Board of Management Report and Financial Statements

For the year ended 31 July 2022

Contents   **Pages**

Appendices

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PERFORMANCE REPORT

Principal's Statement on Ayrshire College's Performance 2021-22

The College plays a key role in economic development across Ayrshire and Scotland. Working with its employers, key stakeholders and third sector partners, the College has successfully delivered on key government priorities in STEM, Health and Social Care and Early Years Education and is a leading partner in the Ayrshire Regional Economic Partnership.

Unfortunately, significant disruption to learning continued for a third year and the College, as requested by Scottish Government guidance, was instructed to take a cautious approach to the commencement of AY 2021-22. The continuing restrictions around physical distancing meant that the College had to adopt a hybrid approach to delivery with all students spending some time on campus and some time at home. The collective talent and commitment of its students, staff and partners has enabled the College to continue to deliver its curriculum and support services despite the severe disruption to learning caused by the ongoing COVID-19 pandemic.

Investment in digital resources supported students to learn remotely, in line with restrictions, in 2021-22. Continued investment in the College's infrastructure supported innovative practice across all curriculum and service teams.

The College engaged positively with individuals, communities and employers across Ayrshire in 2021-22 and we are proud of the impact we made on people's lives.

The previous principal, Carol Turnbull, left the College on 5 September 2022 and the new Principal, Angela Cox, took up post on 5 September 2022. The Chair's appointment, Willie Mackie, came to an end on 2 March 2022 and a new interim chair, Fiona McQueen took over on 3 March 2022. The College would like to thank Carol Turnbull and Willie Mackie for their dedication and years of service to the College.

Overview of Performance Report

The Board of Management of Ayrshire College presents its Performance Report together with the Audited Financial Statements for the year ended 31 July 2022.

This Performance Report provides a detailed summary of the performance of the College during 2021-22 and how it measures and monitors its performance. The Report also includes the strategic issues and risks facing the College.

Legal Status

The Board of Management was established under the Further and Higher Education (Scotland) Act 1992 to manage and conduct Ayrshire College. It was designated a regional college on 3 March 2014 under the Further and Higher Education (Scotland) Act 2005.

The College is a registered Charity (Scottish Charity Number SC021177) for the purposes of the Law Reform (Miscellaneous Provision) (Scotland) Act 2005.

Ayrshire College Statement of Ambition and Refresh and Renew Plan 2021-2024

The College's Statement of Ambition 2030, which sets out the College's long-term ambitions and aspirations as the country recovers from the pandemic, was launched in August 2021. The Statement of Ambition is as follows:

Ayrshire College Statement of Ambition 2030

Ayrshire College will be an inspirational place of learning where individuals can excel and realise their full potential. A place where businesses and communities can access skills, expertise and innovation that supports local and national economic development and inclusive growth.

We will achieve this through strong collaboration and partnership working and by investing in and valuing our staff and students.

This statement has three underpinning ambitions:

- Ambition 1: To be an accessible, inspirational and inclusive place to work and learn
- Ambition 2: To support, empower and inspire our staff and students
- Ambition 3: To be a high-performing and environmentally responsible college recognised for excellence, equality and integrity.

In addition, a Refresh and Renew Plan 2021-24 has been developed which identifies key strategic objectives for the next three years. These objectives will support economic and social recovery and contribute to achieving the three ambitions.

Over the next three years Ayrshire College will:

- Embed a culture of open leadership and empowerment where staff and students feel valued, their voices are heard and they are involved in decisions which affect them

- Provide an inspirational college experience which supports and enables students to overcome the disruption to learning caused by the pandemic and to successfully progress on their learning journey.

- Embed diversity and inclusion in all decisions and support staff and students by providing accessible opportunities to learn, work and develop.

- Focus on being a high-performing college underpinned by excellence in stewardship, effective risk management and the highest standards of corporate governance.

- Respond to the climate change emergency by being environmentally responsible, embedding sustainability in our learning and teaching and business operations

- Work with partners, including businesses, to co-create a portfolio of learning and skills that is relevant, dynamic, flexible, and responsive to employer and industry needs, to current and future skills requirements and contributes to social and economic recovery.

- Develop and support staff and students to work and learn in new and innovative ways to enable excellence in all aspects of learning and teaching and service delivery.

The Refresh and Renew Plan provides the context for ambitions set out in other strategic documents, such as the updated Learning and Teaching Strategy 2021-24, Digital Strategy 2022-2025 and People Strategy 2022-2025. The Refresh and Renew Plan also provides the overarching framework for the College's Outcome Agreement for 2021-22 agreed with the Scottish Funding Council (SFC).

SFC Outcome Agreement

In 2021-22, the College agreed an Outcome Agreement with the Scottish Funding Council for the period 2021-22. This Outcome Agreement focuses on the following outcomes:

- Outcomes for students
- Outcomes for Economic Recovery and Social Renewal

The College produces a separate report on performance against the Outcome Agreement. This is in addition to the performance data collated within this performance report. The performance reported in the separate outcome agreement report includes key performance indicators in relation to student statistics such as numbers, retention and achievement.

Performance of Ayrshire College in 2021-22

The College reviews its portfolio of courses on an annual basis. It is an evidence-based approach which uses national and regional labour market information. Courses no longer in demand, not achieving success or not related to skills are removed from the Curriculum Delivery Plan (CDP) for the following academic year. This annual process ensures that the College's portfolio of courses is aligned to national, regional and local policy objectives. The effectiveness of the College's curriculum planning arrangements can be evidenced by an internal audit conducted during 2021-22. The internal audit of the College's Curriculum Development Planning processes provided substantial assurance on the existing arrangements (the highest assurance rating) and identified no areas for improvement.

The College's progress on improving outcomes for students, against SFC priorities, was significantly impacted by the severe disruption to learning as a consequence of COVID-19. The College's strategic focus on reducing withdrawals and increasing success, during 2021-22 continued, but the impact of COVID-19 meant that achieving national ambitions for FE programmes was undermined.

