Board of Management

Dumfries & Galloway College

Tuesday 15 December 2015 at 1:30pm in Room 2097

A G E N D A

			Presented by
1	Welcome and Apologies		BJ
2	Declaration of Interest		
3	2014-15 Financial Statements incorporating Operating and Financial Review by the Board of Management	(report attached)	GT
4	Presentation by Ron Matthews of Police Scotland on PREVENT (30mins)		
5	Presentation by John Bowditch, Education Scotland on Annual Engagement visit and review		
6	Minute of Board Meeting of 6 October 2015	(report attached)	BJ
7	Matters Arising		
7.1	Internal audit plan 2015-16	(report attached)	JB
8	Report to the Board by Regional Chair	(report attached)	BJ
9	Report to the Board by the Principal	(report attached)	CT
10	Report to the Board by Student Association President	(report attached)	CMcG
11	Student Association Development Plan	(report attached)	JB
12	Committee Reports		
12.1	Audit Committee Approved Minutes - of 22 September 2015	(report attached)	HC
12.2	Finance & General Purposes Committee Annual Report 2014-15	(report attached)	JH
12.3	Finance & General Purpose Committee Minute of 7 October 2015	(report attached)	JH
12.4	Learning & Teaching Committee Minute of 16 December 2014	(report attached)	DH
12.5	Human Resources Committee Annual Report 2014-15	(report attached)	SM
12.6	Human Resources Committee Minute of 26 May 2014	(report attached)	SM
13	**Matters for decision**		
13.1	Strategic Risk Register	(report attached)	JB
13.2	Board Development Plan	(report attached)	BJ
13.3	Annual Report 2014-15 on Institution-led Quality Review	(report attached)	JB
13.4	Prevent Action Plan	(report attached)	JB
13.5	Corporate Parenting Action Plan	(report attached)	JB
13.6	Revised Budget 2015-16	(report attached)	JB
13.7	Estates Strategy	(report attached)	HP
13.8	Climate Change Action Plan	(report attached)	HP

13.9 Procurement Strategy   (report attached)   JB

13.10 Role of the Board Secretary   verbal   BJ

14 **Matters for discussion**

14.1 Key Performance Indicators 2015-16   (report attached)   JB

15 **Matters for information**

15.1 Evaluation of Regional Outcome Agreement 2014-15   (report attached)   CT

15.2 National Pay Bargaining Update   verbal   CT

15.3 Colleges Scotland Submission to Scottish Government Spending Review (report attached)   CT

16 Another Other Business   BJ

17 Date and Time of Next Meeting

      Xmas dinner in Zest @ 6:30pm

      Next full board meeting - 8 March 2015 @ 2pm

      Regional Outcome Agreement Workshop - January 2016 (exact date to be confirmed)

      All staff session - 19 February 2016 (consultation on Regional Outcome Agreement)

Board of Management

Minute of meeting of the Board of Management of Dumfries and Galloway College held on Tuesday 15 December, 2015 at 1.30 pm in Room 2097 of the Dumfries campus

Present:	Brian Johnstone (Chair)	Barry Graham
	Carol Turnbull	John Henderson
	Delia Holland (Vice Chair)	Pat Kirby
	Janet Brennan	Stuart Martin
	Hugh Carr	Ian White
	Ros Francis	Craig McGill

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

John Bowditch, HM Inspector Education Scotland
Karen Hunter, Finance Manager   Ron Matthews, Police Scotland
Angela Pieri, Grant Thornton   Nick Smith, Grant Thornton

Minute taker: Caroline Donoghue, Executive Team Assistant

1   Welcome and Apologies

The Chair opened the meeting by expressing his sadness at the sudden death of Rob Shaw, Chief Executive of the Crichton Trust. Members wished to pass on condolences to his family and friends at this sad time

Apologies for absence were intimated on behalf of Karen McGahan, Julian Weir and Kenny Henry.

The Chair welcomed all to the meeting and in particular John Bowditch from Education Scotland, Ron Matthews from Police Scotland, Karen Hunter, Finance Manager, Angela Pieri and Nick Smith from Auditors from Grant Thornton.

The Chair confirmed that Janice Goldie has resigned from the Board of Management. The Chair gave thanks to Janice for all her work and contribution as a valued board member.

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   Presentation by Ron Matthews, Police Scotland on PREVENT

Ron Matthews, a Terrorism Liaison Officer from Police Scotland, gave a presentation based on the Government's Prevent Strategy and its implications for the Board. It was noted that Jannette Brown, Vice Principal, represents the College on the local multi-agency committee.   The College has developed an action plan in response to the strategy to be considered later in the meeting. Mr Matthews will deliver WRAP training to all staff on 19 February 2016.

Ron Matthews left the meeting after his presentation.

4   2014-15 Financial Statements incorporating the Financial Review by the Board of Management

Angela Pieri from Grant Thornton tabled copies of the external audit annual report and spoke to the financial statements and report which had previously been issued. The purpose of the report is to provide an overview of the Annual Report and Financial Statements.

Ms Pieri asked members to note that the accounts covered a 16 month period from 01 April 2014 – 31 July 2015. Ms Pieri confirmed that the qualification which had been placed on the remuneration report has now been lifted and the unqualified accounts are now being presented to the Board for approval. The Chair gave thanks to the Auditors, the Vice Principal Corporate Services, the Finance Manager and Team and both Audit and Finance & General Purposes Committees for all their hard work in producing the accounts.

Members wished to note their objections, in the strongest terms, to the publication of personal financial information relating to the Executive Team, in remuneration report. The Chair agreed to highlight the Board's objections at the next Regional Chairs meeting.

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

5   Presentation by John Bowditch, Education Scotland on Annual Engagement

John Bowditch spoke to the annual engagement report which was previously issued. He confirmed that the Education Scotland Annual Engagement visit in May 2015 looked at four areas:
- Learner Progress and Outcomes
- High Quality Learning
- Learner Engagement
- Quality Culture

Mr Bowditch confirmed that the visit was positive with a good report being produced with only one or two areas of issue for the College in particular student retention. He confirmed that the College was doing everything possible to address these issues and congratulated the College but acknowledged the retention issues still exist.

Mr Bowditch congratulated Board members on the support they continue to give the Executive Management Team of the College. The Chair thanked Mr Bowditch for the presentation.

Members noted the report.

There was a short recess to allow the Chair, Brian Johnstone and Principal and Carol Turnbull to sign the Financial Statements. John Bowditch, Karen Hunter and External Auditors left the meeting at this point.

6   Minute of Meeting held on 06 October 2015

The minute of previous meeting of the Board held on 6 October 2015 was approved.

7   Matters Arising

7.1   Internal Audit Plan 2015-16
The Vice Principal, Corporate Services and Governance, spoke to the report which had been previously issued.   The Internal Auditors approach to developing the plan is based on analysing the College's corporate objectives, risk profiles and assurance frameworks as well as other factors affecting the College including changes within the sector.   The Vice Principal reminded members that the internal audit plan is

prepared following consultation and agreement with the College Executive Management Team. The Plan is approved by the Audit Committee.

The Chair commented that he was surprised board members were not involved in the recent audit regarding strategic and financial planning.   The Vice Principal, Corporate Services and Governance, advised that the Auditors had gained the necessary evidence of the Boards involvement in strategic planning from board and executive team minutes. Only one recommendation has been identified following the audit - that minutes of strategic sessions be fully documented.

Members noted the report

8   Chair's Update

The Chair spoke to the report which had been previously issued.   The purpose of the 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. There were no comments from members on the report.

Members noted the report.

9   Principal's Update

The Principal spoke to the report which had previously been issued.   This is the second report to the Board for this academic year to update the Board on activities of the college with particular focus on the learners. Members noted the success of the recent Reablement event held within the college.

Members noted the report.

10   Student Association Update

In the absence of Julian Weir, Craig McGill, Vice President, spoke to the report which had previously been issued and also updated members on upcoming events at the Stranraer Campus.

Members noted the report.

11   Student Association Development Plan

The Vice Principal, Corporate Services and Governance, spoke to the report which had been previously issued. She advised that the plan had been developed with the assistance of the National Union of Students (NUS). The Student Association had adapted the framework from NUS on developing a sustainable Student Association. The plan will be embedded in the College's planning process and committee structure. Progress on the plan will be reported to the Learning and Teaching Committee.

Members noted the report.

12   Committee Minutes and Reports

12.1   Audit Committee Approved minutes of 22 September 2015
The Chair of the Audit Committee, Hugh Carr, spoke to the report which had previously been issued. He confirmed the private meeting held with the internal and external auditors was very encouraging and gave good feedback regarding the management team and the Board. The Chair confirmed there was nothing to add to the minutes.

The Board noted the minute.

12.2   Finance and General Purposes Committee Annual Report 2014 – 15

The Chair of the Finance and General Purposes Committee, John Henderson, spoke to the report which had been previously issued. The Chair confirmed there was nothing to add to the report other than to highlight the ongoing deficit in the Financial Statements. The Regional Chair gave thanks to the staff and Finance and General Purposes Committee for all their hard work during the past year.

The Board noted the report.

12.3   Finance and General Purposed Approved Minutes: 07 October 2015

The Chair of the Finance and General Purposes Committee, John Henderson, spoke to the report which had been previously issued. The Chair confirmed there was nothing to add to the minute.

The Board noted the minute.

12.4   Learning and Teaching Committee Approved Minute: 16 December 2014

The Chair of the Learning and Teaching Committee, Delia Holland, spoke to the minute and confirmed there was nothing to add to them.

The Board noted the minute of the Learning and teaching Committee.

12.5   Human Resources Committee Annual Report 2014–15

The Chair of the Human Resources Committee, Stuart Martin, spoke to the report. The Chair highlighted two specific items in the report: staff who are on zero hours contracts enjoy the same terms and conditions as salaried staff within the College and the College has a below average staff turnover rate compared to the rest of the sector.

The Board noted the report.

12.6   Human Resources Committee Approved Minute: 26 May 2014

The Chair of the Human Resources Committee, Stuart Martin, spoke to the report and advised there was nothing to add to the minute.

The Board noted the minute.

13   Matters for decision

13.1   Strategic Risk Register

The Vice Principal, Corporate Services and Governance, spoke to the report which had been previously issued. She highlighted to the Board the increase in ratings in risk number five to reflect members' discussions around the lack of flexibility of the College to manage its finances for future estate developments. The Vice principal advised that the Audit Committee approved the register at their last meeting.

The Board noted and approved the Strategic Risk Register.

13.2   Board Development Plan

The Regional Chair spoke to the report which had been previously issued. To comply with the Code of Good Governance for Scotland's Colleges the Board of Management is required to keep it's effectiveness under annual review and have in place a robust self evaluation process, to this end the Board have produced a draft version of the development plan which addressed all areas of board development, assessment, evaluation and training. The Chair proposed that the Selections and Appointments Committee by expanded to include all committee chairs and for members to consider if the name of the committee reflects the change in its remit.

After discussion, the Board agreed that the development of the Plan be remitted to the Selection and Appointments Committee and for the Plan to then come back to the full board for approval.

Craig McGill left the meeting at this point

13.3   Annual Report 2014-15 on Institution led Quality review
The Vice Principal, Corporate Services and Governance, spoke to the report which had been previously issued. All colleges in Scotland are required by the Scottish Funding Council to provide them with an annual report, endorsed by the governing body. The report provides the requested information under three key principles; learner progress and outcomes, high quality learning, learner engagement and quality culture. The Vice Principal advised that the report would be taken to the Learning and Teaching Committee in January to retrospectively review and discuss any improvements in layout and content for the 2015-16 report.

Although the Board acknowledged due to a timing issue the Learning and Teaching Committee had not had the opportunity to review the report prior to coming to the Board, it was stressed that is it important in future that the report is considered by the Learning and Teaching Committee before coming to the Board.

After discussion, the Board approved the report.

13.4   Prevent Action Plan
The Vice Principal, Corporate Services and Governance, spoke to the report which had been previously issued. The purpose of this report was to update members on the new duty placed upon the College in accordance with the Counter Terrorism and Security Act 2015.

Members considered and then approved the Prevent Action Plan

13.5   Corporate Parenting Action Plan
The Vice Principal, Corporate Services and Governance, spoke to the report which had been previously issued. The purpose of this report was to update members on the new duty placed upon the College in accordance with the Children and Young People (Scotland) Act 2014.

Members considered and then approved the Prevent Action Plan

Barry Graham left the meeting at this point
Pat Kirby left the meeting at this point

13.6   Revised Budget 2015-16
The Vice Principal, Corporate Services and Governance, spoke to the report which had been previously issued. The purpose of the report is to seek approval for revisions to the budget for the 2015-16 financial year. The revised budget has been approved by the Finance and General Purposes Committee. The budget was revised to incorporate a number of changes, but mainly to offset the reduction in Scottish Funding Council income. Members welcomed the additional column showing the changes from the budget approved in June alongside the revised budget with an explanation of the changes.

The Board approved the revised budget.

13.7   Estates Strategy
The Director of Organisational Development and Facilities spoke to the paper. The paper has been recommended for approval by the Finance and General Purposes Committee. The Director confirmed the report would be amended as appropriate following discussions with stakeholders. Members congratulated the Director on a comprehensive report.

The Board approved the strategy.

13.8   Climate Change Action Plan

The Director of Organisational Development and Facilities spoke to the paper. The paper has been recommended for approval by the Finance and General Purposes Committee. The Director confirmed the report was based around a template created by the Carbon Trust. Members discussed and considered the report, no concerns were raised.

Members consider and then approved the Plan.

13.9   Procurement Strategy

The Vice Principal, Corporate Services and Governance, spoke to the report which had been previously issued. She confirmed this is the first separate Procurement Strategy document the College has produced at the recommendation of Advanced Procurement for Universities and Colleges (APUC) to set out a clear pathway for identifying and acting on improvements to ensure that best value is being obtained when goods and services are purchased.

Members considered and then approved the strategy.

13.10   Role of the Board Secretary

The Regional Chair gave a verbal report to the Board on the future role of the Board Secretary. Due to capacity issues within the Executive Team in the College, and a consideration of independence in the role of board secretary, the Chair recommended the recruitment of an external Bard Secretary.

Members agreed that the Selection and Appointments Committee be remitted with taking this forward.

The Chair and members of the Board gave thanks to Jannette for all her work.

14   Matters for discussion

14.1   Key Performance Indicators

The Vice Principal, Corporate Services and Governance, spoke to the report which had been previously issued. The report gave an update to the board of where the College is at present with regards to their Key Performance Indicators. She highlighted to the Board that the change from WSUMS to Credits makes it difficult to make comparisons.

The Board Members considered and noted the report.

15   Matters for Information

15.1   Evaluation of Regional Outcome Agreement 2014-15

The Principal spoke to the report which had been previously issued. This report is required by the Scottish Funding Council on an annual basis. The Chair congratulated the Executive team for collating the information. The Board noted the duplication with other reports required by the Scottish Funding Council.

Members considered the report and noted the progress made.

15.2   National Pay Bargaining

The Principal addressed the Board with an update to the National Pay Bargaining situation. She confirmed the EIS have declared they are in dispute and are in favour of Industrial action which they intend to ballot their members for. UNISON intends to recommend the revised pay offer to their members.

Members noted the situation

15.3   Colleges Scotland Submission to Scottish Government Spending Review
The Principal spoke to the report which had been previously issued. The purpose of the report was to update members on the Spending Review submission made by Colleges Scotland on behalf of the Sector.

Members noted the report.

16   Any Other Business

None.

17   Date and Time of Next Meeting
          Next full board meeting - 8 March 2015 @ 2pm

Xmas dinner in Zest @ 6:30pm
Next full board meeting - 8 March 2015 @ 2pm
Regional Outcome Agreement Workshop - January 2016 (exact date to be confirmed)
All staff session - 19 February 2016 (consultation on Regional Outcome Agreement)

Board of Management

Financial Statements for the period ended 31 July 2015

1. PURPOSE OF REPORT

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

A copy of the Financial Statements for the period is attached.

2. FINANCIAL YEAR END

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

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

3. CHANGES TO REPORTING REQUIREMENTS

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

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

4. ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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4.2 Format of the financial statements

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

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

4.2 Operating and Financial Review

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

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

4.3 Remuneration Report

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

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

Board of Management

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

4.4 Statement of Corporate Governance

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

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

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

5. Audit Report

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

Grant Thornton have advised that they have now received all of the information they require in order to provide a standard unqualified audit report on these financial statements.

6. Results for the period

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

6.1 Income and Expenditure Account

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

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

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

6.2 Balance Sheet

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

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

6.3 Notes to the Financial Statements

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

7.   RECOMMENDATION

Members are asked to note that the Audit Committee have considered the financial statements and related External Auditors' Annual Report to the Board of Management for the period ended 31 July 2015, and have recommended the financial statements for approval by the Board.

Members should also note that at its meeting on the 8th December the Finance and General Purposes Committee recommended the financial statements for approval by the Board.

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 2015.

Dumfries and Galloway College

Contents

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

NATURE, OBJECTIVES AND STRATEGIES

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

Legal Status

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

Scope of the Financial Statements

The Financial Statements cover all activities of the College.

Context

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

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

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

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

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

Mission Statement

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

"One College, One Team , where:
- Learners come first;
-The changing needs of the economy are met; and
- Innovation, collaboration and creativity are core to what we do.

The College Strategic Outcomes are:

- We will provide opportunities to access and progress through education and training at all levels;

- We will deliver education and training that is a route to employment and career development and is aligned to local and national economic need;

- We will be the first choice for recruitment, training and development of the workforce;

- We will enable communities to grow and develop through local education and training;

- We will support more businesses to start-up, grow and diversify;

- We will enable people to build their independence and confidence in a supported environment;

- We will enable people, through lifelong learning, to remain healthy and socially engaged.

Operating and Financial Review (continued)

NATURE, OBJECTIVES AND STRATEGIES

Outcome Agreement

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

Achievements made during the 2014/15 academic year include:

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

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

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

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

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

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

Deficit resulting from use of depreciation cash

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

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

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

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

Operating and Financial Review (continued)
Financial Objectives

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

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

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

Performance indicators

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

- WSUMS
- Enrolments
- Retention
- Finance
- Staffing

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

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

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

FINANCIAL POSITION

Financial Results

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

Operating and Financial Review (continued)

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

Out-turn for the period

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

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

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

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

Taxation Status

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

Treasury Policies and Objectives

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

Cash Flows/Liquidity

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

Creditor Payment Policy

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

CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE

Student Numbers

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

Operating and Financial Review (continued)

Student Achievements

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

Curriculum Developments

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

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

Estates Strategy

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

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

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

Post-Balance Sheet Events

There were no post balance sheet events.

Future Developments

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

Priority Outcomes for academic year 2015/16 include:

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

Operating and Financial Review (continued)

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

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

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

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

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

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

RESOURCES

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

ENVIRONMENTAL CONSIDERATIONS

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

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

Operating and Financial Review (continued)

- ***Changes to the funding model*** *. The implementation of needs-led funding, in particular changes to Extended Learning Support and rural funding aspects of the recurrent SFC grant, will continue to be closely monitored and reported to the Board.*

- ***Capital funding.*** *There is potential for significant changes in the SFC allocation process for capital funding, which may impact the College's ability to fund estates developments and other projects in future. The College will continue to monitor this.*

- ***Student achievement and attainment*** *. The learners in the College generally achieve well, including wider achievement. However, the changes to the Regional Outcome Agreement with the Scottish Funding Council and attaching conditions on attainment to the recurrent grant could have a consequential impact on the College budgets in future years.*

- ***Demand for Student Support.*** *The demand for student support continues to be monitored, and assessed against funding available. The senior managers and Board will continue to monitor this.*

STAKEHOLDER RELATIONSHIPS

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

- **Students** - The College must maintain an excellent reputation for high quality, flexible learning opportunities in order to be a first choice provider of learning and training.

- **Scottish Funding Council** - the College aims to maintain its good relationship with the Scottish Funding Council in order to ensure continued strategic development;

- **Staff** - The College recognises the value of its staff and has a number of measures to enhance communication;

- **Crichton Campus Leadership Group** - as a member of the Crichton Campus Leadership Group, the College works with campus partners to maximise the educational and other opportunities the Crichton campus can provide;

- **Local Employers, the Local Authority and community** - these groups provide a major input into the services required from the College in order to enhance the economic and social development of the region;

- **Government offices** - positive reports from Education Scotland and other external reviews on the work carried out in the College have a positive impact on the College's reputation in the local and wider community;

- **Other FE and HE institutions** - continued collaboration and benchmarking with other institutions is essential in order to maintain high quality learning;

- **Trade Unions** - the College aims to maintain a positive working relationship with all recognised representative bodies;

- **Professional Bodies** - continued close relationships with professional bodies will help to ensure programmes are relevant and of the highest quality.

Equal Opportunities and employment of disabled persons

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

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

Disclosure of information to auditors

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

Remuneration Report

Introduction

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

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

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

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

Remuneration Policy

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

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

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

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

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

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

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

Remuneration Report (continued)

Salary entitlements

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

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

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

Median Remuneration

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

Accrued pension benefits

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

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

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

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

Changes to the Local Government Pension Scheme

Changes were made to the LGPS scheme from 1 April 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 pension age.

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

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

Remuneration Report (continued)

Senior Executives Pension

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

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

Cash Equivalent Transfer Value

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

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

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

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

2. The accrued benefits figures are reflective of the pension contributions that both the employer and scheme member have made over a period of time.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for loss of office

No employees left under voluntary exit terms during the year.

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

Brian Johnstone   **Carol Turnbull**

Chairman   Principal

Statement of Corporate Governance and Internal Control

Corporate Governance Statement

Dumfries and Galloway College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles of the UK Corporate Governance Code issued by the Financial Reporting Council in June 2010. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

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

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

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

Statement of full UK Corporate Governance Code compliance

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

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

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

Membership of the Board of Management

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

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

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

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

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

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

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

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

Statement of Corporate Governance and Internal Control (continued)

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

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

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

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

Janet Brennan

Hugh Carr

Ros Francis

Janice Goldie

Barry Graham

John Henderson

Kenny Henry (Support Staff Member)

Delia Holland (Vice Chair)

Brian Johnstone (Regional College Chair)

Pat Kirby

Stuart Martin

Karen McGahan

Craig McGill (Student Member)

Carol Turnbull (Principal and Chief Executive)

Julian Weir (Student Member)

Ian White (Lecturing Staff Member)

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

Sandy Burgess (resigned January 2015)

Sam Glendinning (Student Representative, resigned July 2015)

Colin Grant (resigned March 2015)

Rona Gunnell (resigned July 2014)

Amanda Hannah (resigned March 2015)

Tom Hydes (resigned July 2014)

Rona Malloney (Student Representative, resigned July 2014)

Andrew Nyondo (Lecturing Staff representative, resigned June 2015)

Jannette Brown acted as Board Secretary throughout the period.

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

Statement of Corporate Governance and Internal Control (continued)

Key Committees:

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

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

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

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

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

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

Appointments to the Board of Management

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

Human Resources Committee

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

Selection and Appointments Committee

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

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

Remuneration Committee

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

Audit Committee

The Audit Committee comprises a minimum of three members of the Board of Management (excluding the Principal and Chair). The Committee operates in accordance with written terms of reference approved by the Board of Management.

Statement of Corporate Governance and Internal Control (continued)

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

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

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

Finance and General Purposes

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

Learning and Teaching

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

Risk Management and Internal Control

Scope of Responsibility

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

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

Purpose of the system of internal control

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

Capacity to handle risk

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

Risk and control framework

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

- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts;

- setting targets to measure financial and other performance;

- clearly defined capital investment control guidelines;

- the adoption of formal project management disciplines, where appropriate.

Statement of Corporate Governance and Internal Control (continued)

Risk and control framework (continued)

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

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

Review of effectiveness

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

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

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

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

Going Concern

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

Conclusion

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

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

Brian Johnstone   **Carol Turnbull**
Chairman   Principal

Statement of the Board of Management's Responsibilities

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

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

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

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

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

The Board of Management has taken reasonable steps to:

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

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

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

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

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

Brian Johnstone
Chairman

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

We have audited the financial statements of Dumfries and Galloway College for the period ended 31 July 2015 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Income and Expenditure Account, the Statement of Historical Cost Surpluses and Deficits, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Board of Management and auditor

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

Generic scope of the audit of the financial statements

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

Opinion on financial statements

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

• have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

• have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

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

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

Opinion on other prescribed matters

In our opinion:
• the part of the Remuneration Report to be audited has been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Ministers; and

• the information given in the Operating and Financial Review for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

• proper accounting records have not been kept; or

• the financial statements are not in agreement with the accounting records; or

• we have not received all the information and explanations we require for our audit; or

• the Statement of Corporate Governance and Internal Control does not comply with Scottish Funding Council requirements.

We have nothing to report in respect of these matters.

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

15 December 2015

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

Income and Expenditure Account for the period ended 31 July 2015

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

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

As a consequence of reclassification as central government bodies, from 1 April 2014, while the College continues to prepare accounts under the FE/HE Statement of Recommended Practice, it is now also required to comply with Central Government budgeting rules. This affects, among other things, the way in which non-depreciation charges are treated. For the 2014/15 budget period this has meant that the College received cash of £387,000 which had been earmarked against depreciation. Without approval to spend this cash, moving the College's Income and Expenditure account into a deficit position, it would have been effectively frozen. The Scottish Funding Council issued guidance to the College on this matter on 30 January 2015 (SFC Announcement SFC/AN/03/2015) which provided approval for the cash to be applied to student support, loan repayments and deliver improved services to learners, as described at Note 9. The operating deficit of £502,000 for the period includes additional planned expenditure from depreciation cash budgets of £296,000 as well as a net charge of £286,000 to the Income and Expenditure account to reflect the pension valuation changes for the Local Government Pension Scheme at 31 July 2015 in accordance with the technical accounting requirements of FRS 17, as detailed at Note 25.

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

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

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

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

Reconciliation

Opening reserves		**8,343**	11,060
Total recognised (losses) for the year		**(3,292)**	(2,717)
		5,051	**8,343**

Balance Sheet as at 31 July 2015

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

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

Brian Johnstone
Chairman

Carol Turnbull
Principal

Cash Flow Statement for the period ended 31 July 2015

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

Note to the Cash Flow Statement

Reconciliation of net cash flow to movement in net funds

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

Notes to the Financial Statements

1 Statement of Principal Accounting Policies

Basis of preparation

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

Basis of accounting

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

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

Recognition of income

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

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

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

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

Fixed assets

Tangible assets

Land and buildings

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

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

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

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

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

Subsequent expenditure on existing fixed assets

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

   - Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed asset in excess of the previously assessed standard of performance;

   - Where a component of the tangible fixed asset that has been treated separately for depreciation purposes and depreciated over its individual useful economic life, is replaced or restored; or

   - Where the subsequent expenditure relates to a major inspection or overhaul of a tangible fixed asset that restores the economic benefits of the asset that have been consumed by the entity and have already been reflected in depreciation.

Notes to the Financial Statements (continued)

1 Statement of Principal Accounting Policies (continued)

Equipment

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

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

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

Depreciation

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

i) Buildings   10 to 60 years

ii) Leasehold   length of lease

iii) Furniture, equipment and vehicles   3 to 10 years

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

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

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

Revaluation reserve

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

Maintenance of premises

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

Liquid resources

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

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Notes to the Financial Statements (continued)

1 Statement of Principal Accounting Policies (continued)

Provisions

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

Unfunded pensions are accounted for under FRS 12.

Agency arrangements

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

Retirement Benefits

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

Dumfries and Galloway Council Pension Fund

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

Scottish Teachers' Superannuation Scheme (STSS)

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

Leased Assets

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

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

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

Notes to the Financial Statements (continued)

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

Notes to the Financial Statements (continued)

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

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

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

Notes to the Financial Statements (continued)

7 Staff costs (continued)

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

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

8 Senior post-holders' emoluments

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

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

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

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

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

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

Notes to the Financial Statements (continued)

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

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

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

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

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

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

Notes to the Financial Statements (continued)

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

11 Taxation

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

12 Tangible Fixed Assets

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

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

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

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

Notes to the Financial Statements (continued)

12 Tangible Fixed Assets (continued)

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

	£000
Cost	0
Aggregate depreciation based on cost	0
	0

13 Debtors: Amounts falling due within one year

	Period ended 31 July 2015	Period ended 31 March 2014
	£000	£000
Trade debtors - net of provision for doubtful debts	**56**	121
European Funding	**0**	0
Prepayments and accrued income	**241**	880
	297	1,001

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

14 Cash at Bank and in hand

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

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

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

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

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

Notes to the Financial Statements (continued)

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

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

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

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

Other provisions relate to redundancy costs.

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

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

Notes to the Financial Statements (continued)

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

Notes to the Financial Statements (continued)

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

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

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

Notes to the Financial Statements (continued)

23 Analysis of Net Funds

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

24 Lease commitments	**Period ended 31 July 2015**	Period ended 31 March 2014

The annual commitments under operating leases for equipment are as follows:

Expiry - within one year	**3**	3
- within two to five years	**45**	44
- after five years	**0**	0

Notes to the Financial Statements (continued)

25 Pensions and similar obligations

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

The total pension costs for the institution was :

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

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

The Scottish Teachers Superannuation Scheme

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

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

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

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

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

The Local Government Pension Scheme (LGPS)

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

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

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

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

Notes to the Financial Statements (continued)

25 Pensions and similar obligations (continued)

Local Government Pension Scheme

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

Movements in present value of defined benefit obligation

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

Movements in fair value of plan assets

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

Expense recognised in the income and expenditure account

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

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

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

Notes to the Financial Statements (continued)

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

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

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

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

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

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

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

 - Current pensioner aged 65: 23 years (male), 25.6 years (female).

 - Future retiree upon reaching 65: 24.9 years (male), 27.7 years (female).

Notes to the Financial Statements (continued)

25 Pensions and similar obligations (continued)

History of plans

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

Balance sheet	**Period ended 31/07/15 £000**	Period ended 31/03/14 £000	Year ended 31/07/13 £000	Year ended 31/07/12 £000	Year ended 31/07/11 £000
Present value of scheme liabilities	**(21,387)**	(17,269)	(15,415)	(14,127)	(12,352)
Present value of unfunded liabilities	**(23)**	(25)	(25)	(25)	(22)
Fair value of scheme assets	**16,191**	13,366	12,666	11,033	10,569
Deficit/ surplus	**(5,219)**	(3,928)	(2,774)	(3,119)	(1,805)
Experience adjustments					
Experience adjustments on scheme liabilities	**(796)**	5	0	675	(1)
Experience adjustments on scheme assets	**1,253**	18	810	(607)	453
	457	23	810	68	452

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

26 Related Party Transactions

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

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

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

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

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

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

Notes to the Financial Statements (continued)

26 Related Party Transactions (continued)

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

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

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

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

27 FE Bursaries and other Student Support Funds

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

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

Notes to the Financial Statements (continued)

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

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

29 Capital Commitments	Period ended 31 July 2015	Period ended 31 March 2014
	£000	£000
Contracted for at 31 July 2015 (31 March 2014)	0	0

30 Post Balance Sheet Events

There are no post balance sheet events.

31 Contingent Liabilities

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

32 Comparatives

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

Annual engagement: main findings

Name of college: Dumfries and Galloway College

Date of visit: 15th May 2015

Context

Dumfries and Galloway College has undergone a few changes in its management structure since its last annual engagement visit. The departure of a member of the senior management team has resulted in some strategic responsibilities being dispersed amongst other senior managers. The college has also recruited a new Head of Faculty in Building & Engineering. Within the context of regionalisation, the college is the single college within the region of Dumfries and Galloway. In the current academic year, the college has participated in a SFC-funded thematic aspect task on the Senior Phase in Curriculum for Excellence, My World of Work and Supporting Learners to Succeed.

The college was last reviewed externally by Education Scotland in March 2012 and received a positive set of evaluations with confidence being expressed in each area reviewed. The college has made satisfactory progress against the three main points for action.

Learner Progress and Outcomes

Contextual information

In 2013-14, the college increased its SUM activity level by about 7% from the previous year. During the same period there was an increase of 13% in learner enrolments across all modes of delivery. There has been an increased uptake in HE provision by at the college since 2011-12 by 3%.

In 2013-14, full-time FE activity represents 66% of SUMs and 24% of enrolments. Part-time FE activity represents 16% of SUMs and 64% of enrolments. Total HE activity represents 18% measured by SUMs, and 12% in terms of learner enrolments.

Trends in student success

The tables on the next pages show the proportion of learners who completed their FE or HE programme successfully, over the last three sessions. The PIs discount those programmes not leading to a recognised qualification.

Full-time FE

	College			
	Early withdrawal	**Further withdrawal**	**Partial Success**	**Completed successfully**
2011-12	9%	18%	11%	62%
2012-13	9%	18%	10%	63%
2013-14	7%	19%	12%	62%
	National sector performance			
	Early withdrawal	**Further withdrawal**	**Partial Success**	**Completed successfully**
2011-12	9%	16%	11%	64%
2012-13	9%	15%	11%	65%
2013-14	8%	15%	11%	66%

Full-time HE

	College			
	Early withdrawal	**Further withdrawal**	**Partial Success**	**Completed successfully**
2011-12	10%	12%	7%	70%
2012-13	7%	14%	9%	70%
2013-14	5%	12%	10%	72%
	National sector performance			
	Early withdrawal	**Further withdrawal**	**Partial Success**	**Completed successfully**
2011-12	6%	12%	12%	69%
2012-13	6%	12%	12%	70%
2013-14	5%	11%	13%	71%

Part-time FE

	College			
	Early withdrawal	**Further withdrawal**	**Partial Success**	**Completed successfully**
2011-12	1%	7%	12%	79%
2012-13	3%	7%	11%	78%
2013-14	4%	8%	11%	78%
	National sector performance			
	Early withdrawal	**Further withdrawal**	**Partial Success**	**Completed successfully**
2011-12	3%	6%	12%	79%
2012-13	4%	6%	12%	77%
2013-14	3%	5%	13%	78%

Part-time HE

	College			
	Early withdrawal	**Further withdrawal**	**Partial Success**	**Completed successfully**
2011-12	2%	17%	7%	74%
2012-13	2%	20%	7%	70%
2013-14	2%	20%	4%	74%
	National sector performance			
	Early withdrawal	**Further withdrawal**	**Partial Success**	**Completed successfully**
2011-12	4%	6%	14%	75%
2012-13	4%	6%	14%	76%
2013-14	3%	5%	14%	78%

Early and further withdrawal trends

The early withdrawal rate for full-time FE learners has improved over the previous years and now sit just below the national sector performance level. The early withdrawal rate for full-time HE learners has also improved over the previous three years and sits at the national sector performance level. Early withdrawal rates for part-time learners remain low, sitting around national sector performance levels. Further withdrawal rates for full-time FE learners, have increased over the previous year, and sit 3 percentage points above the sector performance level. For FT HE learners, further withdrawal rates have improved, and now sit just above the sector performance level. Further withdrawal rates for part-time FE learners have increased in the last year, sitting 3 percentage points above sector performance level. Further withdrawal rates for part-time HE learners have remained high and are significantly higher than the sector performance level.

Successful outcome trends

The percentage of learners on full-time HE programmes who completed successfully has improved over the previous three years and sits just above the sector performance level. However, the success rate for full-time FE learners has not improved overall during the previous three years and sits 4 percentage points below the sector performance level. The high further withdrawal rates are contributing to this figure.

Success rates by equalities breakdowns

There were 612 learners with a disability at the college in 2013-14, 12% of the overall learner population. Of these, 542 took a course leading to a recognised qualification, with a 67% success rate, 4 percentage points below the sector (71%).

96 learners at the college were from an ethnic minority background, 88 of whom were on a course leading to a recognised qualification. The success rate of 73% is 3 percentage points above sector performance for learners from an ethnic minority background (70%).

Discussions with curriculum teams

Curriculum teams outlined a range of approaches and interventions that have been adopted to further enhance programmes or address programmes where retention and attainment are low.

In Care, staff have provided additional support to learners during the first 6 weeks of their programmes by providing "double tutorials". This has been well-received by learners who value the regular contact with curriculum staff during the induction period. Staff are also identifying learners who may be at risk of not completing, or completing with partial success, by using a weekly report on attendance and progress.

In Hospitality, staff are introducing a suite of City and Guild qualifications which appear to suit local needs better. Current learners have enhance their employability skills in these programmes through participation in activities such as the "*Members' Dining Event*" at the Scottish Parliament. The college has also completed its new training restaurant and hospitality suite (*Zest*) at the Dumfries campus in response to regional demand for hospitality training. In the new academic year, 60 full-time places will be offered to learners.

