadership in equality and diversity.
- A.13 The board must seek to reflect in its membership, the make-up of the community through offering maximum opportunity of membership to a range of potential members and removing potential barriers to membership, in partnership with its regional strategic body, as appropriate.
- A.14 The board must appoint one of the non-executive members to be the senior independent member to provide a sounding board for the chair and to serve as an intermediary for the principal, other board members and the board secretary when necessary (see Annex 1 for the definition of 'non-executive'). The senior independent member should also be available where contact through the normal channels of chair, principal or secretary has failed to resolve an issue or for which such contact is inappropriate. Further information on the role of the senior independent member can be found in [The Guide for Board Members in the College Sector](#).

Section B: Quality of the Student Experience

Student Engagement

- B.1 The board must have close regard to the voice of its students and the quality of the student experience should be central to all board decisions.
- B.2 The board must lead by example in relation to openness, by ensuring that there is meaningful on-going engagement and dialogue with students, the students' association and as appropriate staff and trade unions in relation to the quality of the student experience. Consultation is essential where significant changes are being proposed.
- B.3 The board must consider the outcome of student surveys and other student engagements, and monitor action plans that could impact on the quality of the student experience.
- B.4 The college board must have regard to the [Framework for the Development of Strong and Effective College Students' Associations in Scotland](#). It must put in place robust partnership procedures (e.g. partnership agreement) to work together to achieve change and which are supported by regular and open communications.
- B.5 The college board must encourage a strong and autonomous students' association and ensure that the students' association is adequately resourced.
- B.6 The college board must ensure that the students' association operates in a fair and democratic manner and fulfils its responsibilities.
- B.7 The college board must review the written constitution of its students' association at least every five years.

Relevant and High Quality Learning

- B.8 The board must seek to secure coherent provision for students, having regard to other provision in the region or college's locality. The board must be aware of external local, national and international bodies and their impact on the quality of the student experience, including community planning partners, employers, skills development and enterprise agencies and employer bodies. The board must seek to foster good relationships and ensure that the body works in partnership with external bodies to enhance the student experience, including employability and the relevance of learning to industry needs.

Quality Monitoring and Oversight

- B.9 The board must ensure appropriate mechanisms are in place for the effective oversight of the quality and inclusivity of the learning experience in the college or region. The board must ensure that the college works in partnership with sector quality agencies and other appropriate bodies to support and promote quality enhancement and high quality services for students.

Section C: Accountability

Accountability and Delegation

- C.1 The board is primarily accountable to its main funder, either SFC or its regional strategic body. Through the chain of funding, the body is ultimately responsible to the Scottish Ministers who are accountable to the Scottish Parliament.
- C.2 The board must ensure delivery of its outcome agreement or in the case of an assigned college, its agreed contribution to the region's outcome agreement.
- C.3 The board must ensure it fulfils its statutory duties and other obligations on it, and that the terms and conditions of its grant are being met.
- C.4 Scottish Ministers have powers to remove by order any or all board members of an incorporated college (except the principal) or a regional board for serious or repeated breaches of a term and condition of grant.
- C.5 The board also has a wider accountability to a range of stakeholders including students (both current and prospective), its staff, the wider public, employers and the community it serves, for the provision high quality education that improves people's life chances and social and economic well-being.
- C.6 Incorporated colleges and regional boards must maintain and publicly disclose a current register of interests for all board members. Board members should declare any conflicts of interest in the business of the meeting prior to the commencement of each meeting of the board and its committees and withdraw from meetings as appropriate.
- C.7 The board must ensure that its decision-making processes are transparent, properly informed, rigorous and timely, and that appropriate and effective systems of financial and operational control, quality, management of staff, risk assessment and management are established, monitored, continuously improved and appropriately impact assessed. This includes:
 - a) the prompt production, dissemination and online publication of board/committee agendas, minutes and papers to the public
 - b) every board meeting and every committee meeting having a well-structured agenda circulated timeously in advance
 - c) the retention of all key documentation which help justify the decisions made by the board and its committees.
- C.8 The board may delegate responsibilities to committees for the effective conduct of board business. As a minimum the committees required are Audit, Remuneration, Finance and Nominations/Appointments. Delegation of responsibilities from and matters reserved to the board and its committees must be set out in a scheme of delegation including the functions delegated by the board to the chair, committees, the principal and the board secretary (and any other members of staff). Incorporated college boards and regional boards have no powers to delegate functions to an individual board member (except the chair who has no authority to act outwith their delegated powers).

- C.9 The board must ensure every board committee has a specified member of the management team to provide objective, specialist advice to support it to discharge its remit, including by explaining in an accessible way the matters under discussion and the possible implications of different options.
- C.10 The board must consider and have in place procedures to ensure effective working relationships and constructive dialogue amongst the board as a whole and ensure there are effective reporting and two way communications between committees and the board. The board must ensure that discussions and decisions of every committee are accurately recorded and reported to the board, no later than the next meeting of the board.

Risk Management

- C.11 The board of a college or a regional body is responsible for the overall management of risk and opportunity. It must set the risk appetite of the body and ensure there is an appropriate balance between risk and opportunity and that this is communicated via the principal to the body's management team.
- C.12 The board must ensure that sound risk management and internal control systems are in place and maintained. It must ensure there is a formal on-going process for identifying, reporting, evaluating and managing the body's significant risks and review the effectiveness of risk management, business continuity planning and internal control systems.

Audit Committee

- C.13 The Audit Committee must support the board and the principal by reviewing the comprehensiveness, reliability and integrity of assurances including the body's governance, risk management and internal control framework.
- C.14 The scope of the Audit Committee's work must be defined in its terms of reference and encompass all of the assurance needs of the board and the principal. The Audit Committee must have particular engagement with internal and external audit, and must work with management and auditors to resolve any issues in relation to financial reporting.
- C.15 The Audit Committee must promptly pursue recommendations arising from audit reports and must monitor their implementation.
- C.16 The membership of the Audit Committee cannot include the board chair or the principal. The role of the college executive is to attend meetings at the invitation of the committee chair and to provide information for particular agenda items.
- C.17 The Audit Committee terms of reference must provide for the committee to sit privately without any non-members present for all or part of a meeting if they so decide. The Audit Committee members should meet with the internal and external auditors without the executive team present at least annually.
- C.18 At least one member of the Audit Committee should have recent relevant financial or audit experience.

Remuneration Committee

- C.19 It is essential that members of the Remuneration Committee understand their role and responsibilities. Members must undertake the online training module for Remuneration Committees provided by College Development Network within one month of appointment.
- C.20 The board must have a formal procedure in place for setting the remuneration of the principal by a designated committee of non-executive members. The board may wish to supplement this by taking evidence from a range of sources. In particular, staff and students should have a role in gathering and submitting evidence in relation to the college principal to the relevant committee.
- C.21 The board chair cannot be the chair of the Remuneration Committee (but they can be a member of it).

Financial and Institutional Sustainability

- C.22 The board is responsible for ensuring the financial and institutional sustainability of the body. The board must ensure compliance with its Financial Memorandum (either with SFC or the regional strategic body, depending on which is funding it), including in relation to incorporated colleges and regional boards, relevant aspects of the Scottish Public Finance Manual.
- C.23 The board must ensure that:
- funds are used as economically, efficiently and effectively as possible
 - effective monitoring arrangements are in place
 - college staff report relevant financial matters to it.
- C.24 For colleges that are charitable organisations, board members are also charity trustees. The board of a college that is a charity must ensure its members are aware of their responsibilities under charity legislation and for complying with relevant provisions as set out by the Office of the Scottish Charity Regulator. See [OSCR Guidance and Good Practice for Charity Trustees](#).

Staff Governance

- C.25 The college board as the employer, is responsible for promoting positive employee relations and for ensuring effective partnership between recognised trade unions and management.
- C.26 The board must have a system of corporate accountability in place for the fair and effective management of all staff, to ensure all legal obligations are met and all policies and agreements are implemented and identify areas that require improvement and to develop action plans to address them.
- C.27 The board must comply with the nationally agreed college sector [Staff Governance Standard](#).
- C.28 The college board must comply with collective agreements placed on it through national collective bargaining for colleges.

Section D: Effectiveness

The Board Chair

D.1 The chair is responsible for leadership of the board and ensuring its effectiveness in all aspects of its role. The chair is responsible for setting the board's agenda and ensuring that adequate time is available for discussion of all agenda items, particularly strategic issues. The chair must promote a culture of openness and debate by:

- encouraging the effective contribution of all board members
- fostering constructive challenge and support to the principal, executive team and fellow board members
- effective team-working
- positive relations between board members.

The chair must engage with the principal and the board secretary in a manner which is both constructive and effective.

D.2 The board and its committees must have the appropriate balance of skills, experience, independence and knowledge of the body to enable them to discharge their respective duties and responsibilities effectively.

Board Members

D.3 Each board member is collectively responsible and accountable for all board decisions. Board members must make decisions in the best interests of the college and/or region as a whole rather than selectively or in the interests of a particular group.

D.4 Staff and student board members are full board members and bring essential and unique, skills, knowledge and experience to the board. Staff and student board members must not be excluded from board business unless there is a clear conflict of interest, in common with all board members.

D.5 Where the college is a charity, all board members, as charity trustees, including staff and student board members, have legal duties and responsibilities under the Charities Act 2005. This includes registering any personal interests that could be seen as conflicting with the interests of the body. The 'objective test' for judging if there is a conflict of interest is:

"... whether a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as so significant that it is likely to prejudice your decision making in your role as a member of a public body".

Principal and Chief Executive

D.6 The college board must appoint the principal as chief executive of the college, securing approval for the appointment and terms and conditions of the appointment from the regional strategic body if necessary.

D.7 The college board must ensure there is an open and transparent recruitment process for the appointment. Students and staff must have an opportunity to contribute to the recruitment process.

- D.8 The college board must delegate to the principal, as chief executive, authority for the academic, corporate, financial, estate and human resource management of the college, and must ensure the establishment of such management functions are undertaken by and under the authority of the principal.
- D.9 The college board must ensure a clear process is in place to set and agree personal performance measures for the principal. This process should seek the views of students and staff. The chair, on behalf of the board, should monitor, review and record the principal's performance, at least annually, against the agreed performance measures.
- D.10 The principal, as a board member, shares responsibility for good governance with the chair and all other members of the board, supported by the board secretary. The principal also enables good governance through supporting effective communication and interaction between the body and the rest of the college including staff and students.
- D.11 The board provides strategic direction for the region and/or college, and the chair provides leadership to the board. The principal provides leadership to the staff of the body.
- D.12 The board must provide a constructive challenge to the principal and executive team and hold them to account.

Board Secretary

- D.13 The board as a whole must appoint a board secretary who is responsible to it and reports directly to the chair in their board secretary capacity. The board secretary may be a member of the senior management team in their board secretary capacity, but they cannot hold any other senior management team position at the same time. The appointment and removal of the board secretary is a decision of the board as a whole.
- D.14 All board members must have access to the board secretary who has an important governance role in advising the board, the committees and individual board members and supporting good governance. The distinctive board secretary role includes:
- facilitating good governance and advising board members on:
 - the proper exercise of their powers, including in relation to relevant legislation
 - the board's compliance with its Financial Memorandum, the Good Governance Code, its Standing Orders and Scheme of Delegation
 - their behaviour and conduct in relation to the board's Code of Conduct.
 - providing clear advice to the chair and the board/committees on any concerns the board secretary may have that board members have not been given:
 - sufficient information
 - information in an appropriate form
 - sufficient time to monitor, scrutinise or make informed and rigorous decisions in an open and transparent way.
 - attending and providing support to every board meeting and every meeting of every board committee. Where the board secretary is unable to attend, while the board secretary retains overall responsibility, proper arrangements must be made to cover the role with a person who is fully able to discharge the role effectively.

- having an unambiguous right to speak at board and committee meetings to convey any concerns they may have about governance. This extends to someone substituting for the board secretary.
- reporting any unresolved concerns about the governance of the body to the relevant funding body (i.e. SFC or the regional strategic body).