In 2021-22, the College exceeded the core activity target set by the SFC and delivered 125,463 credits (target 124,877 credits). This is the sixth year in a row that the College has exceeded the SFC core activity target. For AY 2021-22, SFC also allocated additional places to colleges to accommodate deferred students from AY 2020-21 and to manage the transition for Foundation Apprenticeships. Recruitment challenges exacerbated by COVID-19 meant that the College did not meet its ESF or Foundation Apprenticeship target. In addition, information, on deferred students, was asked of the College, by SFC, at a time when it was estimated that students and staff would not have sufficient access to on-campus learning to be able to successfully conclude learning, teaching and assessment in AY 2020-21. The return of more students to campus from 17 May 2021, alongside the substantial summer programme meant that despite the challenges and significant disruption to learning, most students who remained on course were supported to successfully conclude their studies by the end of AY 2020-21. The College, therefore, did not meet its deferred credit target.

The College is recognised locally, regionally and nationally as an organisation which makes a positive difference to the lives of its students, to our communities, to Ayrshire's economy and to Scotland. In 2021-22, 58.5% of FE full-time students (2020-21, 58.2%) and 62.1% of HE full-time students (2020-21, 71.7%) completed their courses with a successful outcome.

Performance, with reference to successfully completed FE full-time programmes, has increased by 0.3%. The area of concern was higher early and further withdrawal rates. This corresponds with the evidence to suggest that Ayrshire College FE students struggled with the continued disruption to learning during AY 2021-22.

Performance, with reference to successfully completed HE full-time programmes declined by 9.6%, at 62.1%. As with FE full-time programmes, early and further withdrawal rates were much higher than in previous years and students struggled with the continued disruption to learning.

Parts of Ayrshire have levels of children living in combined low income and material deprivation higher than Scotland's national average of 20%. Ayrshire also has amongst the highest youth unemployment rates in Scotland and a higher proportion of people of working age with low or no qualifications than the rest of the country.

East and North Ayrshire local authorities are amongst the top six councils with the highest local share of Scottish Index of Multiple Deprivation (SIMD) 20 per cent most deprived data zones (SIMD20) in Scotland. Ayrshire has circa 26 areas which are among the most deprived 5% in Scotland.

The College supports a high number of students living in the 10% most deprived postcode areas. In AY 2021-22, the volume of credits delivered to the 10% most deprived was 25,420 credits – 19.9% of the total delivery. The College aims to ensure that the percentage of students living in the 10% most deprived postcode areas is representative of the Ayrshire region in line with national targets.

Ayrshire College is recognised as an inclusive college. A consistent and proactive focus on access, inclusion and diversity has created a strong ethos amongst staff and students. This has been a critical success factor in increasing student outcomes year on year and it will continue to be a driver for improvement in student outcomes over the next three years.

The most recent SFC College Leaver Destination Survey reported that 95.3% of Ayrshire College's students achieved a positive destination six months after completing their course of study.

SFC has set ambitious and stretching targets for all of Scotland's colleges to deliver successful outcomes for care experienced students, aiming for parity with their peers. In 2021-22, Ayrshire College had 636 care experienced students, with 59.1% (2020-21 62.7%) achieving a successful course outcome.

A key priority area of focus is to improve outcomes for students with a declared disability. Over the six years from 2015-16 to 2021-22 there has been a significant increase in the number of students declaring a disability. In 2021-22 62.6% (2020-21 63.3%) of Ayrshire College students with a declared disability achieved a successful outcome.

A culture of partnership working is embedded across the College. Throughout 2021-22, the College continued to invest significant time, working remotely, in enhancing existing private, public and third sector partnerships, as well as developing new ones. The College's partnership approach with universities also allows its students to gain access to degree programmes with advanced standing.

The College is a strategic business partner of the Ayrshire Chamber of Commerce and Industry and a member of the Developing the Young Workforce Ayrshire Steering Group. Significant economic sectors in the region are aerospace, engineering, health and social care, early education, and hospitality and tourism. The College collaborates with employers and industry bodies to plan the provision of courses to address growth in these and other economic sectors. With approximately 900 apprentices in training at any given time, the College is the main provider of Science, Technology, Engineering and Mathematics (STEM) apprenticeships in Scotland.

Ayrshire College has put sustainability towards the forefront including reducing waste within the College. The College's successful drive towards sustainability has been recognised at a national level. For example, the College was highly commended for the 2019 College Development Network sustainability award.

The College has published a Sustainability Action Plan and its ambition is to be carbon neutral by 2050, in line with government targets. An annual climate report submitted to the Scottish Government every November by Ayrshire College shows that the College's carbon footprint is reducing year on year. The College complied with the Scottish Government sustainability reporting in line with the requirements of the Climate Change (Scotland) Act 2009.

The College continues on its journey of improvement in 2022-23 and remains focused on increasing student attainment and achievement. In particular, the College will focus efforts to address the impact of COVID-19, support students with the cost-of-living crisis improve outcomes on FE and HE programmes in line with national ambitions.

COVID-19

The College's Campus Operations Steering Group (COSG), originally set up to oversee the safe and effective reopening of Ayrshire College campuses in the summer of 2020, continued to meet regularly throughout AY 2021-22. The Steering Group, chaired by the Principal, included the College's Senior Leadership Team, Head of Health, Safety and Wellbeing, Head of ICT, Head of Marketing, Ayrshire College Student Association's President and Vice-President, and representatives from the College's two recognised trade unions - EIS-FELA and Unison. This has ensured a partnership approach to resuming on-campus activities safely and effectively and in reviewing activities in line with the latest Scottish Government and Public Health guidance.

In preparation for the return of staff and students, the College implemented baseline measures to mitigate the risk of COVID-19 when people were on campus. These include specific entry and exit points, a one-way system, a keep left system, sanitisation points throughout the building, restricted access to and occupancy of toilet facilities, and the wearing of face coverings. In addition, lateral flow testing kits were available to staff and students and they were encouraged to undertake testing twice weekly. Drop-in vaccination clinics took place on all three campuses. These measures remained in place until 1 April 2022.

Financial Objectives

The College's financial objectives are to be financially sustainable while continuing to invest in the development of student-centred services, infrastructure and resources. The financial context and funding settlements over recent years continue to present challenges to these financial objectives.

The College continues to develop its financial planning structures, budgeting, monitoring and financial reporting systems to support a complex organisation of the scale of Ayrshire College. Robust financial planning remains a key priority going forward given the challenges for the college sector around the levels of funding made available while continuing to demonstrate financial sustainability.

