

Tuesday 16 September 2014

2.00pm

Room 2089

AGENDA

- 1 Apologies for Absence
- 2 Declaration of Interest
- 3 **Presentation and Discussion on ONS by John Ford, SFC**
- 4 Chair's Update
- 5 Principal's Update (attached)
- 6 Governance Issues
 - 6.1 Board Recruitment
 - 6.2 Changes to Standing Orders and Constitution (attached)
 - 6.3 Committee Membership (attached)
 - 6.4 Board Link with Curriculum/Support Areas (attached)
- 7 Audit Committee Annual Report (attached)
- 8 Finance and General Purposes Committee Annual Report (attached)
- 9 Financial Statements for the period ended 31 March 2014 (attached)
- 10 Minute of Meeting of 16 June 2014 (attached)
- 11 Matters Arising
 - 11.1 Retention Monies (verbal update)
 - 11.2 Dumfries Learning Town (verbal update)
- 12 Strategic Risk Register (attached)
- 13 Key Performance Indicators (attached)
- 14 Hospitality Development (verbal update)
- 15 Any Other Business
- 16 Date and Time of Next Meeting

Board of Management

Minute of Meeting of the Board of Management of Dumfries and Galloway College held on Tuesday 16 September 2014 from 2.00 pm in Room 2089 of the Dumfries campus

Present:

J Brennan	S Burgess	S Glendinning
J Goldie	K Henry	B Johnstone (Chair)
P Kirby	K McGahan	S Martin
A Nyondo	C Turnbull	

In Attendance: J Brown, Vice Principal, Corporate Services and Governance, and Secretary to Board
H Pedley, Director of Organisational Development and Facilities
A Wright, Vice Principal, Learning and Skills
S Sutherland, Executive Team Assistant

1 Apologies for Absence

Apologies for absence were intimated on behalf of H Carr, C Grant, J Henderson and D Holland.

2 Declaration of Interest

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

3 Presentation and Discussion on ONS – John Ford, SFC

John Ford presented to the Board on the latest information on reclassification and the implications for Scottish colleges.

4 Chair's Update

The Chair gave a verbal report on activity since the last meeting of the Board:

- Developing Scotland's Young Workforce Government Advisory Group has been formed chaired by the Cabinet Secretary for Training, Youth and Women's Employment (Angela Constance). The Chair had been invited to sit on this.
- National pay bargaining – gathering data and information around colleges
- Finance and ONS

He had attended:

- National Economic Conference in Edinburgh
- Crichton Institute Partnership Board
- Community Planning Partnership; preparatory meetings to represent FE and HE sectors
- D&G Strategic Partnership meeting
- Economic Leadership Group to be formed – College involved in early discussions
- Met with Acting Chief Executive of SRUC who visit the College
- Strategic Form for FE (topic: Students Associations and representation)
- Various Colleges Scotland and Regional Chairs meetings

5 Principal's Update

The Principal spoke to the report which had been circulated, updating Members on key College activities since the last meeting.

In terms of Graduate Apprenticeships, meetings were taking place with Skills Development Scotland who are keen to develop a pilot Graduate Apprenticeship in Engineering programme with the College and the University of Glasgow Engineering department.

The Principal advised that an invitation would be issued to employers in the next two weeks to invite interest in the Employer Advisory Boards, as agreed at the previous meeting. The event would take place on 4 November at 5.00 pm in the College and Board Members were encouraged to attend.

In response to a question from S Burgess, the Vice Principal, Learning and Skills advised that he was meeting with Laing O'Rourke, the main contractors for the new Hospital build to discuss skills profiles and training required. The Principal added that the new Hospital development had informed part of the reintroduction of Hospitality into the curriculum when NHS had advised on a lack of skilled staff to prepare fresh food.

Members noted the adjusted Executive Team structure following the departure of Ian Beach. The Principal advised that the strategic capacity of the Team would be monitored and reviewed throughout the year.

6 Governance Issues

6.1 Board Recruitment

The Secretary to the Board reported that the Cabinet Secretary had approved the appointment of four members from the first round of recruitment. They are: Hugh Carr, Janet Brennan, Pat Kirby, and Karen McGahan.

She reminded board members who have not already been recruited through the new process would need to apply in the next round planned for November 2014. All board members must have been appointed through the new process by 2nd March 2015. The Secretary would contact members individually regarding the second stage of recruitment.

6.2 Amendment to Standing Orders and Constitution

The Secretary to the Board referred the Board to the report and updated document which had been circulated.

She advised that the Board of Management was required to amend its Constitution to reflect recent legislative changes. At its meeting in April the Board approved changes to its Scheme of Delegation and to Terms of Reference of the Board and its sub-committees. In June of this year the Board adopted a new Code of Conduct and from August the Board is required to adhere to the College Sector Board Appointments: 2014 Ministerial Guidance when appointing Board members.

As a result all of the Governance related documents had been brought together into a single manual. Further changes may be required once the outcome of the consultation into the new Financial Memorandum is known.

Members welcomed the single manual and approved it with effect from the date of the meeting.

6.3 Committee Membership Proposal

The Secretary to the Board referred the Board to the report which had been circulated, proposing changes to the membership of Board Committees. She asked anyone with queries or concerns to contact herself or the Chair.

The Chair also reminded Members that each Member could attend any Committee meeting to observe.

Members approved the Committee Membership proposal.

6.4 Board Link with Curriculum/Support Areas

The Secretary to the Board spoke to the report which had been circulated, proposing Board Member links with specific curriculum/support areas to give Members a better understanding of the day to day business of the College. Guidelines for the conduct of such links would be issued. She asked anyone with queries or concerns to contact herself or the Chair.

7 Audit Committee Annual Report

In the absence of the Chair of Audit Committee, the VP CSG referred Members to the report which had been circulated, advising the Board of the activities and decisions of the Audit Committee during Financial period 2013-14 and to provide opinions on matters specified by the Code of Audit Practice.

Members noted the report and the key opinions of the Audit Committee that the financial statements for the period ended 31 March 2014 presented a true and fair view of the state of affairs of the College and of the deficit of income over expenditure, and that the Audit Committee recommended that the Board approve the Financial Statements and Internal Control Statement.

8 Finance and General Purposes Committee Annual Report

In the absence of the Chair of F&GP Committee, the VP CSG referred Members to the report which had been circulated, advising the Board of the activities and decisions of the Finance and General Purposes Committee during Financial period 2013/14.

Members noted the report and the key opinions that:

- 8.1.1 The Finance and General Purposes Committee's view on the Board of Management's responsibilities, as described in the Financial Regulations, is that they have been satisfactorily discharged.
- 8.1.2 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 to meet its total expenditure, and its financial viability is maintained.
- 8.1.3 The Finance and General Purposes Committee's opinion is that the financial statements for the period ended 31 March 2014 present a true and fair view of the state of affairs of the College and of the deficit of income over expenditure.
- 8.1.4 Accordingly, the Finance and General Purposes Committee recommends that the Board approve the Financial Statements and Internal Control Statement.

9 Financial Statements for the period ended 31 March 2014

The VP CSG referred Members to the financial statements which had been circulated. It was noted that these were for an eight month period, following the change to the financial year end, and that it seemed likely that the next statements would be for a 16 month period as it had just been announced that the financial year end had been changed back to 31 July.

Members discussed the deficit position, and noted that every college in Scotland was in a similar position following the ONS reclassification and change to year end. Colleges Scotland was preparing a media statement on behalf of the sector to answer the inevitable questions once the statements were published.

Following discussion, and taking into account the recommendations of the Audit and Finance and General Committees, the Board approved the financial statements for signature by the Chair and Principal.

10 Minute of Meeting held on 16 June 2014

The minute of previous meeting of the Board held on 16 June 2014 was approved.

11 Matters Arising

11.1 Retention Monies

The Principal reported that following the meeting on 27 May, no letter from Millers had been forthcoming. In the interim further defects had been uncovered. Finally a letter had arrived but this had not been clear on whether Millers accepted the College position. The College's legal team had composed a form of words for a letter in response, clearly stating the College's position, but nothing further had been received. The College was continuing to advise Millers of any latent defects and could continue to pursue the situation. The Board noted the position.

11.2 Dumfries Learning Town

The Principal advised that the Director for Education had advised that there had been little activity over the Summer recess. The College had issued a position statement in favour of the situation of a Learning Hub on the Crichton Campus which was still the case, but in the meantime was continuing to work closely with schools.

12 Strategic Risk Register

The VP CSG referred Members to the Register which had been issued which highlighted no change since the previous meeting. She advised that the Executive Team felt that in respect of Risk 12 regarding the ONS reclassification, it would be prudent to leave the risk as high until one year of operation of the new arrangements. The Board approved the SRR as at September 2014.

13 Key Performance Indicators

The VP CSG spoke to the report which had been issued highlighting in particular the 25% increase in HE enrolments, the recently audited WSUMs figure which was just above target and that three HNC courses had commenced at Stranraer for the first time in several years which was excellent news, although these may only be sustainable if offered every second or third year. She also brought to the attention of members that retention and outcome targets as laid down in the College's Outcome agreement had been achieved. This session the Principal has issued a challenge to the management team to improve these targets by 3% not the 1% as laid down in the Outcome Agreement.

The Principal advised on a small but steady decrease in overall numbers at Stranraer and alerted members to possible future difficult decisions in terms of the costs of maintaining two centres in these financially challenging times. The Board asked if they could get a breakdown of full-time enrolments by postcode. The VP CSG would prepare report for next meeting. S Burgess asked if the number of students from Stranraer who travelled to Ayr College is known. The VP CSG agreed find this out and report back at next meeting.

14 Hospitality Development

The Principal reported that the construction work was progressing and was on target and within budget, to date.

15 Any Other Business

None

16 Date and Time of Next Meeting

The next meeting of the Board of Management would take place on Tuesday 20 January 2015.

Members were reminded of the board development event facilitated by Jan Polley on 'leadership, corporate governance and strategy' planned for 11 November 2014.



ONS Reclassification

What Board members Need to Know

John Ford
Scottish Funding Council



Scottish Funding Council

Promoting further and higher education

ONS Reclassification

Purpose of Today

- What is ONS Reclassification and what does it mean for colleges - Key points
- Understand the regulatory framework as applied to Incorporated colleges
- Understanding the reporting requirements of the SFC and SG, Resource Budgets and Cash
- Whole of Government Accounts
- Impact on Governance and Control
- Arms-length Foundation

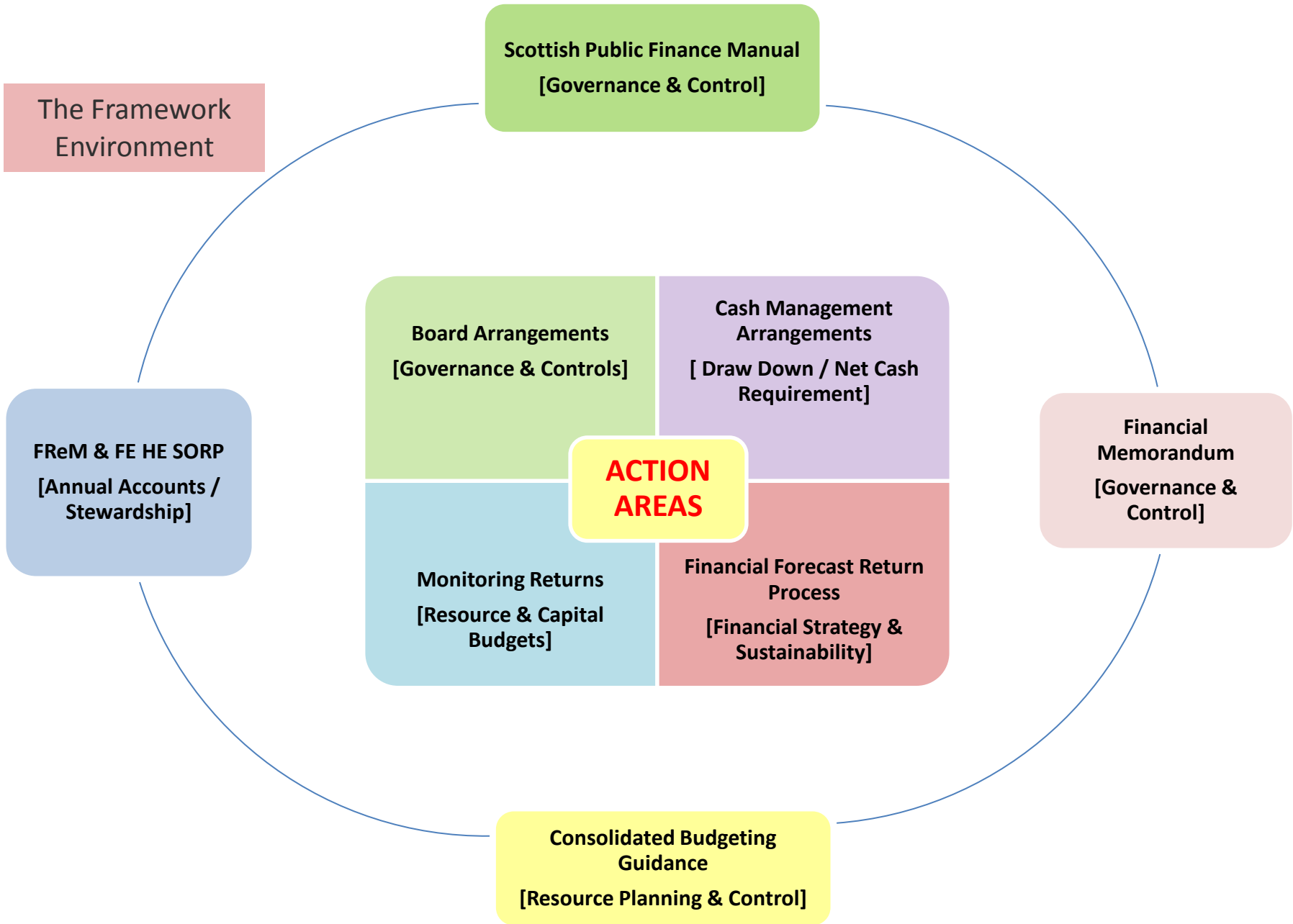
What is ONS Reclassification and What does it mean for colleges?

Key Points

- Incorporated Colleges designated as ALB's no change for Unincorporated Colleges
- Cannot use cash Reserves
- Arms Length Foundations to hold reserves and annual surplus
- Will be subject to Government Accounting Requirements
 - unless derogation given
- Will be subject to Government Reporting requirements – cash/resource reports
- All colleges have 31 July for accounting purposes.
- All colleges control Resource budgets and produce WGA to 31 March

Key Points

- Ministerial Expectation
 - continue to grow commercial activity
- Ministerial commitment to a cash floor for 2014/15 & 2015/16
- Deliver a balanced budget across the sector
- Requires greater monitoring of college income, expenditure and cash
- Will Impact on Board Governance, Monitoring and Control



Scottish Public Finance Manual

[Governance & Control]

Aquisition & disposal of
property & equipment

Borrowing/
Lending/
Investment

Insurance

Procurement

Banking

Write off of Losses

Best
Value

Income (incl
Credit control)

Delegated limits

Fees &
Charges

VAT

Fraud

Annual
Accounts

Budgeting

Risk
Management

Staff Severance
Schemes

Asset
Management
Strategy

Financial Memorandum

[Governance & Control]

- Cash Management and Banking
- Pay and Conditions of Service
- Severance Early Retirement & Redundancy
- Transfer of Surplus Funds to ALF
- Borrowing
- Insurance
- Best value
- Delegated limits
- Governance arrangements

Cash management and banking

- **Cash**

Grant will generally not be paid in advance of need – based on forecast net expenditure

- **Banking arrangements**

Unless colleges receive specific derogation from the SPFM (requires business case) they will be expected to join the Government Banking Service. SG agreement to delay this to 2016/17 at earliest.

Can extend existing banking arrangements provided not extended beyond 2016/17 without SG agreement.

Bank overdraft facilities can be used to assist in managing the timing of income and expenditure. It should not be used to generate additional borrowing

Pay and Conditions of Service

- Colleges can set their own pay and conditions of employment but should have regard to public sector pay policy and affordability

Severance, Early Retirement and Redundancy

- Scheme expected to be broadly compliant with the SPFM ie in line with recent SG schemes.
- Need SFC approval
- Approval lasts for duration of the scheme.

ALF/Borrowing/Insurance

- **Transfer of Surplus to ALF** - must take place in financial year it arises & cash & Resource cover available
- **Borrowing** – requires approval of Scottish Ministers
- **Insurance** - will be expected to self-insure unless there is a legal requirement to take out commercial insurance or there is a derogation from the Scottish Government that permits the use of commercial insurance . SG agreement allows extension of commercial insurance until July 2015 pending Business Case submission.

Financial Delegated Limits

Limits of Delegated Authority Funding Council to Colleges

External Business and management consultancies	£100,000
Extra contractual payments	Annual Report
Compensation payments	Annual Report
Special Severance payments	£1,000
Ex-gratia payments	Annual Report
Claims Waived or abandoned	Annual Report
Write off of bad debt	Annual Report
Losses	Annual Report
Overseas student irrecoverable loss	Annual Report
Fraud Loss	Report as when occur
Operating Leases -non property	£250,000
Procurement non-competitive action	£25,000

FReM & FE HE SORP

[Annual Accounts / Stewardship]

- Technical Accounting Guide to the preparation of financial statements
- Details accounting standards to be applied to public sector accounts and how they should be interpreted and adapted
- Sets out: Form and content of the Annual Report and Accounts disclosures required
- **Main changes compared to SORP:**
 - Provision of Remuneration Statement
 - Statement in Accounting Policies of FReM compliance
 - Requirement to separately disclose assets funded by government grant, donation or lottery as part of Property Plant & Equipment

Consolidated Budgeting Guidance

[Resource Planning & Control]

- Applies to all public Sector Bodies
- Sets out the Government budgeting framework.
- Control is by means of setting resource budgets which are Department Expenditure Limits (DEL) for Revenue and Capital and Annually Managed expenditure Limits (AME)
- Sets out how expenditure and income should be treated for resource budget purposes
- What counts against resource budget is net college spend not SFC grant to colleges

ACTION AREAS

Monitoring Arrangements

**[Resource & Capital
Budgets]**

Cash Management Arrangements

**[Draw Down / Net Cash
Requirement]**

**Board Arrangements
[Governance & Controls]**

**Financial Forecast Return
Process
[Financial Strategy &
Sustainability]**

Monitoring Arrangements

[Resource & Capital Budgets]

RESOURCE

RDEL Non-Cash

E.g. depreciation & some impairment

RDEL Cash (& near cash)

Resource (revenue) operating costs and income

RAME

Volatile (e.g. some impairments) &/or some non-cash items.

CAPITAL

CDEL

Investment in and disposal of assets e.g. Capital expenditure & book value of asset sales.

CAME

Volatile &/or some non-cash transactions. Rare to have transactions in this category.

Resource DEL (Cash)

- Resource operational income £506.5m for sector
- Scottish Government sets the resource budgets
- Colleges are expected to at least breakeven on I&E
- Income from Alf's, commercial income deemed to have resource budget cover
- Resource DEL can be used for capital (transfer to capital)
Requires formal approval from SFC
- Includes some types of Impairment - loss/damage from normal business, abandoned projects, over specification of assets

Resource DEL Non-Cash

- Budget to cover depreciation charge
- £50m allocated recurrently to the sector
- If budget allocation exceeded either:

Additional budget cover required

Additional income generated or

Reduce operating expenditure and transfer

Resource DEL to cover shortfall

Resource AME

- No Budget issued - controlled by Scottish Government
- Volatile spending programmes – demand led
- Annual Exercise to capture AME expenditure
- Impairments due to:
 - Catastrophe
 - Unforeseen obsolescence
 - Use of asset lower than originally intended
 - Specialised asset write-downs prior to sale
 - Initial write down of specialised assets to
Depreciated Replacement Costs after construction

Capital DEL

- Capital investment expenditure & capital income
£26.6m allocated to the sector
- Cannot transfer Capital DEL to Resource DEL
- Disposals; Income contributes to Capital DEL
(gain/loss is Resource DEL)
- Cannot be funded from reserves
- Capital Grants made by SFC: restricted to capital investment in fixed assets

Resource Budget (DEL) Returns to SFC

- Colleges to provide annual forecast and reforecasts on resource DEL at Q1, Q2, Q3 and monthly in Q4 for Income and Expenditure
- SFC monitors resource position
- Colleges must break even in resource terms after ALF transfer

Cash Management Arrangements

[Draw Down / Net Cash Requirement]

- No Cash in Advance of Need
- To enable SFC to pay colleges their cash requirement for the month
- To facilitate SFC's monitoring of college and sector cash position

Having cash \neq Authority to Spend

To make a 'within budget' payment:

Sufficient cash

+

'cash' budget (Resource Budget)

Financial Forecast Return Process

[Financial Strategy & Sustainability]

- Existing financial health monitoring framework: financial forecast return (FFR) and annual accounts returns
- FFR to be retained – need for overview, forward look

Whole of Government Accounts

- First return due for 2015/16 financial year
- Information for completion derived from audited annual accounts
- If prepare group accounts return should be on a group basis
- No requirement for separate audit unless >£300m
- Counter party transactions: Ignore unless >£1m per entity

Governance & Control

- College Responsibilities
- Accountability
- Governance
- Arms Length Foundations

College Responsibilities

- Monitor/Control in respect of:
 - Compliance with Government accounting, and budget requirements
 - College Resource, Capital and Cash budgets
 - Monitoring financial health
 - Resource budget transfers from Revenue to Capital
 - Approve transfers to and bids from ALF's

Returns to SFC

- Colleges to provide annual forecast and reforecasts on resource DEL at Q1, Q2, Q3 and monthly in Q4 for Income and Expenditure
- Colleges to provide annual forecast and reforecast on capital expenditure each quarter.
- SFC monitors resource position to ensure balance across sector
- An annual Cash Flow Return and monthly updates thereafter
- FFR - annual
- Annual Accounts
- WGA - annual

Accountability

- SFC CE is Accountable Officer for the sector
- College has more direct accountability and scrutiny for proper and appropriate use of public funds
 - Increased reporting to SFC and SFC Accountable Officer, SG and Parliament for use of funds and achievement of policy objectives
- More information in public domain - increased transparency
 - remuneration statement in accounts, expenditure analysis – Public Services Reform (Scotland) Act 2010.