In Hairdressing, learner further withdrawal rates are high and have not improved significantly in the last three years. This is impacting on success rates for leaners on these programmes. Learners on programmes at SCQF level 4 are at the greatest risk of withdrawing due to a range of personal, health and financial issues. Additional measures introduced this year to further support learners include a greater emphasis on developing salon skills during the first 6 weeks of the programmes, to better engage learners. A learner charter has also been piloted with level 4 leaners. Changes to learning delivery has included running salon and theory classes in parallel one day a week, to enable learners to move between classes and support better differentiation in learning. Further withdrawal rates for learners on SCQF level 5 programmes appear to have improved in the current year with a greater emphasis on promoting this class for adults returning to learning. Staff in the Stranraer campus are continuing to use social media and technology well to engage learners and support their studies.

In Engineering, the curriculum continues to reflect the skill shortages identified within the Regional Skills Assessment. The importance of Science, Technology, Engineering and Mathematics (STEM) related provision is reflected in the delivery of short programmes as an extension of the curriculum in the newly developed Energy Centre. Micro-renewables and energy industry training will be delivered to local business. The curriculum team has identified issues of low successful completion rates on the Diploma in Light Vehicle Maintenance and Repair and have introduced measures to support staff delivering the programme to ensure higher rates of successful completion.

High quality learning

College developments in enhancing learning and teaching

The college continues to place great importance on high quality learning and teaching as central to improving outcomes for learners. Teaching staff are well-supported in developing and delivering sound teaching practice.   The team of learning and teaching mentors are now well-established and the posts have been made permanent. Teaching staff continue to find the support they receive from the mentors particularly useful to help them reflect better on their own classroom practice. Learning and teaching mentors are now assigned to a particular department. This allows mentors to better understand issues relating to a specific curriculum area and provides greater focus on maintaining supportive relationships with teaching staff.

The college has been proactive in establishing Employer Advisory Boards in key employment sectors. This has been helpful in supporting the delivery of strong employability skills within programmes to better prepare learners for the workplace. Members of the advisory boards have participated in talks and workshops to learners, and advised on industry visits and work placement/experience opportunities. The annual citizenship week continues to provide excellent opportunities for many learners to participate in a wide range of volunteering and fund-raising activities that promote the wider work and life of the college.

Learner engagement

Conversations with learners

Learners from both Dumfries and Stranraer campuses expressed positive views about their college programmes and the support they receive from staff. Learners describe different ways in which their views on their learning experience are sought by staff, and feel that this feedback is listened to and acted upon. However, some learners commented negatively on the use of the *quality wheel* in collecting their views and found the process cumbersome and too lengthy. Class representatives receive appropriate customised training for their role, delivered by the college staff. There are advanced plans to offer class representatives a volunteering award, to enhance the role and give it greater currency on learners' curriculum vitae. Learners views on the value of class representatives is mixed,

with some commenting they don't make use of them because they find senior staff very approachable and can raise issues with them directly, if necessary.

The majority of learners are continuing to make good use of the online portal, *LearnNet*, to support learning and assessment. However, a few learners commented that some material was out-of-date and not helpful. In some classes, learners are also using other online resources, including social media, to assist communication and enhance learning.

Quality culture

College developments in quality

The college continues to be fully committed to further improving the experience for learners by engaging staff groups in quality improvement activities. Over the last year there has been a review of self-evaluation arrangements, including the use of the *quality wheel* tool. The *quality wheel* continues to be a key tool to support self-evaluation within curriculum teams and assist discussion around learning and teaching with learners. The learning and teaching mentor team also use the quality wheel to inform the lesson observation process to ensure the quality of learning and teaching can be evaluated across a range of benchmark statements. These relate to how well learning and teaching can be: supportive; engaging; flexible; reflective; innovative; and successful.

Peer-team review of curriculum self-evaluation reports continues to be viewed by staff as a useful part of the arrangements for self-reflection and action planning for improvement. This peer-based scrutiny provides an additional tier of dialogue and is helpful in calibrating grade profiles to ensure greater consistency across the college. The Learning and Teaching Committee of the Board of Management continue to oversee issues around learning, teaching and quality and receives regular updates from senior staff.

College plans for implementing the recommendations of Developing the Young Workforce

College managers are fully committed to the principles and recommendations contained within Developing the Young Workforce(DYW). The Board of Management is also well-positioned to support DYW as the chair of the Board of Management also chairs one of the national advisory boards for DYW. Senior college staff have been proactive in meeting with all secondary head teachers and their teams within the region to discuss the senior phase and DYW. College staff are now working with cluster groups of secondary schools to look at local need across the region and explore curriculum options. The college has articulated a commitment to increasing the number and range of school/college programmes over the next few years, to support the re-alignment of the school curriculum with the regional skills analysis. In March 2015, the college hosted the Dumfries and Galloway Secondary Head Teachers Conference, with around 40 head teachers

and senior staff attending. Conference discussions on school/college links and developing vocational pathways in schools relating to DYW included inputs from senior staff and the chair of the Board of Management.

This year the college has successfully piloted a HNC in Electrical Engineering aimed at S6 school pupils. The pilot aims to enhance candidates' employment prospects, develop learning and transferable skills and support transition from school to higher education. A group of 4 pupils participated in the pilot and next year it looks likely to attract a cohort of 15 candidates from local schools.

Example of excellent practice

The college submitted several examples of potential excellent practice and these will be considered more fully during a future visit to the college.

John Bowditch HMI

Date: 5th August 2015

Board of Management

Minute of meeting of the Board of Management of Dumfries and Galloway College held on Tuesday 6th October, 2015 at 2.00 pm in Room 1074b of the Dumfries campus

Present:	Brian Johnstone (Chair)	John Henderson
	Carol Turnbull	Pat Kirby
	Delia Holland (Vice Chair)	Karen McGahan
	Janet Brennan	Stuart Martin
	Hugh Carr	Julian Weir
	Ros Francis	Kenny Henry
	Janice Goldie	Ian White
	Barry Graham	Craig McGill

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   Welcome and Apologies

Apologies for absence were intimated on behalf of Andy Wright, Vice Principal, Learning and Skills.

The Chair welcomed all to the meeting and in particular Ian White, Julian Weir and Craig McGill to their first board meeting.

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

A tour of the upgraded beauty salons and childcare room took place and a note of thanks for all the hard work of the staff involved was given by the Chair

2   Declaration of Interest

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

3   Minute of Meeting held on 30 June 2015

The minute of previous meeting of the Board held on 30 June 2015 was approved.

4   Matters Arising

4.1   *National Pay Bargaining*

The Chair advised members that the national pay bargaining situation remains ongoing with no settlement to date. A further meeting was due to take place in early October but this has been postponed for the time being.

Members noted the position.

5   Chair's Update

The Chair spoke to the report which had been previously issued.   The Chair updated members on a positive meeting he, and the Principal attended with the Scottish Government's Change Theme Leads for the Developing the Young Workforce programme, highlighting the importance of working closely with local authorities and schools to make activities most effective and avoid duplication is key.

The Chair also updated members that the bid submitted by the Developing Young Workforce regional group working closely with the Chamber of Commerce and Dumfries and Galloway Council, was looking very positive, the Board will be advised as soon as a decision has been announced.

Members noted the report.

6   Principal's Update

The Principal spoke to the report which had previously been issued.   The Principal advised members that student enrolment figures had increased since the report was prepared. There are now 1,627 full-time students enrolled. A slight increase on last year and of these, 486 are studying at Higher Education level.

The Principal updated members on a meeting with Dave Roberts and Alison Murray, Head of Engineering at the Scottish Rural College (SRUC) which focused on a potential collaboration on Engineering. Discussions remain ongoing. A brief outline paper is being produced detailing the work both colleges could collaborate on and to ascertain any co-location opportunities. Once this paper is complete, approval will be sought by the SRUC Board to take this forward. The Principal will keep the Board updates of any progress made as the discussions continue.

The Principal reported that the College engaged with 15 out of the 16 secondary schools on the development of the Senior Phase Vocational Pathways for 2015-16. She was pleased to report that all 16 secondary schools are now engaged with the College on course delivery for 2016-17.

Members noted the report.

7   Student Association Update

Julian Weir, President, spoke to the report which had previously been issued. Julian advised that following recent elections, 2 Vice Presidents had been appointed, Craig McGill for the Stranraer Campus and Robert Field for the Dumfries Campus. He then gave a verbal report of his activities since his election.

The Board welcomed Julian to the Board and looked forward to working with him this year.

Members noted the report.

8   Committee Reports

8.1   Annual Report of the Audit Committee
The Chair of the Audit Committee, Hugh Carr, addressed the meeting stating that this was a very positive report confirming the College had Board had a strong audit committee who continue to work well with college management and internal auditors. He went on to state that the Board can be assured that the College has a good level of internal controls confirmed by the positive internal audit assurance statement. Only six recommendations have been received during the year only one of which was considered high priority and has already been addressed.

A private meeting was held with the internal and external auditors who gave very encouraging feedback regarding the management team and the Board. The Chair confirmed this was a good year and had nothing to add to the minutes.

Action: The board agreed that it would like to have sight of the internal audit plan for 2015-16 at its next meeting.

Members noted the Annual Report of the Audit Committee.

8.2 Audit Committee Approved Minutes: 12 May 2015
The Chair confirmed there was nothing to add to the minute of the meeting held on 12 May 2015.

The Board noted the minutes of the Audit Committee.

8.3 Finance and General Purposes Committee Approved Minute: 09 December 2014
The Chair of the Finance and General Purposes Committee, John Henderson, confirmed there was nothing to add to the minute of 09 December 2014. It was noted that a meeting of the Finance and General Purposes Committee formed part of the full board meeting held on 3 March 2015 and was recorded in the Board minute of that date.

The Board noted the minute of the Finance and General Purposes Committee.

9 Matters for decision

9.1 Strategic Risk Register
The Vice Principal, Corporate Services and Governance, spoke to the report which had been previously issued. She confirmed the report had been realigned with the College's Strategic Plan Vision2020. All risks were listed on the report however there were two high risks to highlight to the Board: National Pay Bargaining and Public Sector Spending Review. The Board agreed both risks are 'high' although they are both out with the control of the College.

The Board approved the strategic risk register.

9.2 Anti-Fraud and Corruption Policy
The Vice Principal, Corporate Services and Governance, spoke to the report which had been previously issued. She confirmed that the Anti-Fraud and Corruption Policy was reviewed by the Audit Committee at its meeting on 22 September 2015 and is now being recommended to the full board.

The Board approved the Anti-Fraud and Corruption Policy.

9.3 Whistleblowing Policy
The Vice Principal, Corporate Services and Governance, spoke to the report which had been previously issued. She confirmed that the Whistleblowing Policy was reviewed by the Audit Committee at its meeting on 22 September 2015 and is now being recommended to the full board.

The Board approved the Whistleblowing Policy.

10 Matters for Discussion

10.1 Stakeholder Theme: The Developing Young Workforce

The Principal spoke to the report which had been previously issued. She asked the Board to note that the College has been extremely proactive and successful in pursuing the schools engagement. The College will

engage with all 16 secondary schools in the region for next session.   However, the model in operation is costly and not sustainable long term. The Principal is in discussions with the Local Authority as to how some of these costs to the College could be reduced in future. It was noted that a funding package for the Local Authority had been announced for 2015-16, and that we await notification via the Dumfries and Galloway Employability Partnership on how it is proposed that these funds will be used.

The Board expressed the view strongly that they hoped that a significant part of the funding be directed to school/college engagement.

After discussion it was acknowledged that the College is working well and proactive in both employer and schools engagement. The Principal and Chair will continue to raise Developing the Young Workforce through the Community Planning Partnership.

Action: The stakeholder theme of employer engagement will be considered further at a board meeting in the near future.

The Board noted the good work already done and continuing to do with regards to schools and employer engagement.

11   Matters for Information

11.1   Letter of Guidance to the Scottish Funding Council
Members noted the letter of Guidance for the Academic Year 2016-17 issued in September 2015.

11.2   Challenge to Lennartz Ruling
The Vice Principal, Corporate Services and Governance spoke to the report which had been previously issued. The report updated members on recent developments which may result in a challenge to the College's Lennartz agreement with HMRC.

The Board discussed the contents and noted the report.

11.3   Demonstrating the Economic Value of Scotland's Colleges
The Principal spoke to the paper which had been previously issued. She confirmed the positive findings from this report are being used to lobby the Government to try to ensure no further cuts to Scotland's colleges. The report is being sent to all the College's stakeholders along with the Vision 2020 document.

Members noted the report.

12   Any Other Business
The Chairman encouraged the Board Members to consider their contribution to the College activities. This will be looked at again at the next meeting or Development event in November.

13   Date and Time of Next Meeting
- Joint Board Meeting with Borders College – Wednesday 21 October at 10am
- Board Development Day – Tuesday 10 November 2015
- Next full Board Meeting – Tuesday 15 December 2015, followed by dinner in Zest training restaurant

Dumfries & Galloway College

Board of Management

Principal and Chief Executive Report: January – March 2016

1   Purpose of the Report

This is the second (normally quarterly) report to the Board for academic year 2015-16 to provide Board members with a sense of 'day to day life' and activities of the College, with a particular focus on learners. The report provides a snapshot of the period and is not intended to be exhaustive.

2   The Report

2.1   Regional Outcome Agreement – Progress against targets

At this time it is too early in the session to provide an update on progress apart from the Key Performance Indicator paper.

2.2   Learner Activity Highlights

2.3   Employer Engagement

Hair and Beauty learners are organising the 'launch' of the

Upland Symposium

The Computing team held an Employer Advisory event in November and discussions were held around the college provision, existing computing programmes and proposed new programmes. The team gained considerable relevant information from the employers which will assist in supporting learners as they progress to further study and employment. An online forum has been established for the Board and a priority is to contribute to and shape the new HNC Computing Science award as well as other learner engagement opportunities.

Dumfries and Galloway College, in partnership with the Priority Sports team at D&G Council, are holding a networking event that will include interaction with both students and staff in the Sport and Fitness Department at the College on 14 December. The event's purpose is to allow industry professionals and potential employers, to interact with staff and students and gain a better understanding of the opportunities and expertise that is available in the region.

The students will be going through the Positive Coaching Scotland Double Goal Coach Workshop, delivered by a sportscotland national trainer, and will be responsible for completing group tasks and discussing subjects relating to coaching and delivery.

Following the success of the Job Fayre hosted in the College earlier in the year, an employer recruitment event was organised for the Education, Health and Social Services Faculty and a number of learners have now been employed as a result.

Laing O'Rourke - the main contractor for the new A&E building have also recruited 6 apprentices from our learners and work placements for learners on the National Progression Awards will be starting soon. Some of the students got a bit of a shock when they realised what their 'working hours' would involve a 7am start and some late evenings too!

A 'Reablement' Conference was held in the College on Friday 4 December brining service users and delivery agencies together to discuss how the qualification, developed by NHS D&G, D&G College and D&G Council can deliver transformational change to how services are delivered, enabling service users to retain their independence, in their own communities, for as long as possible. Over 70 people from across the region attended an intense, dynamic and outcome focussed event.

2.4 Staff News

2.5 Education Scotland Review

Our next Education Scotland Review will take place week beginning 8 February 2016. However, all relevant documentation (strategies, policies, plans, context statements, self evaluation reports, timetables etc) need to be submitted a minimum of 5 weeks prior to the visit (ie by Christmas basically). Jannette (Brown) is our senior named contact for Education Scotland. June (Holland) has been freed up to work with Jannette to prepare us for the review. June is an experienced Associate Assessor and understands what Education Scotland will be looking for and what questions they are likely to ask when they meet with groups of staff and students.

The main focus will be on the learner experience and what happens in the classroom. They will spend the first 3 days undertaking a series of classroom observations and reviewers will meet as many of our learners as possible to ask them about their learning experience. The 3 areas they will be focussing on are:

- How well are learners engaged in enhancing their own learning and the work and life of the college?
- How well are learners progressing and achieving high quality outcomes?
- How effective are our learning and teaching processes?

An internal 'review' team led by Jannette and June has been formed to take forward key actions to ensure we are as well prepared as we can be for the review. Education Scotland Reviewers are also likely to want to meet with some Board members.

3 Recommendation

Board of Management

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

Carol Turnbull
Principal and Chief Executive Officer
December 2015

Dumfries and Galloway College

Internal audit strategy 2015/2016 - 2017/2018

Presented at the Audit Committee meeting of:

May 2015

Contents

1   Introduction

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting Dumfries and Galloway College in the year ahead including changes within the sector.

1.1 Background

In 2014 the ONS reclassified all Scottish Colleges as public bodies. This had a significant impact on the College both in terms of its operational activities (the requirement to submit monthly cash flow forecasts and funding 'draw down'), but also on the reporting arrangements with the financial year end moving to 31st March. The latter was rescinded in early 2015 and the College will move back to a 31st July reporting year end from 31st July 2015.

The main campus is situated in Dumfries (the capital of the Region) and the College has a second campus in the town of Stranraer, 75 miles to the west of Dumfries.

1.2 Vision

The College's approach to learning is a reflection of the rural locality, the local economy and the changing patterns of lifestyles. As a major employer and a dynamic rural learning institution, the 'digital' revolution has been strongly embraced by the College and its many forms are fast becoming the basis of the organisations operations and academic delivery.

In 2015 the College will open its new restaurant and hospitality training facility at its Dumfries Campus, with the first cohort joining from September 2015.

1.3 Objectives

The College's objectives are aligned to the Scottish Funding Council's six national priorities:

- Efficient regional structures

- High quality and efficient learning

- Access for people from widest range of backgrounds

- Right learning in the right place

- A developed workforce

- Sustainable institutions

2   Developing the internal audit strategy

We use your objectives as the starting point in the development of your internal audit plan.

2.1 Risk management processes

We have evaluated your risk management processes and consider that we can place reliance on your risk registers / assurance framework to inform the internal audit strategy. We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with the following people:

- Audit Committee

- Assistant Principal

- Finance Manager

Based on our understanding of the organisation, and the information provided to us by the stakeholders above, we have developed an annual internal plan for the coming year, and a high level strategic plan **(see Appendix A and B for full details).**

Figure A: Sources considered when developing the Internal Audit Strategy.

Figure B details those strategic risks and objectives in which may warrant internal audit coverage, reflecting both the inherent and residual risk. This review of your risks allows us to ensure that the proposed plan will meet the organisation's assurance needs for the forthcoming and future years.

Strategic risk No.	Strategic risk	Strategic objective
SR1	Unable to achieve SUMs target **Risk Register 1**	*Sustainable institutions*
SR2	Imbalance between demand for student support fund/bursaries and funds available **Risk Register 3**	*Efficient regional structures* *Sustainable institutions*
SR3	Impact of the implementation of new 'needs led' funding model along with the simplification approach (WSUM replacement) **Risk Register 4**	*Efficient regional structures* *High quality and efficient learning* *Sustainable institutions*
SR4	Move to National Pay Bargaining **Risk Register 5**	*A developed workforce* *Sustainable institutions*
SR5	Public sector funding cuts - forecast for session 2016-17 **Risk Register 10**	*All Strategic Aims*
SR6	Changes to structure in FE Colleges adversely affects the College **Risk Register 11**	*Sustainable institutions*

Figure B: Strategic risk matrix
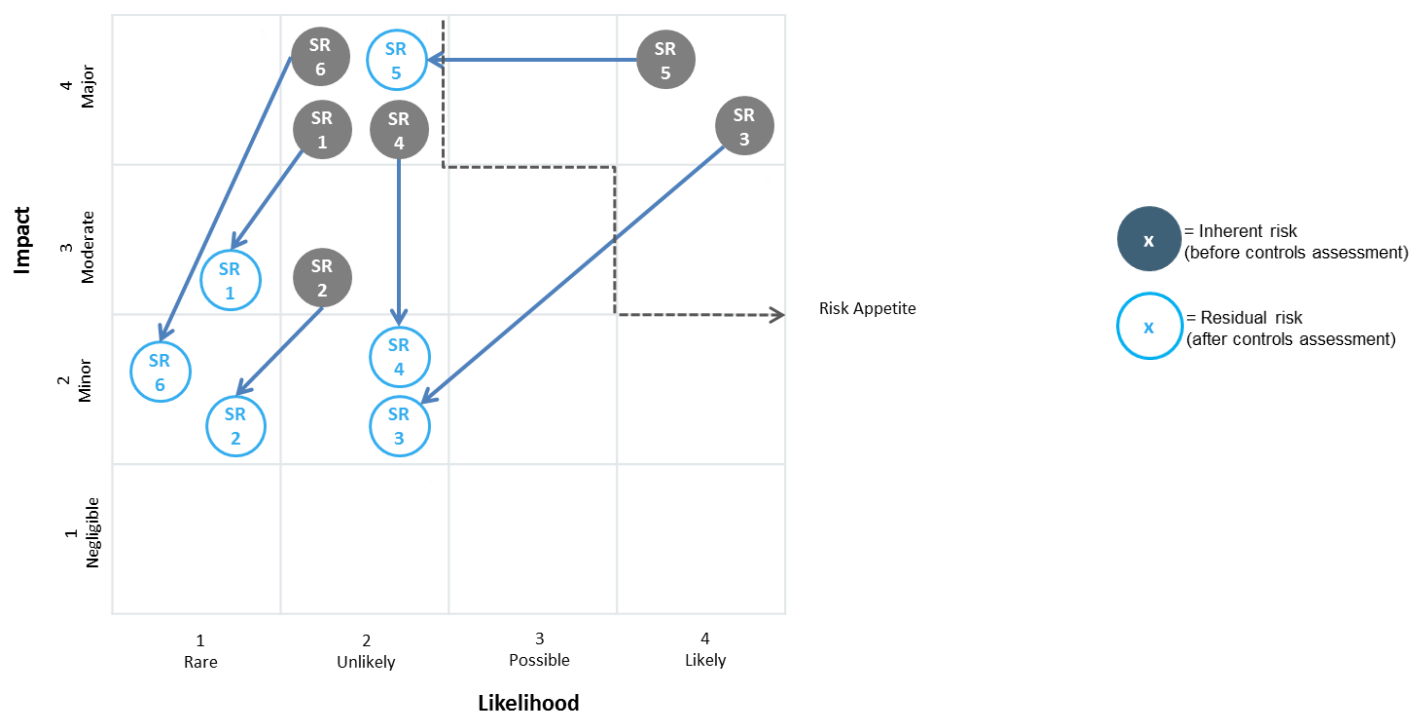
2.2 How the plan links to your strategic objectives

Each of the reviews that we propose to undertake is detailed in the internal audit plan and strategy within Appendices A and B. In the table below we bring to your attention particular key audit areas and discuss the rationale for their inclusion or exclusion within the strategy.

Area	Reason for inclusion or exclusion in the audit plan/strategy	Link to strategic objective
Human Resources Effectiveness	The College has introduced a new Human Resources system which is in the process of being embedded during 2015. It was agreed when preparing the 2014/15 plan that we would include within the 2015/16 plan a Human Resources Effectiveness review which will provide a high level over review of a number of key HR process.	*A developed workforce*
Procurement	Scottish Parliament passed a Procurement Reform bill in late 2014 with changes coming into effect from 1st January 2015. In addition, the ONS reclassification had a number of impacts on the way in which the College manages procurement. In 2015/16 we will undertake two procurement reviews: 1) Compliance with the Colleges overall Financial Regulations and the Procurement Reform Bill. 2) A review of the adequacy of the Colleges Procurement Strategy, focussing on the APUC Procurement Capability Assessment. Both of the above will feed into our annual Value for Money opinion.	*Sustainable institutions*
Strategic Planning	The ONS reclassification has had a number of impacts on the College in terms of its strategic direction and planning. The College is also in the process of preparing its new Strategic Plan and associated Risk Register, which will come into effect from August 2015.	*Sustainable institutions*
Budgetary Control	Historically the College has prepared its budgets in line with the academic year however, as a 'public body' the College must now prepare its budgets in line with the Scottish Parliament March year end. In addition, the College is also required to submit a budget return to the Scottish Funding Council.	*Sustainable institutions*

As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes: a contingency allocation, time for tracking the implementation of actions and an audit management allocation. Full details of these can be found in Appendices A and B. Appendix C reflects the risk based factors influencing the internal audit strategy.

2.3 Working with other assurance providers

The Audit Committee is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers, such as external audit to ensure that duplication is minimised and a suitable breadth of assurance obtained.

3   Internal audit resources

Your internal audit service is provided by Baker Tilly Risk Advisory Services LLP. The team will be led by Patrick Green, Partner supported by Lindsay-anne Straughton as your client manager.

3.1 Fees

Our anticipated fee to deliver the plan of 42 days is £16,380 (excluding VAT).

3.2 Conformance with internal auditing standards

Baker Tilly affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS). Further details of our responsibilities are set out in our internal audit charter within Appendix D.

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our Risk Advisory service line commissioned an external independent review of our internal audit services in 2011 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that "the design and implementation of systems for the delivery of internal audit provides substantial assurance that the standards established by the IIA in the IPPF will be delivered in an adequate and effective manner".

3.3 Conflicts of Interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

4 Audit Committee requirements

In approving the internal audit strategy, the committee is asked to consider the following:

- Is the Audit Committee satisfied that sufficient assurances are being received within our annual plan (as set out at Appendix A) to monitor the organisation's risk profile effectively?

- Does the strategy for internal audit (as set out at Appendix B) cover the organisation's key risks as they are recognised by the Audit Committee?

- Are the areas selected for coverage this coming year appropriate?

- Is the Audit Committee content that the standards within the charter in Appendix D are appropriate to monitor the performance of internal audit?

It may be necessary to update our plan in year, should your risk profile change and different risks emerge that could benefit from internal audit input. We will ensure that management and the Audit Committee approve such any amendments to this plan.

Appendix A: Internal audit plan 2015/2016

Audit area	Scope for 2015/16	Audit days	Proposed timing	Estimated Audit Committee date
Risk based assurance				
Student Activity Data (SUMs)	The following areas will be included: • Enrolment. • Programmes eligible for funding. • Student eligibility.	5 days	Wc 10 August 2015	TBC
Student Support Funds and Education Maintenance Allowances (EMA)	The following areas will be included: • Compliance with EMA guidance. • Compliance with Bursary / Discretionary Fund guidance.	5 days	Wc 10 August 2015	TBC
Strategic and Financial Planning	The review will consider: • The College processes to prepare the Strategic and Financial Plans, including any consultation with stakeholders; • How the College ensures that Strategic Plan is aligned to its budget and Financial Plan; • Governance and approval of the Strategic Plan to ensure it is aligned to the College's aims and objectives; and • Monitoring and reporting of progress against the Strategic Plan.	5 days	Wc 23 November 2015	TBC

Audit area	Scope for 2015/16	Audit days	Proposed timing	Estimated Audit Committee date
Core assurance				
Budgetary Control	This audit is designed to consider the processes in place for setting and monitoring budgets at the College and will test: • The processes and controls in place in relation to the production of the budget submission to the SFC, and alignment with the academic year budget; • The budget monitoring arrangements in place, including the production, distribution and review of financial reports (management accounts and budget holder reports) and analysis of any variances by budget holders and/or Finance; • The completion of monthly budget reviews by budget holders and Finance; • Budget virements; and • Budget holder training.	5 days	Wc 23 November 2015	TBC
Human Resources Effectiveness	This review will consider the College's key Human Resources policies in place and provide assurances as to whether these are appropriate and are being applied effectively and consistently. This may include: Performance Management, Grievance, Capability Management and Recruitment, by way of examples.	5 days	Wc 25 January 2016	TBC

Audit area	Scope for 2015/16	Audit days	Proposed timing	Estimated Audit Committee date
Other internal audit input				
VfM - Procurement	This audit will review the controls in place for ensuring that relationships are established with suitable suppliers, appropriate purchases are made and Value for Money (VfM) is achieved. The following areas will be covered during the review: • Procedural documentation and training for ensuring procurement activities are performed in a consistent and effective manner; • Supplier sourcing procedures, including tendering procedures and mechanisms for obtaining supplier quotes in order to ensure VfM is achieved; and • Supplier selection procedures, including supplier assessment and approval controls.	5 days	Wc 5 October 2015	TBC
VfM – APUC Assessment	This review will on preparedness for the College's APUC Procurement Capability Assessment.	5 days	Wc 25 January 2016	TBC
Action tracking	To meet internal auditing standards and to provide management with on-going assurance regarding implementation of recommendations.	2 days	Wc 28 March 2016	TBC
Audit management	This will include: • Planning • Ongoing liaison and progress reporting • Preparation for and attendance at Audit Committee; and • Development and publication of the annual internal audit opinion	5 days	As used	-
TOTAL		**42 days**		

Appendix B: Internal audit strategy

Proposed area for coverage	Scope and Associated risk Area	2015/16	2016/17	2017/18
Risk based assurance				
Student Activity Data (SUMs)	Unable to achieve SUMs target **Risk Register 1**	✓	✓	✓
	Impact of the implementation of new 'needs led' funding model along with the simplification approach (WSUM replacement) **Risk Register 4**			
Partnerships / Collaborative Arrangements	Loss of collaborative partnership arrangements **Risk Register 2**			✓
Student Support Funds and Education Maintenance Allowances (EMA)	Imbalance between demand for student support fund/bursaries and funds available **Risk Register 3**	✓	✓	✓
Business Continuity Planning	Disruption to business continuity due to influenza pandemic, terrorism, fire or other disaster **Risk Register 6**			✓
Student Journey	Failure to maintain student numbers **Risk Register 7**			✓
Marketing and Communications	Failure to maintain student numbers **Risk Register 7**		✓	
Strategic and Financial Planning	Move to National Pay Bargaining **Risk Register 5**	✓		
	Public sector funding cuts - forecast for session 2016-17 **Risk Register 10**			
	Changes to structure in FE Colleges adversely affects the College **Risk Register 11**			
Curriculum Quality, including Self Evaluation and Teaching and Learning Observations	Failure to achieve attainment targets **Risk Register 14** Failure to achieve an 'effective' outcome following Education Scotland Review **Risk Register 15**		✓	
Core assurance				

Proposed area for coverage	Scope and Associated risk Area	2015/16	2016/17	2017/18
Governance	In 2015/16 our governance opinion will be taken from reviewing the governance and reporting arrangements in place during the following reviews: • Strategic Planning • Budgetary Control	✓	✓	✓
Risk Management.	Risk Management is a core component of the College's internal control system and a means of addressing and monitoring the key risks that threaten the attainment of the business objectives. The assessment of risk management feeds into the annual internal audit opinion on the adequacy of risk management, governance and control. In 2015/16 we will place reliance upon the reporting framework and our work completed from the risk based section of this plan.	✓	✓	✓
Value For Money	Annual requirement of the Scottish Higher and Further Education Funding Council. In the current climate college's need to ensure that value is obtained from expenditure incurred. This may be by reducing costs for the same output or improving quality and outcome for the same overall cost. In 2015/16 our VFM opinion will be derived from our two procurement reviews.	✓	✓	✓
Equality and Diversity	A review of compliance with the requirements of the Equality and Diversity Act			✓
Curriculum Planning	To provide assurance that the College has processes in place to deal with and respond to the Governments agenda and to develop curriculum plans which meet funding targets and the needs of learners.			✓
Information Technology	It is essential that the College has a robust IT infrastructure and systems in place to meet the needs of the College and its learners. The review would focus on a key area of IT risk within the College, to be discussed and agreed with management at the time.		✓	

Proposed area for coverage	Scope and Associated risk Area	2015/16	2016/17	2017/18
Fundamental financial and asset controls.	Cyclical coverage of key financial systems including: • Budget Setting, Monitoring and Reporting. • Cash and Bank. • General Ledger.	✓	✓	✓
Safeguarding.	Non-compliance with legislation can result in a reputational risk to the College. In addition to the normal student cohort, the College recruits international students who are placed with families within the area.		✓	
Human Resources Effectiveness	Following changes to staffing and structures over recent years in it key that the College has in place effective Human Resources processes.	✓		
Other Internal Audit input				
Action tracking	To meet internal auditing standards and to provide management with on-going assurance regarding implementation of recommendations.	✓	✓	✓
Audit management	This will include: • Planning • Ongoing liaison and progress reporting • Preparation for and attendance at Audit Committee; and • Development and publication of the annual internal audit opinion	✓	✓	✓

Appendix C: Factors influencing the internal audit strategy

The diagram below highlights the planned internal audit coverage against the changing risk environment. This analysis allows us to ensure that the type and level of coverage proposed meets the organisation's assurance needs for the forthcoming and future years.
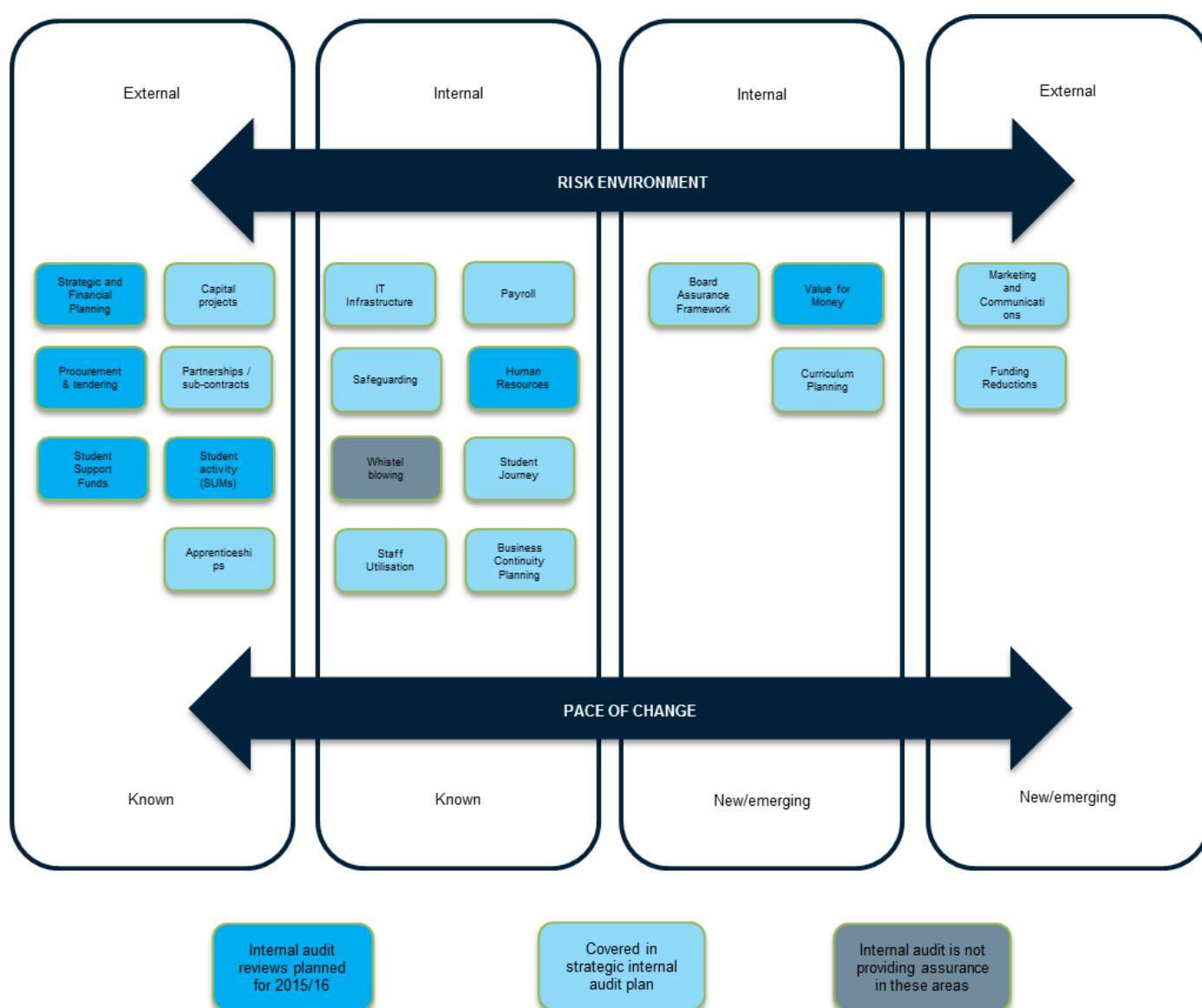
Appendix D: Internal audit charter

1.0 Need for the charter

1.1 This charter establishes the purpose, authority and responsibilities for the internal audit service for Dumfries and Galloway College. The establishment of a charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the Audit Committee.

1.2 The internal audit service is provided by Baker Tilly Risk Advisory Services LLP ("Baker Tilly"). Your key internal audit contacts are as follows:

	Partner	**Client manager**
Name	Patrick Green	Lindsay-anne Straughton
Telephone	07768 807469	07800 617385
Email address	Patrick.green@bakertilly.co.uk	Lindsay-anne.straughton@bakertilly.co.uk

1.3 We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives.

1.4 An overview of the individual internal audit assignment approach and our client care standards are included at Appendix E and F of the audit plan issued for 2015/16.

2.0 Role and definition of internal auditing

"Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by introducing a systematic, disciplined approach in order to evaluate and improve the effectiveness of risk management, control, and governance processes".

Definition of Internal Auditing, Institute of Internal Auditors and the Public Sector Internal Audit Standards

2.1 Internal audit is a key part of the assurance cycle for your organisation and, if used appropriately, can assist in informing and updating the risk profile of the organisation.