The Executive Leadership Team (ELT) continues to work with the Board of Management and its committees to review financial information requirements and key performance data to ensure good Governance in relation to challenge and scrutiny.

Financial Review

Robust financial management systems, innovative delivery models and prioritisation of expenditure commitments are in place. College staff continually review and refine operations during the year to ensure that the College continues to operate efficiently and effectively within its financial context and funding settlements.

The College generated a deficit in the year of (£1,545,000) before non-recurring items. The 2021-22 deficit represents an adverse figure of (3%) of overall trading income. This compares to a deficit before non-recurring items in 2020-21 of (£634,000). There were no net non-recurring costs for 2021-22.

The College, at July 2022, has £80,028,000 of net assets (excluding a pension asset of £11,518,000). At July 2021 the College had £77,501,000 of net assets (excluding a pension liability of £20,543,000). The pension asset for 2021-22 is excluded as this is outwith the College's control.

The College has significant reliance on SFC for its funding which is largely from recurrent grants. In 2021-22, SFC provided 88.4% of the College's total operational revenue income (2020-21, 88.7%). Excluding specific funding to support the Unitary Charge for the NPD contract for the Kilmarnock campus, SFC revenue income totalled 79.2% of total income (2020-21 79.4%).

Ayrshire College met with SFC colleagues on 18 July 2022 to seek clarity on the SFC's position on the clawback of credit funding for 2021-22. At this time the College was told that it should not expect a final decision on the SFC clawback position for Ayrshire College until October 2022. This timescale was after the financial year-end and beyond the timeline for the preparation of the College's 2021-22 financial statements. The College therefore wrote to SFC on 19 July 2022 stating that it would prepare its financial statements on the assumption that there will be full clawback on underdelivered credits. The College asked SFC to confirm these income recognition assumptions. On 20 July 2022 SFC stated that it expected the College to provide for clawback ESF, Foundation Apprenticeship and deferred student credits.

On 3 November SFC wrote out to college principals to confirm that it would only consider clawback on under-delivery for core and credit targets that were outside a two percent tolerance. Following receipt of this letter, SFC confirmed that Ayrshire College would not be subject to clawback on its deferred credits income. The College was therefore able to draw down additional deferred students funding of £710,786. The cash balance of £12,713,000 shown in the Balance Sheet includes £9,009,000 of monies held by the College (in advance of Board approved funding commitments), student funding (to be repaid) and the

College's own restricted and designated cash balances. Therefore, the College's trading cash balance as at 31 July 2022 was £3,704,000.

<u>Statement of Comprehensive Income</u>

The statement of comprehensive income shows a total deficit for the year to 31 July 2022 of £(1,545,000). This is compared to a deficit in 2020-21 of £(1,101,000).

There were no non-recurring expenditure items which impacted the deficit in 2021-22. The presentation of the Statement of Comprehensive Income in these financial statements therefore analyses trading in the period for recurring items of £(1,545,000).

- o Recurring Items

The College recorded a deficit of £(1,545,000) which represents an adverse figure of approximately (3%) of overall trading income. The recorded deficit of £(1,545,000) in 2021-22 comprises of the following elements:

- Operating position- surplus £4,120,000
- FRS102- NPD/ PFI Capital income £1,425,000
- Net Depreciation charge £(3,243,000)
- FRS 102- Pension £(3,847,000)

To aid the reader of these accounts, the College has provided a reconciliation to the figures reported above for recurring items as noted within the Statement of Comprehensive Income (Table 1).

Table 1 – Adjusted operating position 2021-22 and 2020-21 – Detailing Recurring Items for 2021-22 (there are no non-recurring items of income and expenditure)

	Recurring £000	2021-22 £000	2020-21 £000
Surplus /(deficit) after other gains and losses	(1,479)	(1,479)	(1,082)
Add back:			
Provision released	-	-	-
Depreciation (net of deferred capital grant release)	3,243	3,243	2,835
Exceptional non-restructuring costs (e.g. impairment	-	-	-
Non-cash pension adjustments	3,847	3,847	3,654
Donation to Arms-length Foundation	-	-	-
Provision per 1 April 2014			
Deduct:			
Non-Government capital grants (e.g. ALF capital grant)	-	-	(67)
Exceptional income	-	-	-
Revenue funding allocated to loan repayments (NPD)	(1,425)	(1,425)	(1,355)
Additional revenue funding allocated by SFC	-	-	(700)
Sub-Total Revenue	**4,186**	**4,186**	**3,285**
Retention of sale proceeds to fund PFI Capital and Interest payments		-	-
CBP allocated to PFI loan repayments		(867)	(867)
Early retirees		(87)	(87)
Adjusted operating surplus / (deficit)		**3,232**	**2,331**

<u>Underlying operating position 2021-22 and 2020-21</u>

SFC as part of its accounts' direction instructed Colleges to provide a statement in relation to the adjusted operating position using a standard table (Table 2). The SFC table (Table 2) includes both revenue and capital items.

Table 2 – Adjusted operating position 2021-22 and 2020-21

	Note	2021-22 £000	2020-21 £000
Surplus (deficit) after other gains and losses		(1,479)	(1,082)
Add back:			
Depreciation (net of deferred capital grant release)		3,243	2,835
Exceptional non-restructuring costs (e.g. impairment)		-	-
Pension adjustments – Net Service cost		3,645	3,206
Pension adjustments – Net Interest cost		357	405
Pension adjustments – Early Retirement Provision		(155)	43
Retention of sale proceeds to fund PFI capital and interest payments		-	-
Provision released		-	-
Deduct:			
Non-Government capital grants (e.g. ALF capital grant)		-	(67)
CBP allocated to loan repayments and other capital items		(954)	(954)
NPD Income applied to reduce NPD Balance Sheet debt		(1,425)	(1,355)
Additional revenue funding allocated by SFC		-	(700)
Adjusted operating surplus / (deficit)		**3,232**	**2,331**

<u>Cash budgets for priorities</u>

Whilst Scotland's colleges prepare accounts under the FE/HE Statement of Recommended Practice they are also required to comply with Central Government budgeting rules. This affects, amongst other things, the way in which non-cash depreciation charges are treated for budgeting purposes and how colleges allocate the cash funds (cash budget for priorities (CBP)) which were previously earmarked for depreciation.