Governance

- Compliance with the Regulatory Framework
- By Legislative Responsibilities such as the Post 16 Act, Bribery Act 2010, OSCAR, H&S, FOI
- Engagement of the public
- The heightened Media interest in public sector organisations and how they operate

Governance

- The Code of Good governance for Scottish Colleges
- 9 Principles of Public Life
- Ethical Standards in Public Life (Scotland) Act 1992
- On Board – guide for board members of public bodies
- The Good Governance Standard for Public Services
- Guide for College Board Members – Colleges Scotland 2012.

Arms length Foundations

- Charitable body
- Independent
- Enable colleges to have access to cash reserves which would otherwise be frozen
- Could transfer accumulated cash reserves built up at 31 March 2014
- Can transfer annual I&E surplus after March 2014
- Income from and donations to ALF's shown as separate items in college accounts

ONS Reclassification

Questions?

Board of Management

Principal's Update

1 Purpose of the Report

To update Members on key College activities.

2 The Report

2.1 Academic Session 2013-14

2.1.1 *Regional Outcome Agreement 2013-14*

Regional Outcome Agreement Targets were achieved for 2013-14 and the College continues to improve Retention and Achievement Rates at Further and Higher Education levels. The Scottish Funding Council requires Colleges to provide an annual report detailing progress against targets on an annual basis. The deadline for the 2013-14 report is 31 October 2014 and a copy of this report will be provided to the Board in due course.

2.1.2 *General*

As previously reported 2013-14 was another successful year for the College – students from across the College entered and were successful in a range of competitions; numerous fundraising and volunteering events took place and the College continues to develop new approaches to learning and teaching and new curriculum offering to meet the needs of the local and national economy.

2.2 Academic Session 2014-15

2.2.1 *Enrolments*

Enrolments for session 2014-15 (full-time) are good (see **Key Performance Indicator Report** for figures) and there are still groups of full-time apprentices, who start a little bit later in the year, to be enrolled. We anticipate that that our full-time numbers will be about the same, or slightly higher than last year. Based on these figures and other planned activity, we anticipate we will meet our Activity target for 2014-15.

2.2.2 *New Programmes in 2014-15*

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 has also been introduced in Dumfries. These include the Higher National Diploma in Sports Coaching, a Higher National Certificate in Social Studies and we are delivering 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.

2.2.3 *Structure*

Following the departure of Ian Beach some changes have been made to the Executive Team structure. After careful consideration of the different aspects of Ian's strategic responsibilities we made the decision not to replace this role at Senior Management level. Ian was heavily involved in the New Build project at Dumfries and management of the post-build period. This has now reached its conclusion, apart from one or two outstanding items and we need to focus on the development and implementation of a robust Estates Strategy and Preventative Maintenance Plan covering both campus sites. We therefore decided to recruit a Facilities Manager and I'm delighted that Mansour Gemmie has joined us in this role.

Our approach to Quality improvement and enhancement has altered over the last 2-3 years and responsibility and ownership sits within College teams with strategic direction provided by the Executive Team. We still

Board of Management

require a comprehensive Quality Assurance system, however, and Elizabeth and the Quality team will continue to deliver this service, under the guidance of Jannette.

Ian's role as an AA provided the College with valuable information in respect of changes in Education Scotland Strategy and best practice from across the Sector. June Holland, Head of Faculty is an AA and will provide some of that feedback and we will maintain contact with Ian in his new role to ensure we are still kept informed of new developments etc.

The CREST project is due to finish in January 2015 and we were already exploring an exit strategy for the project. It makes sense for this to sit within Business Development going forward as we aim to offer commercial and upskilling opportunities to businesses.

I have taken the opportunity to change titles (both of the team and of individual job roles) to more accurately reflect areas of responsibility and to achieve consistency with the rest of the sector. Jannette and Andy will continue to act as Depute on a bi-annual basis with Andy acting as Depute for session 2014-15. An Executive Team Organisation Chart is attached for your information.

2.2.4 Estates Development

A comprehensive programme of estates development took place over the summer, in addition the Hospitality Development:

- Some classes have been remodelled using acoustic dividers to provide more flexibility.
- Room 2089 has been remodelled to provide flexible space for learning and teaching, exams, conferences, seminars and large meetings.
- Workshops on the ground floor have been revamped to provide a multi-purpose suite for electrical/electronic and renewable energy programmes.
- CREST building has been completed
- Beauty Salon in Stranraer has been renovated

2.2.5 Hospitality & Catering Development

At the time of this report the Hospitality Project is on schedule and within budget. Phase 1 - installing the Steel infrastructure – has been completed and Phase 2 is underway - the lift space and stairwell are under construction. Scaffolding is due to be removed in October, once the glazing has been installed.

2.2.6 TRANSFORM

The 'Transform' project, supported by European funding, ended in July 2014. All Targets and Outputs have been achieved and the final claim has been submitted. Much has been achieved over the past 4 years and we are now at a crucial development stage particularly 'piloting' some of the developed courses. The College continues to aspire to offering learners a broader and more flexible way of accessing learning, extending the reach of curriculum delivery both within the region and beyond. We have therefore allocated college budget to continue this transformational process and Faculty Heads have been asked to propose developments to be funded from the 'transformation' fund. The College recognises that supporting and developing staff is key to delivering a transformed curriculum and has therefore now established the blended learning advisors as permanent posts.

2.2.7 Employer Advisory Boards

As part of the College's Employer Engagement Strategy, Employer Advisory Boards are currently being established in key curriculum areas: Creative Industries, Care, Childcare, Engineering, Hospitality & Catering, and Hair and Beauty. The aim of these Boards is to strengthen relationships with employers and ensure our curriculum is fit for purpose. We also aim to develop students' employability skills through work placement opportunities, business visits and guest talks from industry.

Board of Management

2.2.8 Change to College Accounting Year End to 31 July

The College has received a letter from Brian Baverstock, Scottish Funding Council, advising us that the College accounting year end will be moved to 31 July commencing 31 July 2015.

2.3 Potential Future Developments

2.3.1 Food and Drink Sector

The Food and Drink sector is a key sector for the Scottish economy and has been identified as a growth sector in Dumfries and Galloway. The College has been involved in a number of forums to better understand the skills needs of the sector in order to develop appropriate provision and is engaging with key employers as well as Scottish Enterprise, Skills Development Scotland, Scottish Food and Drink Academy, Barony College (now SRUC) and other stakeholders. A recent visit to Reaseheath College in Cheshire was extremely informative and it is hoped that collaboration and partnership ventures will be possible in the future.

2.3.2 Energy

As a result of the close collaboration with contractors in the Overhead Lines Technician Programme, the College has been successful in securing Energy Challenge Funding from Skills Development Scotland to develop and pilot a jointing programme. Members of staff from the College will work closely with industry partners to develop appropriate skills training.

2.3.3 Graduate Apprenticeships

As reported previously the college is working with Skills Development Scotland to develop a pilot Graduate Apprenticeship in Engineering programme. An initial meeting held with the University of Glasgow Engineering department in June to explore collaborative and progression opportunities was well received and a follow up visit, including employers is being arranged by Skills Development Scotland.

2.3.4 Developing Scotland's Young Workforce

As well as exploring Graduate Apprentices as described above, the College is seeking to strengthen links with schools throughout Dumfries and Galloway in order to identify ways to work together to develop appropriate vocational pathways for young people and implement the recommendations in the Wood report. Individual visits to each secondary school to bring discussions have commenced and it is planned to host events in the College for Head teachers and other staff over the coming months.

2.3.5 Memorandum of Understanding between Dumfries and Galloway College and Scotland's Rural College (SRUC)

Dumfries and Galloway College and SRUC are developing 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:

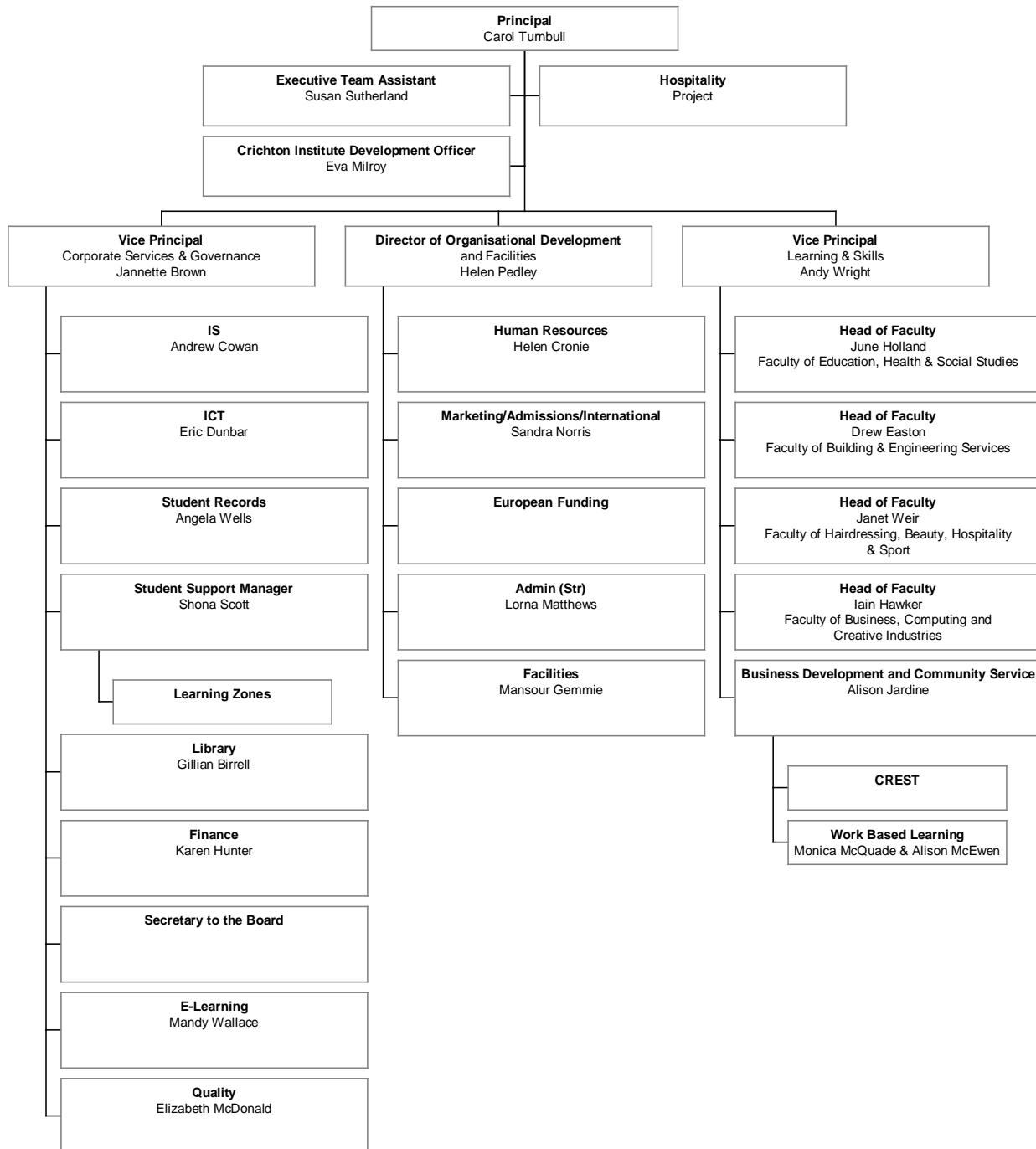
- The identification of areas of possible joint curriculum activity/development;
- The identification of potential collaborative opportunities and initiatives which benefit both organisations but also by working together to support the Regional Economy;
- The dissemination of information and the sharing of experiences among staff and students.

3 Recommendation

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

Carol Turnbull
Principal - August 2014

Board of Management



Board of Management

Amendment to Standing Orders and Constitution

1 Purpose of the Report

The purpose of this report is to provide members with a revised Constitution and Standing Orders.

2 Report

The Board of Management is required to amend its Constitution to reflect recent legislative changes. At its meeting in April the Board approved changes to its Scheme of Delegation and to Terms of Reference of its sub-committees. In June of this year the Board adopted a new Code of Conduct and from August the Board is required to adhere to the College Sector Board Appointments: 2014 Ministerial Guidance when appointing Board members.

Given all these changes it seems sensible to propose that all Governance related documents be brought together into a single manual.

3 Recommendation

Members are asked to approve the attached Governance Manual to be effective from the date of this meeting.



BOARD OF MANAGEMENT

GOVERNANCE MANUAL

Approved by Board of Management
September 2014

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1. INTRODUCTION

1.1 This document sets out:

- The statutory and regulatory responsibilities underpinning the operation of the Board of Management of Dumfries and Galloway College
- The Constitution and Standing Orders of the Board and its Committees
- The Scheme of Delegation, including delegation to the Chair, Committees, the Principal and the Secretary to the Board
- The Board of Management Code of Conduct
- The Terms of Reference of the Board and its Committees.

1.2 This Manual is not intended to undermine or supersede the formal Instruments and Articles of Governance, under which the College has its charitable status. In the event of any conflict between the contents of this Manual and the Instruments and Articles, the Instruments and Articles take precedence. Any changes to those Instrument and Articles will, as appropriate, be reflected in the content of this Manual.

1.3 There are Appendices covering:

- Sanctions available to the Standards Commission
- Declaration form
- The form for the registration of interests
- Glossary of Terms.

2. STATUTORY AND REGULATORY RESPONSIBILITIES

- 2.1 The Board is constituted in accordance with the Acts and any relevant Regulations, Statutory Provisions or Orders made by the Scottish Government. Any changes to the Acts or any relevant Regulations, Statutory Provisions or Orders made by the Scottish Government will supersede any arrangements or procedures set out in this Manual.
- 2.2 The Board shall be the College's legal authority and, as such, shall ensure that systems are in place for meeting the College's legal obligations, including those arising from contracts and other legal commitments made in the College's name.
- 2.3 The Board shall act as trustee for any legacy, endowment, bequest or gift given to it in support of the work and welfare of the College.
- 2.4 The Board shall ensure that the College's Constitution is followed and that appropriate advice is available to enable this to happen.
- 2.5 The Board shall be the employer of all employees of the College.
- 2.6 The Board shall ensure that the College operates ethically, responsibly and with respect for the environment and for society at large and will ensure that the College provides public benefit in Scotland and elsewhere through:
 - the advancement of education and training; and
 - the advancement of citizenship or community development.
- 2.7 The Board shall ensure that it maintains a balance of appropriate knowledge, skills and experience amongst its membership in order to meet its primary responsibilities.
- 2.8 The Board shall be the principal financial and business authority of the College; shall ensure that proper books of account are kept; shall approve the annual budget and financial statements; and shall have overall responsibility for the assets, property and estate of the College and the use thereof.
- 2.9 The Board shall ensure the establishment and monitoring of systems of control and accountability, including: financial and operational controls; systems in respect of risk assessment and management; clear procedures for handling internal grievances; clear procedures for managing conflicts of interest; and clear procedures for public interest disclosure, all so as to maintain the solvency of the College and safeguard its assets.
- 2.10 The Board shall ensure that processes are in place to monitor and evaluate the performance and effectiveness of the College against approved plans and key performance indicators, which should be benchmarked against other comparable institutions, wherever possible.
- 2.11 The Board shall ensure that arrangements are in place to promote the proper management of the health, safety and security of students, staff and others affected by the College and its operations.
- 2.12 It is the duty of the Board to comply with any direction, requirement, notice or duty imposed by the Charities Act.
- 2.13 The Board shall make provision, in consultation with the Students' Association, for the general welfare of students.

3. CONSTITUTION AND STANDING ORDERS

Executive Summary

- 3.1 The Constitution and Standing Orders of Dumfries and Galloway College Board of Management set out the Board's policy and practice on those issues which it has powers to determine.
- 3.2 The Constitution and Standing Orders also address the arrangements for the reporting of members' interests and the constitution and duties of the Board.
- 3.3 The Constitution and Standing Orders are to be read in conjunction with the following:
- The Further and Higher Education (Scotland) Act 1992, The Further and Higher Education (Scotland) Act 2005 and the amendments in the Post-16 Education (Scotland) Act 2013. In the event of any conflict arising between the Constitution and Standing Orders and the Act, the terms of the Act shall prevail;
 - The Ethical Standards in Public Life etc. (Scotland) Act 2000;
 - The Scheme of Delegation;
 - The Board of Management Code of Conduct; and
 - Scottish Funding Council Financial Memorandum.
- 3.4 The Board of Management of Dumfries and Galloway College is established under the provisions of the 1992 Act and is a charity registered in Scotland in terms of the Charities and Trustee Investment (Scotland) Act 2005 with registered number SC021189.
- 3.5 In the event of a dispute as to the interpretation of any part of the Constitution and Standing Orders the ruling of the Chair shall be sought. In the event of a challenge to the Chair's authority the Board shall refer the matter to statutory provisions.

Purpose and Powers

- 3.6 The Board of Management shall have the duty to manage and conduct the business of the College in accordance with the terms of its statutory responsibilities and, in particular, ensure that it provides suitable and efficient further and higher education to students at the College.
- 3.7 The Board has the responsibility for the appointment of the College Principal, and for the conduct of any disciplinary or other action taken against the Principal as the result of an allegation of misconduct or the investigation of a grievance. It shall put in place suitable arrangements for monitoring his/her performance.
- 3.8 The Board shall delegate to the Principal, as Chief Executive, authority for the academic, corporate, financial, estate and human resource management of the College, and shall establish and monitor such management functions as shall be undertaken by and under the authority of the Principal.
- 3.9 The Board has powers to:
- charge fees;
 - provide assistance of a financial or other nature (including waiving or granting remission of fees unless specifically prohibited by legislation from doing so);
 - receive any property, rights, liabilities and obligations transferred under the 2013 Act and to acquire property for the College's benefit;

- provide facilities of any description appearing necessary for the managing of the College's activities;
 - subject to Section 11 of the 2013 Act and with the written consent of the Scottish Ministers, to dispose of property;
 - supply goods and services; and enter into contracts, including staff contracts and the supply of goods and services necessary for the management of the College's activities;
 - to form or promote or join with any other person in forming or promoting companies (within the meaning of the Companies Act 2006);
 - subject to the terms of the Financial Memorandum with the SFC, to borrow such sums as it sees fit; invest such sums as are not immediately required by the Board for the purpose of carrying out the College's activities; and raise funds and accept gifts of money, land or property and apply it to the purpose of carrying out College activities.
- 3.10 The Board may, having particular regard to any requirements laid down by the SFC with respect to financial management, delegate the performance of its functions to its Chair or any Committee appointed by it or any member of its staff with the exception of the following:
- the determination of the educational character and mission of the College; monitoring and review of College systems and procedures;
 - approval of annual estimates of income and expenditure;
 - ensuring solvency of the College and safeguarding its assets;
 - approval of the College's Strategic Plan/Regional Outcome Agreement; and
 - appointment and dismissal of the Principal.
- 3.11 The Board may pay to Board members such allowances and expenses as they may determine subject to any criteria issued from time to time by the Scottish Ministers.
- 3.12 The Board shall not without written consent of the Scottish Ministers:
- borrow money from any source other than within the limits established by the Financial Memorandum;
 - give a guarantee or indemnity or create any trust or security over or in respect of the College's property; nor
 - effect a material change in the character of the College.
- 3.13 The Board may be given direction of a general or a specific character by the Scottish Government or the SFC or its equivalent, with regard to the discharge of its functions, and it is the duty of the Board to comply with any directions given.
- 3.14 The Board has a duty to keep proper accounts which shall be prepared and audited in accordance with the requirements of the SFC.
- 3.15 Subject to the responsibilities of the Board, the Principal is responsible for the executive management of the College, including its financial management, internal organisation and discipline.

Appointment of Chair and Vice Chair

- 3.16 The Chair is appointed by Scottish Ministers. The appointment is regulated by Public Appointments Commissioner. Remuneration is determined by Scottish Ministers. The period of appointment of the Chair shall be four years from their date of appointment or as otherwise determined by Scottish Ministers. Scottish Ministers can thereafter extend the appointment for a single period of up to 4 years.

- 3.17 The period of appointment of the Vice Chair shall be four years from their date of appointment or as otherwise determined by the Board from time to time.
- 3.18 If both the Chair and Vice Chair are absent from any meeting of the Board, the Board members present shall choose one of their numbers to act as Chair for the meeting.
- 3.19 The Vice Chair may at any time by notice in writing to the Secretary to the Board, resign their respective offices as Vice Chair, and/or from the Board itself.
- 3.20 At the first meeting following the expiry of their term of office, or following their resignation, the Board shall appoint a new Vice Chair, as the case may be, from amongst their number for a period in line with the arrangements set out in Section 3.17 above.
- 3.21 When the Vice Chair ceases to be a member of the Board, he or she shall cease to be the Vice Chair.

Membership

- 3.22 The Board shall consist of no fewer than 15 nor more than 18 members. The Board shall comprise:
- a) The Chair of the Board as appointed by the Scottish Ministers;
 - b) the Principal of the College;
 - c) a person appointed by being elected by the academic staff of the college from among their own number;
 - d) a person appointed by being elected by the support staff of the college from among their own number;
 - e) two persons appointed by being nominated by the Students' Association of the college from among the students of the college; and
 - f) between 9 and 12 other members appointed by the Board.