D.15 The board must ensure the board secretary:

- has suitable skills, knowledge and behaviours to carry out their role effectively
- receives appropriate induction, and if new to the role, is mentored by a more experienced board secretary for at least their first year
- has adequate time and resources available to undertake their role effectively.

D.16 The board must ensure arrangements are in place to deal with a board secretary's potential or real conflicts of interest.

Board Member Appointment, Induction and Training

D.17 For boards with responsibility for board appointments, the board must ensure a formal and open procedure is in place for recruiting and selecting new non-executive board members. Boards must have regard to all relevant Ministerial Guidance on board appointments.

D.18 The board is responsible for ensuring appropriate arrangements are in place for the conduct of student elections and nominations, and elections of staff members to the board.

D.19 The chair must ensure that new board members receive a formal induction on joining the board, tailored in accordance with their individual and collective needs. The board secretary should support the chair in the provision of relevant induction for new board members.

D.20 The board must ensure all board members undertake appropriate training and development in respect of their governance role. The board secretary should support the chair in the provision of relevant training and development opportunities for board members, which should be tailored to meet board members skills and needs. The board secretary must keep records of the development activity of board members, including the chair.

D.21 The board must ensure that new committee members receive a committee induction and have their specific training needs assessed and met.

Board Evaluation

D.22 Extension of the term of office of board appointments requires evidence and the board must ensure appropriate mechanisms are in place to support this.

D.23 The board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally facilitated evaluation of its effectiveness at least every three years. The board must send its self-evaluation (including an externally facilitated evaluation) and board development plan (including progress on previous year's plan) to its funding body and publish them online.

- D.24 The board must agree a process for evaluating the effectiveness of the board chair and the committee chairs. The evaluation of the board chair should normally be led by the vice-chair/senior independent member.
- D.25 The board must ensure all board members are subject to appraisal of their performance, conducted at least annually, normally by the chair of the board.
- D.26 The performance of regional college chairs will also be evaluated by the Scottish Government, as regional college chairs are appointed by the Scottish Ministers and are personally accountable to them.
- D.27 The performance of assigned, incorporated college chairs will also be evaluated by the regional strategic body, as they are appointed by the regional strategic body and are personally accountable to them.

Section E: Relationships and Collaboration

Partnership Working

- E.1 The board must work in partnership to secure the coherent provision of high quality fundable further and higher education in their localities.
- E.2 The board must ensure effective consultation, local and regional planning and must follow the principles of effective collaborative working: mutual respect, trust and working towards commonly agreed outcomes.
- E.3 The board must ensure effective partnership working with local and national bodies including businesses, public and third sector organisations to develop commonly agreed priorities following the principles of effective collaborative working.
- E.4 The board must encourage and support effective partnership working and collaboration within and across regions to address local needs and meet national priorities and specialisms.

Annex 1

References and Definitions

- **“college”** means a college funded by either SFC or a regional strategic body.
- **“incorporated college”** means a college with a board of management under part 1 of the Further and Higher Education (Scotland) Act 1992.
- **“assigned college”** means a college assigned to a regional strategic body.
- **“regional board”** means a regional strategic body that has no other functions. There is one regional board – Glasgow Colleges’ Regional Board.
- **“board”** means the governing body of the college or to the regional strategic body.
- **“body”** means the organisation in question, i.e. a college or regional strategic body.
- **“principal”** include where appropriate in the context, the chief officer or equivalent person of a regional strategic body.
- **‘non-executive’** means a member who is not the chair and who does not otherwise hold a specific position on the board i.e. is not a student or staff member; and in the case of a college board, is not the principal; and in the case of a regional board is not the chair of an assigned college.
- In the context of the regional strategic body in the Highlands and Islands, the board means either the Court of the University of the Highlands and Islands (UHI) or the UHI Further Education Regional Board (FERB):
 - The FERB has fully delegated authority from the UHI Court for FE – objectives, outcome agreement, curriculum and finance.
 - The FERB consists of the college chairs, two independents, plus nominees
 - The college principals meet as a FE Executive Board.
- New College Lanarkshire is the designated regional college and regional strategic body with South Lanarkshire College as an assigned college.
- Glasgow Colleges’ Regional Board; this is the only part of Scotland with a regional strategic body which has been established as an organisation with only this role.

Board of Management

Stranraer Campus

1 Purpose of the Report

The purpose of the report is to inform members of the current position regarding Stranraer Campus, to outline the key challenges and opportunities and to make recommendations regarding moving forward.

2 The Report

2.1 Current Position

2.1.1 Enrolments

Table 1 – Stranraer Enrolments 2011-2016

Curriculum Area	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
Business & Computing	11	15	14	19	17	13
Health & Social Studies	94 (28 HE)	94 (24 HE)	80 (24 HE)	72	73	70
Technology	54	52	62	71	78	81
Hair & Beauty	60	66 (3 HE)	65 (11 HE)	52	77	73
Hospitality	23	25	29	40	40	40
Total Enrolments	242 (28 HE)	252 (27 HE)	250 (35 HE)	254	285	277

Enrolments have decreased by 12% since 2011-12 and school roll numbers for the 2 secondary schools in the West indicate further reductions in the number of school age children over the next 5-10 years.

Curriculum provision has changed very little over the past 6 years although Higher National level programmes were introduced in Health and Social Studies, Early Education & Childcare and Hair and Beauty in 2014-15.

2.1.2 Economy and Employment in West of Region

It is difficult to obtain detailed, accurate labour market information relating specifically to the West of the Region, although discussions with Skills Development Scotland are ongoing to provide more detail in their updated Regional Skills Assessment Update (currently being finalised).

The main employment sectors continue to be Agriculture, Forestry, Hospitality & Tourism, Food and Drink (including Food production and processing) and Care.

2.1.3 Stranraer Campus – Other Services

As well as curriculum detailed above, additional services are delivered in Stranraer to support the learners. These include: Flexible Access Centre (incorporating library), an Independent Learning Centre, Student Advisor, and a team of office based staff that provide recruitment, admissions, student funding support as well as general administration for lecturers.

Board of Management

2.1.4 Management Structure

There is no dedicated Campus Manager at Stranraer campus. Lecturing teams are managed through the College Faculty structure and 2 part-time Curriculum Leaders are based in the Campus to support the Heads of Faculty.

Heads of Faculty work from Stranraer campus on a rota basis, the VP Curriculum visits on a regular basis, other VPs attend as required and the Principal visits the campus approximately every 6 weeks to meet with staff and students. This structure works well from a curriculum delivery perspective and ensures consistency in course design and delivery across the college. Learners are provided with parity of experience (compared to Dumfries learners) as far as possible and no issues were identified in the recent Education Scotland Review.

Support staff are part of a college-wide team with regular meetings held either by visiting each other's campus sites or via video conferencing. All staff events are held in Dumfries a minimum of twice per academic session which provides the opportunity for staff from both campuses to network and meet on an informal basis.

2.1.5 Finance

Stranraer campus generates approximately £700,000 income through Scottish Funding Council credit activity (4,043 credits in 2015-16 @ £173 per credit). In addition, the College receives £750,000 rural and remoteness funding from Scottish Funding Council for both Stranraer and Dumfries Campus sites and £1m om ELS funding (or 18% = £180k for Stranraer). The College last reviewed the operating costs 2 years ago which at that time amounted to approximately £1m. However, this substantial piece of work will need to be undertaken as part of any proposal going forward.

2.2 Challenges

2.2.1 Demand for College Places

From school roll numbers it is evident that, unless the College can increase the proportion of school leavers choosing College as their next destination, full time numbers at the Stranraer campus are likely to continue to decline. This will have a significant effect on course viability and, indeed, on the viability of the campus itself going forward. The College has always accepted applications from applicants aged 25 and over and it is not clear if this could be increased. There is also a risk that additional, new provision will split the current market, making individual courses even less viable, rather than increase student numbers.

Table 2 – Stranraer enrolments 2015-16 by age

Curriculum Area	Under 16	16-19	20-24	25+
Business & Computing	0	7	1	7
Health & Social Studies	2	47	22	23
Technology	2	35	6	9
Hair & Beauty	2	31	16	17
Hospitality	2	15	3	5
Total	8	135	48	61

Board of Management

2.2.2 Financial Sustainability

If numbers continue to decline and, as College funding becomes even more constrained, we will need to seriously consider the financial sustainability of the Stranraer campus. Consideration will need to be given to provision, support facilities and the estate as a whole.

2.2.3 Estates

Although the Campus building is in a reasonable state of repair and retains a fresh and modern feel, it is now over 30 years old and is likely to require significant infrastructure investment over the next 5-10 years. There is a perception (anecdotal feedback from schools) that the building is old-fashioned and therefore doesn't 'sell' itself as a dynamic, modern, up-to-date place to learn.

2.2.3 Competition

The opening of the new Kilmarnock campus of Ayrshire college in October is likely to attract learners who, traditionally would have attended the Stranraer campus, to apply for college places in Kilmarnock. The rail link takes approximately 1 hour from Stranraer to Kilmarnock and operates at the appropriate times of the day to enable learners to travel and study.

2.3 Opportunities

2.3.1 Increase enrolment numbers

It is fair to say that relationships between the 2 secondary schools in the West of the region and the college have not been as positive as they could be up until now but, through increased direct engagement, dedicated DYW School staff and improved employer engagement these are improving.

As this relationship develops there is an opportunity to work closely with the schools to develop appropriate vocational pathways that offer progression opportunities through full time College provision which could/should increase enrolment numbers.

2.3.2 New Curriculum Provision

Although employer engagement in the West continues to be a challenge, the College is making progress and by developing partnerships with the schools and the DYW Regional coordinators there is the opportunity to better identify and meet their needs and increase Modern, Foundation and Graduate Apprenticeship delivery.

With improved broadband connectivity there may be opportunities to increase digital technology provision in Stranraer and recent feedback from employers and other stakeholders support the introduction of a broad engineering programme (previously discussed and approved by Board members). The increase in the number of wind farms and other pilot schemes relating to Renewable energy may also provide an opportunity to provide some Energy related programmes.

Board of Management

2.3.3 The Economic Impact of NOT having a College Campus in Stranraer

The remit of the new South of Scotland Enterprise and Skills Agency will include financial support for the local economy. The Principal believes there is a case to be made for institutional funding support from this agency for the College as a whole and, perhaps, more specifically, Stranraer Campus in terms of supporting the physical presence of the college. ie what would the economic impact be on the region if the College wasn't here? This funding would in addition to SFC funding. However, this concept would need to be explored in more detail.

4 Recommendation & Proposal

Members are invited to comment on the report and remit the Principal (with the support from the Exec Team) to develop a more detailed business case and Strategic Plan for Stranraer campus covering future Provision, forecast enrolment numbers, Estates, & Finance, for Board members to consider at March meeting. Curriculum provision is reviewed on an ongoing basis

Carol Turnbull

Principal and Chief Executive Officer

December 2016

Think Piece

The Learning and Skills Journey
October 2016



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1. Introduction

The time has never been more appropriate to identify how a more coherent and equitable post-16 learning framework and system can be established that improves the learning and skills journey. The college sector recognises the Scottish Government's key priorities and challenges. Uncertainty around the future following Brexit and the year on year constraints on the public purse, means that the Scottish Government will quite rightly look for efficiencies and productivity gains where they can be found and it is vital that public sector funding, particularly the delivery of education, provides clear value for money to the taxpayers who bear the costs. It is in the interests of its users, the economy and the public purse that the learner journey is as effective and efficient as possible.

Schools, colleges and universities along with key partners already play a critical role in other significant post-16 initiatives including *Developing the Young Workforce*, widening access to higher education and delivery of apprenticeships. However, users and learners continue to voice that the current post-16 landscape is complex, and potentially confusing, with a plethora of potential routes and providers which can be unclear and unhelpful.