Table 3 below details the allocation of the CBP and the impact on the operating position. The College has been instructed by SFC on the format of this table and on the priorities to be allocated against. This instruction (received in November 2018) requires the College to base the allocations on the requirements set out in 2015-16 rather than the underlying position in the year.

Table 3 – Cash budget for priorities spend 2021-22 and 2020-21

	2021-22 £000	2020-21 £000
Revenue		
Student support	-	-
2015-16 pay award	370	370
Other (give detail)	-	-
Total impact on operating position	**370**	**370**
Capital		
Loan repayments (PFI capital payment)	867	867
Early Retirees	87	87
Total Capital	**954**	**954**
Total cash budget for priorities spend	**1,324**	**1,324**

<u>Reserves</u>

The deficit brought forward on the income and expenditure reserve at 1 August 2021 was £(2,348,000). After the deficit for the year before non-recurring items of (£1,545,000), the non-recurring items of nil, the transfers in respect of the pension reserve, and the transfers from the revaluation reserve are taken into account, the surplus on the College's income and expenditure reserve as at 31 July 2022 is £(33,775,000).

<u>Capital Additions</u>

Tangible Fixed Asset additions in 2021-22 amounted to £657,000. This expenditure on the buildings of £127,000 relates mainly to small capital works. In addition, there was expenditure of £530,000 on IT and curriculum equipment.

Core Performance Indicators

The SFC has developed a series of core performance indicators which are designed to provide an overall summary view of a college's performance (Table 4). The table below notes Ayrshire College's performance against these indicators. This should be considered in conjunction with the narrative provided in the Performance Report.

Table 4 – Ayrshire College Performance against SFC Core Performance Indicators

No	Performance Indicator	2021-22	2020-21
1	Recurring (Deficit)/Surplus as % of total trading income	(3%)	(1.2%)
2	Non SFC Income as % of Total Income	11.6%	11.3%
3	Credit activity target set by SFC for year to July 2022	124,793	124,877
4	Credit activity achieved in year to July 2022	126,404	125,463
5	Activity achieved against target	101.3%	100.5%
6	Current Assets: Current Liabilities	1.38:1	1.21:1
7	Gearing/debt	Nil	Nil
8	Days of recurring expenditure represented by period end cash	27	34

Treasury Management Policies and Objectives

Treasury Management is the management of the College's cash flows, its banking, money market and capital transactions; the effective control of risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a policy of placing any surplus funds with the College's retail banker with a view to maintaining security of capital; maximising the yield from any short-term deposits made whilst maintaining accessibility to funds.

Cash Flows

The College had a net increase in cash in 2021-22 of £4,512,000. This is detailed in the Cash Flow Statement.

Liquidity

The College continues to have sufficient liquidity in terms of cash resources.

Payment Performance

The College has a policy of paying its suppliers within agreed terms unless an invoice is disputed. All disputes are dealt with as quickly as possible and the College is not aware of any payments being made out with the College's approved payment policy. No interest was paid by the College under the Late Payment of Commercial Debts (Interest) Act 1998.

Resources

The College has various resources that it can deploy in pursuit of its strategic objectives.

Property

Tangible resources include the three main campuses of Ayrshire College together with smaller satellite campuses. Ayrshire College has prominent main campuses in all three local authority areas. The College's main campuses are located in Ayr, Kilwinning and Kilmarnock. Other campuses are used to support specialist curriculum provision, such as the Nethermains Campus in Kilwinning which focuses on STEM curriculum.

Estates Development

Estates developments are evidence based and allow the College to align its estate to the emerging needs of students and curriculum delivery requirements.

Ayrshire College commenced the construction of the Willie Mackie Skills Hub at ground-breaking ceremony, which was held on 26 July 2022. The Skills Hub is being constructed next to the main Kilwinning campus. The Willie Mackie Skills Hub will be the primary location for provision of high-quality STEM vocational skills development for Ayrshire College students, primary and secondary school pupils, employers and their workforce, and North Ayrshire residents seeking employment. It is also envisioned that the Willie Mackie Skills Hub will be a recognised centre of excellence that will provide training and skills development from across the UK. The Skills Hub is scheduled to be completed by June 2023.

Staff Report

The College employed 695 full-time equivalent employees, of whom 421 were curriculum staff and 274 were service staff. This equates to a headcount of 854, comprising 540 female and 314 male members of staff.

Full disclosure on staff costs is given in note 6 of the accounts.

National Bargaining

The College is a signatory to the National Recognition and Procedures Agreement (NRPA) and a member of the Employers Association. A number of National Bargaining agreements have been reached during 2021-22 for both curriculum and service staff.

Local Joint Negotiation Committees (LJNC) were held during 2021-22 with both EIS-FELA and Unison.

Stakeholder Relationships

Ayrshire College has many stakeholders. These include:

- Students
- Student association
- Staff
- Scottish Funding Council
- Education Scotland

- Scottish Government
- Local employers / businesses
- Community planning partnerships
- Local authorities
- Colleges Scotland
- Skills Development Scotland
- Trade unions
- Universities
- The voluntary sector
- Scottish Futures Trust
- The National Union of Students

The College recognises the importance of these key relationships and engages in regular communication with its stakeholders. This is done through a variety of routes, for example social media, face to face meetings and partnership working projects.

Staff Involvement and Participation

All staff are fully informed of college developments through a range of communication and consultation frameworks. In addition, there are also two elected staff members on the Board of Management.

Staff Development

A range of CPD activities took place during the 2021-22 academic term, with a significant focus on digital skills to support the workforce. An area of specialist training and development was the College creating a digital skills checklist for curriculum staff. This was directly linked to a curriculum pedagogy pathway with corresponding and supporting training also provided.

In addition, the College also continued to provide and training and development for college staff. This training ensures staff continued development and to improve their qualification levels. Examples of this activity is as follows:

- Teaching Qualification in Further Education
- PDA Teaching Practice
- L&D 9 Assessor Award
- L&D 11 Verifier Award.