An appointment made in pursuance of (f) has effect only if approved by the full Board, the Chair and the Scottish Ministers.

Upon appointment, all Board members are required to complete a Declaration Form (Appendix B).

- 3.23 The Board shall appoint a Secretary to the Board:
- to support its members in maintaining the highest standards of governance;
 - to be responsible for advising the Chair, Board, Committees and individual members on Board of Management constitution, remits, procedures, protocol, membership and statutory requirements; and
 - to be responsible for the administration arrangements of the Board.
- 3.24 Procedural arrangements for any elections to the Board shall be delegated to the Secretary to the Board.
- 3.25 Board members (except the Chair and the Principal) may resign at any time, by giving notice in writing to the Chair or the Secretary to the Board.
- 3.26 Board members who are members of staff (including the Principal) or students of the College cease to be Board members if they cease to be staff or students of the College.

- 3.27 Upon the vacancy, or expected vacancy amongst the Board members (not staff or student representatives) it is for the Board to select and appoint a person to fill the vacancy in line with College Sector Board Appointments: 2014 Ministerial Guidance.
- 3.28 Without prejudice to the rights of any Committee to co-opt members from time to time, the Board may from time to time co-opt persons to any Committee and may at any time revoke such co-option. Any person co-opted to any Committee may attend any meeting of that Committee and take part in that Committee's discussions. Co-optees may not chair any Committee, nor may they vote in any decisions determined by a vote of any Committee, but they shall in all other respects have equivalent status to Committee members.

Terms and Tenure of Office

- 3.30 A member of the Board (other than the Principal or Students' Association nomination) shall hold office for a period of up to four years.
- 3.31 Board members who have been absent without reasonable excuse from the Board for more than six months may, by resolution of the Board and notice in writing from the Chair, be removed from the Board.
- 3.32 Individuals who are disqualified from being a charity trustee under Section 69 of the Charities Act are ineligible to be a Board Member.
- 3.35 Board Members shall at all times comply with:
- any duties imposed on Board members in their capacity as charity trustees pursuant to section 66 of the Charities and Trustee Investment (Scotland) Act 2005;
 - any other legislation and/or statutory or regulatory guidance applicable to the College from time to time; and
 - the terms of the Board of Management Code of Conduct.

Meetings

- 3.36 Meetings of the Board shall be quorate if 40% or more of members, eligible to attend for that part of the meeting, are present. Members participating are counted in the quorum in line with the following arrangements:
1. Board members participate in a meeting or part of a meeting when they can each communicate to the other members any information or opinions they have on any particular item of the business of the meeting.
 2. In determining whether members are participating in a meeting, it is irrelevant where any member is or how they communicate with each other.
 3. If all the Committee members participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.
- 3.37 The Chair shall be responsible for the general conduct of meetings and shall:
- preserve order and ensure every member has a fair hearing;
 - decide upon all matters of order, competency and relevancy; and
 - determine all questions of procedure in reference to which no express provision is made in legislation or under these Standing Orders.
- 3.38 The ruling of the Chair on all matters within his/her jurisdiction as Chair is final.

- 3.39 In the case of an equality of votes at any meeting of the Board, or Committee, the Chair or, in his/her absence, the Vice Chair shall have a second or casting vote.
- 3.40 The Board shall meet at least four times per year and will hold such other meetings as the Chair deems necessary or as called for under Section 3.43 below.
- 3.41 Notification to Board members of the time and place of the meeting and a copy of the agenda will be sent to Board members at least seven days in advance of the meeting, or if the meeting is convened at a shorter time, then at the time it is convened.
- 3.42 The order of business will be determined at the start of the meeting and will generally follow the format contained in the agenda accompanying the notice calling the meeting. Matters to be raised under 'Any Other Business' should be notified to the Chair or the Secretary to the Board prior to the meeting. Any such matters may, subject to the approval of the Chair or the Vice Chair, be considered by the Board.
- 3.43 A Special Meeting of the Board may be called at any time by the Chair or by a request in writing of any six or more Board members. If there are matters requiring urgent attention, the period of written notice convening a meeting may be less than five days.
- 3.44 If any Board member disregards the authority of the Chair or displays obstructive or offensive conduct, that Board member may be suspended for the remainder of the meeting.
- 3.45 After each Board meeting, the draft minutes shall, as soon as practicable after each meeting, be submitted to the Chair for consideration in the first instance. Minutes will then be submitted to the next meeting for approval.
- 3.46 After the minutes have been approved, and before the next business on the agenda, any Board member may ask any question in regard to matters arising out of them. Questions shall be allowed for the purposes of information only.
- 3.47 If a quorum is not present, the Chair shall adjourn the meeting for 15 minutes and, after this time, if a quorum is still not present, the Chair shall have the power to decide to close the meeting or to take such items on the agenda that may require discussion on an advisory basis only, subject to a vote taken by the next quorate meeting of the Board.
- 3.48 Subject at all times to the terms of this Constitution and the Standing Orders, the Board shall regulate its proceedings as it thinks fit. The Chair may from time to time, adopt, amend and/or replace any procedures of the Board in respect of the regulation of proceedings.
- 3.49 Voting shall be by a show of hands or by voice, unless one half of the members present, and entitled to vote at the meeting, signify their objection. The Board will then decide whether the vote should be taken by ballot or by calling the roll or noting the dissensions in the minutes. Any member of the Board who disagrees with a decision upon which the Board or Committee has voted may have her or his dissent recorded in the minute.
- 3.50 Members of the College Executive Team can attend and speak at any meeting of the Board or its Committees. Members of the College Executive Team are not entitled to vote at any such meeting.
- 3.51 Staff and student members of the Board shall, unless invited to remain by the Chair, withdraw from any part of any meeting of the Board at which the appointment, promotion, conduct,

suspension, dismissal, retirement or terms and conditions of employment of any employee of the College is to be considered.

3.52 Meetings of the Board are not normally open to the public.

Proceedings and Publication of Board Papers

3.53 The Secretary to the Board shall arrange for meetings to be minuted.

3.54 The Board may regulate its own proceedings and those of any Committee appointed by it. The validity of any proceedings of the Board or of any Committee appointed by them shall not be affected by any defect in the appointment of any member of the Board - or any member of such Committee or by a vacancy amongst the members of the Board. The Board shall make available for inspection at the principal office of the College, at all reasonable times, for anyone who wishes to inspect them, copies of the documents to which this sub paragraph applies:

- the agenda for any meeting of the Board or any Board Committee;
- the minutes of such meeting as agreed by the Board or as the case may be, the Committee; and
- any report or document considered by such meeting.

3.55 There may be excluded from any item required to be made available under paragraph 3.54 above, any material relating to:

- a named person employed at or proposed to be employed at the College
- a named student at, or candidate for admission to, the College
- information relating to any particular applicant for, or recipient or former recipient of, any service provided by the College
- information relating to any particular applicant for, or recipient or former recipient of, any financial assistance provided by the College
- information relating to the financial or business affairs of any particular person (other than the College)
- the amount of any expenditure proposed to be incurred by the College under any particular contract for the acquisition of property or the supply of goods or services
- any terms proposed or to be proposed by or to the College in the course of negotiations for a contract for the acquisition or disposal of property or the supply of goods or services
- the identity of the College as the person offering any particular tender for a contract for the supply of goods or services
- information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the College and employees of the College
- any instructions to counsel and any opinion of counsel (whether or now in connection with any proceedings) and any advice received, information obtained or action to be taken in connection with:
 - a) any legal proceedings by or against the College, or
 - b) the determination of any matter affecting the College (whether, in either case, proceedings have been commenced or are in contemplation)
- any action taken or to be taken in connection with the prevention, investigation or prosecution of crime
- the identity of a protected informant.

Compliance with Freedom of Information Act

- 3.56 It shall be the responsibility of the Secretary to the Board to ensure that the Board and Committee papers are published according to the Publication Scheme adopted by the College and in accordance with the Freedom of Information Act.

Committees

- 3.57 The Board shall appoint such Committees, as it considers necessary.
- 3.58 The Chair of the Board may attend any meetings of any Committee (other than the Audit Committee, which he/she may only attend by invitation) but may not vote unless they are members of the Committee.
- 3.59 The Principal may attend any meetings of any Committee (other than the Audit Committee and the Selection and Appointments Committee, which he/she may only attend by invitation) but may not vote unless they are members of the Committee.
- 3.60 Committees may include persons who are not Board members but such persons will not be entitled to vote at meetings of the Committee.
- 3.61 The Standing Orders of the Board shall also be the Standing Orders of its Committees.
- 3.62 The Board, unless resolved otherwise, will establish, as a minimum, the following Committees:
- Audit Committee
 - Finance and General Purposes Committee
 - Human Resources Committee
 - Learning and Teaching Committee
 - Remuneration Committee
 - Selection and Appointments Committee.
- 3.63 The Board shall determine the minimum number of meetings of each Committee and general arrangements for meeting dates. The Board will also set out membership arrangements for each Committee (see Section 6 below). Committees shall determine or advise the Board on any matters which the Board remits to them.
- 3.64 Minutes of meetings of Committees of the Board shall be presented to the next available meeting of the Board. This sub-paragraph shall not apply to any document or part thereof which relates to matters covered by 3.55 above. Where appropriate, however, a separate confidential report on any such items may be submitted to the Board.
- 3.65 Terms of reference for the Board and its Committees are detailed in section 6 of this Manual.

Board Members' Interests

- 3.66 Board members may not take or hold any interest in any property held or used for the purpose of the College.
- 3.67 A Board member who has any financial or material interest in:
- the supply of work or goods to or for the purpose of the College;
 - any contract or proposed contract concerning the College; or

- any other matter relating to the College

must, at any meeting when the item is considered, declare an interest and withdraw from the meeting, unless the Board allows the member to remain when she or he may talk on the item, but they may not vote on any question in relation to it. In considering whether to make a declaration in any proceedings, members must consider not only whether they will be influenced but whether anybody else would think that they might be influenced by the interest. Members must keep in mind that the test is whether a member of the public, acting reasonably, might think that a particular interest could influence a member's actions.

- 3.68 In accordance with the terms of the Ethical Standards in Public Life Etc. (Scotland) Act 2000, a Register of Interests will be maintained by the Secretary to the Board. Such Register of Interests shall be available for inspection at all reasonable times at the principal office of the College or as otherwise required by the Standards Commission for Scotland.
- 3.69 There will be an annual review of the Register of Interests but, notwithstanding the annual review, it is the responsibility of members of the Board to declare all relevant information and to promptly notify any changes.
- 3.70 Guidance to Board members is provided in the Code of Conduct and Register of Interests sections of this manual.

Confidentiality of Information

- 3.71 Any information received or obtained by any person in connection with his/.her functions as a Board member, or a member of any Committee, shall be treated as confidential to the Board or that Committee.
- 3.72 Papers and reports shall not be divulged or disclosed to anyone prior to the meeting of the Board. Papers, discussion and decisions agreed by the Board to be confidential shall be separately minuted and shall not be made available to anyone other than members of the Board and the Secretary to the Board.
- 3.73 In particular, but without limitation, Board members must treat the following information as confidential and must not divulge or disclose any such information to any third party:
- personal information held about individuals;
 - information relating to a person who is, has been, or is likely to be a student of the College;
 - matters related to or concerned with legal disputes or actions concerning the College;
 - any information the disclosure of which is prohibited by anything in any enactment (including, but not limited to, the 1992 Act and any enactment contained in a subordinate instrument) or rule of law;
 - matters relating to the business of the College, its transactions and financial affairs;
 - matters relating to the business of the College's funders, partners, contractors and other third parties with which the College has or may have business or commercial relationships; and
 - matters which are identified by the Board as being confidential or which, given their nature, may be regarded as being confidential to the College.

Suspension, Alteration and Review of Constitution and Standing Orders

- 3.74 Any one or more provisions of the Constitution and/ or the Standing Orders may be suspended, except where such suspension might lead to an action contrary to law, provided that at least two thirds of the members present vote to do so.
- 3.75 No alteration of the Constitution and/ or the Standing Orders shall be made without notice of any proposed alteration having been given in the notice calling a meeting at which the alteration is to be considered and a majority of the Board members present and voting at such meeting voting in favour of the alteration being made and adopted.
- 3.76 The Board shall, at least once every three years, review the terms of the Constitution and the Standing Orders in order to determine whether any amendments and/ or additions should be made thereto.

4. SCHEME OF DELEGATION

Introduction

- 4.1 This Scheme of Delegation specifies the functions which are delegated by the Board of Management (the “Board”) in terms of Section 16 of Schedule 2B of the Post-16 Education (Scotland) Act 2013.
- 4.2 Under the Post-16 Education (Scotland) Act 2013, the Board has a duty to exercise its functions with a view to securing the coherent provision of a high quality of fundable further education and fundable higher education in the locality of the regional college while having regard to the importance of ensuring that funds made available to it are used as economically, efficiently and effectively as possible.
- 4.3 All delegations must be exercised in accordance with regard to any lawful direction and/or guidance subsequently issued by the Scottish Ministers or the SFC or any successor body which takes over the whole or any part of the functions of the SFC from time to time.
- 4.4 The delegations are dealt with in four sections:
- Delegation to the Chair of the Board of Management;
 - Delegation to Committees of the Board of Management;
 - Delegations to the Principal and Chief Executive (the “Principal”);
 - Delegations to the Secretary to the Board.

Compliance

- 4.5 Where the Board has delegated responsibility it reserves the power to deal with the responsibility delegated, or to withdraw or amend the delegation granted. Exercise by a delegate of a delegated responsibility is as if it had been done by the Board of Management itself.

Review

- 4.6 The Scheme of Delegation will be reviewed at least every three years, or earlier should it be considered necessary by the Board of Management, or to bring the Scheme of Delegation into line with Legislation, Memoranda or guidance which may be issued from time to time by the Scottish Ministers and/or SFC.

Authority Reserved to the Board of Management

- 4.7 The following are reserved to the Board of Management and are excluded from this scheme of delegation:
- determining the objectives of the Board of Management;
 - borrowing money and, in connection with such borrowing, granting securities or giving guarantees or indemnities. Any such borrowing, granting securities or indemnities must comply with Section 14 of Schedule 2B of the Post-16 Education (Scotland) Act 2013;
 - the final approval of the annual budget;
 - the final approval of the College Strategic Plan/Regional Outcome Agreement;
 - approval of the year end Annual Accounts and Financial Statements;
 - final approval of the Annual Report on Institutional-led Self Evaluation;
 - the final consideration of the Annual Report to the Board of Management from the Chair of the Audit Committee;

- the acquisition and disposal of heritable property, whether by way of sale, transfer, assignation, lease, licence or otherwise or the granting of any standard securities, charges or any other rights in respect of any heritable property which relate to the College's title thereto;
- the appointment and re-appointment of Board members (including the appointment of co-opted members) (this has effect only if approved by the Chair of the Board of Management and the Scottish Ministers);
- the appointment of members and co-opted members to standing committees;
- the removal from office of Board members;
- the appointment of and disciplinary action against the Principal;
- the approval of any Voluntary Severance/Early Retirement Scheme and enhanced pension arrangements;
- delegation of functions of the Board of Management;
- the making, amendment and revocation of the Constitution and Standing Orders of the Board of Management (including, but not limited to, the code of conduct, Committee terms of reference and this Scheme of Delegation);
- entering into of any material contracts or any contract or transaction which is not in the ordinary and proper course of the business of the College and on arm's length terms;
- commencing any legal or arbitration proceedings (other than routine debt collection);
- establishing committees, determining the terms of reference thereof and the appointment of their Chair and Vice Chair; and
- forming or promoting or joining with any other person in forming or promoting companies.

Delegation to the Chair of the Board of Management

- 4.8 In emergency situations, in the absence of the Principal and his/her designated deputy, to take such measures as may be required to enable the College to carry on its business. The Chair shall report such instances to the appropriate committee(s) or to the Board as soon as possible thereafter, on any items for which approval of the committee or the Board would normally be necessary. In the Principal's absence the deputising Vice Principal will normally be responsible for the operational management of the College.
- 4.9 Following approval by the Board of Management, to sign and date the College Annual Report and Financial Statements prior to their submission to the SFC.
- 4.10 Following approval by the Board of Management, to sign the College Regional Outcome Agreement prior to submission to the SFC.
- 4.11 Following approval by the Board of Management, to sign the College Annual Report Institutional-led Self Evaluation prior to submission to the SFC
- 4.12 To conduct the Principal's annual performance appraisal
- 4.13 To initiate any disciplinary action against the Principal and Chief
- 4.14 To conduct annual appraisal review with Board members
- 4.15 Attend all meetings of Committees of the Board of Management as an ex officio member (except those of the Audit Committee);
- 4.16 To represent the Board of Management on appropriate external committees

Delegation to Committees of the Board of Management

- 4.17 Each Committee of the Board is delegated all functions relative to:
- the respective terms of reference of those Committees as detailed in the Constitution and Standing Orders of the Board;
 - any Minutes of the Board making a special delegation to a Committee; and
 - the review of matters of policy related to the work of that Committee.
- 4.18 Each Committee may exercise and perform on behalf of and in the name of the Board all of the authority, powers and duties of the Board in relation to the functions so delegated.
- 4.19 The Chair of each Committee is authorised to act on behalf of the Board between cycles so far as such acts relate to matters within the remit of the Committee of which he or she is Chair.

Delegation to the Principal

- 4.20 The Principal, as Chief Executive of the College, is responsible for the operational management of the College subject to strategic and policy direction by the Board of Management and the terms of any specific reservations to the Board.
- 4.21 The Principal is authorised and empowered, subject to the express reservations to the Board set out in this Scheme of Delegation, to manage the College and to
- direct its operations and facilitate the management of the College within the framework determined by the Strategic Plan/Regional Outcome Agreement, the approved budget and any other policies determined from time to time by the Board;
 - determine the appropriate organisational structure (including the Executive Management);
 - to take such measures as may be required in emergencies subject to advising the Chair of the Board, where possible, and subsequently reporting to the appropriate Committee or to the Board as soon as possible thereafter any items for which approval of the Committee or Board would normally be necessary;
 - Save where otherwise provided, on occasion of the absence of the Principal from the College for more than 20 working days, or during approved leave, any power delegated to the Principal under this Scheme of delegation shall automatically transfer to the Designated Deputising Principal; and
 - consistent with this Scheme of Delegation, to delegate such powers, responsibilities and authority to such members of staff of the Board as the Principal may from time to time determine.
- 4.22 Without limitation to the generality of the delegated powers of the Principal, the Principal is authorised and empowered as follows:
- It is also the duty of the Principal to manage the College's resources and s/he has ultimate responsibility for staffing matters. With regard to College staff, the Principal requires to lead, appoint, assign, grade, appraise, suspend, discuss and determine pay and conditions of staff
 - to consult and negotiate with representatives of recognised trades unions and professional associations on behalf of the Board in line, where appropriate, with parameters determined by the Board;
 - to provide financial or other assistance to the Students' Association of the College within the terms of any scheme of establishment or policy of the Board;

- to apply to the appropriate authority for any necessary statutory consents;
- where it is competent and in the interests of the College to do so, to lodge with the appropriate authority, objections to the grant of any permission, licence, warrant etc;
- to accept gifts of money, other property and services on behalf of the College and (in accordance with the College's policy on the receipt of gifts) and: determine their application.
- in emergency situations, take such measures as may be required, subject to advising the Chair of the Board and the Secretary to the Board, where possible, and subsequent reporting to the appropriate Committee or to the Board as soon as possible thereafter on any items for which approval of the Committee or the Board would normally be necessary;
- to determine the criteria to be used to select staff for redundancy within the terms of the Board's current Recognition and Procedures Agreement(s) and to make staff redundant or terminate their contracts;
- to authorise the issue of press release for publication and broadcasting on behalf of the College;
- to engage the services of outside contractors as necessary, subject to existing financial limits, to carry out the strategy and decisions of the Board of Management
- to waive or grant remission of tuition fees and expenses in special cases within guidelines set by the Board or which contribute to the achievement of the College's strategic priorities;
- to take appropriate disciplinary action, including temporary exclusion and permanent exclusion, against students in accordance with any policies of the Board
- to approve the secondment of staff of the College to external agencies where the total cost for the secondment is recoverable and to approve the appointment, where necessary, of a temporary replacement for the duration of the secondment;
- to administer, in accordance with any policy determined by the Scottish Government or the SFC or the Board, the disbursement of monies to students attending the College;
- to review annually the performance of members of the College's Executive Team against predetermined targets;
- to sign on behalf of the Board of Management applications for grant assistance from European Structural Funds and other funding bodies;
- Following approval by the Board of Management, to sign and date the College Annual Report and Financial Statements prior to their submission to the SFC.
- Following approval by the Board of Management, to sign the College Regional Outcome Agreement prior to submission to the SFC.
- Following approval by the Board of Management, to sign the College Annual Report Institutional-led Self Evaluation prior to submission to the SFC

Delegation to the Secretary to the Board

4.23 The delegations to the Secretary to the Board are always subject to the Constitution and Standing Orders of the Board and of all policies of the Board from time to time in force.

4.24 The Secretary to the Board is authorised to:

- keep proper records and Minutes of the Board's and Committees' proceedings and to prepare agendas, draft minutes and agreed minutes of all meetings of the Board or any Committee;
- make available for inspection on the College's website copies of agreed Minutes of any meeting of the Board or any Committee;

- maintain the Register of Interests of the members of the Board and members of the Executive Management Team;
- arrange for any elections to the Board from academic and support staff at the College;
- arrange induction and development for members of the Board of Management;
- to receive resignations from the Board and to inform the Board of vacancies and impending vacancies; and to act on behalf of the Board, when authorised, as their representative and to enter into correspondence in any matter as directed by the Board.