3.0 Independence and ethics

3.1 To provide for the independence of Internal Audit, its personnel report directly to the Partner, Pat Green (acting as your Head of Internal Audit). The independence of Baker Tilly is assured by the internal audit service reporting to the Principal, with further reporting lines to the Assistant Principal and Chair of Audit Committee.

3.2 The Head of Internal Audit has unrestricted access to the Chair of Audit Committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

3.3 Conflicts of interest may arise where Baker Tilly provides services other than internal audit to Dumfries and Galloway College. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the Audit Committee. The nature of the disclosure will depend upon the potential impairment and it is important that our role does not appear to be compromised in reporting the matter to the Audit Committee. Equally we do not want the organisation to be deprived of wider Baker Tilly expertise and will therefore raise awareness without compromising our independence.

4.0 Responsibilities

4.1 In providing your outsourced internal audit service, Baker Tilly has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans which align to the corporate objectives. The plan will be submitted to the Audit Committee for review and approval each year before work commences on delivery of that plan.

- Implement the audit plan as approved, including any additional reviews requested by management and the Audit Committee.

- Ensure the internal audit team consists of professional internal audit staff with sufficient knowledge, skills, and experience.

- Establish a quality assurance and improvement program to ensure the quality and effective operation of internal audit activities.

- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives.

- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.

- Highlight control weaknesses and required associated improvements and agree corrective action with management based on an acceptable and practicable timeframe.

- Undertake action tracking reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.

- Provide a list of significant performance indicators and results to the Audit Committee to demonstrate the performance of the internal audit service.

- Liaise with the external auditor and other relevant assurance providers for the purpose of providing optimal assurance to the organisation.

5.0 Authority

5.1   The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.

- Have full and free access to the Audit Committee.

- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.

- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

5.2   The Head of Internal Audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.

- Initiate or approve accounting transactions on behalf of the organisation.

- Direct the activities of any employee not employed by Baker Tilly unless specifically seconded to internal audit.

6.0 Key Performance Indicators (KPIs)

6.1 In delivering our services we require full cooperation from key stakeholders and relevant business areas to ensure a smooth delivery of the plan. We proposed the following KPIs for monitoring the delivery of the internal audit service

Delivery	Quality
Audits commenced in line with original timescales agreed in the internal audit plan.	Conformance with the Public Sector Internal Audit Standards.
Draft reports issued within 10 working days of debrief meeting.	Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit.
Management responses received from client management within 10 working days of draft report.	Response time for all general enquiries for assistance is completed within 2 working days.
Final report issued within 3 days from receipt of management responses.	Response to emergencies such as concerns of potential fraud with 1 working day.
Completion of internal audit plan by the end of the financial year.	

7.0 Reporting

7.1 An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with copies also being provided to the Audit Committee. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

7.2 The Head of Internal Audit will issue progress reports to the Audit Committee and management summarising outcomes of audit activities, including follow up reviews.

7.3 As your internal audit provider, the assignment opinions that Baker Tilly provides the organisation during the year are part of the framework of assurances that assist the board in taking decisions and managing its risks.

7.4 As the provider of the internal audit service we are required to provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the board is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the organisation by Baker Tilly Risk Advisory Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Board to inform the organisation's annual governance statement.

8.0 Data Protection

- Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's Terms of Business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.

- Personal data is not shared outside of Baker Tilly. The only exception would be where there is information on an internal audit file that external auditors have access to as part of their review of internal audit work or where the firm has a legal or ethical obligation to do so (such as providing information to support a fraud investigation based on internal audit findings).

- Baker Tilly has a Data Protection Policy in place that requires compliance by all of our employees. Non-compliance will be treated as gross misconduct.

9.0 Fraud

9.1 The Audit Committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the Audit Committee recognises that internal audit is not responsible for identifying fraud; however internal audit will assess the risk of fraud and be aware of the risk of fraud when planning and undertaking any internal audit work.

10.0   Approval of the internal audit charter

10.1 By approving this document, the annual plan, the Audit Committee is also approving the internal audit charter.

Appendix E: Our internal audit approach to an assignment

UNDERSTAND OBJECTIVES AND RISKS

Planning and scoping review

Agree scope with audit sponsor

Undertaking the audit

Evaluate controls Directed testing

Debrief meeting Report

Action plan

Each audit will be planned individually to ensure that the scope addresses the risks facing your organisation, and is therefore a useful source of assurance, providing assurance on the controls that you rely on to manage your risks and deliver your objectives.

We will meet with appropriate staff to understand the area under review and will then send you an Assignment Planning Sheet for your comment and sign off, so that we can discuss and agree the scope of each review; this provides the Audit Sponsor with an opportunity to comment on the scope of each audit. We will agree the audit date at the start of the year and you will receive a planning sheet at least four weeks before the audit commences.

Once the scope has been agreed, our audit fieldwork is carefully planned to ensure that we thoroughly test the right controls. Should we identify any major issues during the review, we will bring these to the attention of management straight away. We will keep you informed through the audit, and our team will be happy to answer any questions you may have. We will provide a list of information we will need when we issue the planning sheet so that you can prepare for the audit.

Before the internal audit team leaves site, we will hold a debrief meeting to discuss our findings with you and agree actions to address any control weaknesses.

Therefore, there will be no surprises when you receive the draft internal audit report, and you have an opportunity to comment on the report before it is issued for wider circulation.

Each formal assurance report will contain a clear opinion, so you know instantly if your risk management of this area is effective

Every internal audit report contains an action plan which is completed by management. Once the action plan is completed the report is issued as a final report. This provides the Audit Committee with a clear view of management's response to each finding, and also enables action tracking. As part of the annual plan we will undertake follow up work to provide the Audit Committee with an overview of progress in implementing actions that management have agreed.

CLIENT CARE STANDARDS

Discussions with senior staff at the client take place to confirm the scope six weeks before the agreed audit start date

Key information such as: the draft assignment planning sheet are issued by Baker Tilly to the key auditee four weeks before the agreed start date

The lead auditor to contact the client to confirm logistical arrangements two weeks before the agreed start date.

Fieldwork takes place on agreed dates with key issues flagged up immediately.

A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.

Two weeks after a debrief meeting a draft report will be issued by Baker Tilly to the agreed distribution list.

Management responses to the draft report should be submitted to Baker Tilly.

Within three days of receipt of client responses the final report will be issued by Baker Tilly to the assignment sponsor and any other agreed recipients of the report..

Appendix F: Overview of internal audit assignment opinions

For internal audits classed as "risk based assurance" reviews (compared with advisory input), we use four opinion levels as shown below. Each assignment report will explain the scope of the review, and therefore the context and scope of the opinion.

Increasing level of assurance ↓
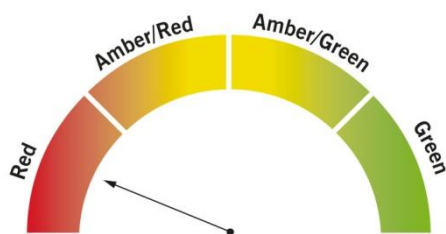
Taking account of the issues identified, the Board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Urgent action is needed to strengthen the control framework to manage the identified risk(s).
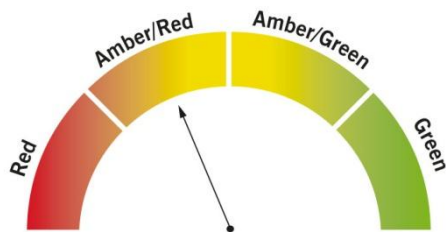
Taking account of the issues identified, the Board can take partial assurance that the controls to manage this risk are suitably designed and consistently applied.

Action is needed to strengthen the control framework to manage the identified risk(s).
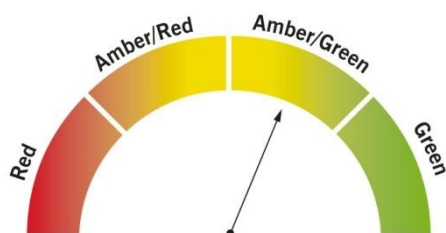
Taking account of the issues identified, the Board can take reasonable assurance that the controls in place to manage this risk are suitably designed and consistently applied.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).
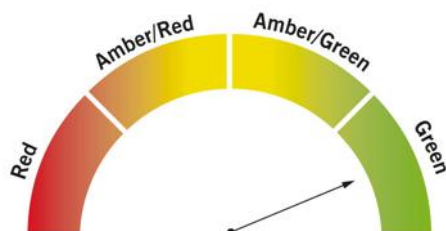
Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage the identified risk(s) are suitably designed, consistently applied and operating effectively.

For further information contact

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Name

Lindsay-anne.straughton@bakertilly.co.uk

Tel: 07800 617385

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.

2 Colleges Scotland

2.1 Attended a Board meeting on 08 October. Discussions focused on the paper to be submitted to Government on the Spending Review; Employment Relations Committee reports on National Bargaining update and sector communications.

2.2 Audit Committee – Chaired the Colleges Scotland Audit Committee and a joint Audit and Corporate Affairs Committee meeting on 13 November. The main business included reports and presentations by internal and external auditors; approval of Annual Financial Statements; discussion and recommendations to Board on development and Evaluation.

2.3 Attended a College Scotland Board meeting on 18th November. The main business included National Bargaining; Good Governance Review Group; Annual Financial Statements and Spending Review Submissions

3 Sector

3.1 Hosted a joint Board meeting with Borders College on 21 November. This produced a number of action points including the refining of a submission to the Deputy First Minister. The unique challenges and areas of common interest were well defined and agreed upon. The two Principals are producing a summary of key messages. A second joint event will take place at Borders College in March 2016.

3.2 Attended the Developing Young Workforce National Advisory Group meeting on 19 November

3.3 Chaired the Capita Developing Young Workforce national conference in Glasgow on 30 November

3.4 Attended Regional College Chairs meetings on 26 October and 02 December

3.5 Attended a Creating the Workforce for the Future conference hosted by Colleges Scotland on 02 December

Board of Management

4   Regional Business

4.1   Attended Crichton Campus Leadership Group meeting on 23 October

4.2   Met with Dumfries & Galloway Council Director of Education and with Community Planning managers to discuss Employability strategy; the Developing Young Workforce in the region and the importance of effective use of resources.

4.3   With fellow board members Janet and Ros, met with members from Dumfries and Galloway Council's Wigtown Area Committee. Stranraer Campus was discussed and members agreed to assist us in establishing an Employer Advisory Board.

4.4   Attended Dumfries and Galloway Council Employability conference on 03 November

4.5   Attended Board Development Day in College 11 November

4.6   With fellow board member Pat, met with Upland (Spring Fling) directors. A number of common areas of interest were discussed and opportunities where we may work together in supporting arts sector.

4.7   With Principal met with John Miller from John Miller Transport, to discuss possible training and apprenticeships in transport and motor vehicle sector.

4.8   Attended the opening of the Reablement Conference hosted by college on Friday 4th December.

5   Recommendation

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

Brian Johnstone
Regional Chair
December 2015

Board of Management

Principal and Chief Executive Report: October – December 2015

1   Purpose of the Report

This is the second (normally quarterly) report to the Board for academic year 2015-16 to provide Board members with a sense of 'day to day life' and activities of the College, with a particular focus on learners. The report provides a snapshot of the period and is not intended to be exhaustive.

2   The Report

2.1   *Regional Outcome Agreement – Progress against targets*

At this time it is too early in the session to provide an update on progress apart from the Key Performance Indicator paper.

2.2   *Learner Activity Highlights*

Hospitality and Catering learners from Stranraer and Dumfries travelled to Glasgow to the Chef Conference. The conference has grown immensely over the last 10 years and staff reported that it was fantastic to see so many young people who are at college or training in the hospitality industry being inspired by these wonderful people.

College learners also reported that it was a very positive experience and here are some of their quotes: "I feel that the chefs started where I'm starting now, from the bottom, and they have worked their way to the top and are working in some of the top kitchens in the world. Some of them own their own premises and hire people to work for them who are starting their chef career. I was inspired by some of the demonstrations which will help to develop my skills. Someday I'll be the chef in a Hilton Hotel or even cook for the queen, and perhaps be on stage doing demonstrations for a chef conference. Here's hoping".

"The conference was a great experience for me as a young aspiring chef to be. It was good to have first-hand experience with the many talented chefs that were showing off their impressive skills and talents. It was a great day out from our usual environment to be surrounded by a variety of produce, people and products from different parts of the country".

Our **Princes Trust** teams were nominated in 3 categories for the Princes Trust Celebration Awards held in the Assembly Rooms in Edinburgh in October. These were: Young Achiever of the Year; Breakthrough, and Community Impact Award (Team award). Although we didn't win first place in any of the categories, the learners had a fantastic time and celebrated the fact that they were nominated in the first place.   Our current Princes Trust Team (Team 23) ran a bake sale, tombola and hand-made Christmas card sale to raise money to provide 23 hampers and food parcels for local charities and food banks. This is a tremendous achievement.

HND Fitness, Health and Exercise class are working in partnership with NHS Building Healthy Communities. The students are putting a group of over 50's through a fitness and nutrition programme lasting eight weeks. The students will complete a variety of fitness tests, then plan and complete a six week fitness programme, including two sessions in the Workout per week. The students will also analyse their client's nutritional intake, providing advice and lifestyle changes to improve overall health and wellbeing. This will run until 22nd December 2015, and then a finish with celebration event in January to be held in Zest, where the hospitality students will create a healthy lunch and we will be presenting awards to all participants and students.

Introduction to Care learners have decided to award their 'Secret Santa' money to the Women's Aid Centre located on the Whitesands, Dumfries. This is something the group decided themselves when their lecturer was discussing doing something for the community. Instead of having a class Secret Santa they have bought a present each for the women and children who maybe spending Christmas isolated or having to be re-homed or supported/counselled/advised in any way through Women's Aid. The centre is currently supporting 21 children from 2 weeks to 17 years old and 17 women. Through additional donations they now have enough presents for all the children and almost half of all the women. The Women's Aid centre was taken aback with the groups' generosity as they say they don't often get thought of at Christmas.

2.3   Employer Engagement

Hair and Beauty teams have worked closely with Basement 20 (local Hairdresser) for a number of years now and are looking to organise a show towards the end of the session which will also involved Hospitality and Creative Industry learners.   A member of staff from Brown's Hairdressing Salon is coming in to speak to the school Hairdressing group about career progression/opportunities in Hairdressing.

The Computing team held an Employer Advisory event in November and discussions were held around the college provision, existing computing programmes and proposed new programmes. The team gained considerable relevant information from the employers which will assist in supporting learners as they progress to further study and employment. An online forum has been established for the Board and a priority is to contribute to and shape the new HNC Computing Science award as well as other learner engagement opportunities.

Dumfries and Galloway College, in partnership with the Priority Sports team at D&G Council, are holding a networking event that will include interaction with both students and staff in the Sport and Fitness Department at the College on 14 December. The event's purpose is to allow industry professionals and potential employers, to interact with staff and students and gain a better understanding of the opportunities and expertise that is available in the region.

The students will be going through the Positive Coaching Scotland Double Goal Coach Workshop, delivered by a sportscotland national trainer, and will be responsible for completing group tasks and discussing subjects relating to coaching and delivery.

Following the success of the Job Fayre hosted in the College earlier in the year, an employer recruitment event was organised for the Education, Health and Social Services Faculty and a number of learners have now been employed as a result.

Laing O'Rourke - the main contractor for the new A&E building have also recruited 6 apprentices from our learners and work placements for learners on the National Progression Awards will be starting soon. Some of the students got a bit of a shock when they realised what their 'working hours' would involve a 7am start and some late evenings too!

A 'Reablement' Conference was held in the College on Friday 4 December brining service users and delivery agencies together to discuss how the qualification, developed by NHS D&G, D&G College and D&G Council can deliver transformational change to how services are delivered, enabling service users to retain their independence, in their own communities, for as long as possible. Over 70 people from across the region attended an intense, dynamic and outcome focussed event.

2.4   Staff News
A Choir for Charity

Last year's small but perfectly formed choir from Dumfries and Galloway College performed spectacularly well and although they didn't win, the College choir was singled out as having one of the best vocal performances and arrangements in the competition. This year we have almost doubled in numbers so should make much more of an impact......

We were asked to nominate a charity (or charities) where we would like out money to be donated. This year the charities the College has chosen to represent are: Motor Neuron Disease, Scotland, in memory of ex staff member, Wilma Catton, who sadly recently passed away from this disease and the local Dumfries branch Multiple Sclerosis, the chronic condition which is affecting family and friends close to us.

The event raised over £24,000 in one weekend last year which is something the choir was very proud to be part of. A fantastic time was had by all, so when the call went out for this year, there was no hesitation from anyone in signing up. The theme for this year's performance was 'Money' and the Staff Association offered 25 subsidised tickets and these were snapped up straight away. The Choir performed exceptionally well and achieved 3rd place overall.

2.5   Education Scotland Review

Our next Education Scotland Review will take place week beginning 8 February 2016. However, all relevant documentation (strategies, policies, plans, context statements, self evaluation reports, timetables etc) need to be submitted a minimum of 5 weeks prior to the visit (ie by Christmas basically). Jannette (Brown) is our senior named contact for Education Scotland. June (Holland) has

been freed up to work with Jannette to prepare us for the review. June is an experienced Associate Assessor and understands what Education Scotland will be looking for and what questions they are likely to ask when they meet with groups of staff and students.

The main focus will be on the learner experience and what happens in the classroom. They will spend the first 3 days undertaking a series of classroom observations and reviewers will meet as many of our learners as possible to ask them about their learning experience. The 3 areas they will be focussing on are:

- How well are learners engaged in enhancing their own learning and the work and life of the college?
- How well are learners progressing and achieving high quality outcomes?
- How effective are our learning and teaching processes?

An internal 'review' team led by Jannette and June has been formed to take forward key actions to ensure we are as well prepared as we can be for the review. Education Scotland Reviewers are also likely to want to meet with some Board members.

3   Recommendation

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

Carol Turnbull
Principal and Chief Executive Officer
December 2015

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   Events/Training

2.1   National Union of Students (NUS) Training: 28th October 2015

The Development Consultant from NUS came to the college and carried out training for both Dumfries and Stranraer Executive Teams on the Dumfries Campus. This was a chance for both teams to look at what a student association is. They explored different leadership styles, looked at the Triangle of Strength and Tuckman's theory of team development.

2.2   NUS Zone Conference: 20th – 21st November 2015

Conference was attended by President, Vice President Stranraer, Vice President Dumfries and Equalities Officer Dumfries. The event took place in Glasgow and covered 2016 Scottish elections: discussing the type of campaign NUS will run. The Zone Conference was an interactive opportunity to ensure that NUS are building the strongest possible election campaign they can, to deliver the best possible outcome for students.

2.3   Student Partnerships in Quality Scotland (Sparqs) Event: Preparing for your College Review

This training was attended by the Students' Association President and the Quality Manager. The event discussed the upcoming College review and provided a deeper understanding of the college review process

3   Student Association Events

3.1   Children in Need

Between the two campuses the Student Association raised over £270 this year for Children in Need. Events at Stranraer included Hero dress up day, Guess the amount of baubles, Name the doll, Pictures with Mickey & Minnie, Soak a Student Association Executive.. Dumfries took part by dressing up and raised money through raffles and donations.

3.2   Lesbian, Gay, Bisexual and Transgender (LGBT) Charter

The president recently attended a meeting about the LGBT charter. There are plans to have a "wear it Purple" Event in February.

3.3   Class Rep Training

Working in partnership with the Quality Team, the president attended all of this year's class rep training sessions. This helps to encourage good working relationships between the class reps and the students' association.

Board of Management

4 Student Association Elections

All posts had been filled on both Campuses but recently due to resignations have had to refill Equality and Diversity Officer posts on Stranraer Campus and the Media Officer post on the Dumfries Campus.

5 Attendance at Meetings

5.1 The President continues to attend various meetings, including:

- Crichton Campus Leadership Group
- Oversight and Direction group with Scottish Government, Scottish Funding Council, NUS, SPARQS and Education Scotland
- Meetings with NUS
- Meetings and training with SPARQS

6 Moving forward

6.1 Student Partnership Agreement to be drawn up with the support of sparqs staff

6.2 Additional training and team building event for new officers

6.3 Continue work on Volunteering Award offered to student executives and class reps who work in partnership with SA and the Quality Team.

6.4 Continue working in partnership with sparqs and NUS to access training, campaigns and events

6.5 Finalise the promotional video for Student Association being produced by Purplebox Productions

7 Recommendation

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

Jules Weir
President
Students' Association

December 2015

Board of Management

Dumfries and Galloway College

Students' Association Development Plan 2015-16

Dumfries and Galloway College is committed to developing a strong, effective students' association to enable students to make their voices heard, and to take collective action to change and improve their experience.

The College aims to develop a students' association where the students' association will be able to work as equal partners with the College, acting as critical friends, and enabling the college to develop robust quality and governance processes. To enable the College to achieve this aim the College has adopted the 'Development of Strong and Effective College Students' Associations in Scotland' framework developed by the National Union of Students.

The framework is a sector agreed shared way forward for students' association and college partnership development. Students' associations are the legally representative voice of students. The framework identifies five elements of student engagement. They are:

1. **Autonomous**

2. **Partnered**

3. **Accountable**

4. **Representative**

5. **Sustainable**

This development plan sets out how the students' association and the college will work together to develop partnership working and sustainability. This development plan will be embedded in the college's planning process and committees.

Progress on actions will be reported to the Learning and Teaching Committee of the Board of Management. The College Students' Association will undertake self-evaluation annually after the spring term. Any resulting actions will be identified and planned for the following session.

Dumfries and Galloway College Students' Association - Development Plan 2015 -2016

1   Autonomous

An autonomous students' association is one which enables students to articulate an independent student voice, and which can ensure that voice will be heard at the highest levels. Students determine its internal organisation and representative structures. Student representatives act according to the student determined priorities and policies and engage with college leaders as equal partners to negotiate how these priorities will be implemented

Priorities	Process	Measurable actions	Responsible	Timescale	Completed /Comments
1.1 Good working links with the college and students' association	• The college will work with the students' association as principle partner and funder and support the autonomy of the students' association	Supported by staff, the students' association is able to work within an agreed budget. The students' association can organise its resources and structure to best support the student body.	Staff Student President Student Exec Committee	Established at beginning of academic year Revised as a new committee is elected.	
1.2 Officers are able to understand about making Autonomous decisions and understand Accountability	• Staff provide mentoring support to student officers to enable them to develop into their positions within the Students' association • The process for making decisions is clearly set out, as are which officers or groups of officers are responsible for making which decisions.	Following the induction process for all elected officers [see SA Induction manual] Officers will have the opportunity to meet with all necessary staff and be aware of job roles and how this fits in with the running of the college as a whole. This will create relationship building opportunities for staff to get to know elected members with students	SA Exec Committee Staff	Completed within the first two weeks of appointment	Stranraer SA Exec Team have all completed 1:1* sessions with regards to job roles. Dumfries will be completed by end December 2015
1.3 Executive committee will set a working plan for the year to represent the needs of the student	• Clear programme of events should be decided at beginning of the academic year, this should ensure the SA exec team are developing the working plan for their current year. • President should have a clear idea and vision as to how the SA	Research can be done during Fresher's Week to gauge wants and needs of the current student body. SA executive committee should ensure that the student body is aware they can approach the SA to bring up any additional ideas throughout the academic year. SA Execs need to be fully aware of the	SA Exec Committee	Established within the first month of appointment and can be adapted as year progresses	Working Plan for year established

	will run throughout their elected term. • SA Exec should plan activities and services to respond to the needs and interests of the current students	responsibility of the SA during these events SA Executive officers should work towards set dates			

*By having 1:1 sessions with the Executive Team it gives them a chance to become fully aware of their responsibility etc. Development Officer and Students' Association President can then create a robust training plan to create a strong team working to everyone's strengths

2   Partnered

A college and students' association in partnership have an equal relationship based on mutual value, trust, and respect. They have clearly agreed roles and responsibilities and work together to deliver positive change for students

Priorities	Process	Measurable actions	Responsible	Timescale	Completed /Comments
2.1 Roles and responsibilities of the association and the college within the partnership are understood Awareness raising of students' association [SA] throughout the college with students and staff	• Senior staff give out key messages that the students' association is a high priority.	SA President and Executive Officers attend faculty meetings as appropriate to raise awareness to staff. Executive committee members meet with staff appropriate to their role.	SA Exec Staff	Beginning of SA president role Beginning of academic year	Plans to arrange this in the New Year through attendance at SA Exec Meeting
	• The college's partnership approach to student representation is defined and is highlighted in college communications.	Work closely with marketing department to ensure this good practice continues. SA could offer more ideas/contributions.	SA and Marketing Department	Local News – Monthly College News – Quarterly	Working well with the Marketing Department
	• There are specific forums dedicated to ensuring SA priorities are taken forward.	• Class Rep Meetings • Faculty meetings • Meet with Support Staff • Meet with SMT	SA Exec	Appropriate to timetable of scheduled meetings	
	• Training about students' association included in all staff induction and continuing professional development	Access to staff during non student days	SA Exec Staff	Staff Development Days	
2.2 Awareness raising of Students' association [SA] with Partners	• Students' association work with feeder schools and training providers to promote Students' association benefit to potential students	Develop and train SA execs who would carry out this workshop	SA Exec Staff	January to August	

	• Students' association to work with partners to promote services and work together to provide student campaigns e.g. citizenship, equality & diversity, health.	Partners work with the students' association and attend table top stalls at specific points in the academic year. This allows them to promote their services, many return at additional later dates	SA Exec Staff	Freshers week Volunteering Week Health Week Citizenship week	Booking have been made by many outside agencies so far this year.
2.3 The association is structured in a way that meets the needs of the students whilst being a 'critical friend' to the college	• Students' association should mirror the college's structures. This will make it easier for college and association to engage, and for the association to represent student interests. • Students' associations should actively explore and identify examples of good practice from other associations and regions.	SA Exec Roles have been established to support the structure of the college. E.g. Equalities Officer, Sustainability Officer Officers know exactly what is expected of them. They should be coming the post with lots of ideas and a genuine interest for the needs of the role	SA Exec Staff		
2.4 The college encourages the SA to work proactively and build a direct positive impact on the student experience	• There is an effective student review process of learning and teaching. • SA get the opportunity to listen to the student and are able to give feedback to the college • SA has an input and understanding of the college outcome agreement.	Meeting with student regularly to hear about their experience College and SA work together to discuss and ideas, needs, concerns found from talking with the student body. Student Association look at the college outcome agreement annually [even although the agreement lasts 3 years] and integrates it in to the working plan for the year ahead.	SA Exec Staff	Daily and formally through focus Annually	Students are regularly coming to the SA Room

Dumfries and Galloway College Students' Association - Development Plan 2015 -2016

3   Accountable

An accountable students' association has clearly defined lines of accountability for its policy decisions and for its performance. It is accountable to its student members for what it says and does on their behalf. It is accountable, where appropriate, to its college's governing board for its compliance with the 1994 Education Act, the agreed terms and conditions of the funding it receives from its college, and for its performance against any other such agreements the students' association and the college have made in partnership.

Priorities	Process	Measurable actions	Responsible	Timescale	Completed /Comments
3.1 The students' association has clearly defined and understood lines of accountability	• Formal processes are established between the students' association and the college to ensure the college can assess that the association	Policies and procedures are in place to ensure the current executive know what is expected of them.	Staff SA Executive	September	SPA * Agreement will be drawn up Early 2016
3.2 Student association is accountable to the student body and ensures they carry out their duty with credibility	• SA researches the wishes of the student body to develop working plan. • Association has processes which enable evaluation and effectiveness • SA should be able to measure, evaluate, and demonstrate its success and impact in delivering its plan and representing the needs of students.	Reflection as to how it met the needs of the student Students' association reports back regularly to the student body in a media that is appropriate to the needs of the student. SA regularly measures and evaluates its progress in delivering their plan	SA Executive	End October Weekly meetings	

*SPA – Student Partnership Agreement. This will be formed by a group made up of students, staff and sparqs staff

4   Representative

A representative students' association takes its mandate from its student members through its democratic processes. It speaks on their behalf with a collective, evidenced, and informed voice and is able to make claims, negotiate solutions, campaign, and create the change their members want. Its officers are elected through free and fair elections

Priorities	Process	Measurable actions	Responsible	Timescale	Completed /Comments
4.1 The college and students' association ensure that all major officer roles are elected through free and fair elections.	• There is a robust online voting system or similar arrangements to facilitate multi campus voting. • The association has the resources and support necessary to run fair and vibrant elections. • There is an appropriate complaints and appeals process	Online process is updated to support new systems Paper copy available if needed Staff attend NUS training Election Policy is written specifically for Dumfries and Galloway College	Staff IT Staff Staff with US support	Before spring break January/ February	
4.2 The students' association will ensure their work will include responding to the needs of the learner in class.	• The Students' association will plan their activities to respond to the needs of the students, giving continuity and sustainability of vision and planning and the flexibility to respond to changing contexts and the priorities of newly elected officers.	Training will be given as to how to carry out the meetings and also how to deal with information that comes from the meeting SA should plan its activities to respond to the needs and interests of students Creation of an annual working plan including planning processes	Staff SA Exec	At beginning of elected post By October	Working Plan Created
4.3 The students' association has effective democratic and accountability structures	• Input to class rep meetings • Access to class rep details • Ensure representation of all student groups	Regular contact with class reps and student members Supporting all student groups including 'non traditional' groups and protected characteristics	SA Exec	All scheduled class reps meetings	Meetings have been diarised by Quality Team

5   Sustainable

A sustainable students' association is able to function effectively and deliver its core representative purpose, at the same or a higher level, year after year. There is continuity of organisational memory, skills, plans and structures. The framework is accompanied by a self evaluation and development planning tool which outlines a set of standards and indicators/ prompts which identify the resources and support a students' association needs to be effective

Priorities	Process	Measurable Actions	Responsible	Timescale	Completed /Comments
5.1 Robust Training and continued development of Students' association Executive and Volunteers	• The students' association has resilience and flexibility to respond to challenges using its own structures and processes	Association has a mix of full-time paid and volunteer officer posts Volunteers are supported through appropriate training and development.	Staff SA Exec	During Induction	All posts had been filled but have to re-elect Media – Dumfries and Equalities Stranraer
	• There is a range of opportunities for students to volunteer in the association across the whole college community	The offer of volunteering qualification is extended to include class reps	Staff SA Execs	Class rep training Detailed in plan	Class Rep training has been completed by Quality Manager and Students' Association President
	• Student board members receive induction and training from the college's governing body which equips them to understand and fulfil their role.	Student Board members have access to formal training and ongoing support throughout the year. Student Board Members have training and awareness on college outcome agreement.	College Staff NUS Training SMT for Board Training	First few months of elected term	
5.2 The Students' association has dedicated, long term staff, to	• Staff ensure that the students' association is not person dependant or vulnerable to changes in leadership	Training is timely and ongoing throughout their term to ensure officers' skills and knowledge are current and that it enables them to fulfil their role effectively.	SA Staff /SA President	Within first month of being elected	

provide training, support and continuity between changing SA Exec Teams		There is an effective handover and induction for students' association officers		June	
	• Training is appropriate to the needs of individual officer role and their college environment.	Training covers skills development, such as decision making and relationship building, and knowledge development such as the students' association and college's decision making processes.	Staff SA Exec	October January	Development Day Planned for January 2016

Notes:

Dumfries & Galloway College

Board of Management

Minute of the Meeting of the Audit Committee of the Board of Management of Dumfries and Galloway College held on 22 September 2015 at 2.00 pm in Room 2009

Present: Hugh Carr (Chair)
              Delia Holland
              Janice Goldie

In attendance: Carol Turnbull, Principal
              Jannette Brown, Secretary to Board and Vice Principal (Corporate Services & Governance)
              Karen Hunter, Finance Manager
              Lindsay-Anne Straughton, Baker Tilly
              Angela Pieri, Grant Thornton

Minute taker: Caroline Donoghue, Executive Team Assistant

1   Apologies
Apologies were intimated on behalf of Stuart Martin and Pat Kirby

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

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

3   Minute of Previous Meeting
The Minute of the Audit Committee held on 12 May 2015 was approved.

4   Matters Arising
There were no matters arising

5   Internal Audit Reports
Lindsay-Anne Straughton on behalf of Baker Tilly spoke to the Internal Audit Reports which had been circulated:

5.1   Payroll Audit
Ms Straughton spoke to the report which had been issued. The audit of payroll procedure in place at the College was undertaken as part of the approved internal audit plan for 2014-15. The audit looked at policies and procedures regarding the payroll system; staff training; making additions to the payroll system and any other amendments to the system. There was only one recommendation for action arising from this report: a regular check on information between the payroll and the HR system. The Chair confirmed that this was carried out in April of this year and the Vice Principal, Corporate Services and Governance confirmed that the reconciliation points for the College will be September and February.

5.2   Internal Audit Strategy 2015/16 – 2016/17
Ms Straughton spoke to the report which had been issued. The draft strategy was presented to the Committee at the last meeting in May and there were no amendments to the report made other than date changes to some of

the reviews. The Vice Principal, Corporate Services and Governance advised that the audit plan will need to be aligned with the College's new Strategic Plan.

5.3   Internal Audit Progress Report

Ms Straughton spoke to the report which had been issued. The first report of 2015-16 gave an overview of the audits which have been agreed for the year.   Ms Straughton advised of a change to the name and branding in Baker Tilly, there is no change in company or personnel.

The Committee considered and noted the contents of the internal audit reports.

6   Internal Audit Report 2014-15

Ms Straughton spoke to the report which had been issued. This report covers a longer period than normal to realign with the change in the financial year end; covering the period 01 April 2014 to 31 July 2015. The Head of Internal Audit Opinion stated that for areas covering Governance; Risk Management; Internal Control and Value for Money, the college has been rated as 'Adequate and Effective'. This is the highest rating available.

The committee was pleased to receive such a positive report and conveyed its congratulations to the Principal and her staff for their work.

7   Draft Annual Audit Committee Report (for the period April 15 to July 15)

The Vice Principal, Corporate Services and Governance spoke to the report which had been issued. This report is a summary of the activity throughout 2014-15. When reporting to the Board of Management at the next Board meeting on 06 October 2015, a statement will be issued to say that in the Audit Committee's opinion they can have assurance in the level of controls in the College.

The Committee considered and approved the report. The report will now go forward to the full board.

8   Strategic Risk Register

The Vice Principal, Corporate Services and Governance spoke to the report which had been issued. Following the implementation of the College's new Strategic Plan all risks have been reviewed to align with the plan.   In accordance with the College's Risk Management Policy any risks which have impacts on strategic outcomes must have mitigating controls in place. Any risks 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. There were only two residual risks rating higher than 12, national pay bargaining and public sector funding cuts. The College is planning to undertake scenario planning in relation to potential public sector funding cuts.

The Committee considered and approved the risks on the register. The Register will now be recommended to the Board.

9   Anti Fraud and Corruption Policy

The Vice Principal, Corporate Services and Governance spoke to the reviewed policy which had been issued. It was noted that the policy cover staff and students only, Board Members are covered by the Board's Code of Conduct. Members discussed the contents of the policy and agreed it should also include offences covered by the Bribery Act 2010.

The Committee approved the policy, recommending it to the Board for adoption.

10   Whistleblowing Policy

The Vice Principal, Corporate Services and Governance spoke to the reviewed Policy which had been issued. Members discussed the contents of the policy and agreed it should specifically mention the process for students should follow.

The Committee approved the policy, recommending it to the Board for adoption.

11   Challenge to Lennartz ruling

The Vice Principal, Corporate Services and Governance spoke to the report which had been issued. The report updated members on recent developments which may impact on the College's Lennartz agreement with HMRC.

The Committee discussed the contents and noted the report.

12   Any Other Business

None

13   Date and Time of Next meeting

The next meeting of the Committee would take place on Tuesday 24 November 2015 at 2pm in room 2009

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.

There was a brief discussion between Committee members and the internal and external auditors; no issues requiring any action were identified.

The outcome of this meeting will be included in the Annual Audit Committee Report for 2014-15.

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 2014/15.

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 sixteen month period from 1 April 2014 to 31 July 2015.

3.2 The membership of the Committee during the period was:

| J Henderson (Chair) |
| R Gunnell (until 01.07.14) |
| P Kirby (from Dec 2014 until April 2015) |
| K McGahan (from April 2015) |
| R Francis (from April 2015) |
| C Turnbull (Principal) |
| K Henry (staff representative) |

3.3 During the relevant period, the Committee's meetings were as follows:

2 June 2014	4 members attended (100%)
26 August 2014	3 members attended (100%)
9 December 2014	3 members attended (60%)
9 June 2015	4 members attended (80%)

Finance papers were also considered in full at the March 2015 meeting of the Board of Management.

There was an average attendance of 4 members at Finance and General Purposes Committee meetings during the period.