Equality and Inclusion

Ayrshire College is a successful, community-focussed regional College. The ongoing global pandemic continues to influence College decision-making as the College looks ahead knowing that it must support the inclusion and wellbeing of its people and the social and economic recovery and future prosperity of local communities in Ayrshire. For the next four years, the College has an opportunity through its Equality Outcomes 2021-2025 to make a difference to the lives and experiences of those most beset by inequality on the basis of their protected characteristic(s). This is why the College's Equality Outcomes 2021-2025 speak to the significance and persistence of particular inequalities and the need to continue tackling these so as to secure long-term and sustainable change in the College.

By April 2025, the College aims to be a place of learning and working where:

- Equality Outcome 1: Students and staff with protected characteristics most likely to experience hate, report that they feel safe while engaged in study or work

- Equality Outcome 2: Curriculum areas with a male or female student gender imbalance greater than a 75:25 ratio have improved

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- Equality Outcome 3: The rates of declaration, retention and attainment of male students with a mental health condition have improved

- Equality Outcome 4: The recruitment and declaration rates of staff with a disability have improved.

The College's Statement of Ambition 2030 and Strategic Objectives 2021-2023 make clear the importance of embedding inclusion into everyday College business. As such, Ayrshire College is demonstrating that it is an organisation which has both a strategic vision and approach to equality, inclusion and diversity.

To further the College's openness and transparency in regards to its progress to mainstreaming equality and equality outcomes, it has committed to produce and publish an annual College progress report in addition to its current legislative requirements. The progress report is available on the College's website and can be reviewed here:

Mainstreaming Equality and Equality Outcomes 2021-2025 Progress Report

Since the publication of this report in April 2022, the College is working towards achieving the LGBT Youth Scotland Foundation Charter Mark. The College's senior level commitment to this can be demonstrated by the majority of the College's Senior Leadership Team completing training on LGBT inclusion. In addition, Ayrshire College hosted the first ever hate crime conference in Ayrshire, called 'Empowering Communities in Ayrshire to End Hate Crime'. The conference is just one example of the College's partnership approach to challenge the behaviours and attitudes that lie beneath hate crime.

Health Safety and Wellbeing

It is the policy of the College to pursue progressive improvement in the Health, Safety and Wellbeing of staff, students and visitors and take all reasonable steps to provide safe and healthy conditions in which to study, learn and work.

A range of developments were undertaken during 2021-22 to promote the College's culture of health, safety and wellbeing. These developments built on the strong foundation of work undertaken by the College in prior years. The health, safety and wellbeing work of the College was adapted to ensure continued support to staff and students who were working and studying remotely. In addition, the College's Health, Safety and Wellbeing Team led on a range of initiatives to support staff and student mental health. For example, the College hosted wellbeing cafes and online sessions, promoted a range of online classes and online support material, as well a walking programme.

The Health, Safety and Wellbeing of staff, students and visitors is of paramount importance to the College at all times. This was one of the four overall principles that led to the formation of the College's Campus Operations Steering Group in response to the COVID-19 pandemic. The duties of the Group included establishing and overseeing the work of appropriate workstreams to support and inform the work needed to reopen the College safely and effectively. The Group also ensures that the health, safety and wellbeing of staff, students and visitors continues to be of paramount importance now that the campuses are open.

During 2021-22 the College has continued to raise awareness of a range of health, safety and wellbeing issues during the year through regular communication, training and update sessions. Wherever possible, the College has collaborated with other agencies working in the area of health and safety and engaged in joint projects that would benefit the College. For example, the Head of Health, Safety and Wellbeing worked with NHS Ayrshire & Arran to arrange on-campus vaccination clinics for COVID-19 vaccinations.

The College continues to align its health and safety activities to changes taking place within the sector and nationally and also to continue to support post pandemic recovery. This includes the College promoting wellbeing themes in partnership with NHS Ayrshire & Arran and other agencies.

Student Involvement

The College places great importance on the student voice and the role of the Student Association. The Sabbatical President and Vice President are members of the Board of Management. In addition, each year students are invited to give feedback to the College through a range of formal and informal routes.

Disclosure of Information to Auditors

The members of the Board of Management confirm that, so far as they are aware, there is no relevant audit information of which the College's auditors are unaware. Each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

The performance report is approved by the Board of Management and is signed on its behalf by:

F McQueen
Chair

A Cox
Principal

ACCOUNTABLITY REPORT

Corporate Governance Report

Statement of Board of Management's Responsibilities

Remuneration and Staff Report

CORPORATE GOVERNANCE REPORT

Colleges are required to demonstrate robust governance, maintain a sound system of internal control and to ensure that the following key principles of effective risk management have been applied.

The College is committed to exhibiting best practice in all aspects of Corporate Governance. This summary describes the manner in which the College has applied the principles set out in the Code of Good Governance for Scotland's Colleges. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the Board of Management, the College has complied with the Scottish Public Finance Manual (SPFM) throughout the year ended 31 July 2022. The College complies with all the principles of the 2016 Code of Good Governance for Scotland's Colleges and it has complied throughout the year ended 31 July 2022.

Board of Management

The Board of Management is responsible for the overall functioning and strategic direction of the College, including responsibility for planning the future development of the College and ensuring its effective management. In so doing, the Board of Management maintains an overarching responsibility for the management and conduct of College affairs. This includes the provision of the best possible education and learning environment for its students, the equality and diversity of staff and students; corporate governance and risk management; finance, planning, monitoring and audit; maintaining quality and standards; and maintaining the College estate. The Board of Management also ensures that there is an adequate system of accounting and internal controls which meets accepted accounting, budgetary control, and auditing standards.

The Board of Management, and through its committees, is provided with regular information on the overall financial performance of the College. The Board also receives information on performance against targets on quality matters and other related issues such as health, safety, and well-being.

The Board of Management meets on a quarterly basis but may hold additional meetings as needs demand. Meeting papers and confirmed minutes of all Board of Management meetings, and the meetings of the Board's committees are available from the Board Governance Advisor to the Board of Management and are published on the College website. Those papers and sections of the minutes deemed confidential by the Board of Management for reasons of commercial sensitivity or compliance with data protection legislation are normally "reserved". These are identified as such on agendas and minutes and are not available to the public.

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

Directors' Report

This section of the report sets out the members who served on the Board of Management during the year to 31 July 2022 (Table 5).