Colleges Scotland has been advocating for a review of the learner journey and the implementation of a more co-ordinated framework as part of the college sector's submission to both the 2016 and 2017 Scottish Government Spending Reviews. The sector firmly believes that by doing this, it will benefit not only learners but improve effectiveness, and release efficiencies and productivity gains across the educational landscape.

The current Skills and Enterprise Review and the Schools Governance Review provide an ideal opportunity to start this review process. This paper aims to set out initial thoughts from the college sector around what a potential co-ordinated learning and skills framework could look like, one which has the progression of the learner at its heart, with particular consideration given to transition between school-college and college-university pathways. The paper also outlines the potential for a co-ordinated approach to delivery of Modern Apprenticeships (MA), recognising the economies of scale that could be achieved through greater utilisation of the existing resources.

2. The Principles

Colleges Scotland has previously set out the concept of the learner journey as part of the sector's submission to the Scottish Government's 2017 Spending Review. The sector envisages that the learner journey should follow four basic principles:

- 1) Learners must be given full recognition for their prior attainment as they progress between institutions without unnecessary repetition of any Scottish Credit and Qualifications Framework (SCQF) Level unless it is in the interest of the learner.**

For example, a learner with a Higher National Diploma (HND) might choose not to enter the third year of a degree course because they do not have the confidence to do so. A student with Highers in the Arts would not be advised to enter the second year of an HND in Engineering as they lack the specialist knowledge to succeed.

- 2) Learners should be able to progress flexibly and not be inhibited by systemic or institutional factors.**

In many cases, different institutions give different recognition for the same qualification when applying to the same or similar courses at the same SCQF Level. In other instances, for reasons of institutional sustainability, learners are not encouraged to pursue a route with a different provider.

Programmes should also be designed to be followed in a non-linear way particularly by those combining work with study, or those seeking re-training or up-skilling as they look to return to the workforce.

3) All learners should have equal access to a consistent and coherent post-16 learning framework available nationally.

The implementation plan for *Developing the Young Workforce* presents the details of how *Curriculum for Excellence*, a regionalised college system, a significantly expanded MA programme and purposeful employer engagement will be brought together to drive the creation of a world class vocational offer aligned to widening access to higher education opportunities. However, as a result of the factors identified above and the very different approaches adopted by school-college partnerships in supporting *Developing the Young Workforce* in different regions, the opportunities available to learners differ widely.

4) Learner choices should be informed by comprehensive, objective and transparent advice and guidance.

Despite the best efforts of Skills Development Scotland (SDS), the current complexity and lack of coherence in existing post-16 provision means that there is no one comprehensive source of information available which learners can use to explore all the potential routes to employment, through the learner journey. The situation is exacerbated by existing regional variations and advice from careers staff in schools which can be restricted by their immediate context.

The initial thoughts set out in this paper including a potential co-ordinated learning and skills framework are founded on these four basic principles.

3. The Vision

The college sector sees the vision for the learning and skills journey as:

“A collaborative leadership model, where a common approach and consistent policy implementation is adopted by key stakeholders who support and deliver across the education and skills landscape”.

4. Delivering the Vision for a New Educational Landscape

4.1 The Framework

The college sector is of the view that the collaborative leadership model will require a new framework to support the educational landscape from which productivity gains will be achieved and an appropriate skilled workforce delivered for the public sector, commerce and industry.

It is envisaged that a new framework while working in a regional context and ensuring quality of provision is maintained, will:

For Learners

- personalise each individual learner journey by delivering sustainable education provision for the benefit of the learner in their career choice
- provide clear and seamless routes and lower the transitional barriers between schools, colleges and universities
- recognise linear and non-linear journeys that are undertaken by individual learners.

For Businesses

- meet the needs of commerce, industry and communities
- produce an appropriately skilled workforce through the delivery of recognised qualifications and work readiness.

For the Wider Economy

- tackle inequalities
- widen access opportunities and achieve greater fairness
- focus on positive purposeful destinations
- deliver efficiencies at specific transition points between different institutions on an individual's learner journey
- support the Scottish Government's priorities and contribute to Scotland as a nation
- increase growth and productivity in the Scottish economy
- provide high value in return for the public investment in the sector.

Outlined in this paper, are examples of how elements of the framework could operate.

4.2 School-College-University Pathways

There are already examples of regions in Scotland which have well-established curriculum mapping across schools, colleges and universities. For example, [North East Scotland College](#) and Forth Valley College have both mapped against SCQF the different pathways which a young person can follow from school, college and university into work for each of their regions.

Explored below are various scenarios in which pathways across the educational landscape could be better aligned and navigated by individual learners.

School-College Pathways

Staying-on rates in schools have steadily risen over recent years while participation in further and higher education has also grown. For the majority who remain, it is vitally important that their onward learning and skills journey should be purposeful and successful.

Curriculum for Excellence is intended to give every young person a broad general education (BGE) up to the age of around 15. The curriculum is similar for all learners and provides a basis for more diverse educational experiences during the senior phase in school and thereafter. The senior phase starts at the beginning of S4 and lasts up to three years. This phase is intended to be highly flexible and suited to the needs of the individual. Consideration should be given to, instead of following a pre-determined pattern, the three years being seen as a coherent whole, which may include a mix of academic and vocational courses and may involve experience of college or the workplace as well as school. This would provide opportunities for learners in the lowest SIMD deciles to fulfil their learning potential as the attainment of this group falls significantly below the highest SIMD deciles. This difference is most notable at SCQF Level 5 and above.

The SCQF supports this flexible approach and encourages parity of esteem among courses of every kind and flexible approaches to progression as it is solely concerned with the level of study rather than its location. Furthermore, it makes it easier to see where the learner journey has stalled or involves unnecessary duplication.

The recommendations from the *Commission on Developing Scotland's Young Workforce* are also beginning to exert a powerful influence on this part of the learning and skills journey. They are giving rise to more varied provision during the senior phase of schooling and to new opportunities and qualifications, sometimes requiring involvement with college as well as school. The notion of progression and continuity in the learner journey is again a vital ingredient.

Progress is clearly being made across the educational landscape, but much remains to be done. There is, as yet, little sense of a national pattern, nor of comparable opportunities being made available to all pupils across Scotland.

The diagram below illustrates in general terms possible flexible pathways available to young people leaving the period of BGE at the end of third year in secondary school. In practice, the range of pathways and the possible progression routes is much greater than illustrated and therefore this seeks to show only the possible options.

SCQF Level	4	5	6	7	8	9	10	11
Broad General Education			Higher			Degree/Honours Degree		Masters
	National 5		Higher	Advanced Higher				
	VRQ Level 1	VRQ Level 2	VRQ Level 3	Modern Apprenticeship	Graduate/Advanced Apprenticeship			
	NC Level 4	NC Level 5	NC Level 6	HNC	HND			
	Introductory Vocational Courses							
	Skills for Work 4	Skills for Work 5	Foundation Apprenticeship					
	SVQ Level 1	SVQ Level 2	SVQ Level 3	SVQ Level 4				Professional Apprenticeship

Note:

- 1 The courses listed at the left of the table are more likely to be studied in school while those further down the table are usually followed in college or the workplace. The college sector would welcome a model which caters for individual need rather than institutional interests.
- 2 Progression routes are, of course, guided by course content. National Certificate (NC) courses can lead easily into Higher National Certificate (HNC) courses however for example, an NC in Childcare does not easily allow a learner to articulate in an HNC in Computing.

Potential Benefits

Learner journeys should move at a pace consistent with learner capacity. At the same time they should be cost-effective and avoid duplication. Such an approach to the learner journey would show significant productivity gains.

Scotland will be better able to resource personalised learning and skills journeys if it eliminates duplication and inefficiencies. If this is to be achieved, further consideration is needed to the following:

1. National 4/5 in S4 followed by Highers in S5 remaining the default school pattern, however much more flexible approaches are required.
2. If there is value in acquiring formal qualifications in S4, should a focus be on National 5 and where appropriate on introductory vocational qualifications?
3. Whilst a traditional view of the senior phase is as linear progression from N4/5 in S4 through Higher in S5 to Advanced Higher and some additional subjects in S6, other pathways should be available. This includes NC courses from the end of the BGE phase onwards.
4. There is obviously a place for *Skills for Work* courses, courses leading to Scottish Vocational Qualifications (**SVQs**), **Vocationally Related Qualifications** (VRQ) and similar awards, as well as a range of other options. Learners should be able to mix together courses of these various kinds. Clear pathways among the options should be established leading through the senior phase. Matters of provider and location should be secondary to meeting the need of the learner.
5. Whilst it is acknowledged that achievement of Advanced Highers can be a differential factor in applications, it is still the case that having Advanced Higher (SCQF Level 7) qualifications does not generally lead on to an SCQF Level 8 course in Scotland (such as Year 2 of a Scottish four year degree or Year 2 of an HND) but only to a SCQF Level 7 course (such as Year 1 of a four year Scottish degree or Year 1 of an HND). As such, there appears to be an inefficiency in the system that allows for duplicating what has been achieved previously.
6. Requirements regarding registration with the General Teaching Council for Scotland impede college outreach into schools.

A case study outlining the potential benefits of a more streamlined journey through a school-college pathway to the learner, along with the potential financial productivity gains is outlined in Appendix 1.

College-University Pathways

The college sector has many years' experience of working with university partners to make the transition from college to university as smooth as possible and to remove any duplication that might hamper a student's progress. These articulation arrangements allow students to progress through the various stages of the educational landscape, whilst ensuring the removal of duplication, and hence delivers efficiencies that are of benefit to the learner and the public purse. However, up until now, college-university articulation arrangements have not been compulsory and have been entered into locally.

The final report of the *Commission on Widening Access* which was published in March 2016, recommended widening access to higher education by promoting a systemic approach to addressing socio-economic inequalities that obstruct fair access. It identified a number of areas where colleges can work closely with early learning providers, schools and universities to support disadvantaged students in the earlier stages of their learning.

The college sector believes that as part of a new framework and to help promote equal recognition of academic forms of study and work-based technical and professional learning, agreements between colleges and universities would look to be formalised through a 'National Articulation Agreement'. This agreement would require to be developed and agreed by all relevant stakeholders to then allow standardised local agreements to be created directly between individual institutions,

taking into account curriculum mapping and regional offerings, recognising the needs of commerce and industry.

Potential Benefits

One such area where colleges can play a crucial role as collaborative partners in driving improvement is the articulation of learners from secondary school education and access programmes in college to further study at university Degree and honours Degree level. An example of this partnership working would be moving to a '2+2'¹ model of delivery of a Degree as a standard approach across all colleges and universities in Scotland. This would assist in shortening, but not reducing the benefits, of the learner journey.

A case study outlining the potential benefits of a more streamlined journey through a college-university pathway to the learner along with the potential financial productivity gains is outlined in Appendix 1.

Regional Skills Hub Model

The consultation on new regional education boards for Scotland as part of the Schools Governance Review could be a timely opportunity to develop a collaborative leadership model, where a common approach and consistent policy implementation is seen between key stakeholders who support and deliver across the education and skills landscape. If a 'Regional Skills Hub' model was adopted that encompasses schools, colleges, universities, local authorities, SDS, employers and Community Planning Partnership, this could provide the much needed joined up approach within which the framework could operate.

If the Scottish Government were to consider aligning the new regional education boards, if such boards were established, with the 13 college regions and the 19 universities, this would provide greater opportunity for partnership working and introduce better collaboration between schools, colleges, universities and employers. There would however be some consideration required to how multi-college regions (Lanarkshire, Glasgow and Highland and Islands) would work in this type of model.

The potential role of the 'Regional Skills Hub' would be to:

- develop a collaborative vision for post-compulsory education (including senior phase education in schools) for that region
- maximise the number of young people progressing to further and higher education
- increase the proportion of disadvantaged learners progressing to higher levels and sustainable positive destinations
- improve the employability of all learners
- implement standardised articulation routes
- diversify the choice of courses available to learners in schools
- streamline and personalise learner journeys
- establish common applications processes
- eliminate duplication
- use resources more cost-effectively e.g. consider shared services where appropriate
- share data amongst relevant institutions
- improve career advice and planning.