Board of Management

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 2014/15 included the following Items:

- **Correspondence Received** – to assess the impact on the College of SFC circulars, and other external matters as they arise;

- **Management Accounts and Financial Update** – to monitor operating results against budgets, and assess cash flows and forecasts;

- **Aged Debt Report** – to monitor client and student debt balances, and approve any proposed write-offs of unrecovered debts;

- **Institutional Sustainability** – to monitor the factors affecting the College's sustainability which fall within the remit of the Committee.

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 Committee have fully considered the implications of the re-classification on the College, in particular the impact on College budgets, accounts and working capital. The Committee have considered the differences in treatment of certain transactions for accounting purposes and for HM Treasury budget reporting, including consideration of additional expenditure against SFC's 'net depreciation cash budget'.

4.7   The Committee have monitored the ongoing developments on the College sector's Self—insurance Business Case following re-classification, and the tender for insurance services following the derogation granted by the Scottish Government for a three year period.

4.8   The Committee has continued to monitor the position with regard to ongoing issues in the Crichton building, and potential repayment of the contractors' retention held by the College.

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 2014/15, which was approved in March 2014, was monitored against actual results during the current year, including developments and changes impacting on the results and forecasts.

5.2   The budget for 2015/16 was reviewed at the Board of Management meeting in March 2015.

6   ANNUAL FINANCIAL STATEMENTS

6.1   The College Financial Statements for the sixteen month period April 2014 to July 2015 are in draft form, and the external audit is scheduled to take place during October 2015. 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 2015 has resulted in a net charge of £286,000 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 FRS 17 adjustments, have resulted in an operating deficit for the period of £508,000.

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 continue to address the changes arising from the ONS Reclassification of Scottish Colleges as Public Sector bodies, 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.

Board of Management

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 financial viability is maintained; 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

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

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

1   Welcome and Apologies

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

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

2   Declaration of Interest

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

3   Minute of Previous Meeting

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

4   Matters Arising

4.1   Insurance

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

4.2   Estates Projects 2015-16

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

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

5   Draft Annual Finance & General Purposes Committee Report

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

Board of Management

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

6   External Development Income

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

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

Members noted the report.

7   Financial Update at July 2015

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

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

8   Aged Debt report

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

Members noted the report.

9   Cash Flow Projections 2015-16

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

Members noted the report.

Board of Management

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

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

Members noted the report.

11   Any Other Business

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

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

14   Date and Time of Next Meeting

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

Board of Management

Minute of Meeting of the Learning and Teaching Committee of the Board of Management of Dumfries and Galloway College held on Tuesday 16 December 2014 from 2.00 pm in Room 2009, Dumfries campus

Present: D Holland, Board Member (Chair)
                        S Glendinning, Student member
                        J Henderson, Board Member
                        K Henry, Board Member
                        C McGill, Student member
                        C Turnbull, Principal and Board member

In attendance
                        R Anderson, Lecturing staff representative
                        K Somerville, Lecturing staff representative
                        A Wright, Vice Principal (Learning and Skills)
                        J Brown, Vice Principal and Secretary to the Board
                        S Sutherland, Executive Team Assistant

- **Introduction:** Student Association Development Officer, Gillian McKelvie

- **Presentation:** Student Support and Guidance, Shona Scott (Student Support and Guidance Manager)

The Committee welcomed a comprehensive presentation on the work of the Student Support and Guidance Area. During discussion Members expressed their appreciation of the excellent range of services provided to meet the many differing and complex needs of the students, to encourage them to achieve their individual goals. These ranged from transition from school, additional support in class, funding advice and links with many other support agencies. The Committee also agreed that it was important that students were made aware of what was available.

1   Apologies for Absence

Apologies for absence were intimated on behalf of C Grant, J Maginess and D Patterson.

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 Learning and Teaching Committee held on 7 October 2014 was approved.

4   Matters Arising

None.

5   Key Performance Indicators
The Vice Principal Learning and Skills spoke to the report which had been issued.

In terms of retention, the HE figure was very positive at 96% (OA target 82%) but the FE figure was 1% down on the same period the previous year, although the Heads of Faculty were confident that the % figure would even out and the OA target of 75% would be achieved. Staff teams were taking action on courses identified as being at risk.

Members noted the report.

6   Curriculum Developments

The Vice Principal Learning and Skills spoke to the report which had been issued.

The Committee noted that the College portfolio continued to develop across a broad range of programmes and the Curriculum Development Plan for 2015/16 had been agreed and was being developed, taking account of the Regional Skills Assessment issued by Skills Development Scotland and previous performance indicators/trends.

Members particularly noted the new level 6 Mechanical Engineering pathway; the agreed hospitality courses to commence in September 2015; a new HNC in Care and Administration in partnership with NHS and CDN: and continuing work with schools to develop vocational pathways.

The VP advised that the effect of the economic downturn was still affecting the Construction area and that Plastering had been removed from the curriculum in favour of a new multi-skilling programme in line with employer need. R Anderson advised that the availability of work placement was proving useful in encouraging students to focus on their employability skills.

7   Students Association Update

S Glendinning, Student Association President and C McGill, Student Association Vice President, advised on recent SA events and various amounts raised for charity. They reported that the SA Sustainability Officer had assisted in a bid for funding to the Climate Change Fund and on attendance by several members at the recent NUS conference.

8   Learning and Teaching Strategy

The Committee noted the draft Learning and Teaching Strategy which had been issued for information.

The Principal added that a new five year Strategic Plan would be issued early in 2015 when all the policies which fed into the L&T Strategy would be confirmed.

9   Any Other Business

None

10 Date and Time of Next Meeting

The next meeting of the Learning and Teaching Committee would take place on 10 March 2015 at 2.00 pm.

Board of Management

HUMAN RESOURCES COMMITTEE ANNUAL REPORT - DIRECTOR'S ANNUAL REPORT

1.   PURPOSE

The purpose of this report is to provide the Human Resources Committee with a summary of current HR activity/developments.

2.   LEGISLATION

There have been no significant changes to employment law which affect the College policies or procedures since the last report to the HR Committee therefore no revised policies for the Committee to consider.

A number of procedures have been reviewed in light of good practice recommendations throughout the year and updated on the College Intranet. These include:

- Staff Induction
- Sickness Absence
- Recruitment and Selection

As part of the College Quality cycle all procedures are automatically reviewed at least every 3 years unless changes are required in the intervening period.

3.   STAFFING ESTABLISHMENT

During the 2014-15 session the overall staffing establishment did not vary significantly with a variation from 204FTE to a maximum of 209FTE midyear, reducing back to 204FTE at the end of the session. On average there are 300 people employed by the college. There were a number of temporary contracts within the teaching areas due to long term absences which were terminated at the end of the session or when the absence ended.

The College operates with a number of zero hours contracts and there were approximately 30 during the academic session. The areas where they are used include:

- Temporary Lecturing
- Support Workers
- Work Based Assessor
- Open Learning Tutors
- CTS Trainers

Any member of staff who is on a zero hours contracts receives the same terms and conditions as a member of staff who receives a salary e.g. rate of pay, holiday pay, access to employee benefits. The College has made a positive commitment to reduce the number of zero hour contracts from the above areas. A review has taken place of the hours worked by individual staff on a timesheet basis and contracts issued for the start of the new academic session with contracted hours. These hours will be reviewed on an annual basis as they are expected to vary year to year. It has not been

possible to eliminate them completely due to the nature of some of the work i.e. a bank support worker who would only work where there is a staff absence.

4.   RECRUITMENT AND RETENTION

During the session the College placed 27 adverts recruiting 36 new members of staff. This included new/additional teaching posts in the areas of electrical engineering, mechanical engineering, hospitality, health/social studies and sport with replacement teaching posts in motor vehicle and construction. Across the support functions a number of replacement posts were recruited in the areas of support workers, work based assessors, marketing, reprographics, administration, invigilators and trainers. Traditionally the college does not have difficulty recruiting staff however there are a few areas where this is becoming more difficult e.g. engineering lecturing, and is mainly due to the difficulty in competing with the private sector salaries and location. The College participated in a national recruitment campaign with the Energy Skills Partnership in 2014 and feedback from potential candidates was linked to their inability to travel to Dumfries or not wishing to relocate.

Staff turnover for 2014-15 was 8.6% which is an increase on the previous year from 7.9%. This figure is voluntary staff turnover and does not include people who left due to the end of contract or compulsory redundancy. The national average turnover figure is 15% therefore the College turnover is relatively low in comparison. As an organisation it is good to have a low turnover rate however this may be counterproductive as it is healthy to have turnover to allow for new talent to be recruited.

The College has an exit interview process in place which enables the gathering of information to help improve retention and recruitment. The exit interview is conducted by HR with the view that individuals will be more open with responses than they may be with their manager. Where staff are unable to attend an interview a questionnaire is completed. Unfortunately not all staff attend for the exit interview nor complete the questionnaire. From the information gathered last session there were no major issues or concerns raised. Comments were received regarding the flat structure and therefore reduced ability for career progression, with other comments relating to training opportunities and how this can be difficult when there is a full commitment to teaching during term time. Reasons provided for leaving were varied and mainly linked to personal, retirement and career progression. Where an individual raises a specific issue this is discussed with the manager to identify if this was the case and if we can improve the situation for the future.

5.   DISCIPLINE AND GRIEVANCE

During the academic session there were no disciplinary hearings. There was 1 grievance:

- Grievance raised in relation to probation period plus failure to follow procedure – Grievance was partially upheld.

Board of Management

6.   GRADINGS

During the previous session there was 1 grading request which resulted in an increase in salary. The individual has not accepted this grade and discussions continue.

7.   HR DEVELOPMENTS

HR system

During 2014-15 the College tendered for a new HR system and this has resulted in the introduction of iTrent. The new system provides the facility for self service for individual staff to view their personal details and amend any details as required e.g. address, bank account. Staff are also able to view their absence details and staff development records. Additional features include the ability for managers to record absences directly; an enhanced reporting system; on line staff development booking process; and an online recruitment module. The HR department has concentrated on the introduction of the basic modules of the system during 2014-15 and will introduce the on line staff development booking and recruitment modules during 2015-16. Training has taken place with managers on the use of the basic elements of the system and it is planned to prepare standard reports which can go to managers on a routine basis e.g. sickness levels.

Recruitment Pilot

As explained previously to the HR Committee the College took part in a pilot with MyJobsScotland (MJS) for online recruitment. The pilot was completed in April 2015 with 2 Colleges who took part moving to the next stage of contracting with COSLA to use the system. Dumfries and Galloway College decided not to progress with MJS as the new HR system had this functionality built in at no additional cost. The recruitment reporting functionality may be reduced with the HR system compared to MJS but the amount of recruitment would not justify the additional annual cost.

Employee Benefit Scheme

In June 2015 the College introduced "SaveNet". This gave staff access to an exclusive discount website where they can save money at hundreds of high street retailers, supermarkets, restaurants and more. SaveNet allows staff to get discounts at some of the major retailers. These come in the form of online offers, SMS codes, reloadable gift cards, vouchers and instant eGift Cards. The College are able to monitor the use of the website and will be able to produce a future report indicating the savings that staff have achieved. This is in addition to the current cycle to work and computer loan schemes where staff can purchase a cycle or computer and pay monthly with no interest, also saving on tax and NI contributions. The College also offer a childcare voucher scheme but this is not heavily subscribed.

10.   RECOMMENDATION

Members are requested to note this report.

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.   Background

2.1   One of the duties of the Audit Committee is to review the Risk Management Policy and the effectiveness of risk management systems including the College's Strategic Risk Register. 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 ratings remains above 12.

3   The Report

3.1   The attached risk register has been reviewed and updated by the Principal and Executive Management Team to reflect the risks the College is facing and the mitigation that will be applied to each risk.

3.2   The only change since the last Board meeting is an increase rating from 4 to 12 for risk no 5 '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'.

This is due to continuing reliance on the Scottish College Foundation to support College developments.

3.3   The Audit Committee considered and approved the Strategic Risk Register at its meeting in 24 November 2015.

3.   Recommendation

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

Board of Management

Board Development Plan

1. Introduction

1.1 The purpose of this paper is to provide the Board of Management with the opportunity to consider the draft Board Development Plan for 2016.

2. The Report

2.1 To comply with the Code of Good Governance for Scotland's Colleges the Board of Management is required to keep its effectiveness under annual review and have in place a robust self-evaluation process. To that end and facilitated by Jan Polley, the Board met on the 11th November 2015 to consider its development plan moving forward. The key messages captured on the development day are contained in the attached draft development plan.

The Board should also consider who will monitor progress and further develop the plan.

To review evaluation reports on Board performance is part of the remit of the Selection and Appointments Committee. It is therefore proposed that this committee be responsible for monitoring and further developing the Plan. It is also proposed that this committee be strengthened to include the Chair of the Finance and General Purposes Committee. A meeting of this committee should be arranged early in the New Year to further consider the plan as well as review the remit and title of the Committee.

3. Recommendation

3.1 The Board is asked to consider and approve the board development plan.

Leadership and Strategy

This Year	Next Year
• Inclusive strategy development; good ownership	• Keep strategy under review as events change
• More aware of local jobs market	• Review information going to Board v Committees, especially Finance and risk register
• Good stakeholder engagement and recognise board role	• Monthly management accounts to finance chair?
• We have policies on equalities, diversity etc and reasonable grasp	• Keep stakeholders under review
• Do lot , and more than past, on social / economic needs (special needs, Stranraer etc)	• Keep key messages up to date
•	• Avoid complacency
	• Review any need for research on social / economic role

Student Experience

This Year	Next Year
• Receive regular student data including outcomes	• New staff feedback, questionnaire and respond as required
• Learning and Teaching committee openness useful	• Take advantage of chance to attend committees especially as development opportunity
• Student questionnaire useful	• Recognise will need to prioritise how spend funds more
• Good student member engagement. Union?	• Lets question committee reports to board
• Good focus on staff issues	• Useful comparisons for our schools work
• Good information on student experience and quality reports	• Ensure make use of student member
• Good information on school links	

Accountability

This Year	Next Year
• Doing lots on stakeholder communication, area committee involvement was good	• Build an area committee engagement

• Employee advisory board good examples	• Harness skills of board and own contacts more
• Keep risk register updated and robustly maintained	• How to make staff more aware of board e.g. presentation to staff
• Role is more commenting than decisions	• Be clear of decisions in minutes
• Useful experiment re integrating committee meetings but also downsides	• Need more than committee minutes; use presentations?
• Clear staff delegation	• Bring risk policy to board including board role on risk appetite / uncertainty
• Robust systems (5)	

Board Effectiveness

This Year	Next Year
• Good as avoid complacency	• Prepare questions you want to ask beforehand
• Good debate and constructive challenge	• HR / Union / Employment law experience helpful
• Too many accountants?	• Communication would help re clarity of roles e.g. student association
• Content act on united basis when decisions made	• Board role re student association
• Staff members feel part of board	• Committees do not need to be time sensitive
• Decisions made in best interests of college	• Reminder for board to contribute to agenda
• Management v Governance kept under discussion	• Recruit younger people
• Good to have full management team at board	• Alternative to board links? Student Association
• Board links process finished	• Should we have minimum / maximum times for meetings?
• Agendas focus on right things and sufficient discussion	• Make sure less experiences speak in big meetings
• All contribute well	• Recruitment those with vocational backgrounds. Seek more diversity?
• Abide by collective responsibility	• Chair to invite short feedback at end of meeting
• Be clear what can do to add value within governance role	
• Value Jannette's wider role and insights	
• Student / staff welcome to contribute	

Board of Management

Annual Report 2014-15 on Institution-Led Quality Review

Introduction

All colleges in Scotland are required by the Scottish Funding Council, 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 of 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.

This report provides the requested information under three key principles which inform and underpin quality assurance and enhancement; *high quality learning, student engagement and quality culture*.

1 Reflective Overview

1.1 Key Performance Indicators

In 2014-15 the College achieved 42,413 WSUMS, 116 short of the Scottish Funding Council target of 42,529. The College did actually achieve the activity target but had committed to an agreed number of funded places with University partners. If these places had been converted to WSUMS then the College would have exceeded its target by approximately 200.

Just over 84% of total WSUMS were delivered at the Dumfries campus with almost 16% delivered at the Stranraer campus. A total of 5,705 students enrolled on college programmes, which was a slight reduction on the previous year. 1,619 of these enrolled on full-time programmes which is a decrease of 13 on the previous year.

Higher National enrolments continue to grow with 505 full-time learners enrolled in 2014-15, compared to 393 in 2013-14. For the first time, Higher National Certificate courses were introduced in our Stranraer campus with 35 learners undertaking a range of Care, Early Education and Hair and Beauty programmes.

The student age range in session 2013-14 was similar to last session and like the gender balance fairly evenly spread as the following grid shows:

	All students		Full-time students		Part-time students	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
Under 16	288 (5%)	150 (3%)	61 (4%)	36 (2%)	227 (5%)	114 (3%)
16-17	891 (16%)	870 (15%)	457 (28%)	413 (26%)	434 (11%)	457 (11%)
18-19	782 (14%)	758 (13%)	430 (26%)	441 (27%)	352 (9%)	317 (8%)
20-24	829 (14%)	845 (15%)	330 (20%)	322 (20%)	499 (12%)	523 (13%)
25 and over	2949 (51%)	3082 (54%)	354 (22%)	407 (25%)	2595 (63%)	2675 (65%)
	5739	**5705**	**1632**	**1619**	**4107**	**4086**

Board of Management

The overall student gender balance in session 2014-15 was similar to last session and fairly evenly spread as the following shows:

	All students		Full-time students		Part-time students	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
Female	2919 (51%)	2880 (51%)	808 (49.5%)	868 (54%)	2111 (51%)	2012 (49%)
Male	2820 (49%)	2825 (49%)	824 (50.5%)	751 (46%)	1996 (49%)	2074 (51%)
Totals	**5739**	**5705**	**1632**	**1619**	**4107**	**4086**

In session 2014-15, 88% of college enrolments were from students living within the Dumfries and Galloway region a similar pattern to previous session as follows:

	All students		Full-time students		Part-time students	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
DG1 & 2 Dumfries	2250 (39%)	2196 (38%)	733 (45%)	695 (43%)	1517 (37%)	1501 (37%)
DG3 Thornhill	122 (2%)	134 (2%)	37 (2%)	37 (2%)	85 (2%)	97 (2%)
DG4 Sanquhar	161 (3%)	140 (2%)	55 (3%)	48 (3%)	106 (3%)	92 (2%)
DG5 Dalbeattie	163 (3%)	178 (3%)	48 (3%)	50 (3%)	115 (3%)	128 (3%)
DG6 Kirkcudbright	180 (3%)	143 (3%)	40 (2%)	36 (2%)	140 (3%)	107 (3%)
DG7 Castle Douglas	360 (6%)	342 (6%)	103 (6%)	111 (7%)	257 (6%)	231 (6%)
DG8 Newton Stewart	329 (6%)	330 (6%)	99 (6%)	112 (7%)	230 (6%)	218 (5%)
DG9 Stranraer	644(11%)	540 (9%)	195 (12%)	192 (12%)	449 (11%)	348 (9%)
DG10 Moffat	108 (2%)	130 (2%)	28 (2%)	39 (2%)	80 (2%)	91 (2%)
DG11 Lockerbie	341 (6%)	382 (7%)	102 (6%)	112 (7%)	239 (6%)	270 (7%)
DG12 Annan	407 (7%)	403 (7%)	141 (9%)	129 (8%)	266 (6%)	274 (7%)
DG13 Langholm	37 (1%)	38 (1%)	0 (0%)	2 (0%)	35 (1%)	36 (1%)
DG14 Canonbie	6 (0%)	13 (0%)	2 (0%)	1 (0%)	6 (0%)	12 (0%)
DG16 Gretna	40 (1%)	50 (1%)	9 (1%)	17 (1%)	31 (1%)	33 (1%)
Outside D&G	591 (10%)	686 (12%)	40 (2%)	38 (2%)	551 (13%)	648 (16%)
Totals	**5739**	**5705**	**1632**	**1619**	**4107**	**4086**

1.2   Stakeholder 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;
- Class Representative System;
- Student Association;
- Comment Cards (including compliments and complaints); and
- Perception Surveys.

Board of Management

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 and internal audits. Key strengths include:

- Strong curriculum planning based on robust self-evaluation and feedback from learners, employers and auditors
- Strong focus on learner engagement and the results
- Strong quality assurance framework and quality culture
- Modern and well equipped facilities

The College continues to increase employer engagement activity with the establishment of Employer Advisory Boards in key sectors. The purpose of these is to facilitate employer engagement, input and advice on curriculum matters to ensure the College delivers education and skills development that meets the current and future needs of industry to support the local and national economy, and to ensure the curriculum prepares learners to be job (employment) ready.

There was little unmet demand for full-time places at the beginning of session 2014-15. Subsequent to receiving the Regional Skills Assessment published by Skills Development Scotland a full review of the Curriculum was undertaken in 2014-15 and changes made to the curriculum plan for 2015-16 to introduce new programmes in Hospitality and Professional Cookery at its Dumfries campus.

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.

Dumfries and Galloway College and SRUC developed and signed a Memorandum of Understanding as means of promoting academic collaboration and organisational co-operation. The purpose of the Memorandum is to facilitate continued dialogue with specific reference to:

- The identification of areas of possible joint curriculum activity/development;
- The identification of potential collaborative opportunities and initiatives which benefit both organisations but also by working together to support the Regional Economy;
- The dissemination of information and the sharing of experiences among staff and students.

1.3   Improved progression in access-level provision

Dumfries and Galloway College offers a comprehensive programme from Access level to Higher Education programmes across all curriculum areas. Articulation links with University partners continues to increase and an Honours option has been developed as part of the Degree in Applied Enterprise. 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. The College has an excellent track record in delivering Princes Trust programmes, aimed at disadvantaged young people and many participants progress to further programmes of study and/or into employment opportunities. Through our SDS Contract the College delivers a range of Employability programmes in key sectors.

1.4   Industry-linked provision with a focus on employer needs, including involvement of employers in curriculum design

The College continues to increase employer engagement and develops and delivers programmes working with industry. Employers in the Hair and Beauty industry worked with the college to advise on curriculum design and delivery and changes have been made as a result of these discussions. Changes have been made to the delivery pattern of Hospitality courses in our Stranraer campus to meet employer needs. Courses now finish at Easter in order to allow employers to recruit learners for the busy summer period. The College also works with Industry partners to deliver bespoke training and examples include Stena Line to deliver Professional Cookery qualifications (Chef's Certificate) to their staff and Dumfries and Galloway Housing Partnership to deliver a bespoke programme.

Employer Advisory Boards were established in key sectors in October 2014 with the aim of ensuring the curriculum is fit for purpose and meets the needs of industry and to facilitate an increase in work placement opportunities, study visits and guest speakers. The second meeting of the Employer Advisory Boards was held in January 2015 and, once again there was a positive response, particularly in Hospitality, Engineering, Motor Vehicle and Business. We will need to undertake some additional work to encourage more employers in to participate and this work will continue in 2015-16.

The CREST project completed at the end of January 2015 and the College achieved its output and financial targets. The Centre (now named the 'Energy Centre') has been fitted with some additional equipment and is used to deliver training programmes to businesses and to offer 'additionality' to full time students studying relevant programmes in Construction and Engineering. Our Gas Assessment Centre is being incorporated into the Energy Centre which will provide a distinct brand and feel.

The development of a new, state of the art training restaurant and kitchen at the Dumfries Campus was completed in early 2015 and the first intake of learners commenced in September 2015. This development was a direct response to local economic need and was completed using funding from Scottish Funding Council and from the Scottish Foundation Trust.

1.5   Engagement with Education Scotland

The college was last reviewed externally by Education Scotland in March 2012 and received a positive set of evaluations with confidence being expressed in each area reviewed. Education Scotland commented that the college has made satisfactory progress against the three main points for action. Education Scotland annual engagement visit took place in May 2015. In 2014-15 the College participated in a three spate

Board of Management

thematic aspect tasks on the Senior Phase in Curriculum for Excellence, My World of Work and Supporting Learners to Succeed

2   High Quality Learning

2.1   Student Retention

Overall student retention decreased during 2014-15. Retention of students on full-time FE programmes was 70% a decrease of 4% on last session and 3% below the sector average. The College focussed on the following FE areas where retention was below the college target:

- Business improved by 11% to 75%
- Computing declined by 8% to 64%
- Care declined by 5% to 60%
- Hair and Beauty (Dumfries) improved by 5% to 68%
- Hair and Beauty (Stranraer)declined by 18% to 59%
- Sport declined by 2% to 67%

Retention of students on full-time HE programmes last session was 84%, an improvement of 2% on the previous session and is now above the sector average. The College introduced two new programmes of HE at the Stranraer Campus, in Social Care and Early Education and Childcare with a first year retention rate of 96%. The College focussed on the following HE areas where retention was below the college target:

- Social Care improved by 8% to 75%
- Early Education and Childcare improved by 4% to 82%

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   Student Progress and Outcomes

The overall percentage of students achieving successful outcomes decreased during 2013-14 by 1%.

Success rates for learners on full-time FE programmes improved by 2% to 64%, which is 1%, down on the sector average.   The College focussed on the following FE areas where successful outcomes were below the college target:

- Computing improved by 2% to 64%
- Engineering declined by 4% to 56%
- Social Care improved by 2% to 56%
- Hair and Beauty improved by 12% to 62%
- Business and Administration (Stranraer) improved by 18% to 71%
- Engineering and Construction (Stranraer) improved by 10% to 71%
- Hair and Beauty (Stranraer) remained the same at 56%

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Success rates for learners on full-time HE programmes decreased by 1% to 70%, which is in line with the sector average. The College focussed on the following HE areas where successful outcomes were below the college target:

- Beauty Therapy improved by 5% to 61%
- Electrical Engineering decreased by 16% to 47%
- Social Care Dumfries improved by 9% to 61%%

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.

	2012/13		2013/14	
	Enrolments	Success	Enrolments	Success
Disability	649	70%	712	72%
Age				
Under 16	239	60%	287	51%
16-17	823	68%	891	61%
18-19	736	68%	782	75%
20-24	785	70%	829	75%
25 and over	2971	78%	2949	84%
Gender				
Female	2950	74%	2919	76%
Male	2596	72%	2820	76%
Ethnicity (excl Scottish, English, Welsh Irish and Northern Irish)	320	66%	283	73%

2.3   School-college provision

During 2014-15 the college spent a large amount of time developing its relationships with the 16 schools across the region in developing and understanding and potential pathways associates with DYW. This resulted in 14 visits to Head Teachers and their Senior Management teams. The college also hosted the Annual Head Teachers Conference within 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.

New programmes introduced during 2014-15 included Digital Gaming and a new National 5 in Energy Skills for Work. The HNC Early Adopters' programme also continued during 2014-15.

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2.4   Self Evaluation

All curriculum teams completed the self evaluation process at the end of academic year 2014-15, 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 is across the curriculum – it forms the 'self evaluation wheel'.
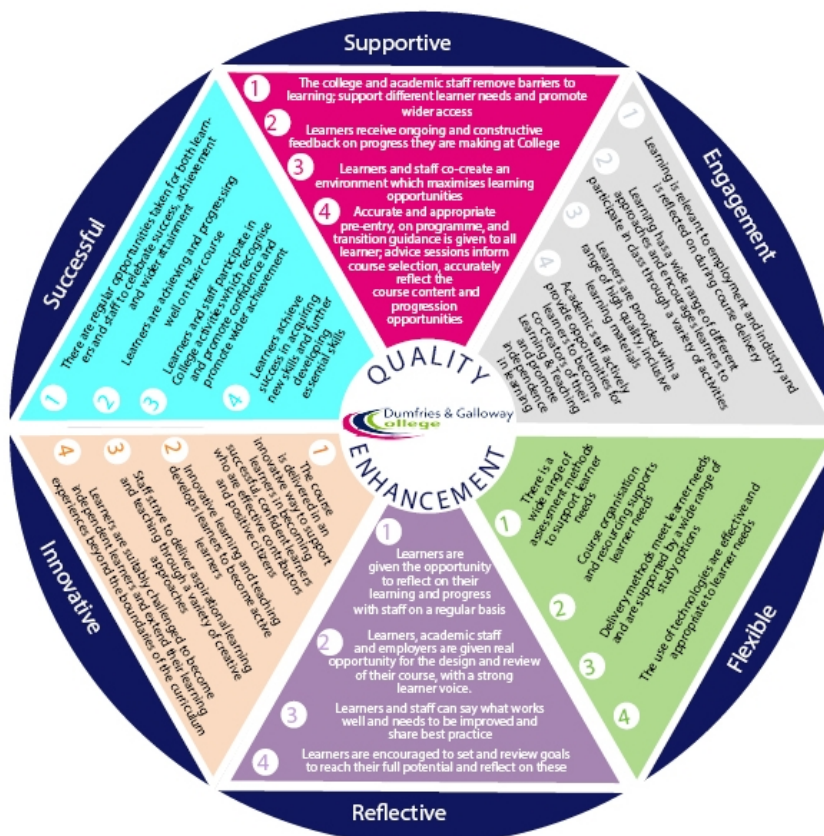
The process was streamlined by using four key prompts ensuring greater accessibility for both staff and learners. A selection of programmes which have been evaluated undergo peer review which ensures consistency of evaluation and an opportunity to reflect on practice.

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.

Examples of positive changes to the curriculum as a result of more detailed self evaluation of programmes include:

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- Creative Industries delivered National Certificates across the three curriculum streams which offered learners better progression opportunities and outcomes.
- Accounting and Business teams improved retention and learning outcomes using a holistic approach and increased e-assessment opportunities for learners.
- Computing HND was made more current using learner co-creation of optional unit choices which included computer forensics and ethical hacking.
- Health and Social Care programmes continued to have some courses with poor PIs. A new national 5 academic programme to better support higher academic requirements was introduced. As a result of learner feedback, those on the vocational pathway will now access more placement experiences.
- Hair and Beauty, a curriculum area with a trend of poor PIs were addressed using a number of measures. In terms of the ROA it was felt essential to avoid duplication of provision and therefore some programmes in this area were removed. More suitable and robust on course support is in place to ensure this trend is being reversed for session 2015/16.
- In the Hairdressing area at Stranraer, an innovative approach to delivery has been designed to be piloted in session 2015/16. The approach uses a completely blended method that allows learners a flexible attendance, learning and assessment pattern.
- "Project Search" is a programme developing real employability skills for young adults with identified needs. It is being implemented with a view to being rolled out in 2015/16 in conjunction with D&G College's partner D&G Council.
- The Engineering area has successfully delivered the HNC Electrical Engineering Programme as part of the local burgh schools senior phase. Building on this success this programme is being rolled out across the burgh using a blended learning approach.
- The Engineering area continues to work with Scottish Power and its subcontractors to deliver the Overhead Lines Technician programme to support the region.
- All key curriculum areas are progressing developments to establish STEM centre approval.
- As a result of a successful introduction of HNC in Coaching and Developing Sport, the HND is now offered to allow learners to progress to SCQF level 8.
- Following extensive research the new hospitality initiative for the Dumfries campus has been fully realised and is running with three full-time programmes from SCQF level 4 to 7. A SCQF level 8 is planned for 2016/17.

The self-evaluation process continues to focus on learner impact, and across the college learners are kept informed of supporting action plans and progress related to the impact on their learning and teaching. The process is updated throughout the year and is not left to specific dates for meetings to take place. As well as the examples of curriculum changes mentioned above, the following issues were raised which impact on learners progress:

- Course teams producing focused assessment plans enabling learners to plan for and meet the demands of the programme.
- Timetabling and sequencing of learning was adapted based on learner feedback.
- As a result of learner feedback the learning experience was enhanced with a more focused inclusion of added value study visits and team building activities.

- Late enrolments having a higher probability of being unsuccessful, the college has staggered the full-time induction week with the classes starting two weeks later from session 2015/16.
- Learner and staff feedback on delivery time for 15 credit HNC/D programmes resulted in the programmes being extended by one full academic week from session 2015/16.
- Some learners felt there had been a reduction in support time with academic staff and this was impacting on their progress.
- LearnNet (College virtual learning environment) continues to be identified as a positive tool for learners to use and the quality and quantity of the resource for learners is being supported by the Blended Learning Advisors and Learning and Teaching Mentors.

Course teams continue to improve the contextualisation of essentials skills and make these more vocationally relevant for learners. Contextualisation of core skills continues to be developed and in some areas these are now delivered by vocational staff as part of the programme.

There continues to be strong evidence across curriculum areas of a focus on the four capacities for Curriculum for Excellence (CfE) and the embedding of these into vocational work through real projects, live briefs and citizenship activities. Where relevant all curriculum areas have now fully embedded the new CfE qualifications at SCQF level 1 to 6. The Learning and Teaching Mentor team during observations have key prompts related to Curriculum for Excellence. Some curriculum areas still demonstrate widespread examples of volunteering and work placement, and in Care and Childcare work placement coordinators are in place to support the demand for this. Expansion of Childcare placements has been supported to develop Stranraer and has also been enhanced using partnership with NHS and D&G Council. Building on this success a new placement co-ordinator has been appointed for Hospitality and Sport. Computing continue to use vendor qualifications to add value to the programme and enhance employability skills.

The College is continuing to establish Employer Advisory Boards for Construction, Engineering, Care, Childcare, Creative Industries, Computing, Hospitality, and Hair and Beauty with a clear remit to work with the college in ensuring curriculum is fit for employer need, essential skills are in line with employer need and issues around volunteering and work placements with the sector can further be improved. The college remains committed to a Citizenship Week each year which gives learners at all levels an opportunity to develop confidence, self esteem and work across other curriculum areas and supports Curriculum for Excellence values.

Learners continue to compete in national, regional and sector based competitions to a very high standard and with excellent results.

3   Student Engagement

Following discussions with staff and feedback from learners a modified self evaluation process was rolled out in 2013-14. Where previously two evaluation wheels had been used, one for learners and one for staff these were put together to form the same self evaluation tool for learner and staff, "One Wheel". Learner engagement is planned to be enhanced for session 2015/16 with learners completing online self-evaluation questions. This new tool is designed to provide even better engagement with learners on their chosen

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programmes and where piloted in session 2014/15 feedback received from learners were very positive about this new approach. Feedback indicates that most learners still feel they have the chance to influence their learning and this is evidenced in the action plans developed as part of the self evaluation process.

There is clear evidence that learners who made direct recommendations to course teams regarding classroom activities and suggestions that influenced course design have been actioned. These actions are dealt with efficiently and the impact is measured as a result and continually discussed with learners.

Through the Learning and Teaching Mentor team there is unique information available to Management teams related to the quality of the learning and teaching within the college for each Faculty. This is in line with the colleges key prompts, and allows benchmark statements to be awarded for observed development visits of staff for the quality of learning and teaching related to how supportive, engaging, flexible, reflective, innovative and successful the quality of learning and teaching. In 2014/15 there was measureable progress in areas where previous learning observations identified challenges and weaknesses. Robust action plans were put in place followed by subsequent further observations and in all occasions positive progress was made. To further develop this progress mentors are now attached to specific faculties working closely with each respective Head of Faculty to focus on the faculties individual priorities.

In 2014/15 there were 39 observation visits which identified an increase of 2% in high quality and impressive learning experiences, an increase of 3% in creative with little weaknesses and a decrease of 8% in adequate, but significant training needs with only 1% indicating there were little/no strengths requiring major training needs. Targets have been set related to the improvement of learning and teaching for the mentor teams to achieve in 2015-16.

In session 2014/15 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.

During the month of May elections took place for the Student Association President. Discussions had previously taken place with the student body and it was agreed to support a sabbatical post on a part-time basis for one session. The post was funded through a project with the Scottish Funding Council and this also allowed the Student Association to elect and pay for one day per week 2 Vice Presidents and a number of officers. 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. An established event in the Student Association calendar is a Freshers Fayre held at both campuses.   Twenty 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.

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The Learners Wheel is a self evaluation tool used by curriculum staff so it was important to include this in the class rep training programme delivered by the Quality Manager. 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.

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. Senior Management and Student Executives meet on a regular basis to review college processes prior to re-issue.

4   Quality Culture

4.1   Developments in quality assurance

The Quality Manager is part of a Complaints Handling Advisory group that meets with the Scottish Public Service Ombudsman (SPSO) on a regular basis to review current practice and ensure compliance with the procedure.   Further discussion has taken place on the use of the original IT tool to support the recording of complaints but as no further development has been undertaken to update the tool, the College has made the decision to work with the IT tool developed by the College, which is proving to be very successful.

The courses offered through EDEXCEL continue to prove beneficial for learners and are very successful in assisting progression to HN level. A number of areas including Sport and Construction now offer these awards to learners.