Table 5 – Serving Board Members 2021-22

Board Member	Committees Served	Status of Appointment	Date of Appointment	Date of Resignation
Willie Mackie	• Business, Resources & Infrastructure • Performance, Review & Remuneration • Search & Nomination	Chair of Ayrshire College BOM Chair of Ayrshire Regional College BOM	01.08.13 03.03.14 Reappointed 03.03.18	02.03.22 (completed period of appointment)
Fiona McQueen	• Business, Resources & Infrastructure • Learning, Teaching & Quality • Performance Review & Remuneration • Search & Nomination	Interim Chair of Ayrshire College BOM Interim Chair of Ayrshire Regional College BOM Appointed Chair of Ayrshire Regional College BOM	Non-Executive Board Member 01.08.18 Interim Chair 03.03.22 Chair 01.11.22	
Elaine Anderson	• Learning, Teaching & Quality • Audit and Risk	Non-Executive Board Member	01.08.19	06.07.22
Norman Bone	• Business, Resources & Infrastructure	Non-Executive Board Member	01.08.21	
Beth Clelland	• Learning & Teaching • Business, Resources & Infrastructure	Non-Executive Board Member	07.09.20	
Scott Cooley	• Business, Resources & Infrastructure	Non-Executive Board Member	01.08.19	11.10.21
Steven Fegan	• Learning, Teaching & Quality • Business, Resources & Infrastructure	Elected Support Staff	25.09.20	19.07.22
Lisa Keggans	• Learning, Teaching & Quality • Business, Resources & Infrastructure	Elected Support Staff	06.09.22	
Stephen Graham	• Learning, Teaching & Quality • Audit and Risk	Non-Executive Board Member	01.08.19	
Ellie Jamieson	• Learning, Teaching & Quality • Business Resources & Infrastructure	Elected Student Member	01.08.21	
Robert Kean	• Learning, Teaching & Quality	Elected Student Member	01.08.22	
Mary McClung	• Learning, Teaching & Quality • Business Resources & Infrastructure	Non-Executive Board Member	01.08.19	12.09.22
Janette Moore	• Learning, Teaching & Quality • Business Resources & Infrastructure	Elected Curriculum staff	05.10.20	
Sharon Morrow	• Learning, Teaching & Quality	Non-Executive Board Member	01.08.21	

Board Member	Committees Served	Status of Appointment	Date of Appointment	Date of Resignation
Steven Oliver	• Learning, Teaching & Quality	Elected Student Member	01.08.20	31.07.21 (completed period of appointment)
Michael Stewart	• Business, Resources & Infrastructure • Learning, Teaching & Quality • Performance Review & Remuneration • Search & Nomination	Non-Executive Board Member	01.08.19	
Alison Sutherland	• Learning, Teaching & Quality • Audit and Risk	Non-Executive Member	01.08.19	
Carol Turnbull	• Business, Resources & Infrastructure • Learning, Teaching & Quality	Principal Ex-Officio	01.03.19	05.09.22
Angela Cox	• Business, Resources & Infrastructure • Learning, Teaching & Quality	Principal	05.09.22	
Steven Wallace	• Learning, Teaching & Quality • Audit and Risk Performance, Review & Remuneration • Search & Nomination	Non-Executive Board Member	01.08.18	
Matthew Wilson	• Business, Resources & Infrastructure • Audit and Risk	Non-Executive Board Member	07.09.20	

After the June 2022 Board Meeting two board members left unexpectedly in July 2022, meaning between 19 July 2022 and 31 July 2022 there were 14 board members. An additional board member took up post on 6 September 2022.

Table 6 details the number of Board of Management meetings that took place during the individual members' time as a board member during 2021-22 and how many of these meetings that they were able to attend. Please note co-opted members are not included in Table 6.

Table 6 – Board Members Attendance 2021-22

Board Member	Board Meetings held during appointment period	Board Meetings attended
Willie Mackie	2	2
Fiona McQueen	4	4
Elaine Anderson	4	3
Norman Bone	4	2
Beth Clelland	4	3
Scott Cooley	1	1
Steven Fegan *	0	0

Board Member	Board Meetings held during appointment period	Board Meetings attended
Stephen Graham	4	3
Ellie Jamieson	4	4
Mary McClung	4	2
Janette Moore	4	4
Sharon Morrow	4	4
Steven Oliver	4	2
Michael Stewart	4	3
Alison Sutherland	4	3
Carol Turnbull	4	4
Steven Wallace	4	4
Matthew Wilson	4	4

* S Fegan was unavailable to attend board meetings held during 2021-22

The College has an independent Board Governance Advisor to support the work of the Board of Management.

The Board of Management conducts its business through a number of committees. The committees comprise members of the Board of Management. The Board and its committees also have the authority to co-opt members, but co-opted members may not chair or vote at meetings. In 2021-22 the co-opted members were Gordon Neil as a member of the Learning, Teaching and Quality Committee, Gillian Murray as a member of the Business, Resources and Infrastructure Committee and Paul Houlden as the requisite external member of the Search and Nomination Committee.

The Board of Management has a strong and independent non-executive element of up to 12 members 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. In addition, the Board contains six members who are out with the non-executive category. These are the Chair (appointed by Scottish Ministers), the Principal (ex-officio), two elected student members and two elected staff members. These members are also expected to exercise impartiality of judgement and be free from any external influence or relationship that could materially interfere with the exercise of their independent judgement as board members.

Register of Interests

The Board Governance Advisor maintains a register of financial and personal interests of the members of the Board of Management, in so far as these relate to the activities of Ayrshire College. The register is available for inspection at Ayrshire College, Ayr Campus, Dam Park, Ayr KA8 0EU. It is also published on the College's website.

Appointments to the Board of Management

The Board of Management consists of not less than 15, but not more than 18 persons, of which not less than half shall be drawn from persons engaged in industrial, commercial or employment matters or from the professions or persons with an interest in and the ability to contribute to the management of the College. This is in line with the provisions of The Post-16 Education (Scotland) Act 2013. The other Board

members include the Board Chair, who is appointed by the Scottish Government, the Principal, a curriculum/teaching staff member, a support/service staff member and two student members.

Any new appointments to the Board of Management are a matter for the consideration of the Board of Management as a whole. As such, there is a Search and Nomination Committee that is responsible for the selection and nomination of any new non-executive member for the Board of Management's consideration. The Search and Nomination Committee is also responsible on behalf of the Board for the process leading to the appointment of the College Principal. The Board of Management has an induction programme in place and Board development activities were held during 2021-22.