5. BOARD OF MANAGEMENT CODE OF CONDUCT

Introduction to the Code of Conduct

- 5.1 The Scottish public has a high expectation of those who serve on the boards of public bodies and the way in which they should conduct themselves in undertaking their duties. You must meet those expectations by ensuring that your conduct is above reproach.
- 5.2 The Ethical Standards in Public Life etc. (Scotland) Act 2000, “the Act”, provides for Codes of Conduct for local authority councillors and members of relevant public bodies; imposes on councils and relevant public bodies a duty to help their members to comply with the relevant code; and establishes a Standards Commission for Scotland, “The Standards Commission” to oversee the new framework and deal with alleged breaches of the codes.
- 5.3 The Act requires the Scottish Ministers to lay before Parliament a Code of Conduct for Councillors and a Model Code for Members of Devolved Public Bodies. The Model Code for members was first introduced in 2002 and has now been revised in December 2013 following consultation and the approval of the Scottish Parliament. These revisions will make it consistent with the relevant parts of the Code of Conduct for Councillors, which was revised in 2010 following the approval of the Scottish Parliament.
- 5.4 As a member of the Board of Management of Dumfries and Galloway College “the Board”, it is your responsibility to make sure that you are familiar with, and that your actions comply with, the provisions of this Code of Conduct which has now been made by the Board.

Appointments to the Boards of Public Bodies

- 5.5 Public bodies in Scotland are required to deliver effective services to meet the needs of an increasingly diverse population. In addition, the Scottish Government’s equality outcome on public appointments is to ensure that all appointments are more diverse than at present. In order to meet both of these aims, a board should ideally be drawn from varied backgrounds with a wide spectrum of characteristics, knowledge and experience. It is crucial to the success of public bodies that they attract the best people for the job and therefore it is essential that a board’s appointments process should encourage as many suitable people to apply for positions and be free from unnecessary barriers. You should therefore be aware of the varied roles and functions of the public body on which you serve and of wider diversity and equality issues.
- 5.6 You should also familiarise yourself with how the public body’s policy operates in relation to succession planning, which should ensure the public body have a strategy to make sure they have the staff in place with the skills, knowledge and experience necessary to fulfil their role economically, efficiently and effectively.

Guidance on the Code of Conduct

- 5.7 You must observe the rules of conduct contained in this Code. It is your personal responsibility to comply with these and review regularly, and at least annually, your personal circumstances with this in mind, particularly when your circumstances change. You must not at any time advocate or encourage any action contrary to the Code of Conduct.
- 5.8 The Code has been developed in line with the key principles listed in Section 2 and provides additional information on how the principles should be interpreted and applied in practice. The Standards Commission may also issue guidance. No Code can provide for all circumstances

and if you are uncertain about how the rules apply, you should seek advice from the public body. You may also choose to consult your own legal advisers and, on detailed financial and commercial matters, seek advice from other relevant professionals.

- 5.9 You should familiarise yourself with the Scottish Government publication “On Board – a guide for board members of public bodies in Scotland”. This publication will provide you with information to help you in your role as a member of a public body in Scotland and can be viewed on the Scottish Government website.

Enforcement

- 5.10 Part 2 of the Ethical Standards in Public Life etc. (Scotland) Act 2000 sets out the provisions for dealing with alleged breaches of this Code of Conduct and where appropriate the sanctions that will be applied if the Standards Commission finds that there has been a breach of the Code. Those sanctions are outlined in **Annex A**.

KEY PRINCIPLES OF THE CODE OF CONDUCT

- 5.11 The general principles upon which this Code is based should be used for guidance and interpretation only. These general principles are:

Duty

You have a duty to uphold the law and act in accordance with the law and the public trust placed in you. You have a duty to act in the interests of the public body of which you are a member and in accordance with the core functions and duties of that body.

Selflessness

You have a duty to take decisions solely in terms of public interest. You must not act in order to gain financial or other material benefit for yourself, family or friends.

Integrity

You must not place yourself under any financial, or other, obligation to any individual or organisation that might reasonably be thought to influence you in the performance of your duties.

Objectivity

You must make decisions solely on merit and in a way that is consistent with the functions of the public body when carrying out public business including making appointments, awarding contracts or recommending individuals for rewards and benefits.

Accountability and Stewardship

You are accountable for your decisions and actions to the public. You have a duty to consider issues on their merits, taking account of the views of others and must ensure that the public body uses its resources prudently and in accordance with the law.

Openness

You have a duty to be as open as possible about your decisions and actions, giving reasons for your decisions and restricting information only when the wider public interest clearly demands.

Honesty

You have a duty to act honestly. You must declare any private interests relating to your public duties and take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

You have a duty to promote and support these principles by leadership and example, and to maintain and strengthen the public's trust and confidence in the integrity of the public body and its members in conducting public business.

Respect

You must respect fellow members of your public body and employees of the body and the role they play, treating them with courtesy at all times. Similarly you must respect members of the public when performing duties as a member of your public body.

- 5.12 You should apply the principles of this Code to your dealings with fellow members of the public body, its employees and other stakeholders. Similarly you should also observe the principles of this Code in dealings with the public when performing duties as a member of the public body.

GENERAL CONDUCT

- 5.13 The rules of good conduct in this section must be observed in all situations where you act as a member of the public body.

Conduct at Meetings

- 5.14 You must respect the chair, your colleagues and employees of the public body in meetings. You must comply with rulings from the chair in the conduct of the business of these meetings.

Relationship with Board Members and Employees of the Public Body (including those employed by contractors providing services)

- 5.15 You will treat your fellow board members and any staff employed by the body with courtesy and respect. It is expected that fellow board members and employees will show you the same consideration in return. It is good practice for employers to provide examples of what is unacceptable behaviour in their organisation. Public bodies should promote a safe, healthy and fair working environment for all. As a board member you should be familiar with the policies of the public body in relation to bullying and harassment in the workplace and also lead by exemplar behaviour.

Remuneration, Allowances and Expenses

- 5.16 You must comply with any rules of the public body regarding remuneration, allowances and expenses.

Gifts and Hospitality

- 5.17 You must not accept any offer by way of gift or hospitality which could give rise to real or substantive personal gain or a reasonable suspicion of influence on your part to show favour, or disadvantage, to any individual or organisation. You should also consider whether there may be any reasonable perception that any gift received by your spouse or cohabitee or by any company in which you have a controlling interest, or by a partnership of which you are a partner, can or would influence your judgement. The term "gift" includes benefits such as relief from indebtedness, loan concessions or provision of services at a cost below that generally charged to members of the public.
- 5.18 You must never ask for gifts or hospitality.

- 5.19 You are personally responsible for all decisions connected with the offer or acceptance of gifts or hospitality offered to you and for avoiding the risk of damage to public confidence in your public body. As a general guide, it is usually appropriate to refuse offers except:
- (a) isolated gifts of a trivial character, the value of which must not exceed £50;
 - (b) normal hospitality associated with your duties and which would reasonably be regarded as appropriate; or
 - (c) gifts received on behalf of the public body.
- 5.20 You must not accept any offer of a gift or hospitality from any individual or organisation which stands to gain or benefit from a decision your body may be involved in determining, or who is seeking to do business with your organisation, and which a person might reasonably consider could have a bearing on your judgement. If you are making a visit in your capacity as a member of your public body then, as a general rule, you should ensure that your body pays for the cost of the visit.
- 5.21 You must not accept repeated hospitality or repeated gifts from the same source.
- 5.22 Members of devolved public bodies should familiarise themselves with the terms of the Bribery Act 2010 which provides for offences of bribing another person and offences relating to being bribed.

Confidentiality Requirements

- 5.23 There may be times when you will be required to treat discussions, documents or other information relating to the work of the body in a confidential manner. You will often receive information of a private nature which is not yet public, or which perhaps would not be intended to be public. You must always respect the confidential nature of such information and comply with the requirement to keep such information private.
- 5.24 It is unacceptable to disclose any information to which you have privileged access, for example derived from a confidential document, either orally or in writing. In the case of other documents and information, you are requested to exercise your judgement as to what should or should not be made available to outside bodies or individuals. In any event, such information should never be used for the purposes of personal or financial gain, or for political purposes or used in such a way as to bring the public body into disrepute.

Use of Public Body Facilities

- 5.25 Members of public bodies must not misuse facilities, equipment, stationery, telephony, computer, information technology equipment and services, or use them for party political or campaigning activities. Use of such equipment and services etc. must be in accordance with the public body's policy and rules on their usage. Care must also be exercised when using social media networks not to compromise your position as a member of the public body.

Appointment to Partner Organisations

- 5.26 You may be appointed, or nominated by your public body, as a member of another body or organisation. If so, you are bound by the rules of conduct of these organisations and should observe the rules of this Code in carrying out the duties of that body.
- 5.27 Members who become directors of companies as nominees of their public body will assume personal responsibilities under the Companies Acts. It is possible that conflicts of interest can arise for such members between the company and the public body. It is your responsibility to take advice on your responsibilities to the public body and to the company. This will include questions of declarations of interest.

REGISTRATION OF INTERESTS

- 5.28 The following paragraphs set out the kinds of interests, financial and otherwise which you have to register. These are called “Registerable Interests”. You must, at all times, ensure that these interests are registered, when you are appointed and whenever your circumstances change in such a way as to require change or an addition to your entry in the body’s Register. It is your duty to ensure any changes in circumstances are reported within one month of them changing.
- 5.29 The Regulations¹ as amended describe the detail and timescale for registering interests. It is your personal responsibility to comply with these regulations and you should review regularly and at least once a year your personal circumstances. The interests which require to be registered are those set out in the following paragraphs and relate to you. It is not necessary to register the interests of your spouse or cohabitee.

Category One: Remuneration

- 5.30 You have a Registerable Interest where you receive remuneration by virtue of being:
- employed;
 - self-employed;
 - the holder of an office;
 - a director of an undertaking;
 - a partner in a firm; or
 - undertaking a trade, profession or vocation or any other work.
- 5.31 In relation to 4.3 above, the amount of remuneration does not require to be registered and remuneration received as a member does not have to be registered.
- 5.32 If a position is not remunerated it does not need to be registered under this category. However, unremunerated directorships may need to be registered under category two, “Related Undertakings”.
- 5.33 If you receive any allowances in relation to membership of any organisation, the fact that you receive such an allowance must be registered.
- 5.34 When registering employment, you must give the name of the employer, the nature of its business, and the nature of the post held in the organisation.
- 5.35 When registering self-employment, you must provide the name and give details of the nature of the business. When registering an interest in a partnership, you must give the name of the partnership and the nature of its business.
- 5.36 Where you undertake a trade, profession or vocation, or any other work, the detail to be given is the nature of the work and its regularity. For example, if you write for a newspaper, you must give the name of the publication, and the frequency of articles for which you are paid.
- 5.37 When registering a directorship, it is necessary to provide the registered name of the undertaking in which the directorship is held and the nature of its business.

¹ SSI - The Ethical Standards in Public Life etc. (Scotland) Act 2000 (Register of Interests) Regulations 2003 Number 135, as amended.

5.38 Registration of a pension is not required as this falls outside the scope of the category.

Category Two: Related Undertakings

- 5.39 You must register any directorships held which are themselves not remunerated but where the company (or other undertaking) in question is a subsidiary of, or a parent of, a company (or other undertaking) in which you hold a remunerated directorship.
- 5.40 You must register the name of the subsidiary or parent company or other undertaking and the nature of its business, and its relationship to the company or other undertaking in which you are a director and from which you receive remuneration.
- 5.41 The situations to which the above paragraphs apply are as follows:
- you are a director of a board of an undertaking and receive remuneration declared under category one – and
 - you are a director of a parent or subsidiary undertaking but do not receive remuneration in that capacity.

Category Three: Contracts

- 5.42 You have a registerable interest where you (or a firm in which you are a partner, or an undertaking in which you are a director or in which you have shares of a value as described in paragraph 4.19 below) have made a contract with the public body of which you are a member:
- (i) under which goods or services are to be provided, or works are to be executed; and
 - (ii) which has not been fully discharged.
- 5.43 You must register a description of the contract, including its duration, but excluding the consideration.

Category Four: Houses, Land and Buildings

- 5.44 You have a registerable interest where you own or have any other right or interest in houses, land and buildings, which may be significant to, of relevance to, or bear upon, the work and operation of the body to which you are appointed.
- 5.45 The test to be applied when considering appropriateness of registration is to ask whether a member of the public acting reasonably might consider any interests in houses, land and buildings could potentially affect your responsibilities to the organisation to which you are appointed and to the public, or could influence your actions, speeches or decision making.

Category Five: Interest in Shares and Securities

- 5.46 You have a registerable interest where you have an interest in shares comprised in the share capital of a company or other body which may be significant to, of relevance to, or bear upon, the work and operation of (a) the body to which you are appointed and (b) the **nominal value** of the shares is:
- (i) greater than 1% of the issued share capital of the company or other body; or
 - (ii) greater than £25,000.

Where you are required to register the interest, you should provide the registered name of the company in which you hold shares; the amount or value of the shares does not have to be registered.

Category Six: Gifts and Hospitality

- 5.47 You must register the details of any gifts or hospitality received within your current term of office. This record will be available for public inspection. It is not however necessary to record any gifts or hospitality as described in paragraph 3.7 (a) to (c) of this Model Code.

Category Seven: Non-Financial Interests

- 5.48 You may also have a registerable interest if you have non-financial interests which may be significant to, of relevance to, or bear upon, the work and operation of the body to which you are appointed. It is important that relevant interests such as membership or holding office in other public bodies, clubs, societies and organisations such as trades unions and voluntary organisations, are registered and described.
- 5.49 In the context of non-financial interests, the test to be applied when considering appropriateness of registration is to ask whether a member of the public might reasonably think that any non-financial interest could potentially affect your responsibilities to the organisation to which you are appointed and to the public, or could influence your actions, speeches or decision-making.

SECTION 5: DECLARATION OF INTERESTS

General

- 5.50 The key principles of the Code, especially those in relation to integrity, honesty and openness, are given further practical effect by the requirement for you to declare certain interests in proceedings of the public body. Together with the rules on registration of interests, this ensures transparency of your interests which might influence, or be thought to influence, your actions.
- 5.51 Public bodies inevitably have dealings with a wide variety of organisations and individuals and this Code indicates the circumstances in which a business or personal interest must be declared. Public confidence in the public body and its members depends on it being clearly understood that decisions are taken in the public interest and not for any other reason.
- 5.52 In considering whether to make a declaration in any proceedings, you must consider not only whether you will be influenced but whether anybody else would think that you might be influenced by the interest. You must, however, always comply with the **objective test** (“the objective test”) which is whether a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as so significant that it is likely to prejudice your discussion or decision making in your role as a member of a public body.
- 5.53 If you feel that, in the context of the matter being considered, your involvement is neither capable of being viewed as more significant than that of an ordinary member of the public, nor likely to be perceived by the public as wrong, you may continue to attend the meeting and participate in both discussion and voting. The relevant interest must however be declared. It is your responsibility to judge whether an interest is sufficiently relevant to particular proceedings to require a declaration and you are advised to err on the side of caution. If a board member is unsure as to whether a conflict of interest exists, they should seek advice from the board chair.

- 5.54 As a member of a public body you might serve on other bodies. In relation to service on the boards and management committees of limited liability companies, public bodies, societies and other organisations, you must decide, in the particular circumstances surrounding any matter, whether to declare an interest. Only if you believe that, in the particular circumstances, the nature of the interest is so remote or without significance, should it not be declared. You must always remember the public interest points towards transparency and, in particular, a possible divergence of interest between your public body and another body. Keep particularly in mind the advice in paragraph 3.15 of this Model Code about your legal responsibilities to any limited company of which you are a director.

Interests which Require Declaration

- 5.55 Interests which require to be declared if known to you may be financial or non-financial. They may or may not cover interests which are registerable under the terms of this Code. Most of the interests to be declared will be your personal interests but, on occasion, you will have to consider whether the interests of other persons require you to make a declaration. The paragraphs which follow deal with (a) your financial interests (b) your non-financial interests and (c) the interests, financial and non-financial, of other persons.
- 5.56 You will also have other private and personal interests and may serve, or be associated with, bodies, societies and organisations as a result of your private and personal interests and not because of your role as a member of a public body. In the context of any particular matter you will need to decide whether to declare an interest. You should declare an interest unless you believe that, in the particular circumstances, the interest is too remote or without significance. In reaching a view on whether the objective test applies to the interest, you should consider whether your interest (whether taking the form of association or the holding of office) would be seen by a member of the public acting reasonably in a different light because it is the interest of a person who is a member of a public body as opposed to the interest of an ordinary member of the public.

Your Financial Interests

- 5.57 You must declare, if it is known to you, any financial interest (including any financial interest which is registerable under any of the categories prescribed in Section 4 of this Code). If, under category one (or category seven in respect of non-financial interests) of section 4 of this Code, you have registered an interest:
- a. as the Principal of the College;
 - b. as a member of the teaching staff of the College having been elected from their number to the Board;
 - c. as a member of the non-teaching staff of the College having been elected from their number to the Board;
 - d. as a student of the College having been nominated by the Students' Association of the College to the Board; or
 - e. in relation to any particular experience or position which was relevant to / a reason for your appointment to the public body (for example, as director of an education authority)
- you do not, for that reason alone, have to declare that interest.

There is no need to declare an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

You must withdraw from the meeting room until discussion of the relevant item where you have a declarable interest is concluded. There is no need to withdraw in the case of an interest

which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

Your Non-Financial Interests

5.58 You must declare, if it is known to you, any non-financial interest if:

- i. that interest has been registered under category seven (Non-Financial Interests) of Section 4 of the Code; or
- ii. that interest would fall within the terms of the objective test.

There is no need to declare an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

You must withdraw from the meeting room until discussion of the relevant item where you have a declarable interest is concluded. There is no need to withdraw in the case of an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

The Financial Interests of Other Persons

5.59 The Code requires only your financial interests to be registered. You also, however, have to consider whether you should declare any financial interest of certain other persons.

You must declare if it is known to you any financial interest of:-

- i. a spouse, a civil partner or a co-habitee;
- ii. a close relative, close friend or close associate;
- iii. an employer or a partner in a firm;
- iv. a body (or subsidiary or parent of a body) of which you are a remunerated member or director;
- v. a person from whom you have received a registerable gift or registerable hospitality;
- vi. a person from whom you have received registerable expenses.

There is no need to declare an interest if it is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

You must withdraw from the meeting room until discussion of and voting on the relevant item where you have a declarable interest is concluded. There is no need to withdraw in the case of an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

5.60 This Code does not attempt the task of defining “relative” or “friend” or “associate”. Not only is such a task fraught with difficulty but is also unlikely that such definitions would reflect the intention of this part of the Code. The key principle is the need for transparency in regard to any interest which might (regardless of the precise description of relationship) be objectively regarded by a member of the public, acting reasonably, as potentially affecting your responsibilities as a member of the public body and, as such, would be covered by the objective test.

The Non-Financial Interests of Other Persons

5.61 You must declare if it is known to you any non-financial interest of:-

- i. a spouse, a civil partner or a co-habitee;
- ii. a close relative, close friend or close associate;
- iii. an employer or a partner in a firm;
- iv. a body (or subsidiary or parent of a body) of which you are a remunerated member or director;
- v. a person from whom you have received a registerable gift or registerable hospitality;
- vi. a person from whom you have received registerable election expenses.

There is no need to declare the interest if it is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

There is only a need to withdraw from the meeting if the interest is clear and substantial.

Making a Declaration

5.62 You must consider at the earliest stage possible whether you have an interest to declare in relation to any matter which is to be considered. You should consider whether agendas for meetings raise any issue of declaration of interest. Your declaration of interest must be made as soon as practicable at a meeting where that interest arises. If you do identify the need for a declaration of interest only when a particular matter is being discussed you must declare the interest as soon as you realise it is necessary.

5.63 The oral statement of declaration of interest should identify the item or items of business to which it relates. The statement should begin with the words “I declare an interest”. The statement must be sufficiently informative to enable those at the meeting to understand the nature of your interest but need not give a detailed description of the interest.

Frequent Declarations of Interest

5.64 Public confidence in a public body is damaged by perception that decisions taken by that body are substantially influenced by factors other than the public interest. If you would have to declare interests frequently at meetings in respect of your role as a board member you should not accept a role or appointment with that attendant consequence. If members are frequently declaring interests at meetings then they should consider whether they can carry out their role effectively and discuss with their chair. Similarly, if any appointment or nomination to another body would give rise to objective concern because of your existing personal involvement or affiliations, you should not accept the appointment or nomination.

Dispensations

5.65 In some very limited circumstances dispensations can be granted by the Standards Commission in relation to the existence of financial and non-financial interests which would otherwise prohibit you from taking part and voting on matters coming before your public body and its committees.

5.66 Applications for dispensations will be considered by the Standards Commission and should be made as soon as possible in order to allow proper consideration of the application in advance of meetings where dispensation is sought. You should not take part in the consideration of the matter in question until the application has been granted.

LOBBYING AND ACCESS TO MEMBERS OF PUBLIC BODIES

Introduction

- 5.67 In order for the public body to fulfil its commitment to being open and accessible, it needs to encourage participation by organisations and individuals in the decision-making process. Clearly however, the desire to involve the public and other interest groups in the decision-making process must take account of the need to ensure transparency and probity in the way in which the public body conducts its business.
- 5.68 You will need to be able to consider evidence and arguments advanced by a wide range of organisations and individuals in order to perform your duties effectively. Some of these organisations and individuals will make their views known directly to individual members. The rules in this Code set out how you should conduct yourself in your contacts with those who would seek to influence you. They are designed to encourage proper interaction between members of public bodies, those they represent and interest groups.