In session 2014/15 we were subject to a systems development visit from SQA and this provided good feedback on the College Quality system. This visit was developmental and confirmed that the College quality systems were fit for purpose and only minor adjustments were necessary to ensure compliance with the new approach. For next session further developmental visit will be offered to allow both the College and SQA to review the process. It is likely that from session 2015.16 a more formalised systems visit will be organised. The majority of monitoring visits from awarding bodies were very successful with a few minor issues to be addressed in a small number of subject areas

The College plan to develop further units/awards through SCQF Credit Rating process. Staff from the Creative Industries faculty plan to develop a number of units/award for delivery in 2015.16 that will meet the needs of learners where an awarding body option is not available or not suitable.

Board of Management

4.2   Developments in quality improvement:

We continue to look for new ways to improve and enhance quality initiatives. The Learners Wheel is now well established in the College curriculum cycle and staff and learners continue to monitor the effectiveness of this initiative. A review of class representative training will be undertaken with the prospect of offering a volunteering award to those class reps who engage fully with the process.

4.3   Good practice in the Curriculum:

A number of examples of good practice identified from across a range of curriculum areas:

- Hair and Beauty students were involved in a project with Salon Basement 20 in Dumfries. Salon owner Ralph Yates–Lee a former student at the college offered learners a chance to work on a "live brief" giving them valuable work experience and a chance to showcase their work in his salon.

- The college ran a pre-employment course in partnership with the Job Centre and Marston's Brewery to identify potential employees for the restaurant. Several candidates where successful and went onto employment with Marston's.

- The college reached a milestone when we celebrated our 20th Prince Trust Programme with a special awards ceremony. Over 100 people from previous programmes gathered with friends and family at the college as part of the day. The programme has run for over six years at the college gaining 350 young people to gain confidence, skills and experience, the programme is also now one of leading colleges in Scotland for Princes Trust in terms of retention and attainment.

- Following last year's success it was decided to hold a Robert Burns themed reception and buffet dinner at Castle Douglas High School. The buffet gave students new experiences which helped develop a wide range of skills. The event was part of the schools and colleges commitment to supporting Curriculum for Excellence values.

- The college was shortlisted for the STAR Awards as a result of ongoing curriculum work related to sustainability and because of the approach of combining environmental issues with health concerns. As a result, the college collected the highly commended award in the Innovation Category.

- Following on from the successful CREST project the college has continued with the project and opened its own energy centre, which will focus on short courses and development opportunities for the regions employers around Solar Thermal Technologies, Heat Pumps and Biomass with potential for further developments in the future.

- The college developed a new bespoke hospitality area to deliver programmes in 15-16 for full time and part time learners named "ZEST". Target numbers have been set for 4 full time groups at Dumfries from Access level to HE due to employer demand for these skills in the region.

- The college hosted the Dumfries and Galloway Secondary Head Teachers' Conference with Head Teachers and around 40 senior teachers attending. Some extremely positive and dynamic discussions took place relating to Developing the Young Workforce.

- Kieran Paterson, a 2nd year Joinery Apprentice, won the top prize at this year's Scottish Association of Timber Trades teachers held at Forth Valley College.

- Citizenship week was another vibrant exciting time in the college and involved the college working for many organisations including, Moat Brae House, Young Carers, Help for Heroes, the Food Train, West Sound Cash for Kids, the Big Issues Scotland, Nith inshore lifeboat and the Bumblebee Trust.

- Due to the success of the partnership between Sports HE students and the NHS Building Health Communities the Heart and Soul project was nominated for "Innovative Practice Award" which it helps to support providing an excellent learning experience for all.

Board of Management

4.4 Internal Audit

In 2014-15 the College commissioned independent audits by Baker Tilly UK against 3 key areas of its operations:

- student Data activity;
- Student Funding; and
- Partnerships / Collaborative Arrangements

The audit opinion issued for all areas was 'substantial assurance'. The auditor identified a couple of helpful recommendations, all of which are now either completed or on target to completion during 2015-16.

Endorsement by Governing Body

On behalf of the Board of Management of Dumfries and Galloway College, I confirm that we have considered the college's arrangements for the management of quality of the learning experience for academic year 2013-14, including the scope and impact of these. I further confirm that we are satisfied that the college has effective arrangements to maintain and enhance the quality of its provision. We can therefore provide assurance to the Council that the quality of the learning provision at this institution continues to meet the requirements set by the Council.

Brian Johnstone   Carol Turnbull
Chair of the Board of Management   **Principal**

Board of Management

PREVENT Action Plan

1 Purpose of the Report

The purpose of this report is to update members on a new duty placed upon the College in accordance with the Counter Terrorism and Security Act 2015.

2 The Report

From 1 July 2015, in accordance with Section 26 of the Counter Terrorism and Security Act 2015 the College has a duty to have **"due regard to the need to prevent people from being drawn into terrorism"**. The College therefore needs to place an *appropriate* amount of attention on the need to prevent students and staff being drawn into terrorism.

Prevent is a strand of the UK Government Counter Terrorism Strategy – CONTEST. The *Prevent* area of work has three specific strategic objectives:

1. Respond to the ideological challenge of terrorism and aspects of extremism, and the threat faced from those who promote it;
2. Prevent people from being drawn into terrorism and ensure they are given appropriate advice and support; and
3. Work with sectors and institutions where there are risks of radicalisation that we need to address.

Prevent work is intended to deal with all kinds of terrorist threats, the most significant of these threats is currently from terrorism organisations in Syria, Iraq and Islamist inspired and associated groups. There is also the threat of terrorism associated with Northern Ireland.

Colleges have a key role in delivering *Prevent* and the Executive Management Team has agreed that this duty shall be managed through the adoption of a *Prevent* action plan. The underlying principals of the plan are twofold; firstly that the action plan will be proportionate, by that we mean 'intelligence led' by working in co-operation with external partners, in particular Police Scotland and secondly, in that this action plan will be integrated by that we mean wherever possible utilising existing action plans, procedures and processes. For instance this action plan also complements our IT Acceptable Use Policy; Safeguarding Policy and Procedure; Corporate Parenting Action Plan and our Equalities Outcomes 2015-17.

3 Recommendation

Members are asked to consider and approve the *Prevent* action plan.

Context

Dumfries and Galloway College takes its responsibilities for safeguarding very seriously. From 1 July 2015, in accordance with Section 26 of the Counter Terrorism and Security Act 2015 the College has a duty to have **"*due regard to the need to prevent people from being drawn into terrorism*".** The College therefore needs to place an *appropriate* amount of attention on the need to prevent students and staff being drawn into terrorism.

Background

Prevent is a strand of the UK Government Counter Terrorism Strategy – CONTEST. The *Prevent* area of work has three specific strategic objectives:

4. Respond to the ideological challenge of terrorism and aspects of extremism, and the threat faced from those who promote it;

5. Prevent people from being drawn into terrorism and ensure they are given appropriate advice and support; and

6. Work with sectors and institutions where there are risks of radicalisation that we need to address.

Colleges have a key role in delivering *Prevent* and the Executive Management Team (EMT) has agreed that this duty shall be managed through the adoption of this *Prevent* action plan. The underlying principals of the plan are twofold; firstly that the action plan will be proportionate, by that we mean 'intelligence led' by working in co-operation with external partners, in particular Police Scotland and secondly, in that this action plan will be integrated by that we mean wherever possible utilising existing action plans, procedures and processes. For instance this action plan also complements our IT Acceptable Use Policy; Safeguarding Policy and Procedure; Corporate Parenting Action Plan and our Equalities Outcomes 2015-17.

Prevent work is intended to deal with all kinds of terrorist threats, the most significant of these threats is currently from terrorism organisations in Syria, Iraq and Islamist inspired and associated groups. There is also the threat of terrorism associated with Northern Ireland.

College Leadership

Our developing approach to the *Prevent* duty is based on shared awareness and understanding of the risk of radicalisation in our area. The College recognises that this risk can change rapidly. The College is committed to:

- Ensuring student safety and that the College is free from bullying, harassment and discrimination.
- Providing support for students who may be at risk and appropriate sources of advice and guidance.
- Ensuring that students and staff are aware of their roles and responsibilities in preventing terrorism and radicalisation.

In complying with this duty the Executive Management Team will lead the delivery of this Prevent action plan. *This plan was approved by the Board of Management on the 15th December 2015*.

The Vice Principal, Governance & Corporate Services as the nominated Single Point of Contact, will represent the College at the Dumfries and Galloway Serious and Organised Crime/Counter Terrorism Group (SOCCT)

Staff Training
College staff will be expected to make appropriate referrals in accordance with the College's Safeguarding procedure. This action plan sets out the required staff training to support *Prevent*.

Plan Delivery
The College must be able to demonstrate an awareness and understanding of the risk of radicalisation, appreciating that this can change rapidly. The College has used existing management process for understanding the risk of radicalisation.

The College views Prevent within the safeguarding responsibilities. As such, should there be a concern, this should be reported in accordance with the Safeguarding Policy and Procedure. There is also guidance in the Whistleblowing Policy on raising concerns about terrorism and/or radicalisation.

College staff should be aware of potential activities and signs of radicalisation and have the confidence to report their concerns through the safeguarding process.   The College:

1. Will promote the ethos of the '*Prevent*' agenda through its classroom practice, theme weeks and induction activities, a belief in Equality of Opportunity and the Celebration of Diversity.
2. Will not host or allow its premises to be used by extreme groups and will seek to prevent the distribution of extreme literature.
3. Has a legal responsibility to forbid the promotion of partisan political views in the teaching of any subject in the college and must take such steps as are reasonably practicable to secure that where political issues are brought to the attention of students they are offered a balanced presentation of opposing views. Promotion of any organisations linked to violent extremism is contrary to the values of the college and could constitute misconduct.
4. Will provide appropriate support through its own staff or by referral to external agencies, for any student in danger of radicalisation.

Review
This action plan will be reviewed every 3 years, or following any lesson learned from issues raised or when legislation changes.

Workstream		Key Tasks	Comment	Action Required? Y/N	Nominated Lead	Date for Completion
Governance	1	There is a Prevent Lead for the Organisation at Executive level, overseeing delivery of the *Prevent* plan. • The plan has been subjected to an EQIA.	(deputy Andy Wright)	No	Jannette Brown, Vice Principal	Completed
	2	Policies and Procedures that are in place to adequately address *Prevent* concerns.	Safeguarding policies and procedure to include Prevent concerns	Yes	Jannette Brown, Vice Principal	January 2016
	3	There are organisational and inter- agency agreed protocols and procedures for: • Obtaining advice • Raising concerns • Information sharing • Escalation processes and procedures • Monitoring and recording referrals A list of internal and external *Prevent* contacts has been circulated to all managers	Already establish safeguarding just need to add in 'Prevent' concerns and contacts	Yes	Jannette Brown, Vice Principal	December 2015
	4	Police Scotland presentation to the Board of Management on Prevent	PC Ron Matthews to attend board meeting on 15th December	Yes	Jannette Brown, Vice Principal	December 2015
	5	Organisational risk assessments include *Prevent*-related risk issues.	Use intelligence to assess risks and where appropriate include on the Strategic Risk Register	Yes	Jannette Brown, Vice Principal	Ongoing

	6	Governance and risk reporting requirements include *Prevent* incident(s) reporting for both organisational and inter-agency issues/incidents	Yes, this will be included in any safeguarding reporting	Yes	Jannette Brown, Vice Principal	January 2016
	7	There are internal arrangements for debriefing staff after a *Prevent* incident, capturing learning from cases /incidents that have happened, and disseminating the information throughout the organisation. These internal arrangements will enable the organisation to prepare for and contribute effectively to a subsequent multiagency review process.	Staff will be debriefed as and when incidents occur. Each incident will be looked at separately for lessons learned in particular what could we have done better, how can we improve things should there be a next time (such as reviewing the guidance given, procedures, inclusion on risk register etc)	Yes	Jannette Brown, Vice Principal	Ongoing
	8	Responsible and effective use of the internet and social media platforms using organisations IT equipment is continuously promoted.	College already has an 'acceptable use policy which students and staff must sign up to as part of their IT induction. We also have filtering software (Bloxx) in place to prevent students and staff accessing inappropriate sites such as pornography, rape, and radicalisation. As new threats are identified our software is updated to prevent access	Yes	Eric Dunbar, IT Manager	Ongoing

	9	There are protocols, policies and procedures in place to: • Promote appropriate use of in-house Facilities • Prevent inappropriate canvassing/leafleting.	There are a variety of ways this is done – student and staff induction; student and staff handbooks; ICT policy; ICT Acceptable Use policy; guidelines on the use of email and social media; marketing policies Student Association	No	All College Leadership Team	Ongoing
Staff and Volunteers	10	Staff Induction programmes highlight *Prevent-related* issues and awareness raising / training opportunities.	Staff induction programme to be amended to include training	Yes	Helen Pedley, Director of Organisational Development & Facilities	July 2016
	11	Staff are aware where they can obtain information about *Prevent* and how and where they can raise any concerns.	Once the safeguarding procedures have been updated the necessary information will be communicated to staff	Yes	Shona Scott, Head of Student Support	February 2016
	12	Staff know where to access relevant organisational protocols, policies and procedures.	Yes	Yes	Jannette Brown, Vice Principal	February 2016
	13	Staff know how to intervene with vulnerable students at risk of radicalisation and support those who are the subject of a Prevent Concern	Yes, key members of staff have already been 'Prevent' trained but this will be strengthened once safeguarding procedures are updated	Yes	Jannette Brown, Vice Principal	February 2016
	14	Staff are aware of their responsibility to raise concerns and know how and where to do this.	See above	Yes	Shona Scott, Head of Student Support	February 2016

Training and development	15	A programme of awareness raising and training is being rolled out. Appropriate individuals in the organisation have trained to deliver WRAP to key frontline staff. Staff and volunteers attend WRAP and associated updates in accordance with organisational requirements	Staff induction programme to be amended to include training. A fair number of staff who already deliver, in particular to vulnerable groups, have already been trained	Yes	Helen Pedley, Director of Organisational Development & Facilities	July 2016
Partnership Working	16	Locally agreed protocols, policies and procedures are in place for addressing *Prevent* concerns that appropriately utilise the expertise of partner agencies when dealing with concerns.	Yes, Jannette Brown is a member of the local multi-agency Serious & organised crime/counter terrorism group	No	Jannette Brown, Vice Principal	Ongoing
	17	There are locally agreed protocols and procedures for sharing information, including joint information.	Yes, the college works closely with local agencies	No	Jannette Brown, Vice Principal	Ongoing
	18	The *Prevent* Lead regularly attends local or regional inter-agency *Prevent* meetings.	Yes		Jannette Brown, Vice Principal	Ongoing
	19	There are appropriate processes for co-operation and joint care planning with other providers/agencies where care is transferred or shared. The above should take account of appropriate information-sharing procedures	Yes, initial contact should be made with Jannette Brown in the first instance or Andy Wright in her absence.		Jannette Brown, Vice Principal	Ongoing

Board of Management

Corporate Parenting Action Plan

1   Purpose of the Report

The purpose of this report is to update members on a new duty placed upon the College in accordance with the Children and Young People (Scotland) Act 2014.

2   The Report

On the 1st April 2015, parts of the Children and Young People (Scotland) Act 2014, came into effect. Part 9, relating to Corporate Parenting, was one of the parts of the Act which came into effect. Under the Act the College is now a Corporate Parent and as such must prepare, keep under review and publish a 'Corporate Parenting Plan'.

3   Recommendation

Members are asked to consider and approve the Corporate Parenting Plan.

1 Introduction

On the 1st April 2015, parts of the [Children and Young People (Scotland) Act 2014](), came into effect. Part 9, relating to Corporate Parenting, was one of the parts of the Act which came into effect. Under the Act the College is now a Corporate Parent and as such must prepare, keep under review and publish a 'Corporate Parenting Plan'.

2 What is corporate parenting?

The definition from statutory guidance on corporate parenting is:

> "An organisation's performance of actions necessary to _uphold the rights_ and _safeguard the wellbeing_ of a looked after child or care leaver, and through which physical, emotional, spiritual, social and educational development is promoted".

Section 96(2) of the Act describes the term wellbeing in terms of eight indicators.

- Safe
- Healthy
- Achieving
- Nurtured
- Active
- Respected
- Responsible
- Included

3 Who does corporate parenting apply to?

3.1 In the Act corporate parenting applies to:

a. _Every_ child who is looked after by a local authority (this may be in Foster Care; Kinship Placement; at home; Residential Unit or School; and Secure Unit.)

b. _Every_ 'care leaver' under the age of 26

3.2 Post Education

Looked after children and care leavers can often lack the skills and self-esteem necessary to impress employers, and as a result many find themselves trapped in long term unemployment.

4 What does it mean to be a corporate parent?

4.1 The Act states that corporate parenting for the College is about secure nurturing, positive childhoods, from which vulnerable young people can develop into successful learners, confident individuals, responsible citizens and effective contributors. The Act states:

> "It's about listening to the wishes, needs and fears of the children and young people we work with, and proactive and determined in our effort to meet them."

The corporate parenting plan follows the model developed by The Centre for Excellence for looked after Children in Scotland (CELCIS):
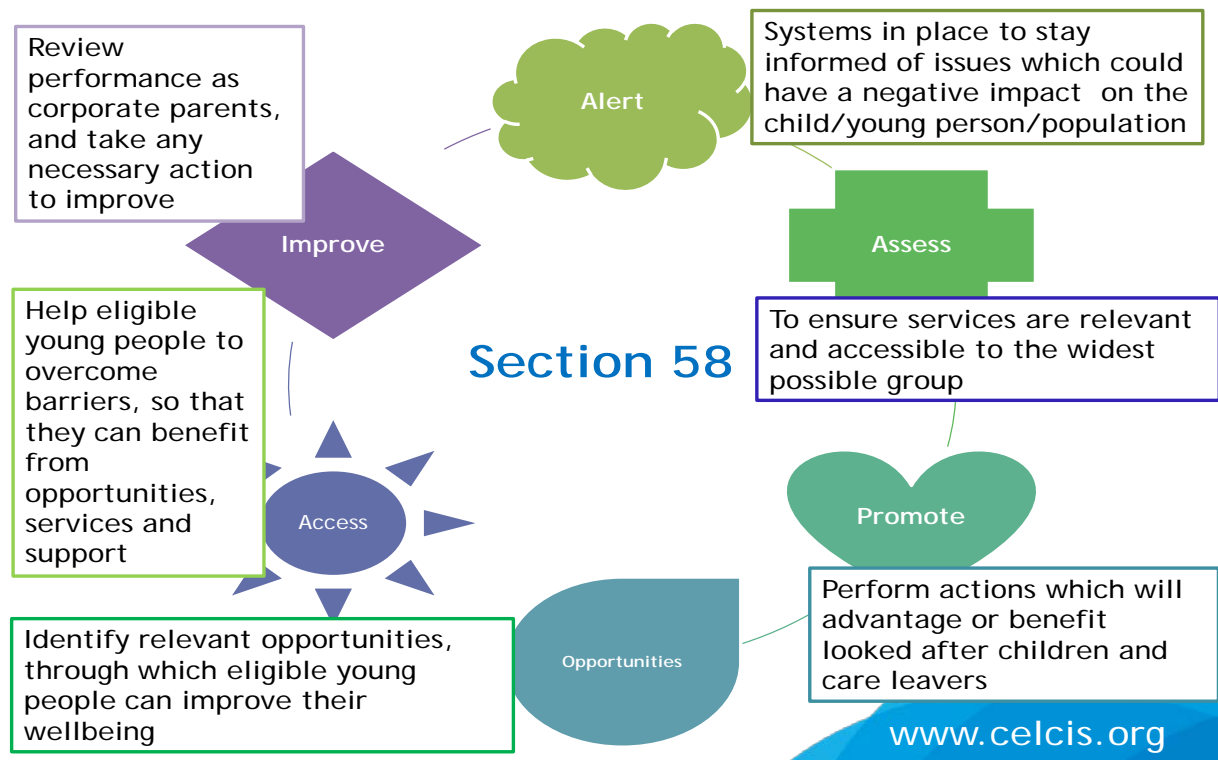
5   Collaboration

It is also a requirement that corporate parents must work in collaboration with other corporate parents, sharing information, providing advice or assistance, co-ordinating activities, and funding activities jointly. The College will collaborate with Dumfries and Galloway Council, local schools, Skills Development Scotland, and local Universities. **In addition to the six areas above the Plan includes activities and actions in relation to collaboration.**

3   Review

The action plan will be reviewed every 3 years or whenever legislation changes affect any part of it.

This plan was adopted by the Board of Management at its meeting on the 15th December 2015.

4   The Plan

The plan covers each of the six areas and follows the model developed by The Centre for Excellence for looked after Children in Scotland (CELCIS). The six areas are:

Area:	Current relevant activities	Actions needed to progress work in this area	Expected outcomes
1 Alert	1.1 Care Leavers and Looked After Young People (LAYP) have a specific contact in the student support and Guidance Team, but all staff will support at any given time.	All staff in Dept aware of issues which may affect LAYP and Care Leavers	Monitor attendance and behaviour. Liaison with social worker, residential care providers etc. Having a specific Adviser dedicated to this role means information does not get lost in the system, and is passed to relevant staff in the College
	1.2 When at schools transitional meetings be proactive/asking about Care Leavers and LAYP who may apply.	Contacting Pupil Support staff in relevant year groups.	Fewer students arriving about whose needs we are not aware. Continue with the close collaboration with feeder schools to identify prospective students.
	1.3 Contacting Residential Care Homes to ensure we are aware of all young people in care who are attending	Phone calls/ visits	Fewer students arriving about whose needs we are not aware. Identify all Care Leavers and LAYP.
	1.4 Advice sessions for students to include general Care Leaver info. Mentioning relevant staff by name.	Teaching staff aware of where to sign post the students. Obviously not asking directly, but making whole group aware of facilities.	Care Leavers and LAYP going to Student Advisers in point for info. Knowing there is a support system. Give advice and information to make sure they are fully supported and aware of support available.
	1.5 Application form / enrolment forms	Adjust forms	Greater awareness to be able to support the

Area:	Current relevant activities	Actions needed to progress work in this area	Expected outcomes
	more user friendly for this group, to allow them to alert us to their circumstances		group of relevant students.
	1.6 Ensure we have named contact for the young person in the community.	This will be on new assessment form	Quicker communication
	1.7 Listen 2Us group	Arrange meeting	Awareness of issues/ difficulties from the young people themselves. Opportunity to develop useful systems.
	1.8 Staff development/ suitable events	CDN/ Safeguarding events	Awareness of the difficulties to make sure the care leavers are LAYP are not disadvantaged
	1.9 Education Support Workers can classes for students struggling.	I. D. struggling students and refer for Needs Assessment	Ed support put in place
	1.20 All new staff made aware of possible issues /difficulties	At induction	awareness of responsibilities and risks
	1.21 Through care team	contact	Multi-agency support
	1.22 Member of councils Corporate Parenting team	Communication	Relevant Information sharing.
	1.23 Changes in student behaviour	Be proactive	Support/ sign post to agencies for help
	1.24 Student Association and Class Reps made aware of who to liaise with if they are dealing with an issue regarding a LAYP person. They must sign post.	Training for class reps and Student Association.	All relevant staff aware of possible issues surrounding a LAYP or Care Leaver
	1.25 Residential Care Homes, Kinship Placements, Foster Carers and Secure Units all have contact details of the member of staff	Ensure that agencies involved have the contact details at the earliest opportunity.	Information is shared effectively.

Area:	Current relevant activities	Actions needed to progress work in this area	Expected outcomes
	responsible for LAYP people and Care leavers in College		
2 To assess the needs:	2.1 Consult and engage with LAYP and Care Leavers to identify needs and potential barriers to participation	Individual or group meetings as the group see fit.	Improving provision. To ensure staff understand barriers faced by that student group
	2.2 Information sheet developed (mini needs assessment)	Form developed. Awareness of SHANARRI principles	Useful information relevant individual students, to ensure we effectively teach and support the student.
	2.3 Transitional meetings with Care providers and the prospective student. Collaboration with other agencies. Data sharing.	Awareness of provision in the community	Awareness of issues to ensure the best possible start at college. Early intervention. Effective partnership with care providers to ensure any additional needs are identified and the process of providing specific support put in place i.e. needs assessment carried out. Ensure care providers have sufficient info on relevant college paper work.
	2.4 Application form allows students to alert us to the fact they are Looked After or Care leavers	Emphasise this at meetings, advice session, to social workers and other relevant staff	Their needs are met as soon as possible, and less chance of getting lost in the system.
3 To promote the interests	3.1 Liaise with Princess Trust	Meetings with Team leaders	Info on students who have taken part, and any problems of which we need to be aware/ address.
	3.2 Liaise with student association	Introduce students to students involved in association.	Awareness/ inclusion in events
	3.3 Get-together with the students who	2 lunches per academic year	Friendships.

Area:	Current relevant activities	Actions needed to progress work in this area	Expected outcomes
	feel comfortable with meeting as a group.		
	3.4 Peer mentoring. Previous year students (LAYP and Care Leaver) mentoring new students	Similar to "Just Ask" but more on a relatable level. Support/Friendships

Meeting/training with potential mentors to pass on the strict guidelines for the peer mentoring. | Responsibility for mentors

Security. Friendships new students |
	3.5 Student adviser for LAYP and Care Leaver organises additional funding if appropriate	Keep fully informed through student referral system of concerns/ absence by teaching staff.	Improve retention
	3.6 Student contact details	Ensure we have relevant email /contact details of student. Not just their care providers	Ensure students have all relevant info/ empower
4 To seek to provide opportunities:	4.1 Pre-course meetings as necessary	Dates/ times arranged in advance.	Smooth transition and awareness of possible barriers to learning/ inclusion
	4.2 DG Access entry forms	Targeting all students to make them aware	Develop social skills. Increase activity. Healthy options
	4.3 Work closely with Skills Development Scotland to promote opportunities.	Contact and meeting	Help with positive destinations/ awareness of career paths.
	4.4 Promote Lunchtime Sports Activities / Gardening Club	Information to be circulated to students.	Confidence/Inclusion
	4.5 Involvement in Citizenship week	Students aware of opportunities	Confidence/ Inclusion
	4.6 Thorough pre-exit meeting	One to one meetings arranged.	Positive destination after college course
5 To	5.1 Leaflet explaining what they can	Leaflet finished which is at development	Greater security/ awareness for students.

Area:	Current relevant activities	Actions needed to progress work in this area	Expected outcomes
take action to help these children access opportunities and make use of services:	access at college how they will be supported	stage	
	5.2 Information on smoking cessation , pregnancy health, sexual heath, drugs and alcohol etc	Information sessions, leaflets, sign posting. Citizenship.	Improved health
	5.3 Promote use of College Fitness suite.	Students shown around and induction arranged	Feel good factor/ healthy living/ inclusion
	5.4 Make use of College "Just Ask" scheme.	Make students aware that they can " just ask"	Info as needed re college / directions. They will be sign posted to a member of Student Support and Guidance Team if the "just ask" student cannot help.
	5.5 Introduce to Team Leader Educational support	Meeting	Awareness Ed support and confidence to ask if struggling academically.
	5.6 A new tab to be developed on LearnNet for care leavers and LAYP where services, opportunities and contact details of relevant support staff are featured.	Meeting with Information Services to move this forward.	Information communicated effectively to students.
	5.7 Pre-exit one to one meetings	Via PLSP system	Positive destinations
	5.8 Vacation grant from SAAS	Make students aware	Encourage to progress in their education and help financially
6 To take actions to improve as a corporate parent:	6.1 Crichton Foundation money to help with financial difficulties	Advisers explaining benefits	Relieve some monetary stress
	6.2 Awareness of current provision and associated services for young people leaving care.	Contact with social work/ housing partnerships	Awareness of difficulties and provision available when advising young people.

Area:	Current relevant activities	Actions needed to progress work in this area	Expected outcomes
	6.3 Liaise with Care hub(Police Scotland) for safeguarding issues	Continue to liaise	Awareness of issues and steps which may need to be taken.
	6.4 Holywood Trust applications considered for appropriate students.	Advisers or Personal Tutors identifying appropriate students.	Students making application to assist in a crisis or to help academically.
	6.5 Continue to provide a good quality and effective service.	Get feedback from LAYP and Care Leavers	Change processes as needed to ensure we continue to provide and effective, high quality service.
7 To collaborate with other corporate parents	7.1 Schools.	Contacting schools who have changed staff/ have become remise about asking College to transitional meetings	Young people's needs flagged up to College before they enrol at College
	7.2 Children's Hearings/ reporter	Session to raise awareness.	Panel members aware of College courses/ issues.
	7.3 Skills Development Scotland	Session to raise awareness	Positive sign posting for college and SDS
	7.4 Lead "Named person" for council	Continue to meet to progress systems.	System for referral from College
	7.5 Police	Continue to liaise, and maintain links	Support and information, holistically.
	7.6 Social work	Continue to liaise	Support and information
	7.7 Local authority care homes and private care homes	Making them aware of our facilities / support systems.	Working in partnership to ensure the best possible outcomes for students in residential care.
	7.8 The College is committed to attending external training events on Looked after children , young people and care leavers	Being aware / alert to training opportunities. Staff members share info to relevant staff group.	Constantly improve skills for working with this group of students.

Board of Management

REVISED BUDGET FOR 2015-16

1   PURPOSE OF REPORT

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

2   REPORT

This budget relates to the period August 2015 to July 2016. The budget previously approved by the Board has been revised and now incorporates the following changes:

2.1   Scottish Funding Council Income

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

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

2.2   Pay costs

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

2.3   Student Support

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

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

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

2.4   Scottish Colleges Foundation

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

2.5   Property revaluation and depreciation

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

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

3   NET OPERATING RESULTS

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

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

The Finance and General Purposes Committee considered the revisions at its meeting on the 8th December 2015. The Committee requested a column showing the original approved budget figures be added to the report when presented to the Board.

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

4   RECOMMENDATION

The Finance and General Purposes Committee recommends that the Board of Management consider and, approve the Revised Budget.

Board of Management

BUDGET SUMMARY 2015/16

	Original Budget - June 2015	Changes for approval - December 2015	NOTE:	Revised Budget - December 2015
INCOME	£000's	£000's		£000's
Grant Income	9,207	266	**1.**	9,473
Release of deferred capital grant	836	-20	**2.**	816
Fee Income	1,557	2		1,559
Other Income	68	0		68
Total Income	**£11,668**	**£248**		**£11,916**
EXPENDITURE				
Total Pay Costs	**£7,848**	**-£138**	**3.**	**£7,710**
Property Costs	673	610	**4.**	1,283
Other overheads	1,814	-100	**5.**	1,714
Depreciation	1,232	-32	**6.**	1,200
Student Support Contingency	100	-100	**7.**	-
Total Other Costs	**£3,819**	**£378**		**£4,197**
Total Expenditure	**£11,667**	**£240**		**£11,907**
OPERATING SURPLUS/ (DEFICIT)	**£1**	**£8**		**£9**

STUDENT SUPPORT				
	£000's	£000's		£000's
Income	2,837	-304	**8.**	2,533
Expenditure	2,837	-304	**8.**	2,533
Net costs to be met by College	**£0**	**£0**		**£0**

NOTES:

1. Grant Income
The net increase in grant income reflects the additional grant of £550,000 from the Scottish Colleges Foundation and £18,000 additional ESOL grant, less the reduction in Scottish Funding Council ESF core grant of £302,000.

2. Release of deferred capital grant
The release of deferred capital grant has decreased following revised calculations from original estimates for Hospitality developments, and are based on the actual grants received at 31 July 2015.

3. Pay costs
The budget for pay costs has been updated to reflect the current requirements for the planned curriculum.

4. Property costs
The Scottish Colleges Foundation developments are estimated to cost £550,000, which will form part of the property budget. In addition, £65,000 has been transferred from the Operational Plan budget which had originally been allocated to other overheads.

5. Other overheads
The original Operational Plan budget allocation of £100,000 has been reduced by £35,000 with the balance remaining of £65,000 transferred to the property costs budget.

6. Depreciation
The depreciation forecasts are based on final costs for the Hospitality developments, and has reduced from original estimates

7. Student Support contingency
The contingency of £100,000 has been removed as the current forecast expenditure is within available funding for the year.

8. Student Support
The student support grant has been reduced to reflect the ESF grant which will not be drawn. The projected expenditure has also been reduced in line with this.

Board of Management

ESTATES STRATEGY

1.   Introduction

1.1   The purpose of this paper is to provide the Board of Management with an opportunity to comment on the draft Estates Strategy.

2.   Background

2.1   The attached strategy provides the Committee with information regarding the current estate and potential future implications. The Finance and General Purposes Committee considered the Strategy at its meeting on the 8th December 2015.

3.   Recommendation

3.1   The Finance and General Purposes Committee recommends that the Board of Management consider and, approve the Estates Strategy.

Estate Strategy

2015 - 2020

Contents   **Page**

1. Introduction

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

Through our estates strategy we aim to:

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

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

2. Strategic Context

Dumfries and Galloway is situated in the South West of Scotland. It is 77 miles from Glasgow and 79 miles from Edinburgh to the main town of Dumfries. D&G is the third largest region in Scotland in terms of landmass, but is one of the most sparsely populated with 151, 300 people (on Census day 2011) spread over 6,426 square kilometres. Nearly a third of the population lives in remotes area (further than 30 minutes drive from a large town). The region suffers from a poor transport infrastructure with limited public services. Dumfries and Galloway College is a partner of the regional transport group and recognises the travel difficulties students have in attending College. The College addresses this difficulty by provisioning bus services from /to key towns/settlements such as Stranraer, Newton Stewart, Machars, Moffat, Kirkconnel, Sanquhar, Dalbeattie, Annan, Gretna and Lockerbie, which are free to College students. The region faces many challenges – the economic situation, (currently it has the lowest average wage in Scotland and economic recovery is slow compared to other regions), rurality, and an ageing population.

As the only general Further and Higher Education College in Dumfries and Galloway, the college offers a broad curriculum from Access to degree level from two campuses, Dumfries and Stranraer (75 miles from the main Campus). In a region where there is a higher proportion of people with no or low level qualifications, the college adopts an Open Access policy and delivers programmes at Scottish Credit Qualification Framework level 4 or below which do not require any formal entry qualifications. This is in line with the Dumfries and Galloway Economic Strategy's aim to raise the low skills and qualifications base in the region. The college is committed to meeting learner needs by providing appropriate learning opportunities, skills and qualifications, ensuring that fewer young people in Dumfries and Galloway are not in employment, education or training.

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

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

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

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

3. Review of Existing Estate and Operation

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

Dumfries Campus

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

A new hospitality training facility comprising a restaurant, bar, kitchens and food store was completed in January 2015. This was constructed within the envelope of the overall building.

Students have already enrolled and commenced hospitality studies in September 2015.   With the construction of the hospitality project and the Energy Centre building, the overall floor space for Dumfries Campus has therefore increased from 14,243 sq m to 14,485 sq m over the past 6 years.

The Henry Duncan Building is an annex of the main Dumfries Campus adjacent to the main college entrance. This is presently used by the Crichton Foundation under a partnership agreement which commenced in April 2013 and is presently funded until 31/12/16. Should the present use by the Institute be terminated, this would free up space in the building for other purposes.
In 2013/14 the College, as part of an INTEREG funded project in conjunction with Irish partners, opened an Energy Centre which is a detached timber building. The Energy Centre is a training facility focusing on delivering courses in:

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

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

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

Stranraer Campus

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

Catherinefield, Heathhall, Dumfries

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

4.   College Usage and Student Numbers

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

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

Table 2: Dumfries and Galloway College 2014-15 Student Enrolments (Part-time)

Curriculum Area	Student Enrolments per Campus		
	Dumfries	Stranraer	Total per Faculty
Building and Engineering Services	310	2	312
Hairdressing, Beauty, Hospitality & Sport	87	11	88
Education, Health and Social Studies	315	29	344
Business, Computing and Creative Industries	91	12	103
Total	803	54	847

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

5.   Estate Condition

5.1 Dumfries Campus

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

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

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

5.2 Stranraer Campus

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

- Electric under floor heating, various locations have known problems that require attention. This necessitates the use of portable heaters in a few areas.

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

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

- Improved thermal insulation.
- Internal room alterations to better meet the needs of the college.
- Provision of external bicycle storage lockers to help encourage local cycling as part of the college's green travel plan.
- Lighting improvements and ceiling insulation.

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

5.3 Catherinefield, Heathhall, Dumfries

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

6. Running Costs

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

Table 3: Running Costs for Dumfries and Stranraer Combined

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

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

7. Valuations

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

Table 4: Site Valuations by Campus

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

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

8. Fitness for Purpose

8.1 Dumfries Campus

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

8.2 Stranraer Campus

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

8.3 Catherinefield

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

9. Campus / Site Performance Assessments

Table 5: The building energy performance assessments

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

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

10. Future Plans

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

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

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

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

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

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

Catherinefield

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

11. Opportunities

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

12. Transport - Vehicle Fleet:

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

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

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

13. Financing

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

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

14. Conclusion

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

Board of Management

CLIMATE CHANGE ACTION PLAN

1.   Introduction

1.1   The purpose of this paper is to provide the Board of Management with an opportunity to comment on the draft Climate Change Action Plan.