Audit and Risk Committee

The Audit and Risk Committee consists of non-executive members from the Board of Management. The Chair of the Board of Management and Principal are not members of the Audit and Risk Committee. This Committee's responsibilities are to oversee the external and internal audit of the College and provide assurance to the Board that the requirements of the Code of Audit Practice published by Audit Scotland are observed. The Audit and Risk Committee has delegated responsibility for ensuring the system of risk management established by Ayrshire College remains fit for purpose and is being appropriately maintained.

Business, Resources, and Infrastructure Committee

The Business, Resources and Infrastructure Committee consists of members from the Board of Management including the Principal and the Chair of the Board. This Committee's responsibilities are to oversee the strategic and operational financial planning of the College and provide assurance to the Board on the financial expenditure, financial management and performance of the College. The Committee is responsible for overseeing all matters related to the College's continuing organisational development including oversight of the development, planning, and delivery of the overarching People Strategy, promoting a positive and inclusive culture, and reviewing and monitoring the quality and performance of associated programs of work.

In addition, the Committee oversees the strategic and operational planning of the estates function within the College and provides assurance with regard to College estates matters to the Board.

Learning, Teaching and Quality Committee

The Learning and Teaching Committee consists of members from the Board of Management including the Principal and at least one student member. This Committee's responsibilities are to oversee and provide assurance to the Board on all matters related to the strategic development and delivery of learning, teaching and the student experience, including monitoring and reporting on the associated quality and performance.

Performance Review and Remuneration Committee

Membership of this Committee comprises the Chair of the Board of Management, the Vice Chair, the Senior Independent Member, and the chairs of each of the Board's committees. The Committee is chaired by a non-executive member of the Board and cannot be chaired by the Chair of the Board of Management. This Committee's responsibilities are to oversee all matters related to Performance Review and Remuneration of those members of staff whose remuneration consideration lies out with the scope of the National Recognition and Procedures Agreement (NRPA) and provide assurance to the Board on all such matters. In undertaking its deliberations, the Committee will take account of any advice given by the SFC in terms of remuneration any guidance issued by the Scottish Government, HM Treasury.

Search and Nomination Committee

Membership of this Committee comprises the Chair of the Board of Management, the Vice Chair, the Senior Independent Member, and the chairs of each of the Board's committees. The membership will also

include an independent external co-opted member approved by the Board. This Committee's responsibilities are to oversee the appointment of the College Principal, oversee the recruitment and recommendation of new board members and to consider the reappointment of current members to the Board of Management. The Committee does this by ensuring that the search and nomination process is conducted in a fair and non-discriminatory manner with due regard to issues of equality, diversity and opportunity in any appointments recommended.

Personal data-related incidents

SFC requires colleges to outline any significant lapses of data security that take place during the year. There were no significant lapses of data security. During 2021-22 Ayrshire College reported no data-related incidents to the Information Commissioner's Office.

GOVERNANCE STATEMENT

This statement has been prepared in accordance with Accounts Direction and Code of Good Governance for Scotland's Colleges requirements.

Principal Risks and Uncertainties

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

The SLT monitors key performance and risk indicators and considers possible control issues brought to its attention through operational planning and monitoring. The Senior Leadership Team (SLT) and the Audit and Risk Committee also receive regular reports from Internal Audit which include recommendations for improvement.

The previous Principal, Carol Turnbull, left the College on 5 September 2022 and the new Principal, Angela Cox, took up post on 5 September 2022. The previous Chair's appointment came to an end on 2 March 2022 and a new interim Chair took over on 3 March 2022. Handover meetings were held between the outgoing and incoming principals and the outgoing and incoming chairs. The new Principal has received full assurances over the Governance arrangements in place at the College from the SLT for the year ended 31 July 2022.

During the June 2021 Board and committee cycle, it was agreed that for AY2021-22 onwards, the College would revert from the COVID-19 focussed risk register back to the traditional corporate focussed risk register. This enabled the College to detail specific risk areas to the College and give risk scores reflecting the mitigating actions being taken by management in that area. This meant that risk extracts are created for the Board of Management, the Business, Resources and Infrastructure Committee and the Learning and Teaching Committee. On behalf of the Board of Management, the Audit and Risk Committee reviews the Board's risk management position and considers the arrangements to mitigate the risks identified.

The College Risk Register is a standing agenda item for each meeting of the Audit and Risk Committee and thereafter the Board of Management. In addition, the relevant extracts from the Risk Register are presented to each committee for discussion, comment and approval.

The College Risk Register at the end of 2021-22 identified 18 strategic risks. The classification of these net risk scores was as follows:

- No risks were assessed as High
- No risks were assessed as Medium
- Twelve risks were assessed as Moderate
- Five risks were assessed as Low
- One risk was assessed as Very Low.

STATEMENT OF INTERNAL CONTROL

Scope of Responsibility

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

Purpose of the System of Internal Control

The College's 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 ongoing processes designed to identify and prioritise the risks to the achievement of the College's policies, aims and objectives, to evaluate the likelihood of these risks being realised and the impact should they be realised, and to manage them effectively and economically.

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. These key risks are identified and addressed within the risk register maintained by the College.

The Internal Control Framework

The College's system of internal control was in place for the duration of 2021-22 and continues to remain in place up to, and beyond, the date of approval of the College's financial statements. The College's internal control system is based on a framework of regular management information, administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting systems with an annual budget which is reviewed and approved by the Board of Management.

- Regular reviews by the Board of Management and its designated sub-committee of periodic and annual financial reports which indicate financial performance against targets.

- Setting targets to measure financial and other performance.

- The operation of and reporting to the Board of Management from an Internal Audit service.

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 and Risk Committee. The internal auditors concluded that the College's risk management activities and controls in the areas which were examined were found to be suitably designed to achieve the specific risk management, control and governance arrangements.

Management is responsible for the implementation of agreed audit recommendations and the College's Internal Auditors undertake periodic follow-up reviews to ensure that such recommendations have been implemented. The Audit and Risk Committee considers detailed reports together with recommendations for the improvement of the College's systems of internal control and management's responses and implementation plans. It also receives and considers reports from SFC and other key agencies as they affect the College's business and monitors adherence to the regulatory requirements. No significant weaknesses were identified in the College's internal control framework during 2021-22.