Rules and Guidance

- 5.69 You must not, in relation to contact with any person or organisation that lobbies do anything which contravenes this Code or any other relevant rule of the public body or any statutory provision.
- 5.70 You must not, in relation to contact with any person or organisation who lobbies, act in any way which could bring discredit upon the public body.
- 5.71 The public must be assured that no person or organisation will gain better access to or treatment by, you as a result of employing a company or individual to lobby on a fee basis on their behalf. You must not, therefore, offer or accord any preferential access or treatment to those lobbying on a fee basis on behalf of clients compared with that which you accord any other person or organisation who lobbies or approaches you. Nor should those lobbying on a fee basis on behalf of clients be given to understand that preferential access or treatment, compared to that accorded to any other person or organisation, might be forthcoming from another member of the public body.
- 5.72 Before taking any action as a result of being lobbied, you should seek to satisfy yourself about the identity of the person or organisation that is lobbying and the motive for lobbying. You may choose to act in response to a person or organisation lobbying on a fee basis on behalf of clients but it is important that you know the basis on which you are being lobbied in order to ensure that any action taken in connection with the lobbyist complies with the standards set out in this Code.
- 5.73 You should not accept any paid work:-
- (a) which would involve you lobbying on behalf of any person or organisation or any clients of a person or organisation.
 - (b) to provide services as a strategist, adviser or consultant, for example, advising on how to influence the public body and its members. This does not prohibit you from being remunerated for activity which may arise because of, or relate to, membership of the public body, such as journalism or broadcasting, or involvement in representative or presentational work, such as participation in delegations, conferences or other events.

- 5.74 If you have concerns about the approach or methods used by any person or organisation in their contacts with you, you must seek the guidance of the public body.

6. BOARD AND COMMITTEE TERMS OF REFERENCE

BOARD OF MANAGEMENT	
1.1	<p>Membership The membership of the Board will be constituted as required by the Further and Higher Education (Scotland) Act 1992 and the amendments in the Post 16 Education (Scotland) Act 2013 and as per the Constitution and Standing Orders</p> <p>In attendance: The Executive Team</p>
1.2	<p>Quorum 40% or more of members eligible to attend for that part of the meeting.</p>
1.3	<p>Remit</p> <p>General The Board shall observe the Constitution and Standing Orders in all its business.</p> <p>Specific The Board has responsibility for overseeing the business of the College, determining its future direction and fostering an environment in which the College mission is achieved and the potential of all learners is maximised. The Board of Management must ensure compliance with the statutes, ordinances and provisions regulating the College and its framework of governance and, subject to these, take all final decisions on matters of fundamental concern to the College.</p> <p>The following items are retained for approval by the Board, upon advice from or recommendation by the relevant Committee where appropriate and must not be delegated:</p> <ol style="list-style-type: none"> 1. The College's Strategic Plan/Regional Outcome Agreement (and any annual updates thereof) 2. The Annual Accounts (following consideration by the Finance & General Purposes Committee) 3. The Annual College Budget (following consideration by the Finance & General Purposes Committee) 4. The Annual Report on Institutional-led Self Evaluation (following consideration by the Learning & Teaching Committee) 5. The appointment of the Principal and Chief Executive 6. The appointment and re-appointment of Board members (this has effect only if approved by the Chair of the Board of Management and the Scottish Ministers); 7. Any other matters as set out in this manual or which the Board resolves to retain for approval by itself.
1.4	<p>Meetings The Board of Management will meet at least four times per year.</p>

AUDIT COMMITTEE	
1.1	<p>Membership: 5 other Board members (one of whom shall be appointed Committee Chair). Members of the audit committee are precluded from serving on the Finance and General Purposes Committee. The Chair and Principal should not be a member of the Audit Committee. No member should also be a member of the F&GP committee</p> <p>The internal audit service provider and representatives of external audit will be expected to attend meetings of the Audit Committee and to be provided with agenda and papers for meetings.</p> <p>In attendance: Principal Vice Principal (Corporate Services and Governance) Finance Manager</p>
1.2	<p>Quorum: 3 members</p>
1.3	<p>Remit</p> <p>General The Audit Committee shall observe the Standing Orders in all its business.</p> <p>Specific The following provides a summary of the main duties of the Audit Committee:</p> <ol style="list-style-type: none"> 1. To review effectiveness of the internal controls and management systems; 2. To ensure systems are in place to promote efficiency, effectiveness and economy , including where appropriate the identification of specific value for money studies, and to ensure that activities are managed in accordance with legislation and regulations; 3. To ensure compliance with corporate governance requirements; 4. To review the Risk Management Policy and the effectiveness of risk managements systems, including the College's risk appetite; 5. To review the Anti-fraud and Corruption Policy and the effectiveness; 6. Establish a Whistle-blowing policy; 7. Agree letter of engagement with external auditor and review report to management; 8. Agree internal audit plan (including value for money audits) and review audit reports including annual audit report; 9. To prepare an annual report to the Board on Internal Financial Control prior to the signing of the Financial Statements 10. To report to the Board as required – minutes of the meetings should be circulated to the Board 11. To prepare an annual report to the Board on Internal Financial Control prior to the signing of the Financial Statements 12. To report to the Board as required – minutes of the meetings should be circulated to the Board
1.4	<p>Meetings The Audit Committee will normally meet at least four times per year.</p> <p>Once a year, subsequent to a meeting of the Audit Committee, Other members of the Audit Committee will meet with the internal audit service provider and representatives of the external auditor. The Chair of the Board of Management may elect to attend this meeting.</p> <p>The Audit Committee will report to the Board of Management on a regular basis, and the Audit Chair will produce an Annual Report for submission to the Board following the end of the financial year.</p>

FINANCE AND GENERAL PURPOSES COMMITTEE	
1.1	<p>Membership A minimum of 3 Board of Management members (one of whom will be appointed Committee Chair). Members of the Finance and General Purposes Committee are precluded from serving on Audit Committee</p> <p>Principal One staff member</p> <p>In attendance: Vice Principal (Corporate Services and Governance) Finance Manager Facilities Manager</p>
1.2	<p>Quorum 3 members</p>
1.3	<p>Remit</p> <p>General The Committee shall make its recommendations to the Board of Management as appropriate. The Committee shall observe the Standing Orders in all its business.</p> <ol style="list-style-type: none"> 1. To consider the annual budget and recommend approval to the full Board; 2. To monitor actual performance against budget; 3. To consider capital expenditure, investments and borrowing and recommend approval to the full Board; 4. To consider the Financial Forecast Return and recommend approval by the full Board; 5. To consider the annual accounts and recommend for approval by the full Board; 6. To oversee systems of financial control and delegated authority; 7. To liaise with external audit service to ensure accounts show a true and fair view and exhibit regularity of spend; 8. To carry out the Board of Management's constitutional delegation in financial matters; 9. To ensure compliance with the Financial Memorandum and Financial Regulations; 10. To make recommendations to the Board on matters relating to the development and management of its property and facilities; 11. To consider health and safety aspects of the College's operation where these relate to estates and facilities; 12. To report to the Board as required – minutes of the meetings should be circulated to the Board.
1.4	<p>Meetings The Finance and General Purposes Committee will normally meet at least four times per year</p>

HUMAN RESOURCES COMMITTEE	
1.1	<p>Membership 2 ordinary Board members (one of whom will be appointed Committee Chair) Principal One staff Board Member</p> <p>In attendance: Director of Organisational Development and Facilities</p>
1.2	<p>Quorum 3 members</p>
1.3	<p>Remit</p> <p>General The Committee shall make its recommendations to the Board of Management as appropriate. The Committee shall observe the Standing Orders in all its business.</p> <ol style="list-style-type: none"> 1. To ensure the College is operating within all legal requirements relating to employment law and other legislation affecting employment; 2. To approve the HR strategy and to monitor actual performance against KPI to include staff welfare, staff establishment, turnover, sickness, and absence; 3. To make recommendations to the Board on HR and staffing matters; 4. To ensure that pay and conditions of employment are properly determined and that pension arrangements are monitored; 5. To ensure appropriate arrangements are in place for effective dialogue with trade unions; 6. To ensure there are appropriate policies, procedures and monitoring for appointments, promotion, staff development and appraisal; 7. To ensure health and safety legislation relating to staffing is complied with and that regular reports are considered and recommended for approval to the full Board of Management; 8. To prepare an annual report to the Board; 9. To report to the Board as required – minutes of the meetings should be circulated to the Board
1.4	<p>Meetings</p> <p>The Human Resources Committee will normally meet once per year</p>

LEARNING AND TEACHING COMMITTEE		
1.1	Membership	<p>A minimum of 3 ordinary Board of Management members (one of whom will be appointed Committee Chair)</p> <p>Principal</p> <p>One Staff Board member</p> <p>Two Student Board members</p> <p>In attendance: Vice Principal (Learning & Skills); and 4 members of staff (representative of each Faculty)</p>
1.2	Quorum	3 members
1.3	Remit	<p>General</p> <p>The Committee has overall responsibility for monitoring the direction and performance of learning and teaching and the quality of the learners experience at the College</p> <ol style="list-style-type: none"> 1. To agree and monitor College teaching and learning strategy, aims and objectives; 2. To agree and monitor College learner engagement strategy, aims and objectives; 3. To agree and monitor College employer engagement strategy, aims and objectives; 4. To reflect on trends in education and encourage innovation and curriculum development to ensure that the College is successfully serving the needs of its internal and external stakeholders; 5. To agree and monitor academic performance, including student retention, progression, attainment PIs, ensuring arrangements are in place to action and address any areas of concern; 6. To monitor: <ul style="list-style-type: none"> • performance on admissions, access and inclusion; arrangements for articulation and partnership • approaches to learning and teaching, including the use of ICT; • the volume and themes of student complaints. 7. To regularly consider reports from and related to the Student Association and address any issues raised by the Association; 8. To maintain an overview of quality assurance and improvement by reviewing reports from both internal and external, including feedback and evaluation from student and stakeholder surveys; 9. To consider Annual Report Institutional-led Self Evaluation and recommend for approval by the full Board following; 10. To report to the Board as required – minutes of the meetings should be circulated to the Board.
1.4	Meetings	The Learning and Teaching Committee will normally meet at least four times per year

REMUNERATION COMMITTEE	
1.1	Membership: Chair of Board of Management Vice Chair of Board of Management Chair of Finance and General Purposes Committee
1.2	Quorum 2 members
1.3	Remit <ol style="list-style-type: none"> 1. To determine and review the salaries, terms and conditions (and, where appropriate severance payments) of the Principal, members of the executive team and the Secretary to the Board; 2. To ensure efficient and effective use of public funds; 3. To report to the Board as required – minutes of the meetings should be circulated to the Board.
1.4	Meeting The Remuneration Committee will meet as required

SELECTION AND APPOINTMENTS COMMITTEE	
1.1	Membership: Chair of the Board of Management Vice Chair of the Board of Management Chair of Audit Committee Chair of HR Committee
1.2	Quorum 3 members
1.3	Remit <p>General The Committee has responsibility for advising the Board of Management on matters relating to members of the Board of Management</p> <ol style="list-style-type: none"> 1. In accordance with applicable legislation, and relevant guidance on standards in public life and college board appointments manage the process of recruitment and appointment of candidates for membership of the Board of Management; 2. To nominate candidates for the approval of Chair of Board and Scottish Ministers; 3. To review and consider the composition and balance of the Board in relation to equality, skills and experience balance; 4. To develop policies and procedures for the induction, training and development of Board members; 5. To receive and review evaluation reports on Board performance and development of members; 6. To report to the Board as required – minutes of the meetings should be circulated to the Board.
1.4	Meetings The selection and Appointments Committee will meet as required

APPENDIX A

SANCTIONS AVAILABLE TO THE STANDARDS COMMISSION FOR BREACH OF THE CODE

Censure – the Commission may reprimand the member but otherwise take no action against them;

Suspension – of the member for a maximum period of one year from attending one or more, but not all, of the following:

- all meetings of the public body;
- all meetings of one or more committees or sub-committees of the public body;
- all meetings of any other public body on which that member is a representative or nominee of the public body of which they are a member.

Suspension – for a period not exceeding one year, of the member's entitlement to attend all of the meetings referred to above;

Disqualification – removing the member from membership of that public body for a period of no more than five years.

Where a member has been suspended, the Standards Commission may direct that any remuneration or allowance received from membership of that public body be reduced, or not paid.

Where the Standards Commission disqualifies a member of a public body, it may go on to impose the following further sanctions:

- Where the member of a public body is also a councillor, the Standards Commission may disqualify that member (for a period of no more than five years) from being nominated for election as, or from being elected, a councillor. Disqualification of a councillor has the effect of disqualifying that member from their public body and terminating membership of any committee, sub-committee, joint committee, joint board or any other body on which that member sits as a representative of their local authority.
- Direct that the member be removed from membership, and disqualified in respect of membership, of any other devolved public body (provided the members' code applicable to that body is then in force) and may disqualify that person from office as the Water Industry Commissioner.

In some cases the Standards Commission do not have the legislative powers to deal with sanctions, for example if the respondent is an executive member of the board or appointed by the Queen. Sections 23 and 24 of the Ethical Standards in Public Life etc. (Scotland) Act 2000 refer. Full details of the sanctions are set out in Section 19 of the Act.

APPENDIX B

DECLARATION FORM

DUMFRIES AND GALLOWAY COLLEGE

BOARD OF MANAGEMENT

I, the undersigned, declare that I am aware of the Further and Higher Education (Scotland) Act 1992 and Post-16 Education (Scotland) Act 2013, and confirm that I am not disqualified under the legislation from membership of the Board.

DECLARATION

Name: _____
(Block Capitals)

Date of Birth: _____

Signature: _____

Date: _____

Please return to: Secretary to the Board
Dumfries and Galloway College

APPENDIX C

BOARD OF MANAGEMENT - REGISTER OF INTEREST

Name of Member:	
Interests relating to Remuneration:	
Interests relating to Related Undertakings:	
Interests relating to Contracts	
Interests relating to Houses, Land and Buildings:	
Interests relating to Shares and Securities:	
Interests relating to Non-Financial Interests:	
Any other interests	
Date:	

APPENDIX D

GLOSSARY OF TERMS

In this document the following definitions shall apply:

“1992 Act” means the Further and Higher Education (Scotland) Act 1992.

“2005 Act” means the Further and Higher Education (Scotland) Act 2005.

“2013 Act” means the Post 16 Education (Scotland) Act 2013.

“The Acts” mean the Further and Higher Education (Scotland) Acts 1992 and 2005 and the Post 16 Education (Scotland) Act 2013.

“Board” or **“Board of Management”** means the Board of Management of Dumfries and Galloway College being a body corporate established as a board of management of a college of further education under the Further and Higher Education (Scotland) Act 1992.

“Board Member” means a member of the Board of Management of Dumfries and Galloway College.

“College” means Dumfries and Galloway College.

“Committee” means any committee referred to in this document and any other committee established by the Board. The term “Committee member” shall be construed accordingly.

“Financial Memorandum” means the financial memorandum of the College as the same may be amended from time to time.

“SFC” means The Scottish Further and Higher Education Funding Council or any body which takes over or adopts its functions and obligations.

“OSCR” means the Office of the Scottish Charity Regulator.

“Remuneration” includes any salary, wage, share of profits, fee, expenses, other monetary benefit or benefit in kind. This would include, for example, the provision of a company car or travelling expenses by an employer.

“Undertaking” means: a body corporate or partnership; or an unincorporated association carrying on a trade or business, with or without a view to a profit.

“Related Undertaking” is a parent or subsidiary company of a principal undertaking of which you are also a director. You will receive remuneration for the principal undertaking though you will not receive remuneration as director of the related undertaking.

“Parent Undertaking” is an undertaking in relation to another undertaking, a subsidiary undertaking, if a) it holds a majority of the voting rights in the undertaking; or b) it is a member of the undertaking and has the right to appoint or remove a majority of its board of directors; or c) it has the right to exercise a dominant influence over the undertaking (i) by virtue of provisions contained in the undertaking’s memorandum or articles or (ii) by virtue of a control contract; or (d) it is a councillor of the undertaking and controls alone, pursuant to an agreement with other shareholders or councillors, a majority of the voting rights in the undertaking.

“Group of companies” has the same meaning as “group” in section 474(1) of the Companies Act 2006. A “group”, within section 474(1) of the Companies Act 2006, means a parent undertaking and its subsidiary undertakings.

“Public body” means a devolved public body listed in Schedule 3 of the Ethical Standards in Public Life etc (Scotland) Act 2000.

“A person” means a single individual or legal person and includes a group of companies.

“Any person” includes individuals, incorporated and unincorporated bodies, trade unions, charities and voluntary organisations.

“Spouse” does not include a former spouse or a spouse who is living separately and apart from you.

“Partner” includes a person, whether of the opposite sex or not, who is living with you in a relationship similar to that of a husband or wife.

BOARD OF MANAGEMENT	
Membership	Brian Johnstone (Chair), Delia Holland (Vice Chair), Hugh Carr, John Henderson, Colin Grant, Sandy Burgess, Stuart Martin, Janice Goldie, Karen McGahan, Pat Kirby, Janet Brennan, Carol Turnbull, Kenny Henry, Andrew Nyondo, Sam Glendinning and 2 nd student member
In attendance:	The Executive Team
Quorum	6 members
AUDIT COMMITTEE	
Membership:	Hugh Carr (Chair), Delia Holland, Sandy Burgess, Stuart Martin and Janice Goldie
In attendance:	Internal auditors External auditors Principal Vice Principal (Corporate Services and Governance) Finance Manager
Quorum:	3 members
FINANCE AND GENERAL PURPOSES COMMITTEE	
Membership	John Henderson (Chair), Carol Turnbull, Kenny Henry, Karen McMahan and Pat Kirby
In attendance:	Vice Principal (Corporate Services and Governance) Finance Manager
Quorum	3 members
HUMAN RESOURCES COMMITTEE	
Membership	Sandy Burgess(Chair) , Carol Turnbull, Andrew Nyondo; Janet Brennan
In attendance:	Director of Organisational Development and Facilities
Quorum:	3 members
LEARNING AND TEACHING COMMITTEE	
Membership:	Delia Holland (Chair), John Henderson, Carol Turnbull, Kenny Henry, Sam Glendinning, + 2 nd Student Member and Colin Grant
In attendance:	Vice Principal (Learning & Skills); and 4 members of staff (representative of each Faculty) - Roz Anderson; Dougie Patterson, Jim Maginess and Kevin Summerville
Quorum:	3 members
REMUNERATION COMMITTEE	
Membership:	Brian Johnstone (Chair), Delia Holland; John Henderson
Quorum	2 members
SELECTION AND APPOINTMENTS COMMITTEE	
Membership:	Brian Johnstone (Chair), Delia Holland, Hugh Carr and Sandy Burgess
Quorum	3 members

Proposed Board Members Link with Curriculum/Support Areas

Board Member	College Team/Function	Executive Member	Link Manager
Pat Kirby	Faculty Childcare, Care, Special Programmes and New Horizons/Princes Trust	Andy Wright - Vice Principal, Learning & Skills DDI 01387 734008 wrighta@dumgal.ac.uk	June Holland - Head of Faculty DDI 01387 734241 hollandj@dumgal.ac.uk
Janet Brennan	Faculty - Hair & Beauty, Sport and Hospitality	Andy Wright -Vice Principal, Learning & Skills DDI 01387 734008 wrighta@dumgal.ac.uk	Janet Weir - Head of Faculty DDI 01387 734103 weirj@dumgal.ac.uk
Sandy Burgess	Faculty of Construction, Engineering, Elelctrical and Motor Vehicle	Andy Wright - Vice Principal, Learning & Skills DDI 01387 734008 wrighta@dumgal.ac.uk	Drew Easton - Head of Faculty DDI 01387 734043 eastona@dumgal.ac.uk
John Henderson	Faculty of Business, Computing and Creative Industries	Andy Wright - Vice Principal, Learning & Skills DDI 01387 734008 wrighta@dumgal.ac.uk	Iain Hawker - Head of Faculty DDI 01387 734202 hawkeri@dumgal.ac.uk
Stuart Martin	Business Development , Government Training Contracts & Employability Services	Andy Wright - Vice Principal, Learning & Skills DDI 01387 734008 wrighta@dumgal.ac.uk	Alison Jardine - Business Development Manager DDI 01387 734197 jardinea@dumgal.ac.uk
Delia Holland	Quality & Student Association	Jannette Brown - Vice Principal, Corporate Services & Governance DDI 01387 734005 brownj@dumgal.ac.uk	Elizabeth McDonald - Quality Officer DDI 01387 734093 mcdonalde@dumgal.ac.uk Sam Glendinning - Student President, sapresident@student.dumgal.ac.uk
Colin Grant	Learning & Teaching Mentors, Blended Learning and staff professional development	Jannette Brown - Vice Principal, Corporate Services & Governance DDI 01387 734005 brownj@dumgal.ac.uk	Mandy Wallace e-Learning Development Manager DDI 01387 734012 wallacem@dumgal.ac.uk
Hugh Carr	Information Services, ICT Support, Student Records, Finance & Student Funding	Jannette Brown - Vice Principal, Corporate Services & Governance DDI 01387 734005 brownj@dumgal.ac.uk	Andy Cowan - Business Systems Manager DDI 01387 734263 cowana@dumgal.ac.uk
			Eric Dunbar - ICT Support Manager DDI 01387 734245 dunbare@dumgal.ac.uk
			Angela Wells - Student Records Manager DDI 01387 734071 wellsa@dumgal.ac.uk
			Karen Hunter - Finance Manager DDI 01387 734070 hunterk@dumgal.ac.uk
Janice Goldie	Student Support & Guidance & Library	Jannette Brown - Vice Principal, Corporate Services & Governance DDI 01387 734005 brownj@dumgal.ac.uk	Shona Scott - SS&G Manager DDI 01387 734187 scotts@dumgal.ac.uk
			Gillian Birrell - Librarian DDI 01387 734284 birrellg@dumgal.ac.uk
Sandy Burgess	Stranraer Campus	Helen Pedley - Director of Organisational Development & Facilities DDI 01387 734006 pedleyh@dumgal.ac.uk	Lorna Matthews - Campus co-ordinator DDI 01776 888393 matthewsl@dumgal.ac.uk
Janice Goldie	Facilities	Helen Pedley - Direcctor of Organisational Development & Facilities DDI 01387 734006 pedleyh@dumgal.ac.uk	Mansour Gemie - Facilities Manager DDI 01387 734174 gemiem@dumgal.ac.uk
Karen McGahan	Marketing & Admissions	Helen Pedley - Director of Organisational Development & Facilities DDI 01387 734006 pedleyh@dumgal.ac.uk	Sandra Norris - Marketing & Admissions Manager DDI 01387 734090 norriss@dumgal.ac.uk
	Human Resources (including equalities)		Helen Cronie - Human Resources Officer DDI 01387 734254 cronieh@dumgal.ac.uk

Board of Management

AUDIT COMMITTEE ANNUAL REPORT

1 PURPOSE OF REPORT

To advise the Board of Management of the activities and decisions of the Audit Committee during Financial Period 2013-14 and to provide opinions on matters specified by the Code of Audit Practice.