4.3 Apprenticeship Family

¹ '2+2' model, means where the first two years of education towards an honours degree is undertaken at a student's local college, before articulating into year 3 and completing the final 2 years at a university in order to complete the honours qualification

Apprenticeships are a vital part of helping employers to develop their workforce by training new staff and upskilling existing employees. They also allow individuals to earn a wage and gain an industry-recognised qualification at the same time.

In 2013/14, the college sector delivered approximately **2,500** apprenticeships directly contracted by SDS. In addition that year, there were a further **3,000** apprenticeships sub-contracted to colleges directly from private training providers, to deliver some or all of the training elements.

Working within a 'Regional Skills Hub' model, the college sector would be best placed to ensure seamless provision across the continuum of the family of apprenticeships from Foundation Apprenticeships, through MA to Graduate Apprenticeships. By working in partnership through a streamlined approach with key stakeholders, the college sector could continue to deliver apprenticeships with minimal bureaucracy. This would allow for efficiencies in the supply chain, bringing clear added value to both the learners and employers.

Potential Benefits

There is an opportunity as part of a new framework to address the current inefficiencies and administrative burden associated with the current apprenticeship contracts, thus maximising the resource made available to the frontline. This could initially be achieved by commissioning the college sector to work with employers to deliver an additional 5,000 apprenticeships in order to reach the Scottish Government's target of 30,000 MA by 2020.

4.4 Career Planning

Career planning is a vital part of the learning and skills journey and underpins the new framework. Learners who make the right choices along their journey are more likely to ensure positive outcomes. The college sector believes this process should begin as early as P1 in primary schools. This will allow the beginning of fruitful discussions around the different types of jobs and skills required. A national programme developed by all stakeholders with relevant time assigned as part of the school's curriculum would allow pupils to undertake a career planning journey through a step-by-step developmental and decision making process, helping them become aware of their own strengths and uniqueness and the opportunities in the working world.

The implementation of well-defined Career Development Plans for all (P4-S6) pupils in both primary and secondary schools which clearly illustrates the learner's journey would help pupils to choose career paths they would be best suited to. Currently, secondary school pupils are expected to make subject choices in S3 for N4/5 and S4 for N5/Highers, however many pupils are making these choices without having a clear understanding of what their desired career pathway is or the qualifications and experience they require. This has serious consequences and poses a risk of pupils making the wrong choices for them which could delay their learner journey. It is vital that every child leaves secondary school with a positive destination. It is envisaged that these plans would follow the learner as they embark into further or higher education.

The provision for work experience placements from S2-S6 needs to be built into the national programme but tailored to individuals' needs. Careers fairs also provide an opportunity for pupils to engage directly with local employers, finding out first hand of the type of job opportunities in their area.

All colleges and universities provide an in-house careers advice service to their students. Their staff are qualified and offer one-to-one guidance and support to help students achieve their individual career goals. The positioning of colleges as a bridge to employment and to university means that their ability to offer such guidance is unparalleled. By considering bringing the Career Information, Advice and Guidance function currently provided by SDS into colleges as part of the new framework, would reduce the distance between education and training provision and employers thus improving the currency of information and understanding of career progression routes both regionally and

nationally. As key partners in 'Regional Skills Hubs', colleges would be aware of, map and provide up-to-date and comprehensive information on all potential learner routes.

4.5 Learner Support

The college sector continues to support the need for a standard and fair system for student support funding that provides students with adequate financial support, as well as reasonable certainty on the support they are likely to receive for the duration of their study. Current student support funding does not fully meet the cost of college student support funding demand related to further education courses, in contrast to pre-16 year old students and those undertaking a higher education qualification.

In line with the principles for the learning and skills journey outlined earlier, the progress of a learner should not be inhibited by systemic or institutional factors. One way that this issue, in relation to learner support can be addressed, is to ensure that fair funding follows the learner, rather than the institution. This will help ensure flexibility within the learning and skills journey and will allow for the specific and personalised learner journey to be undertaken in an efficient a manner as possible. This in turn will bring benefit to the individual, who will be aware of the financial support on offer and prevent any unnecessary expenditure for both students and institutions.

5. Conclusion

This paper aims to provide the college sector's initial thoughts on what a co-ordinated learning and skills framework could look like, along with the potential efficiencies that could be achieved across the education sector as a whole, by having a more joined up, seamless and efficient learner journey, and one which places the individual learner at the centre.

The college sector is now looking for the Scottish Government to agree a policy position that would allow key stakeholders to progress this area further and start to shape the future educational landscape for post-16 learning. However, until any progress on a new landscape has been made and is fully embedded, it is important that investment across the current education landscape and in particular, the college sector who have seen a significant reduction in funding over the last three years, is protected in the coming years.

Case Study 1 – Career Planning/Relevant Work Experience: Melanie

During her time at secondary school, Melanie attended a half-day guidance session in S4 around the different opportunities for pupils after leaving school. On this knowledge only, as there was no work experience opportunities provided by her secondary school, she decided that by taking into account her strongest subjects, she would be most suited to a career in either social work or the prison service. This was at a time where it was expected that pupils who achieved academically would go to university to embark on a Degree course. Although Melanie received the grades required in S5 to receive an unconditional offer at university, it was deemed common practice to stay on to S6 before starting university.

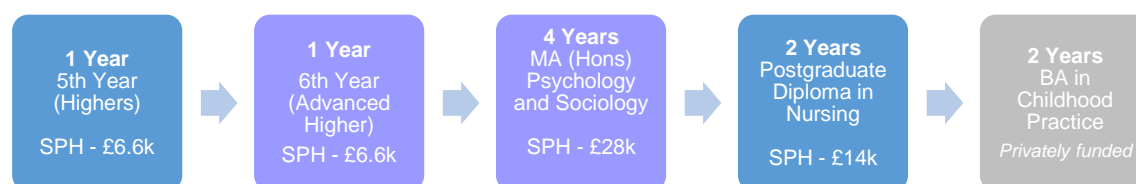
Melanie left university after successfully completing a four year MA (Hons) in Psychology and Sociology. Although she thoroughly enjoyed the course and experience, it became more and more apparent after speaking to other students studying the same course and professionals that a career in social work or the prison service was not for her. After leaving university, not sure what to do next, Melanie applied for a variety of different graduate jobs with leading firms in the UK. This was a highly competitive market and after being unsuccessful she decided to look at opportunities locally and was offered a position as an Auxiliary Nurse at a local nursing home. During her short experience working in Care sector, Melanie realised that Nursing would be an ideal profession and embarked on a Postgraduate Diploma in Nursing. This was a two year Diploma (three years for an undergraduate) and combined theoretical work in the classroom with practical experience in clinical settings.

After graduating, Melanie was successful at securing full-time employment. She worked as a Nurse for five years within the NHS, reaching Grade E. She left Nursing temporarily to start a family. To accommodate a young family, Melanie has since started her own business (not for profit) in the provision of an out of school club for her local community as well as becoming a registered childminder. A recommendation by the Care Commission upon an annual inspection specified that as, a manager of the out of school club, she should have a BA in Childhood Practice. Melanie successfully completed this two year degree via distance learning and funded it privately.

Learning and Skills Journey

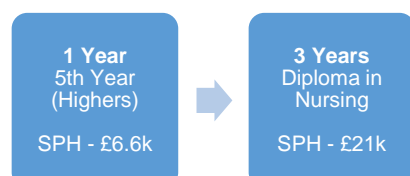
If Melanie had been provided with effective careers guidance earlier on as well as having had the opportunity to find out more about the professions she was considering, through work experience opportunities, it is likely that she would have embarked on her preferred career path much earlier and saved on unnecessary duplication of government funding, based on spend per head (SPH). The diagrams below illustrate where the learning journey post-S4 could have been more efficient if better planning had been made to acquire qualifications and develop the skills needed for her chosen career path. Also if prior learning had been recognised, then there would have been no requirement for her to have acquired an additional qualification such as the BA in Childhood Practice.

Diagram 1 – Journey Taken



The total government funding for this journey would be £55.2k.

Diagram 2 – Streamlined Journey



The total government funding for this journey would be **£27.6k**.

Case Study 2 – 2+2 Articulation Model: Daniel

Daniel was fortunate that during his time at secondary school, the school had a work experience programme where students could go on two-week work placements. Unfortunately placements arranged by the school were limited and not specifically tailored to individual needs. With his interest in veterinarian studies and with assistance from a family friend, Daniel embarked in a two week work placement at his local Veterinary Practice. It was during his placement which provided him with a wide range of different experiences, he decided that he wanted to go on and study biomedical science at university. The only careers guidance Daniel received during secondary school was several one-to-one sessions with a careers advisor in S5. This support was generally around which university offered Degree courses in biomedical science and what the entry qualifications were.

Unfortunately in S5, Daniel did not receive the grade in Higher English he required for entry into university. It was agreed that he would stay on to S6 and re-sit his Higher English. As friends left school after S5 and moved on to university and college, Daniel become increasingly disengaged during S6. Having to repeat the same subject left him feeling uninterested and he failed again to receive the required grade in his Higher English to be successful at gaining a place at university.

Having left secondary school, Daniel was left on his own to determine his next steps. He was adamant he still wanted to go to university to study biomedical science. His options were 1) he went to university for one year to sit his Higher English for the third time in the hope that he improved his grade or 2) he went to college to study a HNC in Applied Biological Sciences. Success at either would allow him to transition into a Year 1 on the Degree course. Daniel chose to go to college and study a HNC in Applied Biological Sciences which he successfully completed. He then articulated into Year 1 of a four-year degree course at university to study a BSc (Hons) in Biomedical Sciences.

After leaving university, Daniel was successful at securing full-time employment within a global UK business working in their drug dispensary department and has undertaken further training to meet their own industry requirements.

Learning and Skills Journey

If Daniel had been provided more guidance after S5 on his options, rather than the only option of re-sitting his Higher English in the hope he improved on his initial grade, then he could have embarked on his preferred career path much earlier and saved on unnecessary duplication of government funding, based on spend per head (SPH). The diagrams below illustrate where the learning journey post-S4 could have been more efficient if better planning had been made to acquire qualifications and develop the skills needed for his chosen career path.

Diagram 1 – Journey Taken



The total government funding for this journey would be **£44.6k**.

Diagram 2 – Streamlined Journey



The total government funding for this journey would be **£27.4k**.

Case Study 3 – Adult Female Returners: Magdalena

Magdalena, originally from Poland, applied to study a vocational education qualification in hairdressing while attending secondary school in Poland. Unfortunately due to the course being oversubscribed, she had to settle for a course in hospitality. Elements of this qualification were worked-based learning and the business that provided this training also offered her private work outwith the course.

Due to the lack of job opportunities in Poland, Magdalena finished her course and moved to Scotland 22 years ago with her partner. Since arriving in Scotland, she has worked for 15 years in permanent full-time employment in the hospitality sector, mostly as a waitress. She also rented accommodation. Seven years ago she became a mother and reduced her hours to part-time, mostly evening and weekend work to accommodate family life and childcare arrangements.

A few years ago, Magdalena and her husband were successful in acquiring permanent residency in the UK and have since bought their first home. With her child now in primary school, she was keen to achieve her initial aspiration of becoming a hairdresser and applied for college last year, however again due to the course being oversubscribed, she was unsuccessful. She has since been accepted to a college to study City & Guilds in Hairdressing (Level 2). This is a two year course.

Magdalena is thoroughly enjoying Year 1 of her college course and intends to start her own mobile hairdressing business upon completion, to work around her family life.

Learning and Skills Journey

The financial gains to the Scottish Government by providing Magdalena, as an adult learner, the opportunity to attend college and acquire skills and a qualification in her chosen profession is not as clearly defined as in the other case studies. However, by currently being in a career which is capped in terms of progression and income, Magdalena sees this upskilling as an opportunity to embark on a career path which not only she enjoys but will provide her with an increased income, benefiting not only her family but increasing her tax contributions, which benefits the economy.