2.   Background

2.1   The attached Plan provides the Board with information regarding the proposals and actions to reduce the College's carbon emissions by 20% by 31 December 2019 in line with the Regional Outcome Agreement. The Finance and General Purposes Committee considered the draft Climate Change Action Plan at its meeting on the 8th December 2015.

3.   Recommendation

3.1   The Finance and General Purposes Committee recommends that the Board of Management consider and, approve the Climate Change Action Plan.

Dumfries and Galloway College

Climate Change Action Plan

2015 - 2020

Date: **October 2015**

Contents

Foreword from the Principal

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

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

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

Carol Turnbull
Principal & CEO
Dumfries and Galloway College

Foreword from the Carbon Trust

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

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

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

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

Paul Wedgwood
General Manager, Carbon Trust in Scotland

Executive Summary

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

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

Such a reduction would result in cost savings by the end of the final year of approximately £280,000 together with an overall cumulative reduction of approximately 900 tonnes of CO_2 emissions against a business as usual scenario.
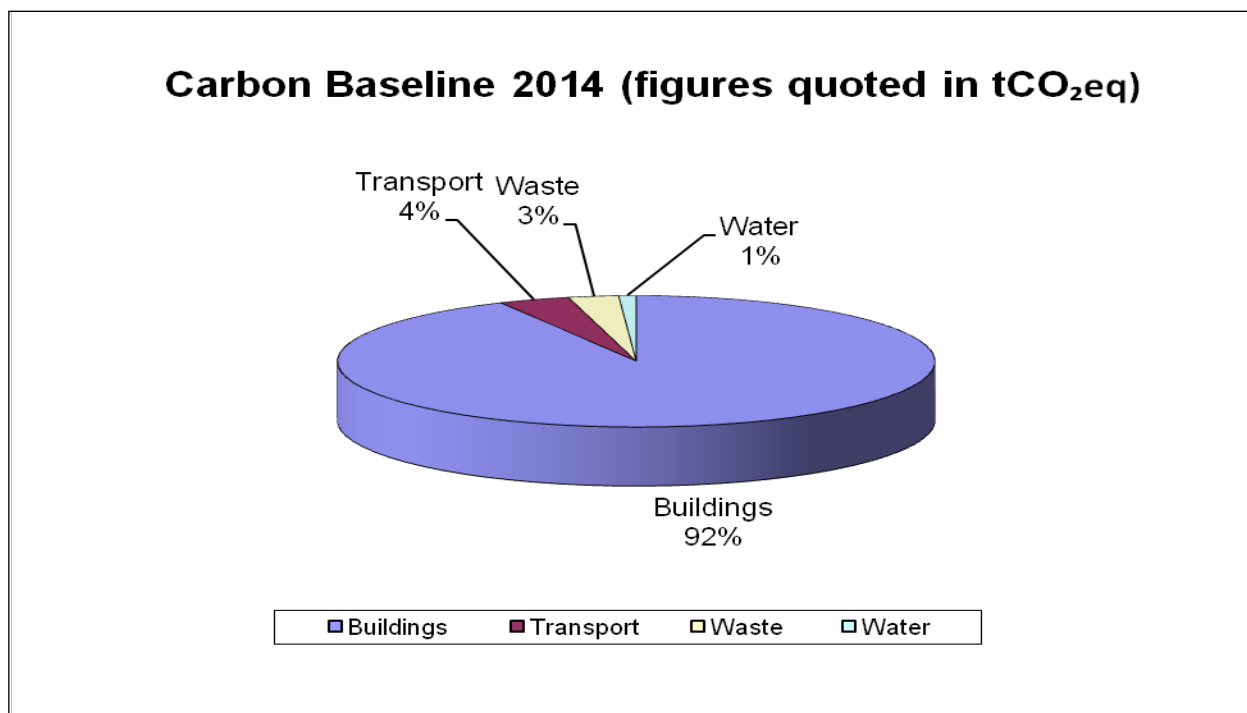
Information was compiled from the calendar year of 2014 to calculate baseline data as a starting point for CO_2 emissions and to provide a starting point for future measurement of reductions. Figure 1 shows the headline figures for the College for this initial baseline period.

Table 1 - Headline CO_2 Emissions for 2014

	TOTAL	Buildings	* Transport	Waste	Water	Fugitive
Baseline CO2 emissions (tonnes CO₂ equivalent)	**1246 tCO₂eq**	1128 tCO₂eq	47 tCO₂eq	33 tCO₂eq	11.5 tCO₂eq	26.5 tCO₂eq

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

Chart 1 – Carbon baseline for 2014

Carbon Baseline 2014 (figures quoted in tCO₂eq)

- Transport 4%
- Waste 3%
- Water 1%
- Buildings 92%

Legend: Buildings, Transport, Waste, Water

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

The Plan will commence and be driven forward through:

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

1 Introduction

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

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

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

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

2 Carbon Management Strategies

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

2.1 Context and Drivers for Carbon Management

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

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

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

2.3 Universities and Colleges Climate Commitment for Scotland (UCCCfS)

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

2.4 Low Carbon and Sustainability Vision

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

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

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

2.5 Strategic Themes

There are two primary objectives of the Plan:

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

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

Working Practices

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

General maintenance

All college buildings energy (electricity and space heating) use

Fleet vehicles

Waste disposal

Water management

Fugitive emissions from air conditioning and refrigeration

Procurement

Policy and legislation

Travel

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

Raising Awareness and Behaviour Change

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

Education for Sustainable Development (ESD)

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

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

2.6 Targets and Objectives

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

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

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

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

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

Quantified savings and benefits:

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

Unquantified benefits:

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

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

3 Implementation

3.1 Financing

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

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

3.2 Governance for Implementation

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

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

3.3 Resource commitment

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

3.4 Programme Management of the Plan

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

3.4 Implementing the Initiatives

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

Membership of the Sustainability Committee will comprise of:

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

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

Appendix A

Emissions Baseline and Projections

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

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

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

1. Scope

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

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

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

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

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

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

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

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

2. Carbon Baseline

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

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

Table 2 – Summary table of emissions for baseline year 2014

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

Graph 1 – Total carbon emissions from buildings and transport for 2014
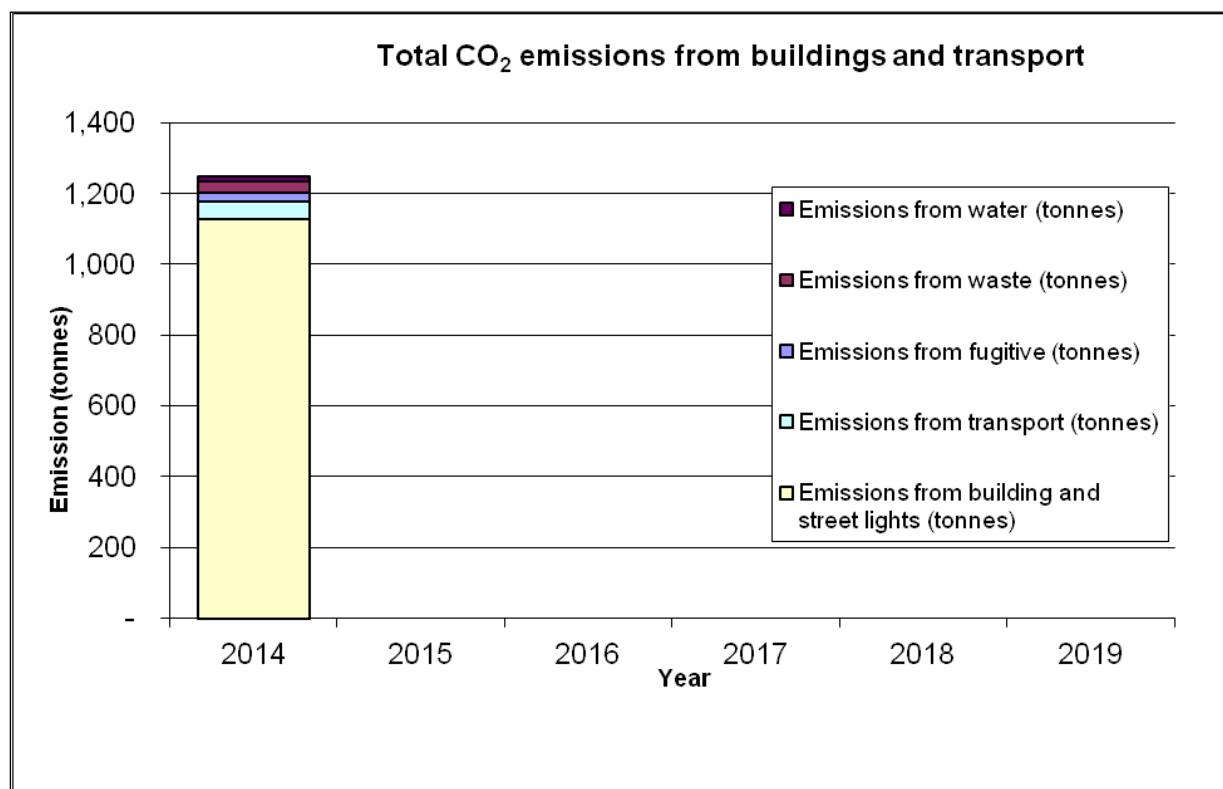
We will need to recalculate these figures after the hospitality suite (training kitchen and restaurant) has been operational for one year to determine the increase in CO_2 emissions.

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

Table 2.2 – Data Source Summary

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

3. Projections and Value at Stake

Carbon Value at Stake

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

The BAU scenario is the projection of changes in emissions and costs over the lifetime of the plan where it is assumed that no action is taken by the College. BAU carbon emissions are illustrated

below; projections have been calculated using recognised DTI figures predicting an annual increase of 0.7% rise in consumption figures under normal growth conditions.

**Graph 2 – Comparison of emissions from business as usual against a reduced emissions scenario**
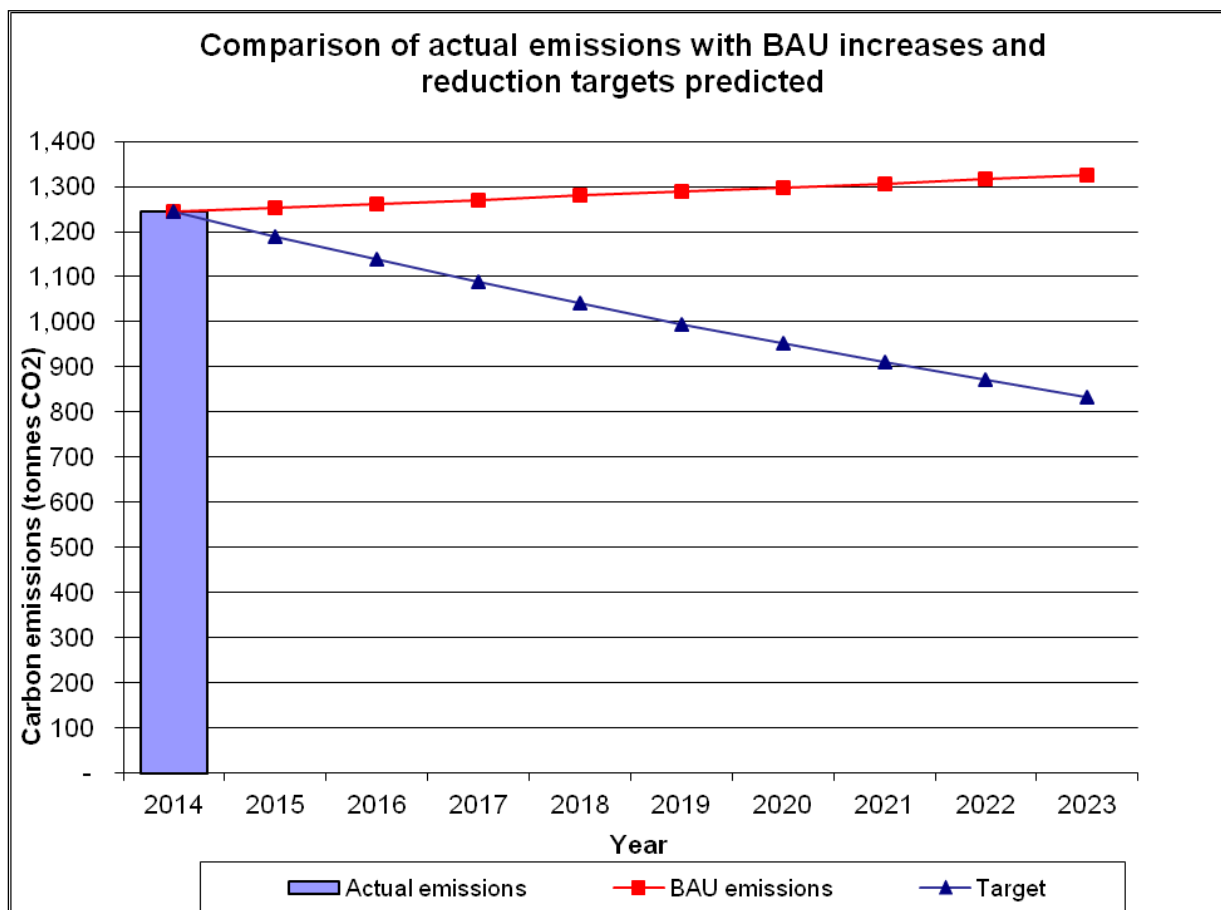
The target reduction line assumes a 20% decrease in overall carbon emissions by the end of 2019 which means emissions would reduce from 1246 tonnes CO_2 equivalent in 2014 to 995 tonnes CO_2 equivalent by the end of 2019. This would mean an overall cumulative saving of approximately 900 tonnes CO_2 by the end of 2019 against a BAU scenario. If this trajectory is continued the College would achieve an overall emissions reduction of 33% by 2023.

Financial Value at Stake

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

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

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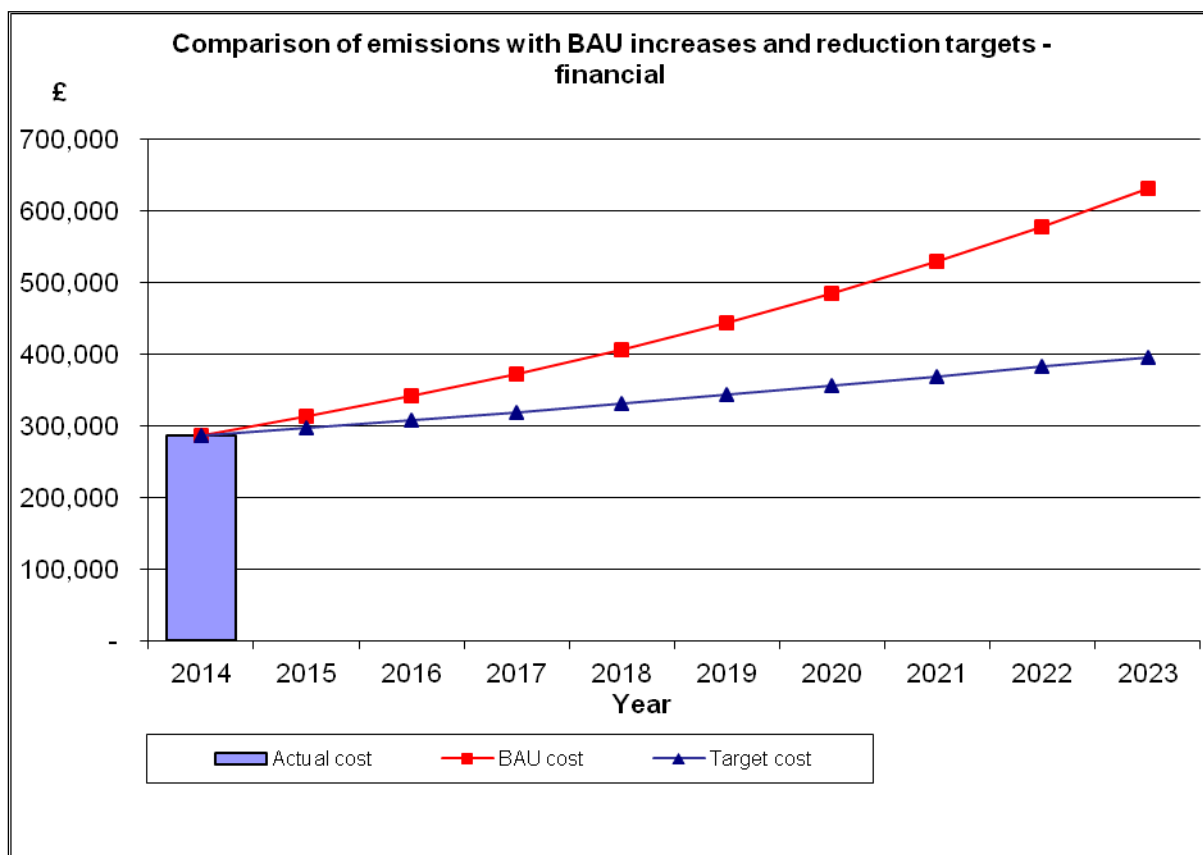
Appendix B

Carbon Management Projects

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

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

1. Existing Established Initiatives

1.1 Education for Sustainable Development (ESD)

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

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

1.2 Responsible Futures

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

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

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

2. Projects: Initiated, Planned and Proposed

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

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

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

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

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

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

2.2 Immediate Term Projects

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

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

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

2.3 Medium Term Projects

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

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

2.4 Long Term Projects

Long Term (LT) projects will be compiled as the Plan develops and decisions are made about projects that will be implemented. By LT we mean projects that will be implemented during 2018 and 2019,

with an aim to being completed by the end of 2019. The following advises of potential projects moving forward. Agreed projects will be quantified nearer to implementation.

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

Board of Management

PROCUREMENT STRATEGY

1. Introduction

The purpose of this report is to provide the Board of Management with the opportunity to input into the Procurement Strategy currently being developed.

2. Background

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

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

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

The Finance and General Purposes Committee consider this strategy at its meeting on the 8th December 2015.

3. Recommendation

The Finance and General Purposes Committee recommends that the Board of Management consider and, approve the Procurement Strategy.

Dumfries & Galloway College

Board of Management

Procurement Strategy 2015-2018

1. Introduction

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

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

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

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

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

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

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

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

Dumfries & Galloway College

Board of Management

2. Purpose of the Strategy

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

3. Procurement Strategy, Objectives and Key Performance Indicators

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

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

These objectives enable the College to seek and ensure best value and value for money in relation to the procurement of goods and services. It is anticipated that the BPIs will be fully established and monitored from the financial year 2016-17 onwards. The College will seek to establish baseline data for the 2014-15 financial year. The College is assessed against the McClelland attributes as part of the Procurement & Commercial Improvement Programme (PCIP):
- Procurement Strategy and objectives
- Leadership and Governance
- Defining the Supply Need
- Commodity / Project Strategies and Collaboration
- Contract and Supplier Management
- Key Purchasing Processes and Systems
- People
- Performance Measurement

4. Leadership and Governance

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

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

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

4.1 McClelland Report

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

4.2 Procurement Reform Bill

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

4.3 Suppliers Charter

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

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

Board of Management

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

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

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

4.4 Risk Assessment of Operational Environment

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

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

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

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

5. Defining the Supply Need

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

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

6.   Sourcing Strategies and Collaboration

6.1   Annual Expenditure Analysis

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

The College shall establish mechanisms for sourcing commodities by:
- Using established framework agreements
- Direct tendering (either as a single College or through collaboration with other bodies)
- Competitive quotations

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

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

6.2   Collaboration

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

6.3   Terms and Conditions

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

6.4   Corporate and Social Responsibility

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

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

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

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

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

7. Contract and Supplier Management

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

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

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

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

8. People

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

Board of Management

9. **Performance Measurement**

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

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

10. **Implementation and Review**

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

Board of Management

Appendix A

Authorisation Levels (Internal)

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

Thresholds

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

Key Performance Indicator Report
(** As at 9 December 2015)

Credits (in previous years WSUM)s	Target	Actual	Variance	Projected Further WSUMs	Projected Total	Projected Clawback
2015/16 **	30,371	26,878	**(3,493)**	**3,493**	**30,371**	**none**
2014/15	42,529	42,413	**(116)**	n/a	n/a	**£25,000**
2013/14	42,529	42,761	**232**	n/a	n/a	**none**
2012/13	38,711	39,014	**303**	n/a	n/a	**none**

Enrolments	Full-time					Part-time	Total
	HE Dfs	HE Str	FE Dfs	FE Str	Total		
2015/16 **	456	24	894	225	1,599	2,157	3,756
2014/15	470	35	895	215	1,615	4090	5,705
2013/14	393	-	984	255	1,632	4,098	5,730
2012/13	373	-	958	285	1,616	3,938	5,554

Retention	Early Retention (%)		Retention (%)			
	Full-time Further Education	Full-time Higher Education	Full-time Further Education		Full-time Higher Education	
	Actual	Actual	Actual	Target	Actual	Target
2015/16 **	89	96	89	75	95	82
2014/15	91	96	70	74	84	81
2013/14	92	94	74	74	82	81
2012/13	91	94	73	74	80	80

Income and expenditure	PERIODS 1 TO 4 (November 2015)		FORECAST TO JULY 2016		
	Actual	Budget	Forecast	Budget	*Variance*
	£000	£000	£000	£000	£000
Income (1)	3,997	4,034	11,879	11,916	*-37*
Staffing Costs (2)	2,417	2,417	7,710	7,710	*0*
Other Costs (3)	1,378	1,360	4,169	4,197	*28*
Total Expenditure	3,795	3,777	11,879	11,907	*28*
Operating Surplus/- Deficit	202	260	0	9	*-9*

Board of Management

Dumfries and Galloway Regional Outcome Agreement Self-Evaluation Report AY 2014-15

1   Executive Summary

Priority Outputs identified in the Regional Outcome Agreement for 2014-15:

- Continue to improve the proportion of successful learners
- Implement new College leaver destination survey being developed for the sector
- Continue to work with Skills Development Scotland (SDS) to offer and deliver employability courses
- Continue to work in partnership with Dumfries and Galloway Employability Partnership
- Continue to work in partnership with Scottish Power Energy Network to deliver Overhead Lines Technician training
- Grow engineering provision by offering Performing Engineering Operations qualification to full-time engineering learners to enhance their employment prospects
- Develop new facilities at Dumfries campus to deliver hospitality courses to start in September 2015
- Maintain the delivery of 'English for Speakers of Other Languages' (ESOL) courses at the same level as 2013-14
- Work in partnership with schools on the potential to transform opportunities for young people
- Work with Scottish Funding Council (SFC) to model the 'needs-based' approach to funding in readiness for implementation in 2015-16
- Continue to offer the 'right learning and support and at the right time' in delivery of 'Opportunities for All'
- Increase the number of 'University Funded' places
- Explore opportunities for foundation and graduate apprenticeships
- Increase employer engagement
- Re-introduce Higher National programmes in Stranraer campus
- Respond as required to the 'Collective bargaining framework for college staff' as laid out in the Post-16 education (Scotland) Act 2013
- Develop a Carbon Management Plan to include baseline data and targets for the next 5 years

The College believes it has made good progress in 2014-15, whilst recognising that there are still improvements to be made.

Effective College governance arrangements are in place with the creation of a Regional Board aligned to Scottish Government recommendations.

The College was slightly below the WSUMS target achieving 42,413 WSUMS which was a shortfall of 116. The College did actually achieve the activity target but had committed to an agreed number of funded places with University partners. If these places had been converted to WSUMS then the College would have exceeded our target by approximately 200.

In addition, an OHL programme had been planned and agreed with partners but, due to delays in new contracts being awarded, contractors were unwilling to commit to recruiting new trainees at this time and so the programme was deferred until 2015-16.

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.

As well as offering Higher National Certificate programmes in Care, Childcare and Hair & Beauty in Stranraer for the first time in a number of years, new provision was also introduced in Dumfries. These include the Higher National Diploma in Sports Coaching, a Higher National Certificate in Social Studies and a pilot Higher National Certificate in Electrical Engineering with Schools within the region using a blended model of delivery which incorporates online learning and attendance at college.

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. Engineering courses have been enhanced through the addition of Performance Engineering Operations Units and employers have informed us that these improve employability and opportunities by providing practical hand skills. The number of Modern Apprentices in training with the College increased by 10% from 124 in 2013-14 to 137 in 2014-15.

Dumfries and Galloway College was shortlisted for a number of award in 2014-15, including: EAUC (Green Gown); Scottish Qualifications Authority Star and College Development Network's Annual Awards for projects and work with students. The College Marketing Team won silver at the FE First Marketing Awards for Event Management and the College was part of the Scottish Power Energy Network Submission at the National Utility Achievement Awards ceremony held in London.

2   Key Performance Indicators

In 2014-15 the College achieved 42,413 WSUMS, 116 short of the SFC target of 42,529. The College did actually achieve the activity target but had committed to an agreed number of funded places with University partners. If these places had been converted to WSUMS then the College would have exceeded our target by approximately 200.

Just over 84% of total WSUMS were delivered at the Dumfries campus with almost 16% delivered at the Stranraer campus. A total of 5,705 students enrolled on college programmes, which was a slight reduction on the previous year. 1,615 of these enrolled on full-time programmes which is a decrease of 17 on the previous year.

 Higher National numbers continue to grow with 505 full-time learners enrolled in 2014-15, compared to 393 in 2013-14. For the first time, Higher National Certificate courses were introduced in our Stranraer campus with 35 learners undertaking a range of Care, Early Education and Hair and Beauty programmes.

Retention on full-time FE programmes was 70%, a reduction of 4% on the previous year and 3% below the sector average. A number of strategies have been implemented in 2015-16 to address this and improve retention rates.

Retention of students on full-time Higher Education programmes in 2014-15 was 84%, an improvement of 2% on the previous session and is now 4% above the sector average.

Success rates for learners on full-time Higher Education programmes improved by 1% to 71%, which is 2% above the sector average. Success rates for students on full-time FE programmes improved by 1% to 64% in-line with the sector average.

	WSUMs		Enrolments					Part-time	Total
			Full-time						
	Actual	Target	HE Dfs	HE Str	FE Dfs	FE Str	Total		
2014/15	42,413	42,529	470	35	895	215	1615	4090	5705
2013/14	42,761	42,529	393	-	984	255	1632	4107	5739
2012/13	39,014	38,711	373	-	958	285	1616	3938	5554
2011/12	39,756	39,670	302	-	944	277	1523	4770	6293

Table 1

	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
2014/15	70	74	84	81	64	64	71	71
2013/14	74	74	82	81	64	65	71	72
2012/13	73	74	80	80	63	63	70	73
2011/12	72	72	78	78	61	61	70	61

Table 2

The following provides a summary of the success rates for students by each equality category compared to the previous academic session

	2012/13		2013/14		2014/15	
	Enrolments	Success	Enrolments	Success	Enrolments	Success
Disability	649	70%	712	72%	833	72%
Care experience/leavers	94	51%	71	58%	102	57%
10% most deprives postcodes	296	61%	465	58%	365	60%

Table 3

Age						
Under 16	239	60%	287	51%	149	64%
16-17	823	68%	891	61%	870	64%
18-19	736	68%	782	75%	758	73%
20-24	785	70%	829	75%	845	75%
25 and over	2971	78%	2949	84%	3083	84%

Table 4

Gender						
Female	2950	74%	2919	76%	2880	79%
Male	2596	72%	2820	76%	2825	76%

Table 5

Ethnicity (excl Scottish, English, Welsh Irish and Northern Irish)	320	66%	283	73%	266	78%

Table 6

Religion						
Christian/Protestant	187	71%	323	69%	455	73%
Roman Catholic	51	73%	86	69%	95	67%
Other Christian	43	77%	57	74%	47	72%
Muslim	10	70%	10	65%	10	40%
Buddhist	10	60%	15	40%	17	65%
Jewish	1	100%	1	0%	1	100%
Any other religion	19	47%	17	53%	24	63%
Not categorised	4026	73%	3414	83%	3075	82%
Prefer not to say	1207	74%	1816	65%	1979	70%

Table 7

Sexual Orientation						
Heterosexual	1391	74%	2318	69%	2413	71%
Gay Man	16	63%	25	56%	22	41%
Gay Woman/Lesbian	11	55%	12	50%	11	73%
Bisexual	22	55%	22	55%	48	63%
Other	16	75%	20	70%	38	79%
Prefer not to say	4098	73%	3342	82%	3173	83%

Table 8

3   Commitment to Opportunities for All

The number of 16-19 year olds enrolled on college programmes in 2014-15 decreased slightly on the previous year but still account for 31% of our total enrolments (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 continues 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 Nationals.

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.

Dumfries and Galloway College and SRUC developed and signed a Memorandum of Understanding as means of promoting academic collaboration and organisational co-operation. The purpose of the Memorandum is to facilitate continued dialogue with specific reference to:

- The identification of areas of possible joint curriculum activity/development;
- The identification of potential collaborative opportunities and initiatives which benefit both organisations but also by working together to support the Regional Economy;
- The dissemination of information and the sharing of experiences among staff and students.

4   Improved progression in access-level provision

Dumfries and Galloway College offers a comprehensive programme from Access level to Higher Education programmes across all curriculum areas. Articulation links with University partners continues to increase and an Honours option has been developed as part of the Degree in Applied Enterprise. The College has an excellent track record in delivering Princes Trust programmes, aimed at disadvantaged young people and many participants progress to further programmes of study and/or into employment opportunities. Through our SDS Contract the College delivers a range of Employability programmes in key sectors.

5   Industry-linked provision with a focus on employer needs, including involvement of employers in curriculum design

The College continues to increase employer engagement and develops and delivers programmes working with industry. Employers in the Hair and Beauty industry worked with the college to advise on curriculum design and delivery and changes have been made as a result of these discussions. Changes have been made to the delivery pattern of Hospitality courses in our Stranraer campus to meet employer needs. Courses now finish at Easter in order to allow employers to recruit learners for the busy summer period. The College also works with Industry partners to deliver bespoke training and examples include Stena Line to deliver Professional Cookery qualifications (Chef's Certificate) to their staff and Dumfries and Galloway Housing Partnership to deliver a bespoke programme.

Employer Advisory Boards were established in key sectors in October 2014 with the aim of ensuring the curriculum is fit for purpose and meets the needs of industry and to facilitate an increase in work placement opportunities, study visits and guest speakers. The second meeting of the Employer Advisory Boards was held in January 2015 and, once again there was a positive response, particularly in Hospitality, Engineering, Motor Vehicle and Business. We will need to undertake some additional work to encourage more employers in to participate and this work will continue in 2015-16.

The CREST project completed at the end of January 2015 and the College achieved its output and financial targets. The Centre (now named the 'Energy Centre') has been fitted with some additional equipment and is used to deliver training programmes to businesses and to offer 'additionality' to full time students studying relevant programmes in Construction and Engineering. Our Gas Assessment Centre is being incorporated into the Energy Centre which will provide a distinct brand and feel.

The development of a new, state of the art training restaurant and kitchen at the Dumfries Campus was completed in early 2015 and the first intake of learners commenced in September 2015. This development was a direct response to local economic need and was completed using funding from Scottish Funding Council and from the Scottish Foundation Trust.

6   Current Year Progress

There has been a successful start to 2015-16 with over 1600 learners enrolled on full-time programmes. An online enrolment process introduced in 2014-15 is now successfully embedded and, as enrolments can be processed earlier and where applicants choose alternative pathways, the College is able to bring in applicants from waiting lists. As a result, there was little unmet demand for full-time programmes at the College.

As previously reported the College, working with the Schools has developed senior phase vocational pathways in 15 of the 16 secondary schools for 2015-16. However the costs/lost income of these pathways – taking account of small class numbers, lecturer time for travel, travel costs etc – amounts to approximately £70k compared to running classes of 16 in the College and this is not sustainable going forward without additional resources/funding being made available.

The College continues to increase employer engagement activity with the establishment of Employer Advisory Boards in key sectors. These purpose of these is to facilitate employer engagement, input and advice on curriculum matters to ensure the College delivers education and skills development that meets the current and future needs of industry to support the local and national economy, and to ensure the curriculum prepares learners to be job (employment) ready.

As reported previously, there was little unmet demand for full-time places at the beginning of session 2015-16. Subsequent to receiving the Regional Skills Assessment published by Skills Development Scotland a full review of the Curriculum was undertaken in 2014-15 and changes made to the curriculum plan for 2015-16 to introduce new programmes in Hospitality and Professional Cookery at its Dumfries campus. Demand for higher level courses in Sport, Care and Engineering is also continuing to grow and the college Curriculum Plan for 2015-16 has been changed to accommodate this. Discussions with SRUC to explore opportunities for collaboration, particularly in the area of engineering are ongoing, as are discussions in respect of Stranraer Harbour development which may provide opportunities for our Stranraer portfolio.

Princes Trust programmes continue to be successful and learners from Dumfries and Galloway College have been nominated in 3 categories for an Awards Ceremony to be held in November 2015.

The College is a partner in 'Project Search Dumfries and Galloway' along with Employability and Skills Service from Dumfries and Galloway Council and DG First. Project Search is a one-year internship for students with disabilities or additional support needs in Dumfries and Galloway.

In responding to the Digital Skills Investment Plan and an identified growth area in the Regional Skills Assessment, the College is currently exploring the following:

Schools offering currently under discussions are:

- HNC Computing Science
- Digital Gaming
- NPA Digital Media

BBC Digital Skills (Employability Programme) which is an 8 week programme that includes a 3 week placement for learners. Additional funding has been secured for up to 12 places for a pilot to run from 26 October 2015. Interviews are planned for 19 October.

Computing Science - 3 draft framework variations have been produced by computing staff and the team are currently planning a meeting with local employers and the schools to discuss the demand regionally for the particular streams. Local Business Gateway staff are also part of the discussions and are assisting in the employer engagement. The plan would be to run one of the streams. The current options are:

- Cyber Security;
- Web Development/Management;
- Applications Development.

Community work in the digital development area:

- Partnerships now running in collaboration with North West Resource Centre (first courses Oct 2015 - approximately 8 partner courses planned prior to Christmas) and our historical partner Ewart CyberCentre.
- Continued partnership with The Genesis Project which is a computer training project run by Support In Mind (Scotland), for people aged 16 to 65 with a diagnosis of mental illness. We offer open learning courses with part-time trainer in place, most popular courses are IT courses including ECDL and also book keeping.
- New BCS Digital Skills course is ILA approved and being offered via Open Learning on a full e-learning and e-assessment platform. The course is heavily contextualised and related to career management and job seeking skills.

7   Proposed changes to targets in the draft Outcome Agreement 2014-17 for 2016-17

The College is currently exploring new provision as follows:

Full-time 2016-17:
- Level 2 Diploma in Professional Cookery (Dumfries)
- HNC Computing Science (Dumfries)
- City and Guilds Level 3 Energy Transmission (Dumfries)
- HNC Construction/Civil Engineering (Dumfries) to be developed for deliver in 2017-18

New Articulation Developments:
- BA in Creative Practice with University of the West of Scotland
- Strathclyde Engineering Academy Access Programme
- BA Social Work with University of the West of Scotland
- MA Primary Education Pathway with the University of Glasgow
- Construction Pathways with University of Glasgow/Napier

New Full Time Senior Phase Vocational Pathways:
- HNC Computing Science
- NC Hospitality
- National Progression Award in Reablement
- Foundation Apprenticeship Engineering Processes
- BTEC Level 3 in Sport

New Part Time Senior Phase Vocational Pathways:
- National 4 in Adventure Tourism
- Higher Computing
- Photography and Digital Imaging
- National Progression Award in Digital Media

Carol Turnbull
Principal
October 2015

Board of Management

College Scotland – Spending Review Submission

1   Purpose of the Report

The purpose of this report is to update members on the Spending Review submission mad by College Scotland on behalf of the sector.

2   The Report
See attached document.

3   Recommendation

Members are asked to note the submission.