2 BACKGROUND TO REPORT

It is a requirement of the Code of Audit Practice and the College's Standing Orders and Financial Regulations that the Audit Committee provides the Board with an Annual Report so that all members of the Board can be fully informed of, amongst other things, aspects of the system of Internal Control.

3 ADMINISTRATIVE MATTERS

3.1 The period covered by this report is the eight month period 1 August 2013 to 31 March 2014.

3.2 The membership of the Committee during the period was:

H Carr (Chair)
D Holland
S Burgess
F Sanderson (until 17.12.13)
K MacGillivray-Fallis
S Martin (from 17.12.13)

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

30 September 2013	3 members attended (60%)
11 March 2014	4members attended (80%)

There was an average attendance of 3.5 members.

3.4 Additional members from the Board may be appointed to the Audit Committee when the Regional Board has been established in August 2014.

3.5 Due to the change in the College financial year-end and ONS developments, a further two meetings were held during the period in addition to the formal meetings noted above in order to ensure matters arising were considered in a timely manner. A clearance meeting was held with the External Auditors on 15 November 2013, and a meeting to discuss ONS changes and the implications of a potential transfer of funds to an Arms Length Trust was held on 11 February 2014.

3.6 The calendar of meetings has been updated going forward in order to allow for the changes in the financial year-end for external and internal audit reporting.

Board of Management

4 INTERNAL AUDIT

- 4.1 Baker Tilly Risk Management acted as internal auditors throughout the year.
- 4.2 A summary of the work of internal audit during the year, and the recommendations made, is detailed below:

Report	Number of Recommendations	Number of Recommendations Accepted	Number of Recommendations not Accepted
Student Activity	0	0	0
Student Support Funds	0	0	0
Value for Money – Open Learning	3	3	0
Income and Debtors	3	3	0
Procurement and Payments	2	1	1
VFM – Work Based Learning	5	5	0
Follow-Up	4	4	0
Total (2013/14)	17	16	1
Total (2012/13)	19	19	0
Total (2011/12)	15	14	1
Total (2010/11)	11	11	0
Total (2009/10)	11	11	0
Total (2008/9)	25	23	2
Total (2007/8)	8	8	2
Total (2006/7)	67	49	18

- 4.3 The recommendations are categorised by the auditors according to the level of priority – High, Medium and Low, and are prioritised to reflect the auditors' assessment of risk associated with the control weaknesses.

In addition, Suggestions may be included as part of the Action Plan reported. These are not formal recommendations that impact the overall audit opinion, but used to highlight a suggestion or idea that management may want to consider.

16 of the recommendations made during the year were categorised as Medium Priority, with 1 categorised as Low Priority.

No High Priority Recommendations were made during the year.

- 4.4 Where a recommendation is not accepted this is documented in the individual audit reports considered by the Audit Committee. In general, recommendations may not be accepted where it is considered that the benefits of implementation are outweighed by the costs.

Board of Management

4.5 Assurance on the adequacy of internal controls within the College arises only from the results of reviews that have been completed during the period in accordance with the programme approved by the Audit Committee. In this context it is important to note that:

- It is management's responsibility to maintain internal controls on an ongoing basis;
- The internal audit function forms part of the overall internal control structure of the Board; and
- Whilst the Internal Auditors have planned their work so that they have a reasonable expectation of detecting significant control weakness, internal audit procedures do not guarantee that fraud will be detected.

It is the responsibility of internal audit to assess the adequacy of the internal control arrangements put in place by management and to perform testing to ensure that these controls were operating for the period under review.

4.6 Baker Tilly, internal auditors, has provided their Annual Audit Report for 2013/14. Their report provides a positive Internal Audit Assurance Statement, an extract from which is noted below:

'We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion on the efficiency and effectiveness of Dumfries and Galloway College's arrangements.'

'For the 12 months ended 31 July 2014, based on the work we have undertaken, in my opinion Dumfries and Galloway College has adequate and effective governance, risk management and control processes to manage the achievement of its objectives'.

A copy of the full report is detailed in Baker Tilly's Internal Audit Annual Report for the year ended 31 July 2014.

5 EXTERNAL AUDITORS

5.1 The external auditors for the period to 31 March 2014 were Grant Thornton UK LLP, 7 Exchange Crescent, Edinburgh EH3 8AN. Grant Thornton have been engaged to carry out the external audit for financial years 2011/12 to 2015/16.

5.2 The fundamental objective of the planning, approach and execution of the audit is to enable the auditors to express an opinion on whether or not the financial statements, as a whole, give a true and fair view of the activities of the College since the last audit and of its state of affairs as at the Balance Sheet date.

5.3 We confirm that the external auditors have been approved by the Auditor General in accordance with the Code of Audit Practice and the letter from the Auditor General dated 20 April 2000 for provision of external audit services for the financial period 2013-14.

5.4 The external audit of the financial statements for the period ended 31st March 2014 is currently being completed, and Grant Thornton are expected to issue their external audit report in August.

6 THE FINANCIAL STATEMENTS

6.1 The Auditors' draft report is an unqualified report on the financial statements, and this will be finalised when the financial statements have been formally approved. The draft report is as follows:

Board of Management***'Opinion on financial statements***

In my 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 body's affairs as at 31 March 2014 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.*

Opinion on regularity

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

Opinion on other prescribed matters

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

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.'

7 VALUE FOR MONEY PROGRAMME (VFM)

- 7.1 Value for Money Audit work on Open Learning and Work Based Learning were undertaken during 2013-14.
- 7.2 The review of Open Learning was undertaken to provide information which would enable the College to consider whether the current fees charged for open learning courses are the most appropriate and represent the best value for money. The report concluded that the College does not have sufficient management information regarding the costs to enable it to make an informed decision on fees and charges. However, the report also noted that, providing the proposed data collection mechanisms are maintained, then appropriate information should be generated from the 2014-15 academic year. Three recommendations were made on capturing and measuring costs, analysing data, and comparison of costs and income.
- 7.3 The review of Work Based Learning was undertaken to provide information which would enable the College to consider whether the current fees charged for work based learning courses are the most appropriate and represent the best value for money. The report concluded that the College does not have sufficient management information regarding the costs to enable it to make an informed decision

Board of Management

on fees and charges, and five recommendations were made on capturing and measuring costs, analysing data, and comparison of costs and income.

8 OTHER MATTERS

- 8.1 There are no matters arising from trusts, joint ventures, subsidiary or associated companies.
- 8.2 There were no issues of alleged fraud/irregularity investigated during the audit period.
- 8.3 There are no foreseeable events that will affect the work of the Audit Committee.

9 OPINION

- 9.1 The Audit Committee believes that the College has effective systems and processes in place regarding risk management, governance and financial control.
- 9.2 The Audit Committee's opinion is that the financial statements for the period ended 31 March 2014 present a true and fair view of the state of affairs of the College and of the deficit of income over expenditure.
- 9.3 The Audit Committee's opinion is that the College has complied with the Board's Standing Orders, Financial Regulations, Code of Audit Practice and where appropriate, the Financial Memorandum dated 1 January 2006 from the Scottish Funding Council.
- 9.4 Accordingly, the Audit Committee recommends that the Board approve the Financial Statements and Internal Control Statement
- 9.5 The Audit Committee asks that the Board record its appreciation of the work of those staff involved in preparing the annual accounts and supporting documentation and of the impressive quality achieved.

Board of Management

FINANCE AND GENERAL PURPOSES COMMITTEE ANNUAL REPORT

1 PURPOSE OF REPORT

To advise the Board of Management of the activities and decisions of the Finance and General Purposes Committee during Financial Period 2013/14.

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 member. 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 an eight month period from 1 August 2013 to 31 March 2014.

- 3.2 The membership of the Committee during the period was:

J Henderson (Chair)
B Johnstone (until 02.03.14)
R Gunnell (until 01.07.14)
C Turnbull (Principal)
K Henry (staff member)

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

23 September 2013	4 members attended (80%)
18 November 2013	4 members attended (80%)
17 March 2014	4 members attended (100%)

There was an average attendance of four members.

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.

Board of Management

- 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 2013/14 included the following Items:
- **Correspondence Received** – to assess the impact on the College of SFC circulars, and other external matters as they arise;
 - **Capital Expenditure Report** – to review and approve the programme of expenditure plans for the SFC capital grant, and monitor actual expenditure against the plans;
 - **Management Accounts** – to monitor actual and forecast income and expenditure against budgets, and assess cash flows and forecasts;
 - **Operating statements** - to monitor performance of specific areas, e.g. External Development;
 - **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;
 - **Office for National Statistics (ONS) Re-classification** – to assess the impacts of the changes on financial reporting, budgeting, and treasury management, as well as the impact on the College retained reserves.
- 4.6 The impact of the ONS Re-classification on the College has been the main consideration for the Committee during the year. The Committee have fully considered the changes going forward, including the impact of changes to College budgets, and establishment of an Arms Length Trust to protect reserves which have built up over a number of years, as well as preserving College funds set aside for future Lennartz repayments.
- 4.7 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.
- 4.8 The Committee also considered the proposals for hospitality developments during the period.
- 4.9 The Committee will continue to assess the issues arising from the ONS re-classification as the impact of compliance with the requirements of HM Treasury’s Consolidated Budgeting Guidance from 1 April 2014.

5 ANNUAL BUDGET

- 5.1 The Annual Budget for 2013/14, which was approved in June 2013, was monitored against actual results during the current year and variances highlighted and explained.
- 5.2 The budget for 2014/15 was reviewed at the Committee meeting on 17 March 2014. The Budget has been set for the financial year and includes an assessment of the budget profile to cover the remaining four months of the 2013/14 academic year, and the eight month period of the 2014/15 academic year.

Board of Management**6 ANNUAL FINANCIAL STATEMENTS**

- 6.1 The College Financial Statements for the eight month period to March 2014 are in draft form, and the external audit took place during June and July 2014. The auditors are now completing their work and are expected to issue their final report at the end of July for Board approval.
- 6.2 A donation of £2,120,000 was made to the Scottish Colleges Foundation during March 2014. The Foundation will provide financial support for future projects, including hospitality developments, which will not be able to be met from College retained reserves after 1 April 2014.
- 6.3 As a result of the transfer to the Scottish Colleges Foundation, the operating results for the period show a deficit of £1,651,000.
- 6.4 The donation made in the period to the Arms Length Trust has resulted in a reduction in the Balance Sheet position at 31 March 2014, with bank and cash balances of £2,127,000. Net Current Assets of £664,000 and Total Reserves of £8,343,000.

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 address the changes arising from the ONS Reclassification of Scottish Colleges as Public Sector bodies, the move to a Regional Board and continued uncertainty over SFC grant funding levels.
- 7.3 There are no other foreseeable events that will affect the work of the Finance Committee.

8 OPINION

- 8.1 The Finance and General Purposes Committee's view on the Board of Management's responsibilities, as described in the Financial Regulations, is that they have been satisfactorily discharged.
- 8.2 The Finance and General Purposes Committee's view is that the College's financial affairs are planned, conducted and controlled so that its total income is sufficient to meet its total expenditure, and its financial viability is maintained.
- 8.3 The Finance and General Purposes Committee's opinion is that the financial statements for the period ended 31 March 2014 present a true and fair view of the state of affairs of the College and of the deficit of income over expenditure.
- 8.4 Accordingly, the Finance and General Purposes Committee recommends that the Board approve the Financial Statements and Internal Control Statement.

Board of Management

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2014

1. PURPOSE OF REPORT

The purpose of this report is to provide a summary of the results and balances reported in the Financial Statements for the period ended 31 March 2014, together with any changes to the format and disclosures from previous years.

A draft copy of the Financial Statements for the period ended 31 March 2014 is attached.

2. KEY CHANGES

The key changes which affect the financial statements for the period ended 31 March 2014 relate to the ONS re-classification:

- Change to financial year end to 31 March 2014, and results which relate to an eight-month period;
- Assumptions for income recognition, and apportionment of the SFC core grant which relates to the academic year 2013/14;
- Assumptions for expenditure recognition, including staff holidays outstanding at 31 March and student support expenditure;
- Donation to the Scottish Colleges Foundation in order to protect accumulated cash reserves, and provide funding for future developments.

3. OPERATING RESULTS

The results for the period show an operating deficit of £1,651,000. This deficit is stated after the donation to the Scottish Colleges Foundation of £2,120,000, which has been disclosed as separate line within operating expenditure to ensure transparency.

The operating results are stated after costs relating to the FRS 17 pension valuation of £88,000, costs for 'unfunded' pensions of £3,000 and after taking account of a reduction in future Lennartz costs of £111,000.

Income and expenditure are higher than the initial forecasts for 2013/14 which were considered by the Finance and General Purposes Committee in June 2013. The original budget assumptions included estimates for SFC core grant income, and estimates for the profile of pay costs and other expenditure for the eight month accounting period. Some additional grant income was received during the period which relates to specific projects, with related expenditure also incurred.

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Income

Total income amounted to £8,932,000 for the period. The main changes are as follows:

- SFC Core and Fee Waiver Grant income – the financial statements show the core grant earned for the period, rather than the grant actually paid by SFC. The amount earned has been calculated based on an apportionment of the total grant for the academic year, with a related debtor of £389,000 at 31 March 2014. The core grant for the 2013/14 academic year includes an increase from the previous year to reflect the increased College WSUMS target for 2013/14;
- SFC infrastructure grant - this includes some funds brought forward from 2012/13, and released against expenditure on developments during the current period;
- The level of fee income has increased from 2013 levels, and includes fees for student 'Additional Funded Places' with Glasgow University and the University of the West of Scotland. A provision for claw-back of SDS 'Employability' fund fees which were received up-front during 2012/13 remains in place at 31 March 2014, as the final calculations have not yet been agreed with SDS. Fee income increased from previous levels, and reflects an increase in fees for part-time HE enrolments. Fees from overseas students were higher than expected.

Expenditure

Total expenditure for the period amounted to £10,583,000 which includes the donation to the Scottish Colleges Foundation. The expenditure excluding this donation was £8,463,000.

- Total staff costs amounted to £5,004,000 for the period, which includes net pension valuation costs of £92,000 and an adjustment to reflect holiday pay accrued at 31 March 2014 of £237,000.
- The estimated costs for the Lennartz scheme for the period remaining on the original agreement with HMRC amount to £1,539,000. Revised calculations indicate that the remaining liability has decreased by £111,000 and this has been credited to the Income and Expenditure account under Other Operating Expenses.
- Other operating expenses include capital grant expenditure on developments including completion of the Sports Facilities, initial fees relating to developments for Hospitality, and other estates maintenance expenditure. Further developments were made on the College e-Business strategy to support the Transform project.
- Core College funding of £95,000 were required in order to meet the commitments for student support during the period to 31 March 2014.

4. BALANCE SHEET

The Balance Sheet highlights the changes in College assets and liabilities over the eight month period between July 2013 and March 2014. The changes during the period were:

- **Fixed assets** – depreciation of £767,000 was applied to buildings during the period. A valuation of land and buildings at 31 March 2014 was carried out to identify any impairment to the value, and this has confirmed that the net book value of the fixed assets is still appropriate. The next full valuation will require to be carried out at March 2016.

Board of Management

- **Debtors** – the portion of SFC grant earned but unpaid at 31 March 2014 amounts to £389,000 is included in outstanding income.
- **Bank balances and working capital** – the donation to the Scottish Colleges Foundation has resulted in a decrease in bank balances and net current assets in the period to 31 March 2014.
- **Provisions** – the provisions relating to redundancy costs for projects and for building defects have been reduced during the period in line with current expectations. The provision for unfunded pensions has reduced by £45,000 during the period.
- **Pension liabilities** – the FRS 17 valuation at March 2014 shows an increase in the deficit for the Local Government Pension Scheme of £1,154,000 to £3,928,000, with an actuarial loss of £1,066,000 applied through the Statement of Total Recognised Gains and Losses. The valuation report indicates that the deterioration in balance sheet position is a result of a reduction in the net discount rate over the period to 31 March 2014.
- **Lennartz liability** – the reduction in estimated repayments for the remaining term of the scheme reflects the repayments made in the period, as well as changes in income streams which affect the calculations for 'business' and 'non-business' income for VAT purposes.

5. FORMAT CHANGES

There have been minor changes only to the notes to the financial statements, pending a move to implementation of the new FE/HE Statement of Recommended Practice, based on International Financial Reporting Standards, from 31 March 2016.

6. RECOMMENDATION

Members are asked to recommend for approval the financial statements for the period ended 31st March 2014.

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Professional Advisers

External Auditors:

Grant Thornton UK LLP
Chartered Accountants
7 Exchange Crescent
Edinburgh

Internal Auditors:

Baker Tilley Risk Advisory Services Ltd
6th Floor
25 Farringdon Street
London

Bankers:

Bank of Scotland
Level 6
110 St Vincent Street
Glasgow

Barclays
90 St Vincent Street
Glasgow

Solicitors:

AB & A Matthews
The Old Bank
Buccleuch Street Bridge
Dumfries

MacRoberts Solicitors
152 Bath Street
Glasgow

Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES

The Board presents its report and the audited financial statements which cover the eight month period 1 August 2013 to 31 March 2014.

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.

Scope of the Financial Statements

The Financial Statements cover all activities of the College.

Context

Dumfries and Galloway College is a medium sized general Further Education college, delivering a broad curriculum to around 5,500 students annually (1,600 full time and 3,900 part time). The College serves one of the largest, most sparsely populated regions with a population of 148,000 people spread over 2,500 square miles. There are only two settlements, Dumfries and Stranraer, with a population over 10,000. A large proportion of the population of Dumfries and Galloway live in remote dispersed areas.

As the College is the only general purpose Further Education provider in a challenging catchment area, it offers a breadth of curriculum unusual for its size from two campuses. The College's larger campus is adjacent to the Crichton University Campus in Dumfries and the campus in Stranraer, 75 miles away, delivers approximately 17% of student activity. The College building adjacent to the Crichton campus has significantly enhanced the student experience and provides a flexible resource to support learning and teaching in the 21st century. The College has also invested in the campus at Stranraer to ensure that the facilities for students and staff are equivalent to the Crichton campus.

Mission Statement

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

"To support the individual, social and economic development of the people, communities and businesses of Dumfries and Galloway by providing inclusive, accessible and relevant vocational and other learning opportunities in a positive and supportive environment."

The vision is to be:

- A first choice provider of learning and training for all the communities of Dumfries and Galloway.
- A responsive organisation that continuously improves its services and develops these to reflect changing demand.
- A committed user and advocate for new technologies.
- An organisation for economic, social and cultural worth.

Implementation of Strategic Plan

The College Strategic Plan sets out its plans for 2010/11 to 2012/13.

In pursuit of the vision and mission the future Strategic Aims of the College are:

- ***To encourage participation in lifelong learning through widening access, and promoting and enabling inclusion and equality of opportunity.***
- ***To provide high quality, flexible learning opportunities to enable learners to achieve, progress and attain in terms of the personal, social, academic and vocational development.***
- ***To work in collaboration and partnership to meet the needs and aspirations of learners, business and the community and to support the economic and social development of the region.***
- ***To continuously enhance the quality of our service and provision in order to maximise the learner experience.***
- ***To develop and invest in the potential of our staff and resources so that through enterprise and innovation we provide the best possible environment for learning.***
- ***To continue to maintain and improve the College's financial health and security.***
- ***To continue to develop and ensure effective leadership, governance and management throughout the organisation.***

Operating and Financial Review (continued)

NATURE, OBJECTIVES AND STRATEGIES

Implementation of Strategic Plan (continued)

The main focus for the College during the 2012/13 academic year was continued monitoring the impact of funding cuts and the reduced price per WSUM in SFC core grant, as well as the ongoing developments for Scottish Colleges including a move towards a Regional Board structure in Dumfries and Galloway. The Dumfries and Galloway College Regional Outcome Agreement for Academic year 2013/14 was agreed with SFC, which set out in broad terms what the College aimed to deliver during the year, and how this was to be delivered, including targets and milestones. The Outcome Agreement sets out high level objectives, and planned activities and timescales in order to meet those objectives. In addition, a new Regional Chair was appointed with effect from 3 March 2014.