Diagram 1 – Journey Taken



The total government funding for this journey is £6.8k.



Board of Management

2015-16 Annual Report on Institution-Led Quality Review

Introduction

On an annual basis the College reviews and reflects on its quality assurance and enhancement over the previous session.

Up until session 2015-16 colleges in Scotland were required by the Scottish Funding Council (SFC), to provide them with an annual report, endorsed by the governing body, which describes the impact, nature and outcomes of college-led quality review activities as well as reviews by professional, statutory and regulatory bodies, which have taken place in the previous academic year, including commentary on actions to be taken to address issues identified. However, with the introduction of a new quality framework for 2016-17, the Scottish Funding Council acknowledges that Colleges will need to dedicate time and resources on preparing for the new arrangements. The SFC has informed colleges that it does not require them to return this report for session 2015-16.

This report provides information on the review of session 2015-16, under three key principles which inform and underpin quality assurance and enhancement; **high quality learning, student engagement and quality culture**.

1 Reflective Overview

In February 2016, the College was reviewed by Education Scotland. They examined learning and teaching and other important activities that impact on the quality of the learner experience. Education Scotland evaluated these against the three key principles of *high quality learning, learner engagement and quality culture*. Education Scotland's overarching judgement was:

*"Dumfries and Galloway College has in place **effective** arrangements to maintain and enhance the quality of its provision and outcomes for learners and other stakeholders. This judgement means that, in relation to quality assurance and enhancement, the college is led well, has sufficiently robust arrangements to address any identified minor weaknesses, and is likely to continue to improve the quality of its services for learners and other stakeholders."*

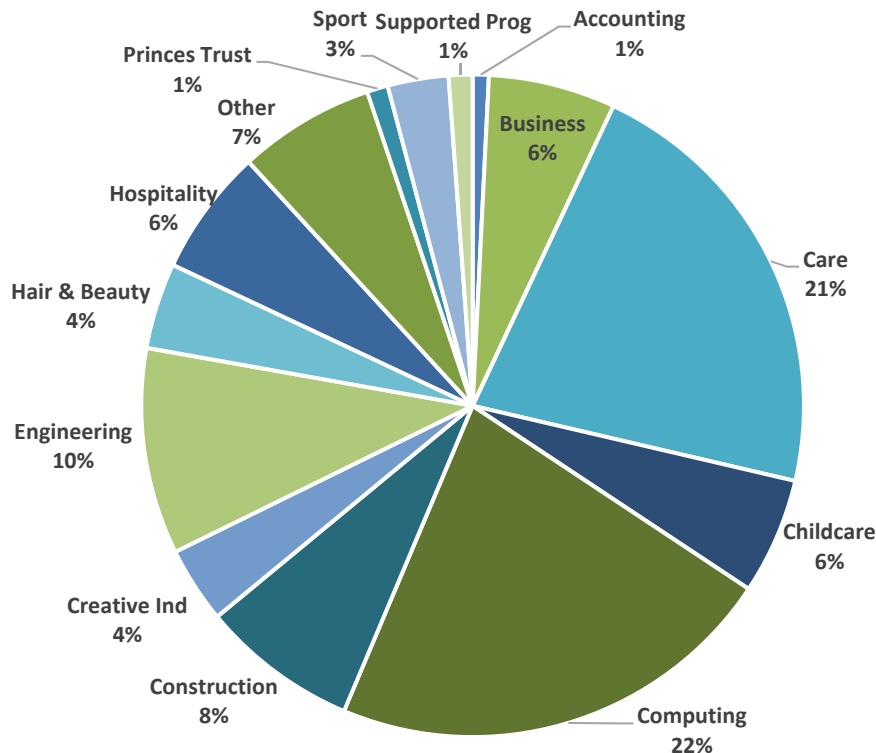
Education Scotland's report highlighted areas of positive practices, examples of excellence as well as main points for actions for the College to address. The College has established a number of short life working groups to develop strategies to address the areas for development and the main points for action.

1.1 Activity

For session 2015-16, WSUMs activity target was replaced with a much simpler activity measure known as credits. The College delivered 29,871 credits, 500 short of the SFC target of 30,371. There are a number of reasons for this: increase of 3% in early student retention, some full-time groups did not achieve target numbers, and one of the Overhead Lines Technician programmes did not run because of changes in the Sector.

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Just over 86% of total credits were delivered at the Dumfries campus with almost 14% delivered at the Stranraer campus. The following chart shows overall credit activity delivered in session 2015-16 at subject level:



1.2 Enrolments

A total of 6,474 students enrolled on college programmes, an increase of 769 (13%) on the previous year. 1,600 of these enrolled on full-time programmes which is a decrease of 19 on the previous year.

Overall, a higher % of females than males enrolled on programmes in session 2015-16, an increase on the previous session. Although the gender split of students on full-time programmes is similar to the previous session.

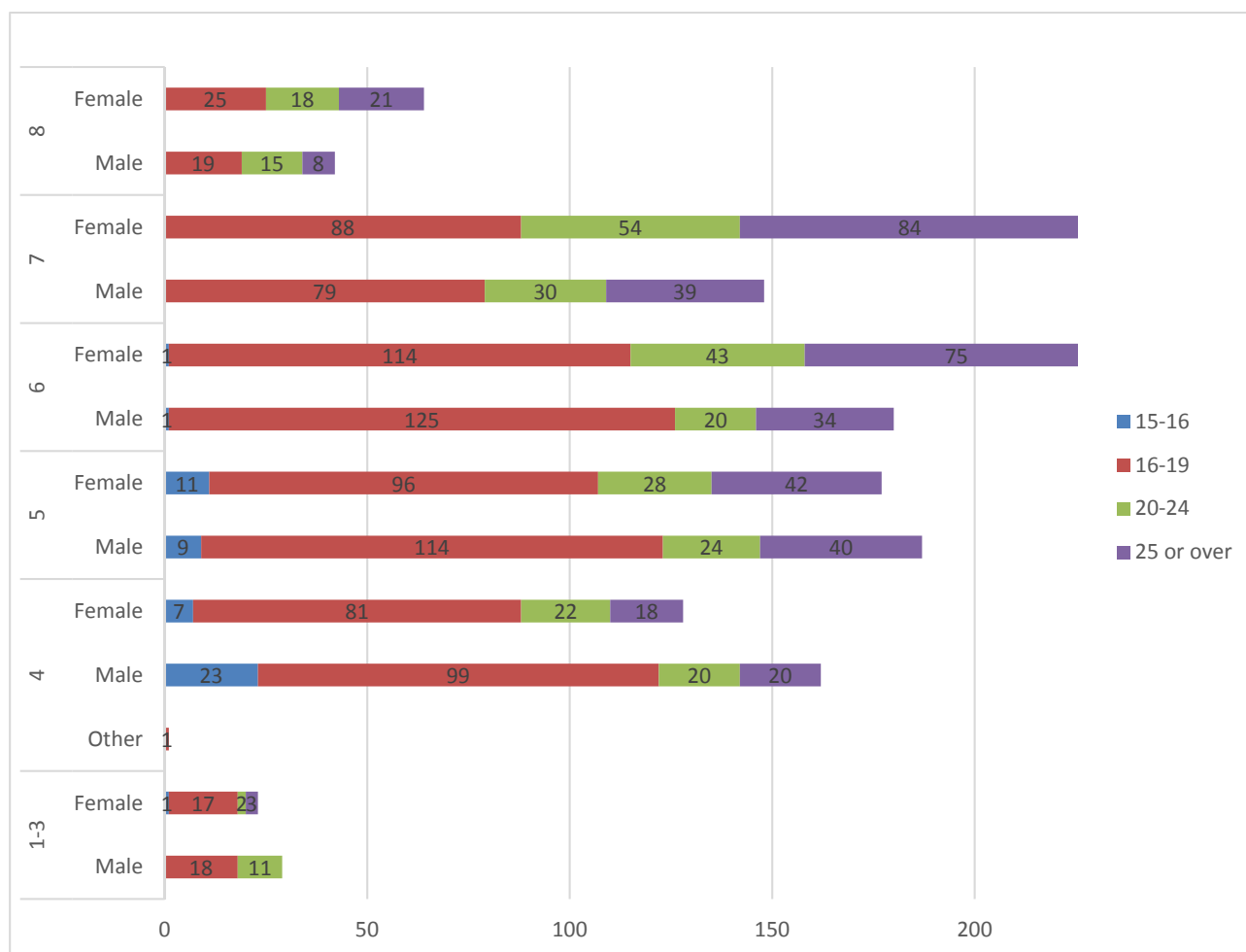
	All students		Full-time students		Part-time students	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Female	3604 (56%)	2880 (51%)	851 (53%)	868 (54%)	2753 (56%)	2012 (49%)
Male	2870 (44%)	2825 (49%)	749 (47%)	751 (46%)	2121 (44%)	2074 (51%)
Totals	6474	5705	1600	1619	4874	4086

The total number of students in the age range '25 and over' was slightly higher in 2015-16 compared to the previous session, particularly students on part-time programmes. Overall, the age range of students on full-time programmes was similar to previous session.

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	All students		Full-time students		Part-time students	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Under 16	195 (3%)	150 (3%)	53 (3%)	36 (2%)	142 (3%)	114 (3%)
16-19	1573 (24%)	1628 (28%)	876 (55%)	854 (53%)	697 (14%)	774 (11%)
20-24	850 (13%)	845 (15%)	287 (18%)	322 (20%)	563 (12%)	523 (13%)
25 and over	3856 (60%)	3082 (54%)	384 (24%)	407 (25%)	3472 (71%)	2675 (65%)
	6474	5705	1600	1619	4874	4086

An analysis of full-time students by age and gender at SCQF level shows that there were 100 more females (290) than males (190) studying at SCQF level 7 & 8, 53 more females (233) than males (180) studying at SCQF level 6, 34 more males (162) than females (128) studying at SCQF level 5, similar number of females (177) to males (187) studying at SCQF level 4. The following tables shows full-time students numbers broken down by gender and age at SCQF level.



In session 2015-16, 90% of college enrolments were from students living within the Dumfries and Galloway region a similar pattern to previous session. The table below shows enrolments broken down by postcode:

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	All students		Full-time students		Part-time students	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
DG1 & 2Dumfries	2612 (40%)	2196 (38%)	709 (44%)	695 (43%)	1903 (39%)	1501 (37%)
DG3 Thornhill	144 (2%)	134 (2%)	27 (2%)	37 (2%)	117 (2%)	97 (2%)
DG4 Sanquhar	146 (2%)	140 (2%)	36 (2%)	48 (3%)	110 (2%)	92 (2%)
DG5 Dalbeattie	175 (3%)	178 (3%)	49 (3%)	50 (3%)	126 (3%)	128 (3%)
DG6 Kirkcudbright	185 (3%)	143 (3%)	21 (1%)	36 (2%)	164 (3%)	107 (3%)
DG7 Castle Douglas	413 (6%)	342 (6%)	121 (8%)	111 (7%)	292 (6%)	231 (6%)
DG8 Newton Stewart	445 (7%)	330 (6%)	106 (7%)	112 (7%)	339 (7%)	218 (5%)
DG9 Stranraer	719 (11%)	540 (9%)	182 (11%)	192 (12%)	537 (11%)	348 (9%)
DG10 Moffat	120 (2%)	130 (2%)	41 (3%)	39 (2%)	79 (2%)	91 (2%)
DG11 Lockerbie	371 (6%)	382 (7%)	114 (7%)	112 (7%)	257 (5%)	270 (7%)
DG12 Annan	387 (6%)	403 (7%)	135 (8%)	129 (8%)	252 (5%)	274 (7%)
DG13 Langholm	22 (0%)	38 (1%)	1 (0%)	2 (0%)	21 (0%)	36 (1%)
DG14Canonbie	18 (0%)	13 (0%)	1 (0%)	1 (0%)	17 (0%)	12 (0%)
DG16 Gretna	68 (1%)	50 (1%)	20 (1%)	17 (1%)	48 (1%)	33 (1%)
Outside D&G	649 (10%)	686 (12%)	37 (2%)	38 (2%)	611 (13%)	648 (16%)
Totals	6474	5705	1600	1619	4874	4086

2 High Quality Learning

2.1 Student Retention

Retention of full-time further education students in session 2015-16 was 70%, 5% below college target and 4% below the sector.