Carol Turnbull
Principal and Chief Executive Officer
December 2015
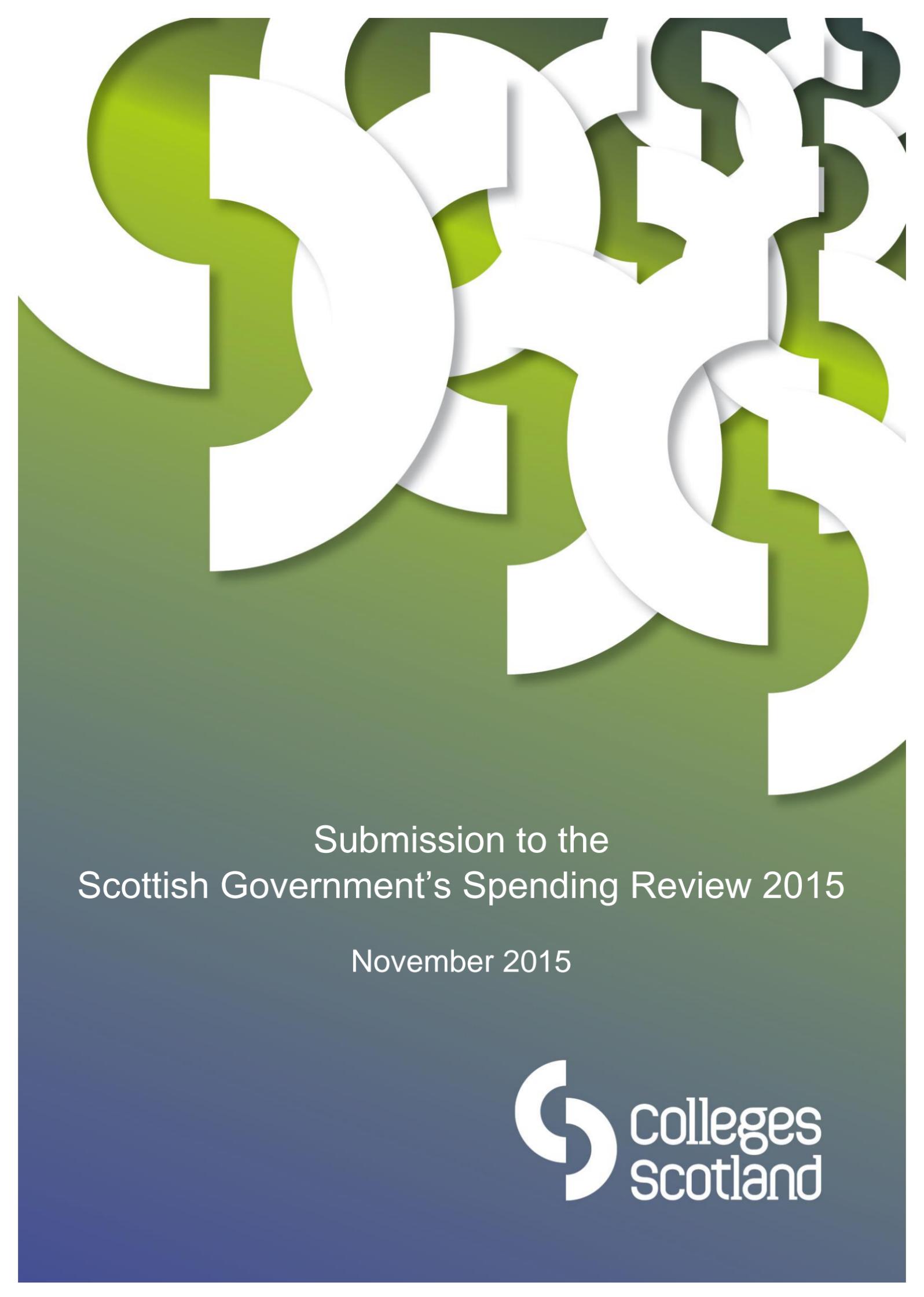
Submission to the
Scottish Government's Spending Review 2015

November 2015

colleges
Scotland

Contents

1. Executive Summary

This document represents the submission from Colleges Scotland, the representative organisation for the college sector, to the Scottish Government's Spending Review 2015.

Colleges Scotland is of the view that this submission delivers the following:

- a realistic ask for investment in the college sector for 2016/17 and subsequent years
- lays out a transformational agenda for the tertiary education landscape.

Background

Following the change in the college sector landscape over the last few years where some colleges were merged and a regional structure introduced. Some colleges are now of a sufficiently strategic size to:

- contribute positively to the delivery of sustainable vocational education provision for the benefit of students in their career choices
- fully gain the potential benefits to the Scottish economy
- support Scottish Government priorities and contribute to Scotland as a nation, the economy, our communities and individuals
- widen access and achieve greater fairness and equality in the education sector
- maintain the importance of the quality of the courses delivered
- provide high value in return for the public investment in the sector
- play a role in the imaginative solutions set out in this submission that will provide the Scottish public with greater value from every £1 spent in tertiary education.

Economic Value of the College Sector

An independent study on the economic value of Scotland's colleges, looking at both the investment analysis and an economic impact analysis, showed that colleges reap £14.9 billion for the Scottish economy each year, representing 8.8 per cent of the total economic output of the nation.

Adequate Investment

The college sector is looking for adequate sustainable funding from the Scottish Government to maintain provision. This would not only allow the educational activities of Scotland's colleges to keep benefiting students but would also continue to support the wider Scottish economy.

Adequate funding will help preserve the quality of provision as well as supporting Scottish Government's policy priorities, such as economic growth, widening access, reducing inequalities, fairness, developing the young workforce and gender balance.

Recommendations

In view of the above, Colleges Scotland makes the following recommendations for the 2015 Spending Review:

1. Maintain the investment in the college sector with the provision of a cash budget of £526m for 2016/17, plus additional funding to cover the extra costs faced by the sector that are outwith the sector's control, and which amount to £18m in 2016/17.

2. To sustain this funding level in real terms across the Spending Review period.

3. Maintain the current activity volume and current price paid for activity volume within the college sector.

4. For the Scottish Government to support the imaginative solutions set out in this submission that assist in releasing efficiencies from the learner journey, and to work with Colleges Scotland and other relevant stakeholders to take them forward. The imaginative solutions include:

    a. Identify and remove any potential duplication faced by a student on their learner journey. For example, by increasing the amount and type of articulation routes or moving to a '2+2'[1] or a '2+1'[2] model of delivery of an honours or ordinary degree respectively, which assists in shortening, but not reducing the benefits, of the learner journey.
    b. Ensure a continuous pathway, with barriers removed, through the learner journey. For example, by colleges acting as vocational hubs for delivery of Developing the Young Workforce (DYW) programme outcomes and economic development through appropriate interaction between colleges and local authorities.
    c. Expand Higher Education within the educational landscape at a point where the delivery of that education is most cost efficient, and allow for increased delivery of Modern Apprenticeships (MAs) directly by the college sector.
    d. Reduce duplication of services for vocational education across the cluttered Scottish educational landscape, to ensure there is no duplication of services provided by e.g. Skills Development Scotland (SDS) and Education Scotland, and ensuring that funding is focussed in the most efficient and effective place.
    e. Added value through 'double dividend' (the provision of additional qualification over and above the primary qualification being studied), i.e. the simplified funding model for college (the credit system) will allow colleges to deliver additional skills to students in programmes to further prepare them for work.

5. For Scottish Government to fully meet the cost of college student support funding demand, and to work with Colleges Scotland and other key stakeholders in relation to implementation of the recommendations from the Student Support Review Group[3], and to ensure adequate funding for these recommendations.

6. For Scottish Government to work with Colleges Scotland and other key stakeholders in relation to the introduction of national bargaining, and to ensure provision of sustainable funding, which would be in addition to any funding referred to above, for the delivery of this Scottish Government policy to enable the modernisation of the college workforce to meet future need.

7. To ensure access to adequate capital funding to allow colleges to support innovation, knowledge transfer and entrepreneurship. The capital funding would be invested in college assets to provide state of the art facilities to equip students with skills that are in demand in the workplace. In addition, to provide an increase in capital maintenance funding in order to deal with backlog and asset maintenance. Capital and maintenance need is estimated to require funding of approximately £55m in 2016/17, rising to approximately £100m in 2017/18 and £125m in 2018/19.

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[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*
[2] *'2+1' model, means where the first two years of education towards an ordinary degree is undertaken at a student's local college, before articulating into year 3 and completing the final year at a university in order to complete the degree qualification*
[3] *Scottish Funding council, November 2014, Student Support Review Group*
http://www.sfc.ac.uk/web/FILES/Funding_Streams_Student_Support/Student_Support_Review_Group_Final_Report_Updated.pdf

2. Introduction

Colleges Scotland is the voice of the college sector in Scotland and supports the sector by ensuring that its views are heard and interests represented. Appendix 1 contains some key college sector facts.

Scotland's 26 colleges, arranged across 13 regions, are spread throughout the mainland and islands of Scotland, serving both urban and rural communities. These colleges form part of the educational landscape of Scotland, working alongside the pre-16 education experience provided by the 32 local authorities and the tertiary education providers of Scotland's universities.

Over the last few years, the college sector has undergone parallel processes of both regionalisation and mergers, resulting in anticipated annual saving of £50m[4] to the public purse from 2015/16. Whilst this has been a challenging time, it is recognised that the college sector has approached this in a mature manner and, according to Audit Scotland[5], has continued to deliver high quality services to students.

Audit Scotland stated that colleges coped well with the process of reform, maintaining sound finances and learning while undergoing significant reforms[6].

One of the results of both the regionalisation and mergers of the colleges, is that some colleges are now of a sufficiently strategic size to contribute more positively to the delivery of sustainable vocational education provision for the benefit of students. Colleges now contribute to the potential benefits to the Scottish economy and to widen access and achieve greater equality in the education sector, whilst maintaining the importance of the quality of the courses delivered.

Colleges are looking forward to working with the Scottish Government to realise these deliverables.

Vision and Aims

The vision and aims of both Colleges Scotland and the college sector are set out in the Colleges Scotland Strategic Plan.[7]

Vision – Colleges Scotland
Colleges Scotland aims to be at the heart of a world class college sector that is recognised, valued and available to all.

Mission Statement – Colleges Scotland
Colleges Scotland is the collective voice of the college sector in Scotland; striving to create cohesive and sustainable partnerships, demonstrate positive impact, acting as representatives, and campaigning for the sector.

Vision – College Sector
Scotland's colleges – enthusing, inspiring, educating people in all communities regardless of their educational, social or economic background to deliver skills and learning for a prosperous Scotland.

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[4] *Audit Scotland, April 2015, Scotland's Colleges 2015* http://www.audit-scotland.gov.uk/docs/central/2015/nr_150402_scotlands_colleges.pdf
[5] *Audit Scotland, April 2015, Scotland's Colleges 2015* http://www.audit-scotland.gov.uk/docs/central/2015/nr_150402_scotlands_colleges.pdf
[6] *Audit Scotland, Scotland's Colleges 2015 – Press Release: 2 April 2015*
[7] *Colleges Scotland, Strategic Plan for Colleges Scotland 1 August 2015 – 31 July 2018* http://www.collegesscotland.ac.uk/briefings-and-publications/publications/443-colleges-scotland-strategic-plan-2015-18

The vision of both Colleges Scotland and the college sector supports the Scottish Government's policy intentions, in relation to providing a positive student experience, developing the young workforce, expanding opportunities across all socio-economic groups, providing equality in education and enhancing the skills of those already in the workforce.

Scotland's colleges contribute to Scotland as a nation, the economy, our communities and individuals. They are uniquely positioned within communities to enable access to the acquisition and development of the skills and knowledge required for successful careers in work, delivered in a way that emphasises fairness and equality.

The college sector is seeking a fair and sustainable investment in the sector to ensure continuity of delivery, in line with Scottish Government policy, which puts the student first and which has a positive outcomes for the economy and society at large.

Whilst it is vital for the Scottish Government to understand that reductions in funding and other pressures have now led to a critical point in the delivery of services within colleges and with additional cost pressures about to impact the sector, Colleges Scotland recognises the reality of the public sector funding environment that colleges find ourselves in.

In view of the above, this submission explains the context in which the college sector needs to see a continuation of funding for the current activity level, whilst identifying the additional cost pressures that are outwith the control of the sector, but which also offers imaginative solutions in relation to gaining efficiencies within the tertiary educational landscape.

3. Economic and Social Impact

Having set out the context of colleges within the educational landscape and how the vision and aims support the Scottish Government's policy intentions within the introduction section of this document, it is important to understand the scope and size of the positive benefits that investment in the college sector brings.

Scotland's colleges create value in many ways, from putting students on the path to success and helping them increase their individual potential and employability, which in itself leads to off-setting other public sector spending, to providing employers with the skilled workforce necessary to make their businesses more productive.

The spending of the college sector, along with their staff and students, supports the local economy and contributes to increased tax receipts and decreased public sector costs.

Economic Modelling Specialists International (EMSI) undertook an independent study[8] on the economic value of Scotland's colleges, looking at both the investment analysis and an economic impact analysis. The formal launch of the results from the study took place on Thursday 10 September 2015 by Dr Kjell Christophersen, co-founder and senior economist at EMSI, followed by an endorsement by Angela Constance MSP, Cabinet Secretary for Education and Lifelong Learning.

The results of the study, which covers 2013/14, show that the college sector creates significant positive value including increased earnings for students, additional tax revenues for Scottish Government, lower unemployment, as well as upskilling and increased productivity in the economy.

> **Colleges reap £14.9 billion for the Scottish economy each year, representing 8.8 per cent of the total economic output of the nation.**

A summary of the results is provided below:

Benefits to students	**Every £1 that students pay for their education at Scotland's colleges yields £6.30 in higher future wages.**
Benefits to society	**Society will receive £6.30 in benefits in return for every £1 invested in Scotland's colleges.**
Benefits to taxpayers	**Taxpayers see £5.70 in benefits returned for every £1 in costs.**

Further detail is set out in Appendix 2, with full details available from the study report.

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[8] *EMSI, August 2015, Demonstrating the Economic Value of Scotland's Colleges*
http://www.collegesscotland.ac.uk/Demonstrating-the-Economic-Value/demonstrating-the-economic-value-of-scotlands-colleges.html

4. More Efficient Learner Journey – Imaginative Solutions

Large savings have been made in the last few years as the college sector has undergone significant restructuring through both regionalisation and mergers, leaving little scope for anything other than marginal cost savings from further structural change.

What needs looked at is the overall learner journey through a more seamless educational landscape, which ensures the most productive use of public funds, through the development of imaginative solutions.

Set out in this section of the submission are a number of such imaginative solutions, which Colleges Scotland would be pleased to discuss with Scottish Government further and to provide additional evidence to support the proposals.

Some of the imaginative solutions are set out below.

Integrated Educational Landscape

Colleges are able to be flexible in their approach to the skills demanded by the labour market in a particular region or nationally, and to deliver these skills and learning within a comparable environment to the workplace using competent practitioners. Colleges also have a good track record of engagement with Small and Medium Enterprises (SMEs) and in developing people with the necessary skills to be innovative and entrepreneurial.

Whilst the economic value of Scotland's colleges set out in the recent independent EMSI report, referred to earlier in this submission, does show a positive ratio of 1:6.3 for the benefit to an individual student, it is clear that the positive financial benefits as a result of the college sector is far wider. This is important as personal benefit for an individual, by means of increased earning potential, should not be the only measure of success for the educational landscape.

In Professor Alison Wolf's report[9] of June 2015, she tackles the issue of using a singular measure of success (although it should be noted that the report covered England only), highlighting the draw backs with this approach. A compounding factor is that an increasing number of university graduates are employed in 'non-graduate' jobs: this was the case in the statistical evidence looked at by Professor Wolf, and is supported by an August 2015 report[10] commissioned by the Chartered Institute of Personnel and Development (CIPD) which found that the majority of UK university graduates are working in jobs that do not require a degree.

Colleges provide an opportunity for vocational training leading to jobs utilising specific skills and also allows many college students to articulate into university courses. The question that needs to be addressed is how to provide for this in the most efficient way. Several options could present themselves, and whilst at this stage Colleges Scotland would not support a specific one, there is clear merit in further work to explore what an increasingly integrated educational landscape in Scotland might look like. Colleges Scotland would be willing to participate in such a work programme.

Options would covers areas, for example, which:

• Identify and remove any potential duplication faced by a student on their learner journey. For example, by increasing the amount and type of articulation routes or moving to a '2+2' or a

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'2+1'[11] model of delivery of an honours or ordinary degree respectively, which assists in shortening, but not reducing the benefits, of the learner journey.

- Ensure a continuous pathway, with barriers removed, through the learner journey. For example, by colleges acting as vocational hubs for delivery of DYW programme outcomes and economic development through appropriate interaction between colleges and local authorities.
- Expand Higher Education within the educational landscape at a point where the delivery of that education is most cost efficient, and allow for increased delivery of MAs directly by the college sector.
- Reduce duplication of services for vocational education across the cluttered Scottish educational landscape, to ensure there is no duplication of services provided by e.g. SDS and Education Scotland, and ensuring that funding is focussed in the most efficient and effective place.
- Added value through 'double dividend' (the provision of additional qualification over and above the primary qualification being studied), i.e. the simplified funding model for college (the credit system) will allow colleges to deliver additional skills to students in programmes to further prepare them for work.
- Limit the crossover of savings i.e. where savings in one area actually caused an increase in spending in other areas.

Whilst some of the identified options may take time, there are potential options that would have an impact in the shorter-term. However, within what could be a three year spending review period, there needs to be consideration of the ability of colleges to make changes within 2016/17, as the timings of any such changes being announced is likely to overlap with the timescales of course placement offers.

The above is not an exhaustive list, and in this section below some solutions are set out that Colleges Scotland considers should be explored further.

Articulation

Articulation allows students to progress through the various stages of the educational landscape, whilst ensuring the removal of duplication, and hence it delivers efficiencies that are of benefit to the student and the public purse.

Public funding per head on education varies across the different parts of the educational landscape. In a report[12] produced in October 2012 by the David Hume Institute, spending per head was compared across the sectors. The information from the report is reproduced below:

Education Sector	Funding per Head (£)
Secondary	6,562
Further Education Funding from Scottish Funding Council	5,281
Higher Education Funding from Scottish Funding Council	12,381

Increasing the amount of articulation routes and the number of applicable students who undertake articulation would bring efficiencies in the process. This could be assisted by different approaches, such as:

- establishing standard college course content (whilst recognising the need to address regional requirements),
- building on good practice

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[11] *Please see the footnotes in the Executive Summary for the definition of these models*
[12] *The David Hume Institute, October 2012, Further Education, the Scottish Labour Market and the Wider Economy*

- moving towards a '2+2' or '2+1' model of delivery
- introducing a 'pupil allowance'

The 2+2 and 2+1 model are ones in which the first two years of tertiary education are delivered locally at a college before students articulate to university, entering year 3 as standard, and then undertaking a further 2 years at the university to gain an honours degree (2+2 model) or a further single year at university to gain an ordinary degree (2+1 model). There are examples of good practice at a local level between colleges and universities on various aspects of articulation, and approaches should be investigated that allow for these good practices to be expanded across Scotland. This approach has a number of benefits including:

- reduction in duplication
- lowers student debt
- truly widens access to universities in a sustainable and deliverable way
- reduction in dropout rates, as students first study more locally
- allows for growth in the higher education capacity in Scotland in the most cost effective manner.

The 'pupil allowance' provides for both the funding to follow the pupil, hence reducing some potential barriers to a more seamless learner journey through the educational landscape, and caps the amount of public funds any one student has spent on them. This ensures that the learner journey undertaken by individuals is the shortest that is appropriate and helps remove duplication.

Case Studies – Shortening the Learner Journey

Efficiencies across the wider education sector are achievable e.g. in regard to those S4 pupils who leave school with few or no qualifications. If delivery of appropriately tailored college programmes were to take place during S4 and be funded from the local authority education budget then this could improve leaver attainment rates and shorten the learner journey as pupils could then progress on to higher level programmes at college. Likewise Christmas leavers could also come to college to undertake vocational qualifications. At present this type of activity is being undertaken by colleges without funding.

Higher National Certificate programmes could be delivered to S5 and S6 pupils, alongside (or instead of) Highers, which again would shorten the learner journey and, in some cases, offer direct articulation into year 2 of a university programme.

There still appears to be duplication between HNC/D programmes and the 1st and 2nd year of university degrees. Research demonstrates that HNC/D qualifications are highly valued by the business sector but some universities still do not recognise these as being equivalent to 1st and/or 2nd year degree study. Greater recognition and exemption, along with improved management of articulation, would reduce duplication and smooth the learner journey. It would also decrease debt as students would be able to study at their local college and produce savings for the public purse as it would only require the higher levels of university fee exemption for the 3rd and 4th year of study.

Vocational Hubs

A key element in the Scottish Government's DYW programme is the development of senior phase vocational pathways through collaboration between local authorities, schools and colleges. Colleges are in a strong position to contribute their unique vocational educational experience and knowledge to extend the range of vocational pathways available to young people in school.

Colleges have the capability to act as vocational hubs, working in close collaboration with partner local authorities, schools and other local economic agencies, to develop vocational pathways that match regional and national demands and stimulate the interest of young people in career opportunities. These links between colleges and local authorities can also allow greater interaction to help deliver economic development.

Directing the investment through the colleges as virtual hubs would ensure that the element of the DYW programme and economic development are delivered in a more resource efficient and consistent manner than the existing arrangements, and at the strategic level necessary to ensure success. The vocational hub approach would also allow a seamless progression for those senior phase students whose need would be best met through engaging with college earlier in their learner journey.

Another important element of the DYW strategy is to build capacity in the system for employer engagement with education and the development of re-engineered curricula that meet employer needs. Colleges are well placed to take forward engagement with employers, both small and large, in their region, in collaboration with other relevant initiatives and to be of mutual benefit, particularly the regional DYW groups. Colleges tend to have well established links with sector bodies, and processes for employer engagement that have been refined over a prolonged period of practice. With appropriate investment, colleges can build on this foundation to reach out to a wider range of employers and support them in developing an appropriate level of engagement with the provision of education in their area. The part that colleges can play in the future with regards to building links with businesses to help develop innovative solutions has been underlined by the announcement[13], by the First Minister of Scotland on 28 September 2015, of a new £78m fund to assist collaboration between Scottish businesses and tertiary education.

Case Study

Approximately 90% of businesses in Scotland are SMEs and colleges have a proven track record of working with the SME sector and are uniquely placed to deliver the Scottish Government agenda in respect of DYW and employer engagement. Colleges are very responsive to local needs.

Examples in Dumfries and Galloway include wind turbine technician programme, overhead lines technician programme, retraining programme with Dumfries and Galloway Council and NHS Dumfries and Galloway (which is now being rolled out nationally) and a series of employability programmes aimed at reducing inequality and improving life chances.

Apprenticeships

Skills Development Scotland (SDS) administers the Scottish Government's public funding contribution towards the cost of MA provider services. Its priorities for funding decisions for 2015/16 are in line with Scottish Government policy imperatives.

Colleges are involved in various aspects of the delivery of a very large number of Modern Apprenticeships (MAs) in Scotland, although are only directly contracted by SDS for around 10 percent of the MA programme (around 2,500 apprentices). So there is a large 'hidden' involvement with the college sector.

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[13] *http://news.scotland.gov.uk/News/Business-innovation-boost-1da3.aspx*

The additional college contribution to the MA programme comes through organisations that are contracted directly by SDS for the delivery of MAs and who then subcontract some or all of the MA's training element to colleges. This type of provision varies widely, such as the education and training to support a Scottish Vocational Qualification (SVQ), health and safety training required by apprentices going into the workplace, and more general skills for work. In addition to the 'known' contracts of this type (an additional 3,000 or so apprentices), there is a further element arising from the delivery of part-time courses where the college has not been made aware that the student is on an apprenticeship programme.

Over recent years there has been a large difference between the number of contracts awarded by SDS to colleges and the number that were bid for. For example, in 2012/13 a survey of colleges revealed that they had collectively been willing to deliver 56% more MA starts than they had been awarded.

SDS Financial Year (April to March)	Delivered in 2011/12 (AY)	Delivered in 2012/13 (AY)	Delivered in 2013/14 (AY)
Where College Holds SDS Contract			
Total MA starts that were <u>bid for</u> by these colleges (by headcount of starts):	4,330	3,682	3,630
Total MA starts that were <u>awarded</u>, to these colleges (by headcount of starts):	2,358	2,359	2,513
Percentage extra starts these colleges were willing to deliver:	84%	56%	44%

The Commission for Developing Scotland's Young Workforce report *Education Working for All!*[14] (June 2014) made a number of recommendations for improving MAs, which the college sector welcomed. It identified that the distribution of the MA programme is structured through a complex annual tendering process. This is a resource intensive process for SDS, colleges, training providers and employers, and creates unpredictability and risk in the system.

A weakness of the current system of employability support is that provision of employability support is spread over a large number of providers such as third sector organisations, training organisations and others. While some organisations will have well-established systems for quality improvement and professional updating of staff, others may not and as a result there is a detriment to the overall quality of provision. Colleges, on the other hand, have proven themselves to be highly competent in designing, planning, delivering and quality assuring the provision that they make. They collaborate very well with local agencies to ensure that what is delivered is matched to the local need. Colleges have the capacity to do more and to have a stronger role in determining the 'what' and the 'how' of employability training for their regions.

Colleges are well placed to deliver a wide portfolio of courses in different subject areas to meet student and employer demands but at times are prevented from delivering the optimum solution by the inflexibility of the existing arrangements. Colleges are used to operating at a regional level with their partners, and targeting the education and training needs that have been identified at the local level, and are very well connected through Community Planning Partnerships and Local Enterprise Partnerships to the needs of employers in their regions. Colleges would welcome opportunities to work with the Scottish Government and SDS to reduce the bureaucratic burden of applying through the current process.

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[14] *Scottish Government, June 2014, Education Working For All! Commission for Developing Scotland's Young Workforce Final Report* http://www.gov.scot/Publications/2014/06/4089

Colleges would certainly prefer a system of contracting that provided some stability in the funding stream. Giving longer contracts to trusted providers, such as the colleges, would allow providers to be confident about hiring staff, investing in premises and equipment and training of staff. This arrangement would also help to reduce the levels of administration required on the part of SDS. Within the current system, colleges would prefer to have a partnership with SDS in which colleges have the status of trusted partners and have guaranteed contracts for longer periods than at present, i.e. for 2 or even 3 years.

However, Colleges Scotland believes effectiveness can be increased by investing employability funding in colleges where there is an excellent record of success, experienced staff and high quality resources. Colleges Scotland's view is that it is relatively inefficient to spread employability funding over a large number of providers, rather than focusing it on providers with a proven success record. Colleges Scotland would welcome further dialogue with Scottish Government on this.

Double Dividend

Whilst students are studying at colleges, additional added value can be delivered to them by the provision of additional qualification over and above the primary qualification being studied. This could e.g. be in customer service disciplines, in accounting and/or advertising, essentially in areas that for a small amount of additional teaching allows for an individual student to gain expanded skills in an efficient manner.

Arm's Length Foundations

Arm's Length Foundations (ALFs) were set up with agreement between Colleges Scotland, the Scottish Government and the SFC in order to avoid a detrimental position for public sector finances as colleges became public bodies. Whilst colleges transferred a total of £99m into the ALFs at March 2014, this money was both a mix of public funds and commercial income, and was money that colleges had strategically set aside for longer term projects, often of a capital nature. The money transferred to ALFs is a donation and colleges no longer have direct control of this money. Subsequently colleges have successfully put business cases to the ALFs and received money to carry out projects of benefit to students and the college.

There is however some concern around the longer term availability of ALFs as a workable solution, and therefore this adversely impacts on the incentive for colleges to generate commercial income. In addition, other aspects of financial accounting as a result of the reclassification of colleges, acts against the potential for colleges to generate increased levels of commercial income.

Yet the college sector recognises the tough economic climate and wants to maximise potential additional income. Colleges are commercially focussed and therefore Colleges Scotland would seek additional comfort around the continuing use of ALFs.

As a way forward, it would be helpful to develop an agreement with Ministers on a package around ALFs, within the context of the Spending Review, which incentivises colleges to fully utilise their earning potential by providing assurances around what the sector can expect, in principle, to retain for its benefit.

As part of this potential package, there would be merit in looking at the Statement of Recommended Practice (SORP[15]) for higher and further education, and how it should apply in Scotland. Colleges are no longer comparable with universities and colleges in other parts of the UK, as these other institutions have not been reclassified as public bodies.

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[15] *A SORP contains sector specific recommendations on accounting practices which supplement accounting standards and other legal and regulatory requirements.*

Match Funding

Within the college funding model there are elements where the sector utilises appropriate match funding, that is, the investment of the public pound leverages an additional amount of investment from another source. This is particularly the case with European funding, such as through the European Social Fund (ESF).

The socio-economic analysis which provides the baseline for the ESF programme suggests that by far the strongest evidence to inform investment is the Wood Report, which was published in June 2014, and from which the Developing Young Workforce programme has emerged.

The past allocations of ESF funding do not adequately reflect the scale of support that should be assigned towards the DYW programme, nor does it recognise the impact that would be achieved from investing more of the funds towards those ambitions.

The distribution of ESF funding across sectors should also take into account the relative reductions in core funds for the various sectors. In this regard, the college sector has suffered significant reductions in core funding, which would suggest that the college sector should be assigned a higher proportion of funds than they have historically been assigned.

Also, any reduction or withdrawal of the investment that receives match funding has a multiplying impact, and should be avoided.

Assets

The 26 colleges across Scotland, in 13 regions, are spread throughout the mainland and islands, with the colleges having multiple campuses and numerous outreach centres. At the end of 2012-13, sector fixed assets were approximately £1,094 million (£1,078 million for incorporated colleges and £16 million for non-incorporated colleges)[16], although it should be noted that Orkney and Shetland Colleges are not included. The asset base of the colleges forms a unique framework of accessible buildings within the regional communities and these buildings present a positive and well known location for people to attend, and there is the potential for a wider scope for the use of these buildings for a range of other public services that both students and the wider community could access.

Young people may need to access a wide range of public services, and co-locating them within a college campus makes sense on likely take up rates, coverage and ease of contact. It also allows more sensitive or confidential services to be offered at a neutral location, raising the likelihood of a successful impact.

Whilst individual circumstances (including possible constraints on use of buildings due to ownership or covenants etc.) would need to be explored, there is nonetheless the potential for college buildings to be used for co-locating other services offered by a wide range of public bodies to members of a community, but also as a base for offices and meeting facilities to aid public services.

The appropriateness and ability to offer co-located services should ideally be initiated at the planning and financing stages of investment opportunities related to either new-builds or refurbishment, but possible opportunities that may exist with current assets as they stand should be considered.

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[16] *Scottish Funding Council, College 2012-13 consolidated spreadsheet,*
http://www.sfc.ac.uk/guidance/Governance/FinancialSustainability/FinancialSustainabilityGuidance.aspx

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This sharing of assets would allow savings to be made by other public sector bodies, leading to an overall benefit to the public purse.

Capital Projects

Whilst the potential for shared use of existing assets should be explored, early planning in relation to new builds and major refurbishments is vital. The condition of the college estate is variable, and whilst there has been significant capital investment in the college sector over the last few years, some college campuses are in a very poor state of repair and require urgent attention. In this regard, there would be significant benefit to students for increased capital investment. This investment also supports innovation, new markets and entrepreneurship through investing in college assets to provide state of the art facilities in order to equip students with skills to be work ready.

There would also be great benefit to planning for capital if there was a mechanism that could be discussed and implemented, within the current framework, that allowed the college sector to operate 'rolling reserves'. These reserves would amount to a small value, for the sake of illustration not exceeding a few million pounds, which would allow the flexibility for the sector in capital planning and lead to more efficiency, thus benefiting both students and the college.

Health and Social Care

A key element in the Scottish Government's policy programme to deliver better services at lower costs is the integration of health and social care. Colleges have responded well to this change agenda, with colleges adapting and initiating course in order to train the required people in the appropriate skills.

There are elements of this provision that lead to direct savings from the costs experienced by the NHS Boards. Further, the experience from within the NHS is that with a change to the work programme of junior doctors, there has been the need to upskill within the NHS at a number of levels and this has led to greater provision at colleges for the training. This strong demand side led training provides greater efficiencies and effectiveness for the NHS, and therefore the option to fund elements of the training provided by colleges which are related to health and social care and wider NHS training provision should be investigated as it could be more appropriate for this to be funded through colleges but from the NHS Board budget.

5. Investment

As is readily evident from this submission, colleges have the capability and desire to deliver on a range of Scottish Government priorities and policy drivers.

Investment by the Scottish Government in the college sector is an investment for the Scottish economy, equality, fairness and widening access.

Every £1 that students pay for their education at Scotland's colleges yields £6.30 in higher future wages.

Society will receive £6.30 in benefits in return for every £1 invested in Scotland's colleges.

Taxpayers see £5.70 in benefits returned for every £1 in costs.

Total income created in Scotland's economy is £14.9 billion.

Source: EMSI, August 2015, Demonstrating the Economic Value of Scotland's Colleges

Without adequate investment, the opportunities available for the college sector to provide a suitable and appropriate learning experience for students, and contribute to a wide range of key Scottish Government priorities will be lost.

The sector has already made very significant efficiency improvements which have resulted in large cost savings. This has left the college sector at a resource level which, even with a recurring 'flat-cash' settlement, is inadequate to maintain current levels of activity, appropriate investment in estates and infrastructure and existing and planned commitments. All available efficiencies have been implemented through both the regionalisation and mergers processes, and any further efficiencies from structural changes would only be marginal. Reductions in teaching and learning and a removal of opportunity for the communities which are served by colleges are inevitable unless additional funding is found for the sector or efficiencies are delivered from collaborative working among stakeholders across the educational landscape.

At the same time as both the regionalisation and merger processes, the sector was also subject to reclassification by the Office for National Statistics (ONS). The result is that colleges are now treated as public bodies and are subject to central Scottish Government accounting rules. The impacts of this reclassification are still being worked through, but have resulted in a huge change in approach to financial planning and accountability. For example, colleges can no longer hold reserves, nor borrow, which seriously curtails their ability to plan over a timescale longer than a year.

Whilst now back in the public sector, it is important to understand that colleges are in a situation where the public funding received does not cover the costs of the activity generated. All colleges need to generate differing levels of additional income to allow delivery of teaching and learning, with, on average across Scotland, colleges required to generate approximately 30% of income from non-government sources simply to allow provision of mainstream services. This necessity, especially within the new accounting rules following reclassification, places colleges in an unusual position for a public body.

Colleges Scotland as the Employers Association has also led the implementation of the Scottish Government's policy to reintroduce National Bargaining to the college sector. This is being progressed currently without any additional funding from the Scottish Government, which during this transitional phase, is proving increasingly difficult. Linked to the fairness and equality agenda, and aligned to the reintroduction of National Bargaining, is the trade unions claim for harmonisation

of pay and conditions of service across the college sector. For the Scottish Government's policy of returning to National Bargaining to be fully realised, further significant investment will be required.

In addition reclassification brings alignment to public sector pay policy, yet future public sector pay awards in line with those announced in the UK Government's 2015 budget cannot be met by the colleges from within existing resources, without further impact on students and the level of educational activity.

Colleges Scotland is working with the Scottish Government and the SFC to look at the impacts of reclassification and to ensure flexibility to address a considerable number of new ways of working. However, this will not be resolved in the short-term, and so the need for investment from public funds will need to be maintained.

Revenue

The provision of a budget of £526m for 2015/16 is fully required to deliver the obligations set out in the Regional Outcome Agreements that are in place with the SFC.   In 2014/15, Scottish Government agreed that depreciation funds could be used for a small number of priority areas where there was significant financial pressure. Whilst discussions are on-going at this time with regard the use of depreciation funds in 2015/16, it is clearly an expectation of Scottish Government that a similar approach should be used. What is now self-evident is that the college sector, in order to deliver the current commitments set out in the Regional Outcome Agreements, is required to spend the full amount of the £526m.

The college sector is also facing additional recurring costs from 2016/17 onwards, the level of which are outwith the control of the colleges, e.g. there is little scope to cut examination spending, pension scheme costs, changes to National Insurance payments, legacy of loan financing costs and other costs driven by Scottish Government policy, such as costs arising from implementation of recommendations from the Student Support Review Group[17]. In addition, the recent rise in the level of the Living Wage will also increase the new costs faced by the sector. To maintain the benefits from the investment in the sector, a provision of £526m plus the additional costs that will impact the sector is required in 2016/17.

The total required funding level for 2016/17 is then required to be sustained in real terms across the length of the spending review period.

The additional costs that have so far being quantified are set out in the table below:

Item	Approximate additional cost in 2016/17 (£'m)
Pay award (in line with 1% public sector pay policy announced in UK budget in July 2015)	4
Additional pension costs following tri-annual revaluation exercise	4
Increased National Insurance as a result of end of contracting out	8
Establishing Student Associations	2
Total	**18**

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[17] *Scottish Funding council, November 2014, Student Support Review Group*
http://www.sfc.ac.uk/web/FILES/Funding_Streams_Student_Support/Student_Support_Review_Group_Final_Report_Updated.pdf

As well as the above, there would be additional costs related to the following items which are explained further below:

- current student support funding, plus any recommendations that are implemented from the Student Support Review Group[18]
- the introduction of national bargaining and the modernisation of the college workforce to meet future need
- the recent increase to the Living Wage.

Student Support Funding

Student support funding does not fully meet the cost of college student support funding demand related to further education courses, as is the case for pre-16 year old students and those undertaking a higher education qualification. The shortfall has been covered in 2014/15 (and is expected by Scottish Government to be covered in 2015/16) by use of net depreciation money, leading to technical deficits in college accounts. Until implementation of a standard and fair system for student support funding within the college sector is achieved, Scottish Government should fully fund the current system.