Achievements made during the 2012/13 academic year include:

- a. A new Principal was appointed following the retirement of the former Principal, and a new Senior Management structure was introduced;
- b. The Board of Management and Senior Management strategic dialogue focused on the move towards a Regional Board structure, with Dumfries and Galloway a single college region;
- c. Planning and ongoing development, with the objective of maintaining the breadth of curriculum, and maximising student spaces across the Crichton and Stranraer campuses;
- d. Monitoring of the progress of the aims and objectives embedded in the College Outcome Agreement with SFC;
- e. A successful Education Scotland Annual engagement visit in May 2013, which considered the progress made against the three main points for action from the full review in March 2012. Improvements have been achieved in Learner Progress and Outcomes, curriculum teams are working well to better contextualise essential skills, and a number of quality initiatives have been introduced to support teaching staff in planning high quality learning and teaching;
- f. The successful completion of the Knowledge Transfer Project, and working in partnership with the Crichton Institute, who are based in the Crichton Campus, taking forward economic development of the Dumfries and Galloway Region.

ONS Reclassification of Colleges

In October 2010, the UK's Office of National Statistics (ONS) has 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 are effective for Dumfries and Galloway College from 1 April 2014, and include a change to a 31 March accounting year from 31 March 2014. From 1 April 2014 onwards, for budgeting purposes, all of the College income and expenditure will count as part of the Scottish Government's income and expenditure, and all expenditure net of income requires budget cover from the Scottish Government's own budget limits.

The ONS re-classification will have a significant impact on the College's financial objectives and finance strategy going forward. The College processes for budgeting and financial reporting will require to be revised in order to comply with the requirements of the HM Treasury's Consolidated Budgeting Guidance and the Government's Financial Reporting Manual.

In order to try to mitigate the impact of the re-classification, particularly in relation to cash reserves which have been built up by the College over a number of years, the College is participating in the Scottish Colleges Foundation, an independent trust which has been established with the purposes of supporting further and higher education colleges in Scotland. Dumfries and Galloway College will be able to apply to the Scottish Colleges Foundation for financial support for future projects, including the planned hospitality developments, which will not be able to be met from reserves after 1 April 2014.

Financial Objectives

The College has a Finance Strategy in place, which is concerned with financing and resourcing the College's strategic aims and maintaining institutional sustainability. These aims will be reviewed and updated as required following the changes arising from ONS re-classification.

The overriding financial objectives are to:

- a. Continuously improve long term financial sustainability.
- b. Facilitate the efficient procurement and effective deployment of resources to achieve strategic aims.

Operating and Financial Review (continued)

Financial Objectives (continued)

The long term financial sustainability of the College has been dependent upon several factors, including:

- Meeting budget targets in future years for revenue and capital budgets.
- Managing cash flow to meet revenue and capital investment needs.
- Successful financial management of the Crichton Campus.
- Maintaining appropriate internal controls to mitigate risks.
- Compliance with requirements of external regulation.

These aims will continue to be relevant following re-classification, but additionally the College will require to manage its income and expenditure against Scottish Government budget control limits, and maintain broadly the same level of working capital year on year.

Performance indicators

In accordance with SFC 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:

- Weighted SUMs/Headcount
- 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 2013/14 and 2012/13 are as follows:

	2013/14	2012/13
WSUMS achieved *		39,015
WSUMS per staff FTE		195
<i>Target WSUMS</i>	<i>42,529</i>	<i>38,720</i>

** The College is on schedule to achieve its WSUM target for the 2013/14 academic year.*

Operating (deficit)/ surplus (inclusive of FRS 17 adjustments)	(£1,651,000)	£34,000
Operating surplus - excluding transfer to Foundation	£469,000	
Surplus excluding transfer to Foundation as a % of total income	5.25%	0.28%
Surplus excluding transfer to Foundation as a % of total expenditure	4.43%	0.28%
Staff costs as a % of total expenditure excluding transfer to Foundation	59.1%	56.5%
Ratio of current assets to current liabilities	1.27	1.92
Days cash to total expenditure excluding depreciation and transfer to Foundation	67	155
Non SFC income as a % of total expenditure excluding transfer to Foundation	22.1%	21.9%

FINANCIAL POSITION

Financial Results

The College operating results are for an eight month accounting period, and include a substantial donation to the Scottish Colleges Foundation, as noted above, which amounted to £2,120,000. This donation from accumulated College cash reserves has resulted in an overall deficit for the period of £1,651,000.

The College balance sheet at 31 March 2014 shows a decrease in total reserves of £2,717,000 from 31 July 2013, which includes the transfer to the Foundation as well as the increased pension liability for the Local Government Pension Scheme, as detailed at Note 24.

The demand for bursaries and other student support was higher than expected during the period, and the College has been able to meet commitments for student support amounting to £95,000 from its own funds during the period.

Operating and Financial Review (continued)**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. Accounts were automatically aggregated to maximise the interest earned and any additional funds available for deposit are identified from cash flow projections. In 2013/14, interest of £17,000 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 March 2014.

Cash Flows/Liquidity

The College has built up cash reserves over a number of years, and has retained sufficient funds in order to repay a liability under HMRC's Lennartz scheme. Due to the changes to budgets taking place after 1st April 2014, the College bank balances have been carefully monitored during the period.

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 year was 4.0% (2012/13 3.2%). 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**Changes to budgeting and financial reporting**

The ONS re-classification of incorporated further education colleges throughout the UK as part of central government for the purposes of reporting government income, expenditure, finance and associated matters will have a significant impact on the College's budgeting and financial reporting, which are effective from 1 April 2014. As noted above, from 1 April 2014 onwards all of the College income and expenditure will count as part of the Scottish Governments' income and expenditure, and all expenditure net of income requires budget cover from the Scottish Government's own budget limits. The reporting and budget timetable will require to be revised, in order to provide the information required to feed into the Scottish Government budget, and ongoing monitoring will be required in order to ensure the budget targets are achieved each year.

The College is participating in the Scottish Colleges Foundation, an independent trust which has been established with the purposes of supporting further and higher education colleges in Scotland. Dumfries and Galloway College will be able to apply to the Scottish Colleges Foundation for financial support for future projects, including hospitality developments, which will not be able to be met from reserves after 1 April 2014.

Student Numbers

During the 2012/13 academic year, the College achieved its WSUMs target of 38,720 (including an additional regional allocation of 2,200 WSUMs) for 2012/13 with a final out-turn of 39,015. Total numbers for student enrolments declined from 6,293 in 2011/12 to 5,541 in 2012/13, a decrease of 11.7%. The continued decrease in overall student numbers was a result of SFC guidance that the College should prioritise the provision of Full Time courses, particularly for those aged 16-24. Within these overall numbers there was an increase of 6.1% in full time students from 1,523 to 1,616, which mainly relates to additional numbers of HE students. However, part-time numbers decreased by 17.4% from 4,770 to 3,938.

The Regional Outcome Agreement has an increased WSUMS target of 42,529 - an increase of 9.8% on previous targets. The College is working towards this target, and is on schedule to achieve this by the end of the academic year.

Operating and Financial Review (continued)

Student Achievements

Annual Engagement Visit from Education Scotland - we received 'the best feedback ever' with learners fully engaged in their learning, extremely well supported by their tutors and numerous examples of active learning. In addition, the Re-ablement development (working in partnership with NHS and DGC) was identified as an example of excellent practice.

Two Aspect Visits from Education Scotland took place during the period – one focussing on Maximising Learner Success and one on Learner Support. Both visits were successful and good practice was identified in respect of the self evaluation process, the Learning and Teaching Mentor programme, partnership working with the schools in respect of the senior phase pilot to be rolled out next session, which will involve HNC's being delivered as a mix of online and tutor support in the schools, as well as the work we do with the Buttle Trust.

Students have continued to be involved in College life, and have engaged in activities in the local community. Activities for student life during the year has included HN Sports students organising an event at the Dumfries sports centre as part of their course, which was the biggest disability sport event ever to be hosted in the region. Princes Trust students have been volunteering at a local community centre and Dumfries YMCA on a range of duties including gardening, painting, litter collecting, washing down outdoor equipment, wood carving and turning an old tyre into a flowerbed. The Princes' Trust team now have the best performance PIs in Scotland and the previous team had the best PI in the UK.

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 currently being made. The first year of the new degree in Applied Enterprise was successfully completed, and was delivered jointly by the College and University of the West of Scotland staff.

The Engineering curriculum area continues to develop. Recent areas include work with Scottish Power and Subcontractors to maximise qualifications and learning for the overhead linesperson programmes; introduction of Performance Engineering Qualifications to run along with other full time programmes to enable progression to Modern Apprenticeship Programmes at level 3; and development of renewable energies and micro renewable work is ongoing. Development of the CREST programme is creating an enhanced provision for our BPEC approved gas assessment centre. The college has also commissioned a STEM development project to support its continued development towards a centre of excellence status, and recent talks have also been held with SDS Innovation Manager to look at pathways to Advanced Modern Apprenticeships.

Post-Balance Sheet Events

There were no post balance sheet events.

Future Developments

Achieving the increased targets for student numbers set out in the Regional Outcome Agreement from 2013/14 will be the main focus for the Board and Senior Management team going forward.

The Crichton Campus will be a key factor for future developments for the College. Dumfries and Galloway College's Crichton Building, adjacent to the Crichton Campus in Dumfries, provides a hub for improved learner experiences for the College, University of Glasgow and University of the West of Scotland students, with a library service available to students of each institution, as well as Student Services and Student Association facilities based in the College building. The Joint Academic Planning Group will plan, design and deliver joint academic provision, and the new degree in Applied Enterprise will expand following the success of the first group of students during 2012/13.

The College will continue to develop a curriculum that provides breadth of choice, enhances learners' employability skills, and provides access to progression from FE to HE through HNC, HND and University articulation routes. The challenge for the College will be providing a broad curriculum across the Dumfries and Stranraer Campuses, and maintaining the quality of provision while ensuring efficiencies are made in reducing costs.

New programmes taking place during 2013/14 include new curriculum areas related to energy, which will meet local industry needs, and a new programme will be undertaken for Dumfries and Galloway Employability Partnership which will provide opportunities for development and certification of employability skills, and work placement, for some of the more disadvantaged learners in the region.

The College plans to re introduce Hospitality and Catering courses at the Dumfries campus, in direct response to demand from industry. A brand new state of the art training kitchen and restaurant and associated storage and service areas will provide skills training to support this key sector in our region.

Operating and Financial Review (continued)

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 Carbon Management 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 depressed state of the economy, unknown political environment and continued uncertainty of public sector financial allocations continue to be closely monitored by the Board.*
- **Diversify income streams.** *The impact of the economic downturn has increased the importance of finding other sources of income, and the College will continue to develop external funding bids and projects and collaborate with other organisations in order to increase non-SFC income. The challenge of attracting international students has increased due to changes in visa legislation.*
- **Capital funding.** *There is potential for significant changes in the SFC allocation process for capital funding. The College will continue to monitor this.*
- **Student achievement and attainment.** *The learners in the College generally achieve well, including wider achievement. However, some areas are not producing consistently high levels, and this will continue to be monitored.*
- **Staff communication, deployment and turnover.** *Effective staff communication and deployment is essential to ensure that the College is working efficiently towards its strategic aims and objectives. A balance in the level of staff turnover helps to ensure a good skills base, whilst maintaining a stable workforce. The senior managers and Board continue to monitor this.*
- **Maintain high quality facilities.** *The planned and reactive maintenance programmes should ensure that there is continued investment in the estate to address backlog maintenance and maintain high quality facilities for learners and staff, but this is dependent on available resources. Developments to the timetabling system and monitoring of room occupancy, and continued good practice in energy monitoring and environmental sustainability should increase efficiency and ensure value for money.*

Operating and Financial Review (continued)**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;
- **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.

Approved by order of the members of the Board on

and signed on its behalf by:

Brian Johnstone
Chairman

C Turnbull
Principal

Statement of Corporate Governance and Internal Control

Corporate Governance Statement

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

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 March 2014.

Introduction

Board of Management

The members who served on the Board of Management during the year and up to the date of signature of this report are set out on 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 four times during the 2013/14 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 mainly lay members of the Board of Management and are all chaired by a Member of the Board. These committees include a Staffing Committee, a Finance and General Purposes Committee, a Nominations Committee, a Remuneration Committee, a Quality and Curriculum Committee and Audit Committee and a Project Board.

The Clerk to the Board 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 Clerk to the Board of Management, who is responsible for ensuring compliance with all applicable procedures and regulations. The appointment, evaluation and removal of the Clerk are matters for the Board of Management as a whole.

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.

Statement of Corporate Governance and Internal Control (continued)**Members**

The Members who served on the Board of Management during the year, and up to the date of the accounts being signed, were as follows:

Board Member	Committees Served	Status of Appointment	Date of Appointment	Date of Retiral
Burgess, S	Audit	Full Member	01.09.08	31.08.16
Griggs, R (Chairman to 02.03.14)	Remuneration, Nominations	Full Member	01.11.04	02.03.14
Henderson, J	Finance, Remuneration	Full Member	01.09.08	02.03.15
Holland, D	Audit, Nominations, Quality & Curriculum, Remuneration	Full Member	01.08.07	02.03.15
Hydes, T	Staffing, Quality & Curriculum	Full Member	01.05.09	31.07.14
Turnbull, C	Ex officio member of all committees (excluding Audit, Nominations & Remuneration)	Principal (from 01.09.12)	01.08.12	N/A
S Lockhart	Quality & Curriculum	Student Representative	01.08.12	31.07.13
R. Malloney	Quality & Curriculum	Student Representative	01.08.13	31.07.14
Nyondo, A	Staffing	Lecturing Staff Representative	01.11.06	31.11.14
Sanderson, F	Audit, Quality & Curriculum	Full Member	01.07.03	17.12.13
Henry, K	Finance, Quality & Curriculum	Support Staff Representative	30.06.10	29.06.14
Carr, H	Audit, Nominations	Full Member	01.01.10	01.07.14
Johnstone, B	Finance (until 02.03.14)	Full Member	19.04.10	02.03.14
		Regional Chair	03.03.14	02.03.18
Gunnell, R	Finance, Quality & Curriculum	Full Member	26.10.10	01.07.14
MacGillivray Fallis, K	Audit, Staffing	Full Member	26.10.10	01.07.14
C Grant		Full Member	01.08.13	02.03.15
J. Goldie		Full Member	01.09.13	02.03.15
A. Hannah		Full Member	01.09.13	02.03.15
S. Martin	Audit	Full Member	01.09.13	02.03.15

J Brown acted as Clerk to the Board throughout the period.

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 Nominations 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.

Staffing Committee

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

Statement of Corporate Governance and Internal Control (continued)**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 March 2014 are set out in note 8 to the financial statements.

Audit Committee

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

The Audit Committee meets a minimum of 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.

Project Board

The role of the Project Board was to oversee the project to build the campus in Dumfries. The Project Board consists of five members of the Board of Management. The Project Board did not meet in 2013/14.

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.

Quality and Curriculum

The primary purpose of the Quality and Curriculum Committee is to advise the Board of Management on all curriculum and quality matters affecting 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 March 2014 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 March 2014 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Management.

Statement of Corporate Governance and Internal Control (continued)***Risk and control framework***

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

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

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

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

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 senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior 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 senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its August 2014 meeting, the Board of Management carried out the annual assessment for the period ended 31 March 2014 by considering documentation from the senior management team and internal audit, and taking account of events since 31 March 2014.

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

and signed on its behalf by:

Brian Johnstone
Chairman

C Turnbull
Principal

Statement of the Board of Management's Responsibilities

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

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

The Board of Management is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992, the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions 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

2014 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

I have audited the financial statements of Dumfries and Galloway College for the period ended 31 March 2014 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 Surpluses and Deficits, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board of Management and auditor

As explained more fully in the Statement of Responsibilities of the Board of Management, 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. My 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 me to comply with the Auditing Practices Board's Ethical Standards for Auditors. I am 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 body'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, I read all the financial and non-financial information in the annual report 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 me in the course of performing the audit. If I become aware of any apparent material misstatements, irregularities, or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my 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 body's affairs as at 31 March 2014 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.

Opinion on regularity

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

Opinion on other prescribed matters

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

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)

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

Gary Devlin, for and on behalf of Grant Thornton
7 Exchange Crescent
Edinburgh
EH3 8AN

Date

Gary Devlin is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Income and Expenditure Account for the period ended 31 March 2014

		Period ended 31 March	Year ended 31 July
	Note	2014	2013
		£000	£000
INCOME			
SFC grants	2	7,062	9,630
Tuition fees and education contracts	3	1,211	1,622
Other grant income	4	283	468
Other operating income	5	352	587
Endowment and investment income	6	24	31
Total Income		8,932	12,338
EXPENDITURE			
Staff costs excluding exceptional costs		5,004	6,957
Exceptional costs - severance costs		0	0
Staff costs including exceptional costs	7	5,004	6,957
Other operating expenses	9	2,672	3,880
Transfer to Arms Length Foundation	9	2,120	0
Depreciation	12	787	1,405
Interest payable	10	0	62
Total Expenditure		10,583	12,304
(Deficit)/ Surplus on continuing operations after depreciation of assets at valuation and before tax		(1,651)	34
Taxation		0	0
(Deficit)/ Surplus on continuing operations after depreciation of assets at valuation and after tax		(1,651)	34
(Deficit)/ Surplus for the period retained within general reserves		(1,651)	34

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

Statement of Historical Cost Surpluses and Deficits for the period ended 31 March 2014

		Period ended 31 March	Year ended 31 July
	Note	2014	2013
		£000	£000
(Deficit)/ Surplus on continuing operations before taxation		(1,651)	34
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	18	<u>132</u>	<u>411</u>
Historical cost (deficit)/ surplus for the period before and after taxation		<u>(1,519)</u>	<u>445</u>

Statement of the Total Recognised Gains and Losses for the period ended 31 March 2014

		Period ended 31 March	Year ended 31 July
	Note	2014	2013
		£000	£000
(Deficit)/ surplus on continuing operations for the year after depreciation of assets at valuation and tax		(1,651)	34
Unrealised deficit on revaluation of fixed assets	12	0	(8,226)
Impairment of previously revalued fixed assets	12	0	0
Actuarial (loss)/ gain recognised since last annual report	18,24	<u>(1,066)</u>	<u>460</u>
Total recognised (loss) relating to the period		<u>(2,717)</u>	<u>(7,732)</u>
Total (loss) recognised since last annual report		<u>(2,717)</u>	<u>(7,732)</u>
Reconciliation			
Opening reserves		11,060	18,792
Total recognised (losses) for the year		<u>(2,717)</u>	<u>(7,732)</u>
		<u>8,343</u>	<u>11,060</u>

Balance Sheet as at 31 March 2014

		Period ended 31 March	Year ended 31 July
	Note	2014	2013
		£000	£000
Fixed Assets			
Tangible assets	12	<u>40,521</u>	<u>41,308</u>
Current Assets			
Debtors	13	1,001	552
Cash at bank and in hand		<u>2,127</u>	<u>4,622</u>
Total current assets		3,128	5,174
Less: Creditors - amounts falling due within one year	14	<u>(2,464)</u>	<u>(2,691)</u>
Net Current Assets		<u>664</u>	<u>2,483</u>
Total Assets less Current Liabilities		41,185	43,791
Less: Creditors - amounts falling due after more than one year	15	(1,184)	(1,496)
Less: Provision for liabilities	16	<u>(750)</u>	<u>(959)</u>
Net Assets excluding pension liability		39,251	41,336
Pension liability	24	<u>(3,928)</u>	<u>(2,774)</u>
NET ASSETS INCLUDING PENSION LIABILITY		<u>35,323</u>	<u>38,562</u>
Deferred capital grants	17	<u>26,980</u>	<u>27,502</u>
Reserves			
Income and expenditure account excluding pension reserve		5,657	7,088
Pension reserve	18	<u>(3,928)</u>	<u>(2,774)</u>
Income and expenditure account including pension reserve	18	1,729	4,314
Revaluation reserve	18	<u>6,614</u>	<u>6,746</u>
Total reserves		<u>8,343</u>	<u>11,060</u>
Total Funds		<u>35,323</u>	<u>38,562</u>

The financial statements on pages 17 to 39 were approved by the Board of Management on
on its behalf by:

2014 and were signed

Brian Johnstone
Chairman

C Turnbull
Principal

Cash Flow Statement for the period ended 31 March 2014

		Period ended 31 March	Year ended 31 July
	Note	2014	2013
		£000	£000
Net cash inflow from operating activities	19	(2,514)	337
Returns on investments and servicing of finance	20	17	31
Capital expenditure and financial investment	21	<u>2</u>	<u>(11)</u>
(Decrease)/ increase in cash in the period		<u>(2,495)</u>	<u>357</u>

Note to the Cash Flow Statement**Reconciliation of net cash flow to movement in net funds**

(Decrease)/ increase in cash in the period		<u>(2,495)</u>	<u>357</u>
Movement in net funds in period		<u>(2,495)</u>	<u>357</u>
Net funds at 1 August 2013	22	<u>4,622</u>	<u>4,265</u>
Net funds at 31 March 2014	22	<u>2,127</u>	<u>4,622</u>

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).

Basis of accounting

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

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 academic year.

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 March. 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.

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.

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.

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

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.