The College performed less well across a number of areas including:

- Creative Industries 3% decline to 73%
- Construction 1% decline to 71%
- Early Education and Childcare 8% decline to 67%
- Engineering and Motor Vehicle 3% decline to 65%
- Hair and Beauty remained the same for Dumfries and Stranraer at 68%and 59%
- Sport 4% decline to 63%
- New Hospitality programmes had a poor retention of 59%

Areas which showed improvement across the college included Business 11%, and Care 9%

Retention of full-time Higher Education students was 83%, 1% above college target and slightly above the sector. The College introduced a new programme of Higher Education in Hospitality at the Dumfries Campus with a disappointing first year retention rate of 67%. The College performed less well in the following areas:

- Business 12% decline to 76%
- Computing 2% decline to 79%
- Health and Social Care 5% decline to 70%
- Beauty at the Dumfries Campus 17% decline to 77%
- Sport 8% decline to 82%

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Areas that did show improvement across the college included Creative Industries, an increase of 6%, Early Education and Childcare 9% and Electrical Engineering 6%.

All full-time programmes have been subject to self-evaluation and, where appropriate, action plans have been developed for those programmes with poor retention rates.

2.2 Progression

Student progression data is gathered on an annual basis as part of a national performance measure on Destinations & Employment of full-time students who complete their course. The College is required to gather this data by the Scottish Funding Council who specify the destination categories to be reported upon.

The College is third highest in the sector for positive destinations and almost 4% above the sector. The table below shows the destination of leavers 6 months after qualifying in 2014-15:

2014-15 Full-time Student Destinations	No of students	
Positive Destinations:		908
Engaged in full-time further study, training or research	634	
Engaged in part-time further study, training or research	6	
Working full-time	204	
Working part-time	58	
Due to start a job by the 31st March	6	
Negative Destinations:		75
Not employed but NOT looking for employment, further study/training	4	
Permanently unable to work/retired	4	
Taking time out in order to travel	4	
Temporarily sick or unable to work/looking after the home or family	34	
Unemployed and looking for work	29	
Unconfirmed Destinations		44
Total number of students		1027

2.3 Student Progress and Outcomes

The overall percentage of students achieving successful outcomes decreased during 2015-16 by 2%, to 64%. Strategies to improve outcomes will be developed by the retention and achievement short life working group during session 2016-17.

Success rates for learners on full-time Further Education programmes in session 2015-16 was 61%, 3% less than in the previous session, 3% less than college target and sector average. The College performed less well for student outcomes in the following areas:

- Construction at Dumfries declined by 4% to 63%
- Early Education and Childcare declined by 4% to 64%

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- Engineering and Motor Vehicle declined 1% to 55%
- Hair and Beauty Dumfries declined 6% to 56%
- Sport declined 27% to 43%
- Hospitality at Dumfries had a 45% achievement rate.

Areas that did show improvement in further Education outcomes included Creative Industries 1%, Construction at Stranraer 4%, Business 6%, Computing 4%, Care 5% and Hospitality at Stranraer improved by 8%.

Success rates for learners on full-time Higher Education programmes remained the same at 71%, which is in line with the sector average but 5% below college target.

The College performed less well in the following areas:

- Business declined by 4% to 68%
- Electrical Engineering declined by 3% to 45%
- Sport declined by 15% to 63%
- The new Hospitality programme had a poor PI of 33%

Areas that did show improvement for Higher Education outcomes included Creative Industries by 5%, Computing by 3%, Early Education and Childcare by 12%, Health and Social Care by 2% and Beauty by 12%.

All full-time programmes have been subject to self evaluation and where appropriate action plans have been developed for those programmes with poor success rates.

The following provides a summary of the success rates for students by each equality category compared to the previous academic session. A more detailed report regarding equality will be prepared as part of the annual Equality Outcome monitoring report due to be published in March 2015.

	2014/15		2015/16	
	Enrolments	Success	Enrolments	Success
Disability	640	66%	651	71%
Age				
Under 16	126	58%	181	57%
16-19	1449	65%	1384	66%
20-24	697	70%	614	75%
25-or over	1865	75%	2373	82%
Gender				
Female	2176	72%	2457	78%
Male	1960	67%	2094	72%
Ethnicity (excl Scottish, English, Welsh Irish and Northern Irish)	195	73%	235	76%

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2.3 School-college provision

During 2014-15 the college spent a large amount of time developing stronger relationships with the 16 secondary schools across the region; developing and understanding potential pathways associated with DYW. This resulted in 14 visits to Head Teachers and their Senior Management teams. The college also hosted the Annual Head Teachers Conference in the college to showcase its facilities and resources, as well as having a morning for discussions with all Head Teachers and the College Executive Team around the Developing Young Workforce issues and Challenges.

Enrolments for 15-16 programmes increased for school college pathways by 18% from 267 learners to 324 learners, as well as successful outcomes for these programmes improving by 15% from 53% to 68%. Significant work continues to be made on these pathways to support DYW developments and Senior Phase engagement during 2015-16. Planned numbers for 16-17 are now at 530 learners. During 15-16 the college was successful in developing a Foundation Engineering pathway with local employers and schools, recruitment to the programme, however, was poor with only 5 learners from across the burgh schools. It is now planned for delivery in 17-18, other new Foundation pathways include Care and Business.

2.4 Self Evaluation

Self-evaluation underpins the College's approach to quality improvement and all teams – teaching and support- engage in self-reflective practice. This includes analysis of key performance indicators, feedback from student surveys and internal audits. A short life working group has been established to recommend improvements to the College self-evaluation process for implementation in session 2017-18.

All curriculum teams completed the self evaluation process at the end of academic year 2015-16, with input from learners relating to grading, impacts and actions.

The process has six key themes, which are *innovative, flexible, reflective, supportive, successful and engaging* learning and teaching across the curriculum – it forms the 'self evaluation wheel'.

For session 2015-16 the process was streamlined by using four key prompts ensuring greater accessibility for both staff and learners:

- What works well with the course/what is good
- What can we do better
- Are there any resources needed to make things better
- Is there anything else you would like to tell us about

The improvement of learning and teaching across all college programmes is a key initiative for the college supported by the arrangements for self-evaluation and the evaluation of learning and teaching. The introduction of Learning and Teaching Mentors to support staff in their development was another key initiative for the College and has been proven to be so successful that these positions have now been made permanent. Mentors work with staff to agree supportive development action plans as well as delivering a range of bespoke workshops to support improvements in learning and teaching. During the recent Education Scotland review of the college, this was identified as excellent practice to be shared with the sector, along with this, other areas identified as excellent practice included; the colleges programme in

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partnership with employers for the overhead lines technician programme and the work the college has also done with employers across the region for the Care Sector on reablement programmes.

Examples of positive changes to the curriculum as a result of more detailed self-evaluation of programmes include:

- Computing learners were asked, when a new SQA framework was introduced, what optional subjects should be included in year 2 that they felt would enhance employability skills and progression to degree study.
- Following feedback from learner's assessment, schedules were changed for Business and Administration learners, giving different delivery patterns over the year.
- Some learners for Management who already had certification in Core Skills wanted different options to choose from to enhance their SQA certificates and improve their CV. New units, for example, Developing Skills for Employment, have now been included
- The Access to Nursing programme felt that contact with former learners would help support them to consider next steps. The former learners came into the college to discuss key points with the students which was regarded as very supportive.
- Care learners raised the issue of the induction experience and guidance given during this session. The class tutor responded to this by organising a tailor made induction with the team of staff which cut down on waiting time, confusion and stress. This has now greatly improved the process.
- During self-evaluation for the Introduction to Hair and Beauty programme, an improved learner experience was discussed which included a fuller programme across a shorter year, feedback on the pilot has been positive.

3 Student Engagement

The College is committed to ensuring learner engagement is central to improving the learner experience and quality of service the College offers. The College actively seeks to involve learners in discussions about their experience and in reviewing provision and delivery of services. It engages with learners in a number of ways:

- Self-Evaluation;
- Learner Voices;
- Student Satisfaction and Engagement Survey;
- Class Representative System;
- Student Association;
- Comment Cards (including compliments and complaints); and
- Perception Surveys.

In session 2015-6 the Student Association, supported by Quality staff, including a dedicated Student Association Assistant at Stranraer Campus, actively supported and organised a number of campaigns. These included Citizenship Week, Diversity Week, Climate Change Week and a number of Health related campaigns. Over the past few years we have developed a very successful formula where elections for positions on the Student Association Executive take place in the month of May and this ensures that there is the continuity of the President's post and further executive positions are in place by the end of October each year.

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In session 2015-16, there was a full-time President of the Student Association and two part-time Vice Presidents (one based at Stranraer and one in Dumfries). The Student Association President attended a number of committee meetings including Board of Management and along with members of the Student Association Executive has also attended a number of cross college committees where the student voice is always welcome. The financial support received from the SFC also allowed the appointment of a Student Association Development Officer who worked with NUS and SPARQs to assist the Student Association President to develop a number of documents, including, Self Evaluation Framework, SA Development Plan, revised Constitution. In the new session a partnership agreement will be finalised between the College and the Student Association. An established event in the Student Association calendar is a Fresher's Fayre held at both campuses. Twenty-three organisations both from the local community and national companies, visited the College over the first 2 weeks of the session. These included representatives from Police Scotland, Debenhams, Stagecoach, Worldwide Volunteering, DG Voice, LGBT, Alive Radio and a few more. These organisations are very supportive of students and some return on an annual basis. For 2015.16 the College has agreed to provide financial support that will allow the student association to elect a sabbatical president and 2 part-time Vice Presidents. Increased level of admin support will be provided and recruitment of a Learner Engagement Officer will also take place.

Over the past 2 sessions class reps have had less direct involvement in the meetings with curriculum staff to record learners' views. However, a short life working group has been established to improve learner engagement and participation in the class rep process. Following election, class reps are invited to a training event to discuss the roles and responsibilities of the post but also to provide training on cross college procedures. Over the past few years the feedback on the training programme continues to be extremely positive. In session 2015.16 training was provided to the Student President to support him in the delivery of the class rep training. This worked really well, however a review of Learner Engagement, including the class rep system will take place in next session following feedback received from both class reps, staff and Education Scotland.

The Learner Voices Review was again facilitated by trained members of the Student Association with minimal support required by Quality Unit staff. This approach is now well embedded and utilises learners to evaluate the experience of their peers.

The Quality Unit continues with the approach of reviewing information taken from previous sessions, along with other intelligence led data to discuss plans for internal reviews with learners at the heart of the review.

4 Quality Culture

4.1 Developments in quality assurance

The College is required to comply with the Scottish Public Services Ombudsman (SPSO) complaints handling procedure and report annually on its performance in handling complaints. The College continues to be part of a Complaints Handling Advisory group that meets with the SPSO.

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In session 2015-16 the College received 60 monitoring visits, 3 system visits, 2 approval visits and 1 development visit, all of which had successful outcomes. In a number of subject areas, issues were identified and quickly resolved. Refresher moderation training is planned to take place early in session 2016-17 and will incorporate any areas for development identified during these visits.

4.2 Developments in quality improvement:

The College continues to look for new ways to improve and enhance quality initiatives. An SQA volunteering award was offered to class representative with 5 class reps successfully achieving the award in session 2015-16. It is hoped that more students will take up the opportunity to achieve volunteering in session 2016-17.