Initial indicative costs produced by the Scottish Funding Council in an internal document related to implementation of the recommendations from the Student Support Review Group, show that the cost to implement all of the recommendations could be in the order of £16.5m. This figure excludes costs related to standardisation of practice relating to Bursary/Educational Maintenance Allowance (EMA) to 18 and 19 year olds which will be dependent on future policy decisions by the Scottish Government.

It is worth noting that in the case of loan debt repayments (including Lennartz), additional resource to cover these payments is required across the sector as the full £526m 'baseline' amount is required to service the core functions of the colleges, and the colleges cannot guarantee the generation of surpluses to finance these going forward.

National Bargaining

In addition, there is the projected cost of National Bargaining and developing the workforce of the future. As an estimate, based on implementation of the current claim from the trade unions, the cost to the public purse would be approximately £35m.

Living Wage

Also, the recent recommendation by the Living Wage Foundation to increase to £8.25 per hour the amount of the living wage, will increase costs to colleges. Colleges Scotland is currently determining the sector wide impact of this increase.

Capital

Due to the constraints of ONS reclassification of colleges, they can no longer borrow and are more or less entirely reliant on public funds for their capital investment needs. Whilst there has been significant capital investment in the college sector in recent times there remain significant areas where major investment is needed.

Continued investment in the college estate and information and communications technology (ICT) capital need is vital in order to ensure students have the best possible learning experience, to

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[18] *Scottish Funding council, November 2014, Student Support Review Group*
http://www.sfc.ac.uk/web/FILES/Funding_Streams_Student_Support/Student_Support_Review_Group_Final_Report_Updated.pdf

make sure they are being taught in appropriate and safe facilities, to bring equity to the student experience and to allow the full potential of the contribution that colleges can make to Scottish Government priorities.

Colleges Scotland is working with the SFC to set out a 10 year strategy for capital investment which is expected to be finalised during 2015. This include investment in low carbon technology and in a way that mitigates and reduces the impact of climate change. The college sector wants to fully contribute to reducing the carbon emissions of Scotland and this forms part of the approach going forward.

Whilst the 10 year strategy is developed, SFC has previously undertaken work which has already assisted in identifying colleges that have major capital investment needs, and for these colleges the only solution is SFC capital funding.

Alongside the capital investment, funding to maintain assets and to ensure that previous capital investment is not degraded needs to be provided. Due to the constraints of ONS and the major reductions in SFC capital funding, colleges are currently unable to provide capital maintenance funding sufficient to maintain them at an acceptable level. Without adequate maintenance funding there will be a negative impact on the learning and teaching environments at colleges, and assets will deteriorate, thus an increase in SFC capital maintenance funding is required to address this.

The SFC assessed the capital maintenance needs at a number of colleges, using data on life cycle maintenance and compared these needs to available SFC capital grant year-on-year, and then extrapolated the results across the rest of the sector.

Relying heavily on the SFC's understanding of the capital and maintenance need ahead of further development of the 10 year infrastructure strategy, the estimated need for the college sector over the next three years is laid out in the table below (excluding any potential capital receipts).

Financial Year (FY)	Capital Need/ £m	Capital Maintenance/ £m
2016/17	55	35
2017/18	100	35
2018/19	125	35

The college sector is more or less entirely reliant on public funds for their capital investment needs, so to maintain and improve the teaching and learning environment for some of the most deprived communities in Scotland and to ensure the college estate supports the delivery of vocational training whilst students acquire the necessary skills to enter the workforce, the above investment is a necessity.

6. Scotland's Colleges Contribute to Scottish Government Strategies and Policy Direction

It is evident from previous sections that an investment in the college sector brings positive benefits to all stakeholders. This section now sets out how this investment supports the policy intentions of the Scottish Government. The Scottish Government has set out its strategic priorities and policy direction in a number of documents[19] published over the last couple of years.

The vision statements of both Colleges Scotland and the college sector in Scotland are strongly consistent with the aspirations of the Scottish Government.

Appendix 3 sets out, against each of the themes identified in the respective strategies, the contribution the college sector can make to delivering Scottish Government policy.

A summary of the contribution that the college sector make is set out below:

Contribution to a Strong, Sustainable Economy

Colleges contribute towards a strong, vibrant and diverse economy, as well as to sustainable economic growth. They contribute by providing relevant high quality vocational training to ensure that students acquire the necessary skills to enter the workforce, including the digital skills for the 21st century required by employers. Colleges contribute to competitiveness by producing people with the right skills who are work-ready and positioned to support companies, encourage innovation and build entrepreneurialism. Colleges help produce a workforce of greater productivity and skill, allowing more people, from all backgrounds, to participate in the labour market. The Scottish Government is also committed to nurturing a national endeavour in relation to entrepreneurialism through its CAN DO initiative. With around 260,000 students in 2011/12 engaging with college education every year, the contribution of colleges to fostering entrepreneurial attitudes and skills is highly significant.

Contribution to the Student and the Learning Experience

Colleges are in a strong position to help deliver on the Scottish Government's strategy: *Developing the Young Workforce*[20] and to provide retraining and upskilling for adult students. The current focus of ensuring our young people have the necessary work skills is supported by the college sector, both in the expansion of the links between schools and colleges and in the vital role colleges' play in developing engagement between employers and education in their regions.

Colleges also provide a vital element of learning throughout life, helping those who need to update their skills before returning to the workforce, or those who have been made redundant to retrain and upskill in order to return to the workforce. This results in benefits for the student and helps to create national prosperity and wealth, which in turn supports higher quality public services. The students are also able to bring an important contribution to the wide range of small and medium enterprises (SMEs) which are so important to Scotland's economy.

Contribution to Strengthening our Communities

Colleges contribute towards delivering a stronger Scotland for people and communities by supporting the community empowerment agenda of Scottish Government and through the

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[19] *Scottish Government, September 2015, A Stronger Scotland, the Government's Programme for Scotland 2015/16*
Scottish Government, March 2015, Scotland's Economic Strategy
Scottish Government, November 2014, One Scotland, the Government's Programme for Scotland 2014-15
Scottish Government, November 2013, Scotland Can Do
[20] *Scottish Government, December 2014, Developing the Young Workforce - Scotland's Youth Employment Strategy*

contribution that they make to Community Planning Partnerships (CPP) and to community-based adult learning. As well as providing learning and skills, many colleges have developed a significant wider role in their communities, contributing to widening access to learning, community cohesion and the development of civil society and enterprise.

Colleges participate positively within their respective CPP structures, either at strategic board level or through thematic or operational groups. They also have good links with local community planning groups that operate within overarching CPP structures. Colleges have particular strengths in provision for specific groups of students within communities. These include young people taking part in school-college programmes, students aiming to develop employability skills, students of English for Speakers of Other Languages (ESOL), disengaged young people needing help to move into positive destinations and people in the community with learning difficulties. Most partnerships with local Community Learning and Development (CLD) providers also work well delivering a range of programmes including adult literacies and digital literacy skills. It is generally acknowledged that access to informal learning helps people to engage effectively in civil society and contribute more fully to their local community as well as to the economy.

According to a recent Education Scotland report[21] 'Colleges have made a sustained positive contribution to outcomes for students in their communities through working with community partners. This is reflected in high levels of satisfaction from community partners about the way colleges work with them and respond to identified needs.'

Reaching out to disadvantaged hard-to-reach groups within their communities, not only leads to a steady supply of students for higher-level qualification-based study but also supports colleges wider role in promoting the well-being and cohesion of their communities. This in turn, leads to significant benefits in other areas of public policy, including health, social care, support for families, volunteering and social justice. Most colleges are already seen as being embedded in their communities through networks of outreach centres which lower entry barriers to education.

Democracies need active, informed and responsible citizens; citizens who are willing and able to take responsibility for themselves and their communities and contribute to the political process. Colleges provide an environment in which young people can acquire a grasp of the political, legal and economic functions of adult society, and with the social and moral awareness to thrive within it.

Contribution to a Stronger and Fairer Scotland

Colleges promote fairness, offering people life chances and equality of opportunity to learn. Enrolling in college helps those furthest away from the labour market to move towards employment and supports those with few or no qualifications to achieve a better education.

As part of the sector's commitment to DYW, through stronger school-college engagement and provision, colleges are well placed to make a real difference to attainment levels and encourage young people to develop the skills the nation needs.

Colleges also assist adults in retraining and upskilling, hence allowing students to benefit from lifelong learning and to have the skills to access work. In this regard, colleges offer particular opportunities to women returning to the workforce.

Colleges play a vital role in generating social capital by taking a disproportionate amount of students from socio-economic deprived backgrounds, with the latest data[22] available from the Scottish Funding Council showing that the proportion of students from the 40% most deprived

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[21] *Colleges and Community Planning, Education Scotland 2013*
http://www.educationscotland.gov.uk/Images/CollegeandCommunityPlanningReport170513_tcm4-757870.pdf
[22] *Scottish Funding Council, March 2015, Learning for All: Measures of Success, ninth update*

geographical areas (as measured by the Scottish Index for Multiple Deprivation (SIMD)) has increased from 46.1% in 2009/10 to 50.1% in 2013/14. The proportion of Student Unit of Measurement (SUMs) delivered to the 40% most deprived areas has also seen an increase from 51.2% in 2009/10 to 53.5% in 2013/14. A similar pattern of increased delivery is seen in both the 10% and 20% most deprived areas. Colleges have also contributed to working towards gender equality amongst students. Further information on these areas can be found in Appendix 3.

These vital roles fulfilled by colleges helps generate social capital, break the cycle of deprivation and enables people who may not otherwise have done so to access work, and increases a person's life chances. Colleges are truly widening access and adding value by providing those furthest away from the workforce with qualifications and skills to enable them to enter the workforce.

7. Scotland's Colleges Contribute to a Collaborative Approach across the Educational Landscape

The previous sections of this submission have shown the added value that investment in the college sector brings to the student, the economy and society, and how the college sector is placed to help support the Scottish Government's policy intentions around areas such as Developing the Young Workforce, widening access, reducing the attainment gap and empowering communities, whilst skilling the workforce of today and the future.

Scotland's colleges play a key role in driving forward collaboration among stakeholders to secure the best value in education. Colleges Scotland recognises that it is vital that colleges play their part in seeking efficiencies across the public sector, whilst continuing to respond to increased demand and ensuring that the quality of the provision is prioritised.

There are three broad approaches that could be taken to deliver costs savings for the public purse. These can be summarised as:

- delivery of a more efficient learner journey
- a reduction in the activity volume undertaken by colleges
- a reduction in the price paid to colleges for the provision of a certain activity volume.

Taking each of these options in turn and analysing each approach to determine a way forward is considered below.

More Efficient Learner Journey

Section 4 of this submission lays out the detail of the imaginative solutions to aid a more seamless and efficient journey through the educational landscape and to ensure that the system is truly student focussed. Colleges Scotland would be keen to work with Scottish Government and other key stakeholders to investigate these proposed solutions.

Volume of Activity

With the focus of Scottish Government policy driving the college sector towards the provision of education for a greater number of young people on full-time courses, colleges have already seen the number of part time students fall by 48% since 2008/09, reducing the number of students on part time courses from approximately 300,000 to around 155,000[23]. It is necessary for the volume of activity to remain at least at the current levels if colleges are to ensure the provision of vocational courses for the increasing numbers of full time pupils continuing their education from schools to colleges and to ensure that other students are provided with the necessary skills to contribute to the economic well-being of Scotland. There has been a 20% increase of full time students between 2005/06 and 2013/14, rising from 66,667 in 2005/06 to 80,154 in 2013/14[24].

Whilst there could be less demand by students for further education courses that do not lead to a higher qualification at this point in time (i.e. SCQF levels 3 - 6), the maintenance of this part of the educational landscape is vital to ensure the provision of a continuous pathway for students. In considering the balance between non-advanced and advanced higher education such as Higher National Certificate (HNC)/ Higher National Diploma (HND) provision, account must be taken of the importance of providing sufficient pathways for those with limited academic qualifications to be able to continue to develop knowledge and skills with a view to progressing. The college sector has an enviable reputation in creating opportunities for all, to improve their level of qualifications, so it is

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[23] *Audit Scotland, April 2015, Scotland's Colleges 2015*
[24] *Scottish Funding Council, January 2015, Baseline report for Academic Year 2013/14*

important that this aspect of college provision is maintained. The reality is that any reductions in activity volume for non-advanced further education provision would most likely impact those with the lowest qualifications at age 16, working against the Scottish Government's key policy drivers of DYW and lowering the attainment gap. It must also be remembered that colleges will manage their curriculum offers and course take up throughout the year to ensure, as far as possible, full utilisation of their activity volume targets.

At the CAN DO event on Wednesday 26 August 2015, John Swinney, Deputy First Minister and the Cabinet Secretary for Finance, Constitution and Economy, stated that these pathways should indeed be extended back into primary schools. There is therefore a danger in restricting the capacity of the pathways at one point in the system. Scotland is also projected to go through a demographic change for 16-19 year olds by 2020, with the current downward trend in numbers for this age group reversing, and starting to climb. Maintaining activity volume during a short period of population reduction also provides capacity to help eliminate the numbers who are not in employment, education or training.

Therefore in conclusion, the current activity volume within the college sector is a necessary requirement to supply the Scottish economy with a skilled workforce.

Price Paid for Activity Volume

The level of funding to the college sector has reduced significantly in recent years (yet colleges have maintained student numbers and the level of service), with the Audit Scotland report[25] stating that overall revenue funding has reduced, in real terms, by 12% in the period 2011/12 to 2015/16. The level of the reduction faced by the sector amounted to nearly £54m between 2011/12 and 2013/14, with Audit Scotland estimating a further decrease of over £15m between 2013/14 and 2015/16. This means a total reduction to the sector since 2011/12 of £69m.

This scale of reduction is unprecedented across the public sector, even taking into account the public funding environment that has emerged over the last few years. The result of these reductions is such that colleges have been left with no further significant efficiencies that can be gained, and therefore conclude that the current price paid for activity volume must be maintained.

Any reduction in volume or price paid would require cuts in staffing numbers which would ultimately reduce student numbers. It would also leave colleges in a poor state to cope with the increase in demand due to population growth in the early 2020's, and would cause potential conflict with the Scottish Government's policy of no compulsory redundancies in the public sector.

Colleges Scotland
November 2015

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[25] *Audit Scotland, April 2015, Scotland's Colleges 2015*

Appendix 1

Key College Sector Facts

- There were 37 colleges in 2011/12, and 26 in 2014/15.

- These 26 colleges are contained within 13 regions.

- There are 10 single college regions and three multi college regions.

- 20 of these colleges are incorporated under the Further and Higher Education (Scotland) Act 1992.

- There are a further six colleges not incorporated under the Act:

  - Argyll College UHI
  - Newbattle Abbey College
  - Orkney College UHI
  - Sabhal Mòr Ostaig UHI
  - Shetland College UHI
  - West Highland College UHI

Region	College(s)	
Aberdeen and Aberdeenshire	1. North East Scotland College	
Ayrshire	2. Ayrshire College	
Borders	3. Borders College	
Dumfries and Galloway	4. Dumfries & Galloway College	
Edinburgh and Lothians	5. Edinburgh College	
Fife	6. Fife College	
Forth Valley	7. Forth Valley College	
Glasgow	8. City of Glasgow College	
	9. Glasgow Clyde College	
	10. Glasgow Kelvin College	
Highlands and Islands	11. Argyll College UHI	
	12. Inverness College UHI	
	13. Lews Castle College UHI	
	14. Moray College UHI	
	15. North Highland College UHI	
	16. Orkney College UHI	
	17. Perth College UHI	
	18. Sabhal Mòr Ostaig UHI	
	19. Shetland College UHI	
	20. West Highland College UHI	
Lanarkshire	21. New College Lanarkshire	
	22. South Lanarkshire College	
Tayside	23. Dundee & Angus College	
West	24. West College Scotland	
West Lothian	25. West Lothian College	
n/a	26. Newbattle Abbey College	

- 76 million hours of learning was delivered by colleges in 2013/14.
- The split of gender of students is approximately 50:50, having become more equal in the preceding years.
- The top five subject areas studied by students at colleges in 2012/13 were:
  - Health Care, Medicine, Health and Safety
  - Family Care, Personal Care and Appearance
  - Information Technology and Information
  - Engineering
  - Catering, Food, Leisure Services, Tourism.
- Around 71% of colleges' income in 2013/14 was provided by the Scottish Funding Council (SFC). Generated other income through commercial and training activity, and from student fees from those not eligible for the fee waiver.

A summary of overall income for the college sector in Scotland in 2013/14 is set out below:

Income category 2013/14	Amount £m
SFC grants	346.2
Course fees and contracts	86.5
Other	55.0
Total	**487.7**
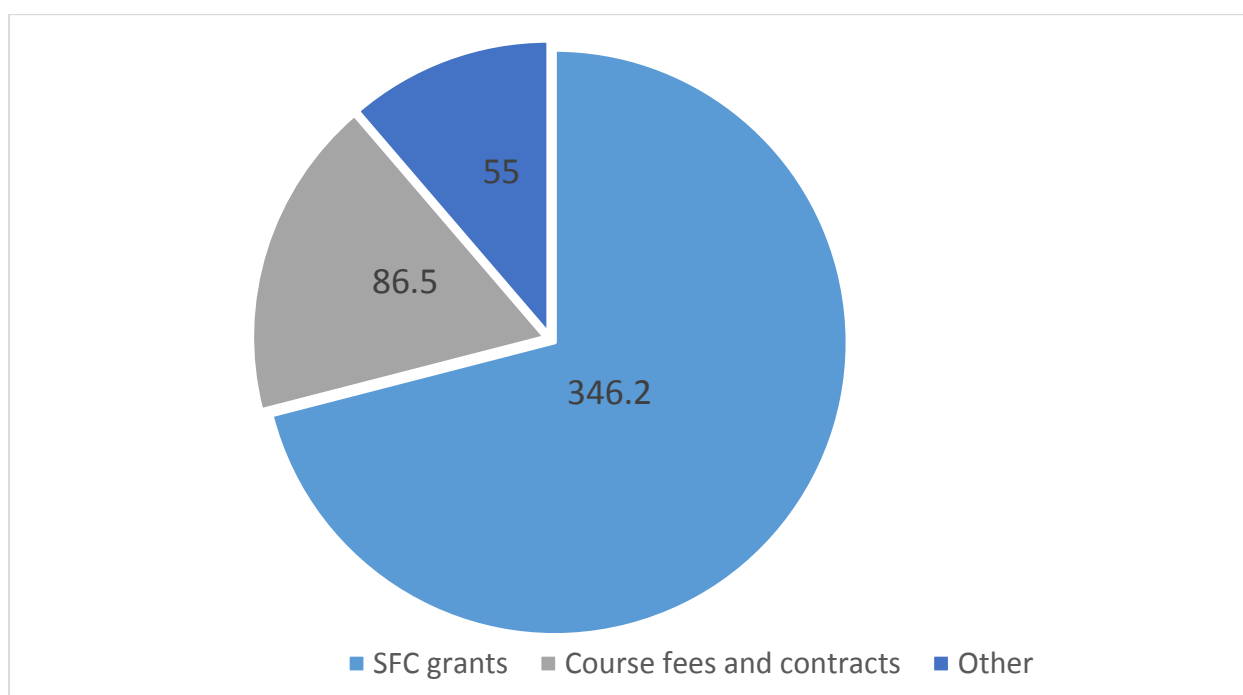
Notes:

- Figures for 2013/14 are latest published following analysis by Audit Scotland
- Most colleges' accounts covered a shorter financial period in 2013/14
- The figures do not include bursaries and other student support funds which are provided to colleges for the benefit of individual students

Source: Audit Scotland, Scotland's Colleges 2015 report, published April 2015

Appendix 2

Demonstrating the Economic Value of Scotland's Colleges Fact Sheet

DEMONSTRATING THE ECONOMIC VALUE OF
Scotland's Colleges

FACT SHEET ANALYSIS OF THE SOCIAL & ECONOMIC BENEFIT OF LEARNING

OVERVIEW

Scotland's colleges create significant positive benefits on their main stakeholder groups: learners, society, taxpayers, and the local business community. Using a two-pronged approach that involves an investment analysis and an economic impact analysis, the model applied in this study calculates the benefits to each of these groups. This fact sheet presents the key findings.

INVESTMENT ANALYSIS

BENEFITS TO LEARNERS

- Learners as a whole invested a total of **£1.2 billion** to attend Scotland's colleges in 2013-14. The majority of these costs, around **£1.1 billion**, represent foregone earnings that they would have generated had they been working instead of learning.

- In return for the monies that learners invest in Scotland's colleges, they will receive a present value of **£7.4 billion** in increased earnings over their working lives.

- Every £1 that learners pay for their education at Scotland's colleges yields **£6.30** in higher future wages. This translates to a **14.8%** annual rate of return on their investment.

BENEFITS TO SOCIETY

- Society as a whole invested **£3.2 billion** in Scotland's colleges through direct outlays and the loss of potential output from learners who spent time at the colleges rather than working.

- In return, society will receive a present value of **£19.9 billion** over the course of the learners' working lives, in the form of an expanded tax base and a variety of social benefits related to reduced crime, lower unemployment, and increased health and well-being.

- Society will receive **£6.30** in return for every £1 invested in Scotland's colleges. The average annual rate of return on their investment is **16.4%**.

BENEFITS TO TAXPAYERS

- Taxpayers in the UK paid **£598.3 million** to support the operations of Scotland's colleges in 2013-14.

- The present value of the added tax revenue stemming from the learners' higher lifetime incomes and the increased output of businesses amounts to **£3 billion** in benefits to taxpayers. Avoided costs to the public sector adds another **£358.3 million** in benefits due to a reduced demand for government-funded social services.

- Taxpayers see an average annual rate of return of **15.6%** from their investment in Scotland's colleges. The corresponding benefit-cost ratio is **£5.70** in benefits returned for every £1 in costs.

FOR EVERY £1 SPENT

£6.30	Gained in lifetime higher earnings for learners
£6.30	Gained in added income and savings to society
£5.70	Gained in added tax receipts and avoided costs to taxpayers

DEMONSTRATING THE ECONOMIC VALUE OF SCOTLAND'S COLLEGES | SEPTEMBER 2015   **emsi**

ECONOMIC IMPACT ANALYSIS

IMPACT OF STAFF & COLLEGE EXPENDITURE

- Scotland's colleges employed **10,238** full-time equivalent faculty and staff in 2013-14. Staff costs amounted to **£392.9 million**, much of which was spent in Scotland to purchase groceries, clothing, and other household goods and services.

- The colleges are buyers of goods and services and spent **£272.9 million** to support their operations in 2013-14. College expenditure further benefited many local suppliers in Scotland.

- The net impact of staff and college expenditure in Scotland comes to approximately **£700.8 million** in added income in the Scottish economy each year.
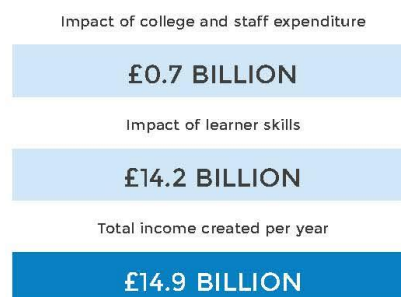
IMPACT OF ADDED WORKFORCE SKILLS

- Many learners attending Scotland's colleges stay in Scotland. Their enhanced skills and abilities **bolster the output** of local employers, leading to higher Scottish income and a more robust economy.

- The accumulated impact of former learners attending Scotland's colleges who are currently employed in the Scottish workforce amounts to **£14.2 billion** in added income in Scotland's economy each year.

TOTAL IMPACT ON LOCAL BUSINESS COMMUNITY

- Altogether, the economic impact of Scotland's colleges to the business community in Scotland is **£14.9 billion** each year.

- Total added income created by Scotland's colleges and their learners is approximately equal to **8.8%** of the total economic output of Scotland in 2013-14 and represents roughly **593,246** average wage jobs.

INCOME CREATED BY SCOTLAND'S COLLEGES

Impact of college and staff expenditure

£0.7 BILLION

Impact of learner skills

£14.2 BILLION

Total income created per year

£14.9 BILLION

DEMONSTRATING THE ECONOMIC VALUE OF SCOTLAND'S COLLEGES | SEPTEMBER 2015

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Appendix 3

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Scotland's Colleges Contribute to the Scottish Government's Programme for Scotland and Scotland's Economic Strategy

In November 2014, the Scottish Government published its programme for Scotland 2014/15 entitled 'One Scotland'[26], and in September 2015, it published the programme for Scotland 2015/16, entitled 'A Stronger Scotland'.[27]

One Scotland focused on several themes, these being:

- working together for a stronger Scotland
- creating more, better paid jobs in a strong, sustainable economy
- building a fairer Scotland and tackling inequalities
- passing powers to our people and communities.

A Stronger Scotland built on these themes, with the programme for Government focussed around the following themes:

- A Stronger and Fairer Scotland
- A Strong, Sustainable Economy
- Strengthening our Communities.

The vision statements of both Colleges Scotland and the college sector in Scotland support these aspirations.

In the following section the contribution that the college sector can make in supporting the policy direction of the Scottish Government is outlined.

Working Together for a Stronger Scotland

The college sector's response to the Post-16 Education (Scotland) Act 2013 has created some colleges of sufficient strategic scale and influence to deliver vocational training and support the Scottish Government's ambitions for post-16 education.

This includes a shared vision to have an approach to college provision that values communities and individuals, works in partnership and provides a valuable contribution towards making the best use of resources.

Colleges contribute towards delivering a stronger Scotland for people and communities, and strengthening the economy. Colleges make Scotland an attractive destination for investment due to their delivery of a workforce with the correct skills and work readiness.

A Strong, Sustainable Economy

Colleges contribute towards a strong, vibrant and diverse economy, as well as to sustainable economic growth. They contribute by providing strong vocational training to ensure that the students have the necessary skills to enter the workforce. Courses and curriculum are designed to take account of the skill needs that are identified on a regional basis, so that there is increased certainty that students will have the appropriate skills to move into jobs. Colleges also have the

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[26] *Scottish Government, November 2014, One Scotland, the Government's Programme for Scotland 2014-15*
[27] *Scottish Government, September 2015, A Stronger Scotland, the Government's Programme for Scotland 2015-16*

flexibility and adaptability to respond to the needs of business in relation to training to address skills gaps and help business to remain competitive through an efficient, skilled workforce.

Case Studies: A Business Influencing College Curriculum Content

New College Lanarkshire has worked with the Royal Bank of Scotland (RBS) to develop a qualification in software development that provides students with the particular skillset required for the RBS environment. The company gains by having new starts becoming productive very quickly after graduation.

The Energy Skills Partnership has brokered an agreement between both Forth Valley College and Dumfries and Galloway College and Scottish Power to create a new qualification for electrical power linesmen. This has allowed Scottish Power to address a skills shortage and to offer a new career direction to unemployed workers.

A Stronger and Fairer Scotland

Colleges play a key role in generating social capital by taking a disproportionate number of students from socio-economic deprived backgrounds, and hence bringing a contribution to delivering equality and fairness across Scotland.

Figures Related to Students from Deprived Backgrounds

	Proportion of SUMs delivered			Proportion of Students		
	10% most deprived	20% most deprived	40% most deprived	10% most deprived	20% most deprived	40% most deprived
2009/10	15.7%	28.8%	51.2%	13.6%	25.1%	46.1%
2010/11	15.9%	29.3%	52.1%	14.0%	25.7%	46.9%
2011/12	15.8%	29.4%	52.5%	14.9%	27.1%	48.5%
2012/13	15.9%	29.6%	52.6%	15.4%	27.9%	49.2%
2013/14	16.3%	30.4%	53.5%	15.8%	28.6%	50.1%

Source: SFC Measures of Success: Learning for All 2013-14

This vital role fulfilled by colleges helps break the cycle of deprivation and enables people who may not otherwise have done so to access work. Colleges also assist students in retraining and upskilling, hence allowing them to find different work. Both of these activities contribute to closing the attainment gap due to the disproportionate number of students from the 10%, 20% and 40% most deprived datazones, and hence to address the underlying causes of poverty.

The work of the Commission on Widening Access will provide further policy direction in securing access to education for disadvantaged persons, and colleges are well placed to provide an important and tangible contribution to widening access. Colleges have a track record of delivering for students across the socio-economic spectrum.

Colleges are an articulation route to universities for some students who may have not been fully served in their pre-16 educational experience. Colleges also help deliver equality and fairness through admissions and student support policies that recognise the different needs of minority groups, and colleges are working towards ensuring gender balance. For example, the provision of a girls-only engineering course at City of Glasgow College, and a similar approach by Fife College, which is running 'Girls into Energy' courses through school-college partnerships. The data shows that the gender balance has remained broadly constant between 2012/13 and 2013/14, having

narrowed in the preceding years. There has also been a marginal drop in the proportion of Black and Minority Ethnic (BME) and disabled students in 2013/14, compared to 2012/13. Colleges Scotland does accept that the gender balance is not consistent across geographical areas or subjects, and notes the development of a draft gender action plan for the sector by the SFC.

Gender Balance Data – Proportion of FTE at Colleges

	2009/10	**2010/11**	**2011/12**	**2012/13**	**2013/14**
Male	47.6%	48.3%	48.5%	49.1%	49.1%
Female	52.4%	51.7%	51.5%	50.9%	50.9%
White	93.5%	93.1%	93.4%	93.8%	94.0%
BME*	6.5%	6.9%	6.6%	6.2%	6.0%
Disability	15.1%	15.6%	16.6%	17.3%	16.5%

* Black and Minority Ethnic
Source: SFC Measures of Success: Learning for All 2013-14

Scotland's colleges have signed up to a living wage commitment for directly employed staff, understanding the importance of this and the benefits delivered in bringing about a fairer society. The college sector contributes to the key area of delivering equality in Scotland.

Strengthening our Communities

Colleges empower individuals and help strengthen communities. During Scotland's industrial past, colleges became the first providers of training for school leavers and young apprentices employed by industry. Throughout the decades, colleges have continued to adapt to meet the ever changing needs of the industries around them. Working closely with businesses, communities and local agencies, colleges are at the centre of economic development and regeneration in Scotland. They play a critical and valuable role in delivering the skills, competencies and learning that fuels the economy and enables students to train, retrain and contribute.

The learning provision from colleges enables individuals and families to get out of poverty, and increases a person's life chances. Colleges offer particular opportunities to women returning to the workforce. The economic benefit to an individual from a college education has been covered in the main submission.

The 26 colleges, working within 13 regions, are spread throughout the mainland and islands of Scotland, offering educational and work opportunities in many different communities. Colleges build partnership working with local communities and businesses to develop workforce skills required to support the local economy.

Scotland's Economic Strategy

In March 2015 the Scottish Government published its refreshed Economic Strategy[28]. The overall purpose of the economic strategy is to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.

The strategy is based on two key pillars: increasing competitiveness and tackling inequality. Underpinning the twin pillars are four key priorities of investment, innovation, inclusive growth and internationalisation.

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[28] *Scottish Government, March 2015, Scotland's Economic Strategy*
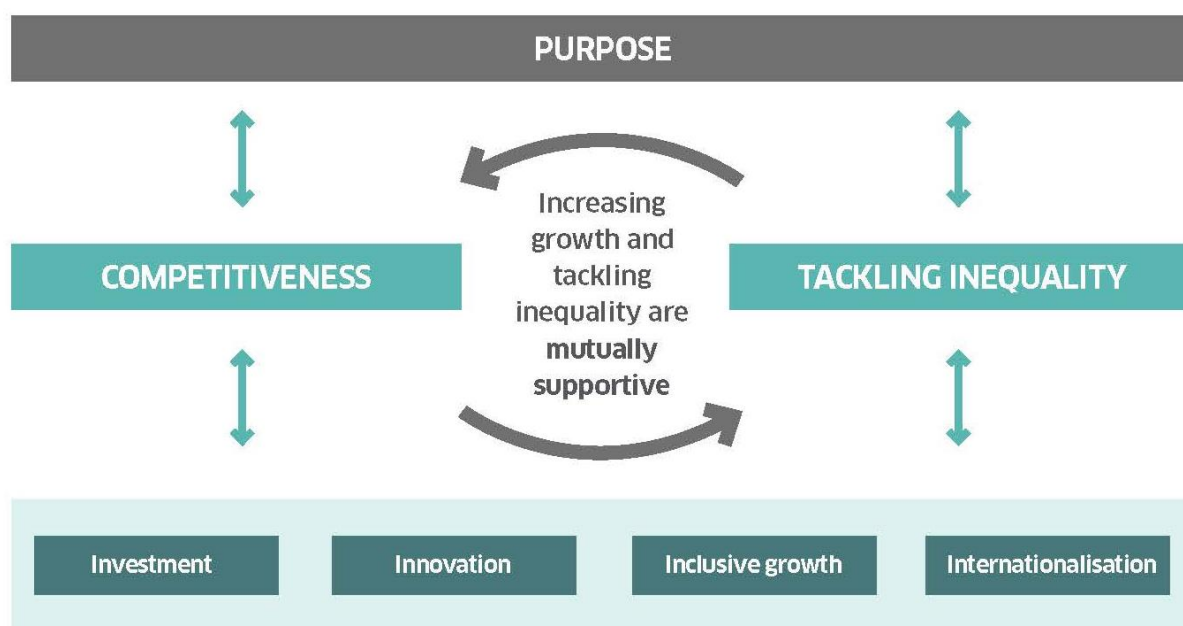
Source: The Scottish Government, March 2015, Scotland's Economic Strategy http://www.gov.scot/economicstrategy

Key Pillars

Competitiveness

Colleges contribute to competitiveness by producing students with the right skills, who are work-ready and are then positioned to support companies, encourage innovation and build entrepreneurialism. Colleges help produce a workforce of greater productivity and skill, allowing more people, from all backgrounds, to participate in the labour market.

Reduce Inequality

Colleges are well positioned to address inequality, and to educate people from some of the most deprived areas of Scotland. This helps deliver the government priorities of widening access and reducing the attainment gap.

Key Priorities

Investment

Adequate vocational education provision is a basic element of investment in the future for a nation, to enable investment of human capital into business and to build the key relationship with businesses and industry in order to provide the appropriate pipeline of work-ready individuals. The investment, both in students and capital, helps drive the economy. See Appendix 2 return on investing in the college sector.

Innovation

Colleges help to provide work ready staff for business, industry, the public services and the third sector. Colleges act as hubs for developing the young workforce, with the government and the college sector investing in various approaches to ensure productive employer engagement.

The Scotland CAN DO Framework[29], presents a vision of Scotland as a world-leading entrepreneurial and innovative nation – a CAN DO place for business. The framework recognises that the reformed college sector has a key role to play in accelerating entrepreneurship and innovation across Scotland. The importance of the college sector was further underlined by Nicola Sturgeon, First Minister of Scotland, at the Scottish Council for Development and Industry (SCDI) Business Engagement Event on 28 September 2015. The First Minister announced[30] a new £78m fund to assist Scottish businesses and tertiary education to develop innovation in new inventions, products and services.

The CAN DO strategy states that the colleges are crucial to ensure that businesses have access to a supply of entrepreneurial and innovative graduates equipped with the skills, training and appetite to join growing businesses. It goes on to say that entrepreneurship and innovation also needs to be further promoted across Scotland's colleges, including exciting career options available for talented individuals. The Scottish Government has understood that Scotland's new regional college structure presents the opportunity to do this and will be an integral part of increasing entrepreneurship and innovation across Scotland.

There is a need to support and promote the benefits of knowledge exchange collaborations between businesses and colleges that deliver a positive economic impact.

Inclusive Growth

Colleges are in a unique position to ensure that the contribution to growing the economy is undertaken in such a way that the benefits are delivered in an inclusive and fair way as possible. Colleges tackle inequality through a wide variety of means, including:

- widening access to people from across the socio-economic spectrum
- working towards improved gender balance
- working in partnership with many organisations from across the public, partner and third sector
- signed up to a living wage commitment as employers.

Internationalisation

The college sector has the huge potential to contribute to this agenda by bringing benefit to the Scottish economy, through inward investment from abroad, and by providing opportunities for global learning and connectivity.

Traditionally, Scotland's colleges have been active players in the international market, both in terms of recruiting international students and pursuing markets to identify commercial opportunities. Whilst the reclassification of colleges by ONS has brought several areas of complexity in regard to international opportunity, there are a number of colleges who continue to be leaders in specialist niche markets, with considerable potential to attract more international business and enhance Scotland's reputation in those markets. Colleges Scotland has developed of 'A Framework for the Future of Internationalisation' for the college sector, and is in discussions with Scottish Government on ways forward to support the potential opportunities.

International students enrich the experience of Scottish students by providing a more diverse pool of students, with a broader global perspective. The cultural exchange benefits everyone as well as helping to promote Scotland internationally. Support from the Scottish Government for the re-introduction of a post-study work visa, which the UK Government ended in 2012, would attract overseas students thus enriching the college experience for all, whilst retaining skilled graduates who contribute to our economy.

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[29] *Scottish Government, November 2013, Scotland Can Do*
[30] *http://news.scotland.gov.uk/News/Business-innovation-boost-1da3.aspx*