Notes to the Financial Statements (continued)**1 Statement of Principal Accounting Policies (continued)****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)

		Period ended 31 March	Year ended 31 July
	Note	2014	2013
		£000	£000
2 SFC Grants			
FE recurrent grant (including fee waiver)		5,554	7,784
FE and HE childcare funds		123	219
Release of deferred capital grants	17	445	687
Infrastructure grant		791	447
Other SFC grants		149	493
Total		7,062	9,630
3 Tuition Fees and education contracts			
FE fees - UK		230	315
HE fees		452	617
SDS contracts		219	375
Education contracts		4	19
Other contracts		306	295
Total		1,211	1,621
4 Other grant income			
European funds		150	277
Release of deferred capital grants	17	77	117
Other grants		56	74
Total		283	468
5 Other operating income			
Residences and catering		310	395
Other income-generating activities		16	16
Other income		26	176
Total		352	587

Notes to the Financial Statements (continued)

	Period ended 31 March	Year ended 31 July
	2014	2013
	£000	£000
6 Endowment and investment income		
Bank interest	17	31
Net return on pension asset/ liability	7	0
Total	24	31

7 Staff costs

Wages and salaries	4,062	5,696
Social security costs	265	397
Past service credit (note 24)	0	0
Other pension costs (including FRS 17 adjustments of £95k (2013 - £53k))	677	864
Staff costs excluding exceptional costs	5,004	6,957
Exceptional costs - severance costs	0	0
Staff costs including exceptional costs	5,004	6,957

Academic/ Teaching departments	2,546	3,479
Academic/ Teaching services	455	633
Administration and central services	1,735	2,439
Premises	212	320
Other expenditure	56	86
Catering and residences	0	0
Total	5,004	6,957

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

	No.	No.
Academic/ Teaching departments	84	83
Academic/ Teaching services	16	15
Administration and central services	86	86
Premises	13	13
Other expenditure	3	3
Catering and residences	0	0
Total	202	200

Notes to the Financial Statements (continued)

7 Staff costs (continued)

The number of staff, including senior post-holders and the Principal, who received emoluments in the following ranges were:

	Period ended 31 March 2014		Year ended 31 July 2013	
	Number senior post- holders	Number other staff	Number senior post-holders	Number other staff
£50,001 to £60,000 per annum	0	0	0	1
£60,001 to £70,000 per annum	2	0	3	0
£70,001 to £80,000 per annum	2	0	1	0
£80,001 to £90,000 per annum	0	0	0	0
£90,001 to £100,000 per annum	0	0	0	0
£100,001 to £110,000 per annum	1	0	1	0
	5	0	5	1

8 Senior post-holders' emoluments

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

2014 No.	2013 No.
5	5

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

	Period ended 31 March 2014 £	Year ended 31 July 2013 £
Salaries	216,691	327,007
Benefits in kind	0	0
Pension contributions	38,609	60,655
Total emoluments	255,300	387,662

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

	£	£
Salary (including holiday pay)	60,000	85,087
Benefits in kind	0	0
	60,000	85,087
Pension contributions	11,647	17,000

Notes to the Financial Statements (continued)**8 Senior post-holders' emoluments (continued)**

The Principal and two other senior post-holder were members of the Local Government pension Scheme and two senior post-holders were members of the Scottish Public Pensions Agency. 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 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 six members of the Board of Management during the year amounted to £3,056.

	Period ended 31 March 2014	Year ended 31 July 2013
9 Other operating expenses	£000	£000
Teaching departments	797	970
Administration and central services	1,036	1,541
Premises costs (including additional Lennartz credit of £111,000. 2013 - £68,000)	184	439
Planned maintenance	144	434
Other employee related costs	67	85
(Gain)/ Loss on disposal of fixed assets	(2)	(1)
Agency Staff Costs	38	2
Other income generating activities	0	0
Residences and catering	313	410
Overspend on student support funds	95	0
	2,672	3,880
Transfer to Arms Length Foundation	2,120	0
Total	4,792	3,880

Other operating costs include:

Auditors' remuneration	- external audit of these financial statements	16	14
	-internal audit services	13	16
	- other services	7	0
Hire of plant and machinery - operating leases		57	82
Hire of other assets - operating leases		0	0

The College is participating in the Scottish Colleges Foundation, an independent trust which has been 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 March 2014 amounted to £2,120,000. The College will be able to apply to the Foundation for financial support for future projects, which will not be able to be met from reserves after 1 April 2014 due to the re-classification for budgeting and reporting purposes.

10 Interest payable

Net interest cost on pension liability (note 24)	0	62
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11 Taxation

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

Notes to the Financial Statements (continued)

12 Tangible Fixed Assets

	Land and Buildings £000	Equipment £000	Motor Vehicles £000	Total £000
Cost or valuation				
At 1 August 2013	41,498	310	267	42,075
Additions	0	0	0	0
Disposals	0	0	0	0
Transfers	0	0	0	0
Revaluation adjustment	0	0	0	0
At 31 March 2014	41,498	310	267	42,075
Depreciation				
At 1 August 2013	264	268	235	767
Provided during period	767	9	11	787
On disposals	0	0	0	0
Revaluation adjustment	0	0	0	0
At 31 March 2014	1,031	277	246	1,554
 NBV at 1 August 2013	 41,234	 42	 32	 41,308
 NBV at 31 March 2014	 40,467	 33	 21	 40,521
 Inherited	 4,053	 0	 0	 4,053
Financed by capital grant	36,414	33	12	36,459
Other	0	0	9	9
At 31 March 2014	40,467	33	21	40,521

Land and buildings were revalued at 31st July 2013 by J&E Shepherd, 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.

The Crichton campus, which was completed in January 2009, is a key part of the strategic plan that will provide long-term financial sustainability for the College.

Land and Buildings with a net book value of £40,467,000 have been partially financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Council, to surrender the proceeds.

Notes to the Financial Statements (continued)

12 Tangible Fixed Assets (continued)

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

	£000
Cost	0
Aggregate depreciation based on cost	<u>0</u>
	<u>0</u>

13 Debtors: Amounts falling due within one year

	Period ended 31 March 2014 £000	Year ended 31 July 2013 £000
Trade debtors - net of provision for doubtful debts	121	109
European Funding	0	0
Prepayments and accrued income	<u>880</u>	<u>443</u>
	<u>1,001</u>	<u>552</u>

14 Creditors: Amounts falling due within one year

	Period ended 31 March 2014 £000	Year ended 31 July 2013 £000
Trade creditors	134	146
VAT	61	96
HMRC Lennartz Scheme	355	374
Other taxation and social security	138	119
Pension	122	98
Contract retentions	120	120
Accruals and deferred income	1,513	1,678
Bursaries and Access funds for future disbursement	<u>21</u>	<u>60</u>
	<u>2,464</u>	<u>2,691</u>

Notes to the Financial Statements (continued)

15 Creditors: Amounts falling due after more than one year	Period ended 31 March 2014	Year ended 31 July 2013
	£000	£000
HMRC Lennartz Scheme	1,184	1,496

16 Provisions for liabilities and charges	Early retirement pension costs	Other	2013-14 Total	2012-13 Total
At 1 August 2013	771	188	959	985
Expenditure in the period	(32)	0	(32)	(47)
Additional provision required in period	(13)	0	(13)	9
Revaluation adjustment	0	(179)	(179)	0
Interest charged	15	0	15	12
At 31 March 2014	741	9	750	959

The pension provision has been revalued using actuarial tables supplied by SFC. The net interest rate applied was 2%.

Other provisions relate to redundancy costs which were expected to arise on completion of an externally funded project, and costs to rectify heating system defects.

17 Deferred Capital Grants	SFC £000	Other £000	Total £000
At 1 August 2013			
Land and Buildings	22,782	4,369	27,151
Equipment	312	39	351
	23,094	4,408	27,502
Cash Receivable			
Land and Buildings	0	0	0
Equipment	0	0	0
	0	0	0
Released to Income and Expenditure Account			
Land and Buildings	(397)	(73)	(470)
Equipment	(48)	(4)	(52)
	(445)	(77)	(522)
At 31 March 2014			
Land and Buildings	22,385	4,296	26,681
Equipment	264	35	299
	22,649	4,331	26,980

Notes to the Financial Statements (continued)

18 Reserves	Period ended 31 March 2014 £000	Year ended 31 July 2013 £000
Revaluation Reserve		
At 1 August 2013	6,746	15,383
Revaluations in the period	0	(8,226)
Transfer to Income & expenditure account in respect of:		
Depreciation on revalued assets	(132)	(411)
At 31 March 2014	6,614	6,746
General Reserve		
At 1 August 2013	4,314	3,409
(Deficit)/ Surplus for the period	(1,651)	34
Transfer from revaluation reserve	132	411
Actuarial (losses)/ gains on pension scheme	(1,066)	460
At 31 March 2014	1,729	4,314
Represented by:		
Income & expenditure account		
At 1 August 2013	7,088	6,528
(Deficit)/ Surplus for the period	(1,651)	34
Transfer to pension reserve	88	115
Transfer from revaluation reserve	132	411
	5,657	7,088
Pension Reserve		
At 1 August 2013	(2,774)	(3,119)
Current service cost	(377)	(487)
Employer contributions	282	434
Past service costs	0	0
Gains/ (losses) on curtailments and settlements	0	0
Net return on assets	7	(62)
Transfer to income & expenditure	(88)	(115)
Actuarial (losses)/ gains	(1,066)	460
At 31 March 2014	(3,928)	(2,774)
Summary		
Income & expenditure account	5,657	7,088
Pensions reserve	(3,928)	(2,774)
At 31 March 2014	1,729	4,314

Notes to the Financial Statements (continued)

19 Reconciliation of operating surplus/(deficit) to net cash flow from operating activities

	Note	Period ended 31 March 2014	Year ended 31 July 2013
		£000	£000
Operating (deficit)/ surplus after depreciation of assets at valuation and tax		(1,651)	34
Pension costs	24	95	53
Depreciation	12	787	1,405
(Gain)/net loss on disposal of fixed assets	9,12	(2)	(1)
Deferred capital grants released to income	17	(522)	(804)
Increase in debtors	13	(449)	(72)
Decrease in creditors	14,15	(539)	(283)
Decrease in provisions	16	(209)	(26)
Interest receivable - bank interest	6	(17)	(31)
Net return on pension liability	18	(7)	62
Net cash (outflow)/ inflow from operating activities		<u>(2,514)</u>	<u>337</u>

20 Returns on investments and servicing of finance

Interest received	6	17	31
Interest element of finance lease repayments		0	0
Net cash inflow from returns on investments and servicing of finance		<u>17</u>	<u>31</u>

21 Capital expenditure

Purchase of tangible fixed assets	12	0	(12)
Sales of tangible fixed assets		2	1
Deferred capital grants received	17	0	0
Net cash inflow/(outflow) from capital expenditure		<u>2</u>	<u>(11)</u>

Notes to the Financial Statements (continued)

22 Analysis of Net Funds

	At 1 August 2013	Cash Flows	Other Changes	At 31 March 2014
	£000	£000	£000	£000
Cash	4,622	(2,495)	0	2,127
Finance lease/hire purchase contracts	0	0	0	0
TOTAL	<u>4,622</u>	<u>(2,495)</u>	<u>0</u>	<u>2,127</u>

23 Lease commitments

Period ended 31 March 2014	Year ended 31 July 2013
----------------------------------	-------------------------------

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

Expiry - within one year	3	2
- within two to five years	44	44
- after five years	<u>0</u>	<u>0</u>

Notes to the Financial Statements (continued)**24 Pensions and similar obligations**

The College's employees belong to two principal pension schemes, the Scottish Public Pensions Agency (SPPA) and the Local Government Pension Scheme (LGPS).

The total pension costs for the institution was :

		8 months to March 2014 £000	12 months to July 2013 £000
Contribution to SPPA		276	384
Contribution to LGPS		293	415
Pension costs as a result of implementing FRS 17	18	95	53
Total pension cost		664	852

Contribution rates:

SPPA - 13.5% increased to 14.9% from 1 April 2009

LGPS - 20.5% decreased to 20% from 1 April 2012

The Scottish Public Pensions Agency

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 SPPA 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 SPPA 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 latest actuarial valuation of the scheme was at 31 March 2011. The assumptions that have the most significant effect on the valuation and other relevant data at 31 March 2014 are as follows :

	31 March 2014 % p.a.	31 July 2013 % p.a.
Pension Increase Rate	2.8%	2.2%
Salary Increase Rate	5.1%	4.5%
Expected Return on Assets	5.7%	4.7%
Discount Rate	4.6%	4.1%

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)

24 Pensions and similar obligations (continued)

Local Government Pension Scheme

	Period ended 31 March 2014 £000	Year ended 31 July 2013 £000
Fair value of plan assets	13,366	12,666
Present value of funded defined benefit obligations	(17,269)	(15,415)
	(3,903)	(2,749)
Present value of unfunded defined benefit obligations	(25)	(25)
Deficit	(3,928)	(2,774)

Movements in present value of defined benefit obligation

At 1 August 2013	15,440	14,152
Movement in year :		
Current service cost	377	487
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	473	587
Curtailment	0	0
Actuarial gains/(losses)	1,084	350
Contributions by members	85	124
Benefits paid	(165)	(260)
At 31 March 2014	17,294	15,440

Movements in fair value of plan assets

At 1 August 2013	12,666	11,033
Expected return on plan assets	480	525
Actuarial gains/(losses)	18	810
Contributions by employer	282	434
Contributions by members	85	124
Benefits paid	(165)	(260)
At 31 March 2014	13,366	12,666

Expense recognised in the income and expenditure account

Current service cost	377	487
Losses on settlements and curtailments	0	0
Past service cost/(gain)	0	0
Interest on defined benefit pension plan obligation	473	587
Expected return on defined benefit pension plan assets	(480)	(525)
Total	370	549

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

Staff costs	377	487
Investment income	(7)	0
Interest costs	0	62
	370	549

Notes to the Financial Statements (continued)

24 Pensions and similar obligations (continued)

	Period ended 31 March 2014 £000	Year ended 31 July 2013 £000
Analysis of the amount recognised in the statement of total recognised gains and losses (STRGL):		
Actual return less expected return on pension assets	18	810
Change in financial assumptions underlying the scheme liabilities	(1,084)	(350)
Actuarial (loss)/ gain recognised in the STRGL	<u>(1,066)</u>	<u>460</u>

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

	2014 Fair value £000	2013 Fair value £000
Equities	10,025	8,360
Corporate bonds	2,005	3,040
Property	1,069	1,013
Other	267	253
	<u>13,366</u>	<u>12,666</u>
Actual return on plan assets	<u>498</u>	<u>1,335</u>

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.

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

	As at 31/03/14 %	As at 31/07/13 %
Discount rate	4.30%	4.60%
Expected rate of return on plan assets	6.00%	5.70%
Future salary increases	5.10%	5.10%
Inflation/ pension rate increase	2.80%	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)

24 Pensions and similar obligations (continued)

History of plans

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

<i>Balance sheet</i>	Period ended 31/03/14 £000	Year ended 31/07/13 £000	Year ended 31/07/12 £000	Year ended 31/07/11 £000	Year ended 31/07/10 £000
Present value of scheme liabilities	(17,269)	(15,415)	(14,127)	(12,352)	(11,237)
Present value of unfunded liabilities	(25)	(25)	(25)	(22)	(22)
Fair value of scheme assets	13,366	12,666	11,033	10,569	9,129
Deficit/ surplus	<u>(3,928)</u>	<u>(2,774)</u>	<u>(3,119)</u>	<u>(1,805)</u>	<u>(2,130)</u>
<i>Experience adjustments</i>					
Experience adjustments on scheme liabilities	5	0	675	(1)	1
Experience adjustments on scheme assets	18	810	(607)	453	661
	<u>23</u>	<u>810</u>	<u>68</u>	<u>452</u>	<u>662</u>

The College expects to contribute approximately £404,000 to the scheme in the next financial year.

25 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
F. Sanderson	Crichton Foundation	Trustee
T Hydes	Crichton Foundation	Appointed Trustee
D. Holland	Crichton Foundation	Appointed Trustee
B. Johnstone	Armstrong Watson	Partner
H. Carr	Dumfries and Galloway Housing Partnership	Director of Finance

Notes to the Financial Statements (continued)

25 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 March 2014 the Crichton Foundation provided grant funding of £10,000 for student support, and £5,044 was 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 due to the College by the Crichton Foundation at 31 March 2014, and a balance of £4,956 was held for future student payments.

The College use Armstrong Watson for payroll bureau services. Invoices from Armstrong Watson to the College during the period ended 31 March 2014 amounted to £4,435, and a balance of £554 was due to Armstrong Watson by the College at 31 March 2014.

The College provided training courses to Dumfries and Galloway Housing Partnership during the period to 31 March 2014. Invoices to Dumfries and Galloway Housing Partnership amounted to £42,072. No balances were due to the College from Dumfries and Galloway Housing partnership at 31 March 2014.

The members of the Board of Management, other than the Principal 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 £3,056.

26 FE Bursaries and other Student Support Funds

	FE Bursary £000	EMA's £000	Other £000	Period ended 31 March 2014 £000	Year ended 31 July 2013 £000
Balance brought forward	57	0	56	113	108
Allocation received in period (including interest)	1,365	198	101	1,664	2,453
	1,422	198	157	1,777	2,561
Expenditure	(1,425)	(215)	(110)	(1,750)	(2,421)
Repayable to Funding Council as Clawback	0	0	(3)	(3)	(20)
College Contribution to funds	3	17	6	26	0
Virements	0	0	0	0	(7)
Balance Carried forward	0	0	44	50	113
Represented by:					
Repayable to Funding Council as Clawback	0	0	0	0	28
Retained by College for Students	0	0	50	50	85
	0	0	50	50	113

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)

27 FE and HE Childcare Funds

	Period ended 31 March 2014 £000	Year ended 31 July 2013 £000
Balance brought forward	7	4
Allocation received in period	116	215
	<u>123</u>	<u>219</u>
Expenditure	(214)	(219)
Repayable to Funding Council as Clawback	0	0
Virements	0	7
College contribution to funds	91	0
Balance Carried forward	<u>0</u>	<u>7</u>
Represented by:		
Repayable to Funding Council as Clawback	0	3
Retained by College for Students	0	4
	<u>0</u>	<u>7</u>

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.

28 Capital Commitments

	Period ended 31 March 2014 £000	Year ended 31 July 2013 £000
Contracted for at 31 March	<u>0</u>	<u>0</u>

29 Post Balance Sheet Events

There are no post balance sheet events.

30 Contingent Liabilities

The College had no contingent liabilities at 31 March 2014 and 31 July 2013.

31 Comparatives

The comparative figures relate to the period 1 August 2012 to 31 July 2013.

Board of Management

Minute of Meeting of the Board of Management of Dumfries and Galloway College held on Monday 16 June 2014 from 2.00 pm in Room 2089, Dumfries campus

Present:

H Carr	C Grant	R Gunnell
J Henderson	K Henry	B Johnstone (Chair)
R Maloney	S Martin	A Nyondo
C Turnbull		

In Attendance:

I Beach, Assistant Principal, Quality and Estates
J Brown, Assistant Principal, Learner Services and Secretary to Board
H Pedley, Director of Human Resources
S Sutherland, PA to the Principal

The Chair intimated that R Gunnell, T Hydes and K Macgillivray-Fallis had decided not to reapply for membership following the end of their current term of office, and that this would also be the last meeting for R Maloney, student representative. He thanked them all for their input to the Board and wished them well for the future.

1 Apologies for Absence

Apologies for absence were intimated on behalf of S Burgess, J Goldie, A Hannah, D Holland, T Hydes, K MacGillivray-Fallis, and A Wright.

2 Declaration of Interest

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

Business

3 Presentation and Discussion: Business Development and Employer Skills Forums

3.1 Business Development

A Jardine, Business Development Manager, provided a verbal report on the work of Complete Training Solutions during the previous 12 months, and key objectives for the coming year.

The Board welcomed the report and agreed that business engagement was a focus for the sector and had a vital role to play in the College's development.

C Turnbull joined the meeting at 2.25

3.2 Employer Skills Forums

N Smith, Business Development Officer, spoke to the report which had been issued.

Members discussed and agreed the establishment, remit and structure of Employers Skills Forums. The Principal advised that the membership and specific focus of each Forum may differ due to the nature of the sector and priorities at the time, but as the forums developed any key players not involved would be identified and invited to join.

The Board enthusiastically welcomed the establishment of these Forums and offered full support. It was noted that Members had already provided names of potential forum members.

4 Crichton Foundation Membership

It was agreed, following the retiral of T Hydes, that John Henderson would represent DAGCOL Board on the Crichton Foundation Board.

5 Chairs Update

The Chair gave a verbal report on his business activity since the April meeting of the Board:

- **Colleges Scotland Board (13 Regional Chairs)**

There had been two meetings of the CS Board since April. Colleges Scotland and College Development Network were now two separate companies and business plans would be published in July.

- **Wood Commission**

The Scottish Government had requested that the Chair join the National Advisory Board following publication of the Sir Ian Wood's Report.

- **South of Scotland Economic Forum**

Attended a meeting which had agreed full membership for each of Borders and DUMGAL colleges (whereas previously they had attended alternate meetings). The next meeting of the Forum would be held in the College.

- **Visit by Chair of SFC**

Alice Brown had visited the Crichton Campus on 6 May on the invitation of the Crichton Campus Leadership Group (CCLG) and had visited each institution before attending a special CCLG meeting to discuss future developments for the Crichton.

- **Dumfries Learning Town**

The Chair had attended various meetings regarding the DLT project and whilst the College was disappointed that the Education Committee had chosen not to site the Learning Hub on the Crichton site, the College would continue to be involved and would continue with its own excellent work with schools.

- **Skills Development Scotland**

Attended a dinner and discussion with SDS and local Councillors.

- **Crichton Trust**

The Chair had met with R Shaw, new CEO of the Crichton Trust on two occasions to discuss future liaison between the two organisations.

- **Apprenticeship Summit**

Attended

H Carr left the meeting at 2.45 pm

6 Principal's Update

The Principal spoke to the report which had been issued and provided a verbal report on two further items. The College had celebrated 'A Year in Review' at the Annual Open Meeting on Monday 9 June which had been the precursor to a week of College celebrations for FE learning as another academic year concluded. Many College, student and staff successes and achievements had been celebrated and British and Olympic Swimming Champion Rebecca Adlington OBE was guest speaker at the AOM and the Sports Awards ceremony.

The Principal had attended an informal Scottish Public Affairs Committee meeting which was held that morning in Dumfries. The Committee was hoping to identify specific issues for the region to prepare a scoping paper for development, which would be circulated to the Board when available.

Members noted the report and verbal update.