4.3 Good practice in the Curriculum:

A number of examples of good practice identified from across a range of curriculum areas:

- Beauty students were involved in a workshop with Hannah Mason, a local Make-up Artist which proved to be a very positive experience for learners. Learners also commented on the refurbished salons and the new electrical therapy equipment being used in the delivery of the curriculum
- In May Hairdressing students got the opportunity to take part in Illamasqua make-up trends, demos and product knowledge and gained Ellisons certificates in Colour Confidence and Creative Cutting. Work placements were also put in place for students over the Christmas and New Year period
- In recognition of the success of the Princess Trust programme staff were invited to a Garden Party at Buckingham Palace which was hosted by Prince Charles
- In Early Education and Childcare as part of engagement with a key employer the College now has a fit for purpose Childcare training suite with a fully equipped playroom and attached classroom. Learners were given responsibility for designing, ordering and setting up the new area within the playroom, which includes wet play area, a kitchen and a quiet area. This facility is also used by childcare students
- A childcare class undertook fundraisers for the John Muir Trust Environmental award. They visited the wildlife hospital and produced a puppet shoe for the local nursery children
- Supported programme students were very enthusiastic about working with their Ipads provided by the College. They were also enjoying the changes to the curriculum with the introduction of the new national qualifications. Residential experience and the many visits to external organisations assisted in their development
- In Social Care the HSOC framework is based on the principles of diversity and equality and is constantly reflected on throughout the learner experience. The use of guest speakers and industrial links through work experience placement is seen as a very valuable addition to the course as it the inclusion of SVQ3 units in Health and Social Care within the HNC Social Care award as an addition that can be utilized for further qualification attainment
- Learners on an introduction to Health and Social Care course welcomed the opportunity to gain a Paediatric First Aid award, visit an Ambulance station and take part in Dementia Awareness Training
- Student on the introduction to Construction based at the Stranraer campus had the opportunity to visit a number of sites including, BSW sawmill in Dalbeattie, Raeburn brickworks in Blantyre and they also work together to make playground equipment as part of their enterprise activity
- IMIAL certificate in Vehicle Maintenance offered students the chance to visit a main Ford car dealership in Stranraer. Students were also given IMI practice assessment and this was shown to be beneficial when students were sitting in-line tests

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- ATT training online learning resources were used for student in Diploma in Light Vehicle and Repair to prepare for online testing. A new study area was set up in the motor vehicle workshop at Stranraer to help with theory work and portfolio updates
- Certificate in Art and design student enjoyed visits to MakLab in Dumfries, a field trip to Powillimount, Southernness – Sea Themes project Gracefield Arts Centre and Spring Fling Studio event
- Student on the HND Art and Design programme also benefited from similar visits
- Foundation studies in Creative Industries also enjoyed visits to some of the above and to the Escher Exhibition at the Scottish National Modern Art, Scottish National Portrait Gallery and Royal Scottish Academy with Jim Buchanan, a visiting artist, giving a lecture and practical demonstration of his work. The programme was offered following a successful development of the award through SCQF
- For BTEC ICT Support combining practical tasks across almost all BTEC units assisted in reducing the assessment burden. A presentation by Ericsson on new opportunities for recruitment in Field Support was welcomed
- Business group had a work placement presentation by Laing O'Rourke and this resulted in a number of them gaining work placement during the summer months. HND Business students visited Microsoft Immersion Experience in Edinburgh
- Teaching and Assessment materials were update for HN accounting to reflect international standards
- The Creative Industries staff developed an award in Creative Media which was successfully progressed through SCQF Credit Rating.

4.4 Internal Audit

In 2015-16 the College commissioned independent audits by RSM UK against seven key areas of its operation. The auditor's opinion was 'substantial assurance' for four of the audits, with an opinion of 'reasonable assurance' for the other three as follows:

Key area	Assurance level
Student Activity Data	Substantial
Student Support Funds and Education Maintenance Allowances	Substantial
Strategic and Financial Planning	Substantial
Budgetary Control	Substantial
Human Resources Effectiveness	Reasonable
Procurement	Reasonable
VFM – APUC Assessment	Reasonable

The auditors identified a number of helpful recommendations, all of which are now either completed or on target to completion during 2016-17.

5. Recommendation

The Board of Management is asked to note this report.

Board of Management

SCOTTISH GOVERNMENT ENTERPRISE & SKILLS REVIEW: REPORT ON PHASE 1

1 Purpose of the Report

The purpose of this report is to advise members of the outcomes of Phase 1 of the Scottish Government's Enterprise and Skills Review and to highlight the proposals for implementation in Phase 2.

2 Background

On 25 May 2016, the First Minister announced a review of enterprise and skills support in Scotland. The review is being led by the Cabinet Secretary for the Economy, Jobs and Fair Work, Keith Brown MSP. The aim of the review is to ensure that our businesses, workforce, training providers, colleges and universities and young people all receive the joined-up support they need.

A call for evidence was launched in July 2016 and the Cabinet Secretary announced in September 2016 that the review would be taken forward in two stages; in response to the new economic context post the EU Referendum result; and to ensure that the high levels of interest generated by the review so far are fully captured.

3 Report on Phase 1

On 25th October 2016, the Scottish Government published the report from the first phase of the review of enterprise and skills services. The full report can be accessed at: <http://www.gov.scot/Resource/0050/00508466.pdf> and is attached to this paper. The report sets out ten specific actions, as summarised below:

One Scotland – STRONGER GOVERNANCE OF A COHERENT SYSTEM

- 1) To bring greater integration and focus to the delivery of our enterprise and skills support to businesses and users of the skills system, we will create a new Scotland wide statutory board to co-ordinate the activities of HIE and SE, including SDI, SDS and the SFC.
- 2) To support the new board, we will review existing data and evaluation functions to further align our enterprise and skills support and to ensure robust evaluation of activity and impact.

NATIONAL AND LOCAL ENTERPRISE AND SKILLS DELIVERY

- 3) Recognising the different social, economic and community development challenges facing the Highlands and Islands, we will maintain dedicated support which is locally based, managed and directed by HIE.
- 4) Recognising the unique challenges faced in the region, we will create a new vehicle to meet the enterprise and skills needs of the South of Scotland. This will be accountable to the new Scotland-wide statutory board alongside our other enterprise and skills bodies.

AN OPEN AND INTERNATIONAL ECONOMY

- 5) In order to bring greater coherence as we step up the pace of delivery of our Trade and Investment Strategy through activity such as the establishment of a new Board of Trade, the appointment of Trade Envoys, the establishment of an Innovation and Investment Hub in Berlin, and the doubling of SDIs presence across Europe, we will ensure a much stronger

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focus on co-ordinating international activity across the public and academic sectors to deliver maximum benefit for Scotland.

- 6) We will consider the role, position and governance of SDI and its possible establishment as a distinct and separate organisation under the new Scotland-wide statutory board delivering a broader range of international activities and support.

INNOVATION

- 7) We will review, streamline and simplify the innovation support ecosystem, connecting programmes, funding and delivery mechanisms. We will ensure that more businesses in Scotland increase their level of innovation to realise their major growth ambitions by implementing an innovation action plan that will be published by end of November.

SKILLS PROVISION AND ECONOMIC SUCCESS

- 8) We will align the functions of our learning and skills agencies to better join up how education services and training are planned and provided to learners and employers.
- 9) We will conduct a comprehensive review of the Learning Journey focused on sustained employment, with significantly enhanced use of labour market information in skills planning at its heart.
- 10) We will review the effectiveness of our investment in learning and skills to ensure we have the right balance of provision across age groups and sectors and to maximise our contribution to productivity and inclusive growth.

4 NEXT STEPS

The report concludes with next steps that will be progressed through Phase 2 of the review and the Government's commitment to undertake the implementation of the Phase 1 decisions. This will include working with the agencies and other partners to strengthen the enterprise and skills system by:

- consulting on the strategic board, the best distribution of functions between the agencies underneath it, and the associated legislative requirements;
- taking forward plans for the development of a common analytical approach;
- developing a number of common targets aligned with Scotland's National Performance Framework and Economic Strategy to help measure performance;
- exploring how best to create the new vehicle to meet the needs of the South of Scotland, including clarifying its boundaries and the locally-based support it will deliver; and
- taking forward our decisions across internationalisation, innovation and the learning journey.

In addition, the Government will consider regional partnerships; strengthening front-line support; and enterprise support.

5 RECOMMENDATION

Members are invited to (a) note the findings from Phase 1 of the Review and the proposals for implementation in Phase 2 and (b) consider the implications for Dumfries and Galloway College.

Carol Turnbull
December 2016

Board of Management

Organisation Re-structure & Voluntary Severance Scheme

1 Purpose of the Report

The purpose of the report is to inform members of a proposed organisational restructure and to seek approval to open a Voluntary Severance Scheme. Due to the sensitive nature of this proposal, as staff members will be affected by the proposal, and the fact that consultation with staff and Unions has not yet commenced, it is requested that Board members keep this paper confidential until such time as it is shared with staff.

2 Background

Over the past 4 years some structure changes have been implemented in response to a number of factors relating to the resignation and retirement of staff and significant new developments. Taking account of Scottish Government national priorities, particularly in relation to Access & Inclusion, Attainment, Developing Young Workforce, as well as the College regionalisation reform agenda, re-classification of colleges as public bodies by ONS, further development of Regional Outcome Agreements and the proposed new quality models – the time is now right to review our Executive and Curriculum Structure. The main purpose of the restructure is to ensure we are able to respond to a changing environment and continue to improve our service to learners and the sustainability of the College. The proposal also takes into account the need for succession planning across the organisation.

It is important to note that we are not approaching this as a cost reduction exercise but are seeking to ensure we are responsive, effective and that authority, accountability and empowerment are placed as close to the learner as possible.

3 Structure

The organisational chart attached (**Appendix 1**) is intended to show the draft broad structure of Executive Management Team and the functions reporting to them and a proposal for the curriculum staff structure. Please note, discussion on final allocation of roles and responsibilities are ongoing. It is intended to issue the proposed Curriculum structure for staff and Union consultation from January. Should the Voluntary Severance Scheme be approved, the intention would be to open this on the same date.

4 Voluntary Severance Scheme

The proposed structure has identified a number of curriculum posts (9) which would be at risk of redundancy. In addition, there may be a number of other staff who have decided the time is right to move on. In order to achieve the restructure there is a need to identify funding and a potential way to achieve this is to identify posts where a reduction or adjustments could be made to release funding. The College would like to offer a Voluntary Severance Scheme (**Appendix 2**) as used previously by the College, in the hope that it will achieve the desired release of funding. Alternatively, staff may volunteer

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to take early retirement in accordance with relevant pension scheme rules and the rules set out in the attached Voluntary Severance Paper.

The Scheme would be delivered in accordance with Scottish Funding Council Guidance and the Operation of Severance Policy as presented and approved by the Board of Management at the meeting in June 2016. In accordance with the College policy, any application for severance amounting to over £40,000 will be remitted to the Remuneration Committee for decision.

4 Recommendation & Proposal

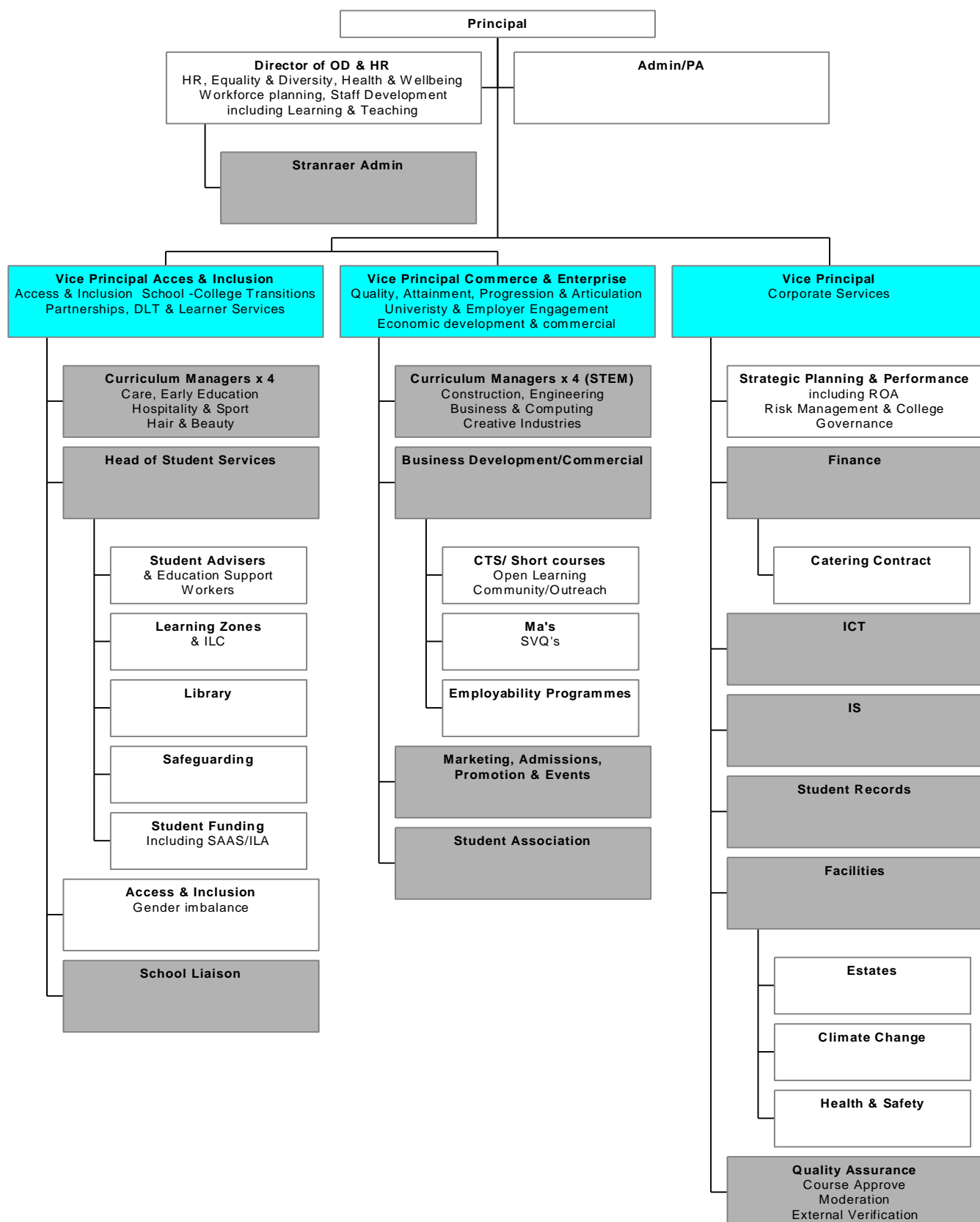
Members are invited to note the proposed re-structure and to approve the offer of a Voluntary Severance Scheme as detailed in the attached paper subject to:

- Scheme to be open for 2 years (maximum) to allow for further changes to structure, if required.
- A maximum cost of £350,000. If costs exceed this amount, the matter would be referred back to the Board of Management.
- It is proposed that the scheme would be funded by making application to Scottish Colleges Foundation for funding for Operational Plan developments, which would, in turn release College funding to support the scheme.

Carol Turnbull
Principal and Chief Executive Officer
December 2016

Board of Management

Appendix 1 – Draft Proposed Organisation Chart



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Appendix 2 – Voluntary Severance Scheme

1. INTRODUCTION

The College intends to seek views via formal consultation regarding a revised organisation structure in order to build upon what has undoubtedly been a successful period for the college and to take us further on our journey to becoming an outstanding College. In order to achieve the restructure there is a need to identify funding and a potential way to achieve this is to identify posts where a reduction or adjustments could be made to release funding. Please note that this is not a cost saving exercise, the aim is to create a structure that is fit for purpose, places authority, autonomy and accountability as close to the learner as possible and addresses key priorities going forward. The proposal also takes into account the need for succession planning across the organisation. The proposed structure has identified a number of posts (9) which would be at risk of redundancy.

The College has decided to offer a Voluntary Severance Scheme ("the Scheme") in the hope that it will achieve the desired release of funding. Alternatively, staff may volunteer to take early retirement in accordance with relevant pension scheme rules and the rules set out in section 3 below.

Application of this Scheme is at the management's discretion and is not in any way regarded as a right of an employee. There is no guarantee that approval will automatically be given to an application for voluntary severance. Approval will be solely at the discretion of the College's Executive Management Team, and factors such as business and curriculum needs, and retention of particular skills, will be taken into consideration. See section 2 for further details of the criteria to be applied to applications for voluntary severance.

It is hoped that the application of the Scheme will help to achieve a release of funding to be reinvested resulting in improved quality of service delivery and to facilitate re-focusing of business priorities.

However, should the application of the Scheme not achieve the necessary results, other measures may need to be considered such as compulsory redundancies and changes to terms and conditions of employment.

2. CRITERIA TO BE APPLIED TO ALL APPLICATIONS FOR VOLUNTARY SEVERANCE

A number of criteria will be used in determining whether or not an application should be approved. These include:

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- The College must be satisfied that the termination of the applicant's employment will result in a genuine release of funding that that can be evidenced for audit purposes. If the College would need to replace the applicant then it is unlikely that the application for voluntary severance will be granted unless "bumping" can take place (i.e. the applicant's post is still required but another employee whose substantive post is not required can lawfully be redeployed to the applicant's position). Whether the College considers bumping in each case is entirely at its own discretion.
- That the employee has not already informed the College that they are retiring.
- That the skills, knowledge and expertise of the employee can be removed without impacting on business performance.
- That the employee does not have skills and capabilities which are known to be in short supply or that known to be required in the near future.
- That the redundancy is financially viable.

At all times the College will have due consideration to financial affordability and value for money.

The College may in its absolute discretion, require any employee leaving the College through this Scheme, to enter into a Compromise Agreement which will have the effect of discharging all potential Employment Tribunal claims and court actions arising out of the employee's employment and its termination. Any such agreement would be made between the employee and the College. Any such agreement would be discussed fully with the employee and the employee will be advised to take independent legal advice on the content of the agreement, the College will pay £250 towards the cost of the legal advice.

3. VOLUNTARY TERMS

- 3.1 Statutory redundancy payments are calculated taking into account an employee's age, length of service and weekly pay. For the purposes of calculating statutory redundancy payments "a week's pay" is capped, currently at £479. Where an employee's application for voluntary severance is granted, the payment will be calculated in the same way as a statutory redundancy payment, however, "a week's pay" will represent the employee's actual (as opposed to capped) weekly salary. The amount of "a week's pay" to be used in the calculation is the amount the employee is entitled to under the terms of their contract on the calculation date. Where a member of staff works variable hours a week's pay will be calculated based on their average weekly earnings over the 12 weeks prior to the date on which your application for voluntary severance is accepted. The calculation date for the severance payment will be the date on which your application for voluntary severance is accepted.

Where an employee's actual weekly salary is less than the current statutory maximum, the current statutory maximum will be used for calculation purposes under the Scheme. Where a member of staff is part time and the equivalent full time weekly salary is less than £479 per week

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then the full time weekly salary for the post will be treated as £479 but the severance payment will then be pro-rated taking into account the applicant's hours of work.

In addition the College will enhance the number of weeks per year of service by 0.5 for each year of service to the maximum of 20 years service.

Examples:

Member of staff A works 35 hours per week and earns £500 per week. They are aged 40 and have 10 years service. Using the ready reckoner attached (appendix 1) they would be entitled to 15 week's pay. The voluntary severance payment would therefore equate to $£500 \times 15 = £7,500$.

Member of staff B works 35 hours per week and earns £250 per week. They are aged 40 and have 10 years service. Using the ready reckoner attached they would be entitled to 15 week's pay. As the member of staff's actual salary is less than the statutory maximum, the statutory maximum of £479 would be used as the weekly pay. The voluntary severance payment would therefore equate to $£479 \times 15 = £7,185$.

Member of staff C works part time, 17.5 hours per week (0.5 full time equivalent) and earns £250 per week (£500 if full time). They are aged 40 and have 10 years service. Using the ready reckoner attached they would be entitled to 10 week's pay. The voluntary severance payment would therefore equate to $£500 \times 15 \times 0.5 = £3,750$.

Member of staff D works part time, 17.5 hours per week (0.5 full time equivalent) and earns £185 per week (£370 if full time). They are aged 40 and have 10 years service. As the full time salary for the post is less than the statutory maximum, the statutory maximum of £479 would be pro-rated and used as the weekly pay. The voluntary severance would therefore be $£479 \times 15 \times 0.5 = £3,592.50$.

- 3.2 As a general proposition, the above voluntary severance payment will apply to all employees. Exceptions might apply where the employee may be eligible for early retirement pension benefits. Although the College is not offering any augmentation of pension benefits under the Scheme, an individual may be entitled to access their pension through early retirement, depending upon their age when their employment terminates under the Scheme. For members of the **Scottish Teachers' Superannuation Scheme (STSS)** the relevant minimum age where an employee may be eligible to request early retirement is 55. For members of the **Local Government Pension Scheme (LGPS)** the relevant minimum age where an employee may be eligible for early retirement pension benefits could be 50. In order to access such early retirement benefits, this may or may not require the consent of the College and the College may require to meet the cost of the accessing any pension benefits on early retirement.

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The decision to agree to any early retirement application (with or without actuarial reduction to take account of the early payment of these pension benefits) and for the College to provide its consent is based on the resulting costs to the College (including the severance payment and any associated costs).

Whether or not there will be any additional retirement benefit costs will depend on the employee's age and the retirement benefit scheme of which the employee is a member (e.g. the Dumfries and Galloway Pension Fund or the Scottish Teachers' Superannuation Scheme).

- 3.3 An employee may be able to use his/her voluntary severance payment to purchase additional service in his/her pension scheme (subject to the rules of the relevant scheme), and the College may be able to facilitate the purchase. As noted above, the College will not, however, purchase additional service, grant a pension augmentation or incur costs on the employee's behalf. Any employee who would like further information on this subject, is advised to contact their pension scheme administrator and/or an independent financial advisor.
- 3.4 All payments will be made in accordance with the HMRC taxation regulations in force at the time. Please note that any redundancy payment below £30,000 will be made as a tax free lump sum however anything over £30,000 will be subject to tax.
- 3.5 Continuous Service under this policy will be counted if it is with the College or a specified body included in schedule 1 of the Redundancy Payments (Continuity of Employment in Local Government etc) (Modification) Order 1999 as amended. This includes continuous service with Dumfries and Galloway Council. For further information regarding specified body please contact the Director of Organisation Development and Facilities.
- 3.6 The College may, in its absolute discretion, make payments to employees who volunteer and are accepted to leave the organisation through this Scheme which are higher than those made to employees who are subsequently made compulsorily redundant. At all times the College reserve the right to accept or reject an application for voluntary severance.

4. LEAVE ARRANGEMENTS

In all cases, employees leaving employment under this Scheme will be expected as far as possible and subject to the needs of the College to utilise accrued and unused holiday entitlement in advance of the date of the termination.

5. CONTINUING POTENTIAL REDUNDANCY SITUATION

Where the above measures have not resulted in resolving successfully the potential redundancy situation, the College is entitled to make redundancies in line with current legislation in force at the time.

6. PROCESS AND TIMESCALES

Consultation with Unions and affected staff will take place during January.

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- 6 February 2017:** Issue request for staff to formally apply for Voluntary Severance.
- 10 March 2017:** Closing date for formal applications for Voluntary Severance
- 27 March 2017:** Notification to staff if application for voluntary severance has been approved.
- 31 July 2017:** Termination date for staff accepted under the Voluntary Severance Scheme unless agreement is reached for a date prior to this.
- End of Paper.**