Review of Effectiveness

The review of effectiveness of the system of internal control is informed by:

- The work of Internal Auditors, including their Annual Report on the College's control environment
- The work of the SLT whose members have responsibility for the development and maintenance of internal control framework
- Comments made by the College's External Auditors
- Comments made by the auditors appointed to audit specific areas such as the delivery of the credits target and the disbursement of student support funds.

The SLT receives reports setting out key performance and risk indicators and considers possible control issues brought to its attention by early warning systems which are embedded within the operational units and reinforced by risk awareness training. The SLT and the Audit and Risk Committee also receive regular reports from Internal Audit which include recommendations for improvement.

Going Concern

After making appropriate enquiries, the Board of Management considers that the College has adequate resources to continue operations for AY 2022-23. In addition, the Audit Scotland guidance 'Going Concern in the Public Sector' states that "the use of the going concern basis of accounting will always be appropriate for public bodies". For this reason, Ayrshire College continues to adopt the going concern basis in preparing the financial statements.

Conclusion

The College continued to improve and enhance its reputation in 2021-22, particularly in the areas of corporate governance, high quality learning and teaching, engagement with students, and strategic partnership working.

Approved by the Board of Management and is signed on its behalf by:

F McQueen
Chair

A Cox
Principal

STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITIES

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

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

The Board of Management is responsible for 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 and 2005, the Statement of Recommended Practice on Accounting for Further and Higher Education, the 2018-19 Government Financial Reporting Manual (FReM) and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between SFC 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 period 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 period.

The financial statements are prepared in accordance with the accounts direction issued by SFC, which brings together the provisions of the financial memorandum with other formal disclosures that SFC requires the Board of Management to make in the financial statements and related notes. The College is a public benefit entity and has therefore also applied the public benefit requirements of FRS 102.

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

- Select suitable accounting policies and apply them consistently;

- Make judgements and estimates that are reasonable and prudent;

- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- Prepare financial statements 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 SFC 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, managers across the College

- A comprehensive planning process, supplemented by detailed annual budgets including income, expenditure, capital, and cash flows

- Regular reviews of key performance indicators and business risks and monthly 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 Business Resources and Infrastructure Committee, Audit and Risk Committee, and the Board of Management

- A professional internal audit team whose annual programme is approved by the Audit and Risk Committee and endorsed by the Board of Management. The audit team 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 the Board of Management and is signed on its behalf by:

F McQueen
Chair

A Cox
Principal

REMUNERATION AND STAFF REPORT

Remuneration Policy

The post of Principal and the additional posts which make up the College's SLT (the Vice Principals and Assistant Principals) are not covered by national negotiating arrangements, within the terms of the National Recognition and Procedures Agreement (NRPA). All other service staff posts are covered by the NRPA with regard to the negotiation of contractual issues in respect of terms and conditions of service and salaries.

The Principal's, Vice Principals' and Assistant Principals' salaries are on incremental salary scales, with annual contractual increments on the anniversary of appointment. There are no contractual arrangements for either performance related pay or for the payment of bonuses.

The remuneration of the Chair is set by Scottish Ministers as detailed in Note 7 to these financial statements.

Operation of the Remuneration Committee

Membership of the Remuneration Committee comprises the Chair of the Board of Management and the chairs of each of the Board's committees. The Principal is not a member of the Remuneration Committee. The Committee's responsibilities are to agree remuneration for the Principal, Vice Principals and Assistant Principals. The Committee takes account of any advice given by the SFC in the remuneration of the Principal and SLT and takes account of any guidelines issued by the Scottish Government and/or UK Treasury. The Committee reports to the Board of Management on remuneration for senior staff.

The Principal could be called to attend a Remuneration Committee meeting for the purpose of presenting any paper relevant to the salary scale of members of the Vice Principals and / or Assistant Principals. Since however the Principal is not a member of the Remuneration Committee, the Principal would not be present during any decision making in this regard.

The Assistant Principal Human Resources and Organisational Development can also be called to attend the meeting for the purposes of providing professional advice, as required by the Committee.

Senior Management Remuneration Including Salary and Pension Costs

Salary Entitlements

In this section of the report the College has set out, in bands of £5,000, the remuneration of the College's executive management during 2021-22 (Table 7).

Table 7 – Remuneration of Senior Management 2021-22

Name	12 months ended 31 July 2022			12 months ended 31 July 2021		
	Salary* £000	Pension benefit £000	Total £000	Salary* £000	Pension benefit £000	Total £000
C Turnbull, Principal	140-145	85	215-220	140-145	76	215-220
A Campbell, Vice Principal	100-105	17	120-125	100-105	30	130-135
M Breen, Vice Principal	100-105	50	155-160	100-105	40	140-145
W Mackie, Chair**	15-20	-	15-20	25-30	-	25-30
F McQueen Interim Chair**	10-15		10-15			

** *W Mackie tenure as Chair of the Board ended on 2 March 2022. The role of Interim Chair of the Board was taken up by F McQueen on 3 March 2022*

The details in the tables in this section of the report are subject to audit. The format of the tables has been set by the SFC as part of its accounts direction to colleges for 2021-22.

The pension benefit figure included within Table 7 is derived by using a calculation set out by SFC in the 2021-22 accounts direction. The accounts direction states that:

"the value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension right".

Median Remuneration

Colleges are required by the FReM to disclose the relationship between the remuneration of the highest paid official and the median (middle of the range) remuneration of their workforce.

The midpoint of the remuneration pay bands for the highest paid official in the organisation in financial year 2021-22 was £142,500 (2020-21, £141,967). This was 3.7 times (2020-21, 3.8 times) the median remuneration of the workforce which was £38,672 (2020-21, £37,672). This is detailed in Table 8.

Table 8

Range of Workforce Remuneration	2021-22 £000	2020-21 £000	% Change
Highest paid official remuneration	143	140	3%
Median (total pay and benefits)	39	38	3%
Median (salary only)	39	38	3%
Ratio	3.7	3.8	-3%

The 25th percentile of the remuneration pay bands for the highest paid official in the organisation in financial year 2021-22 was £142,500 (2020-21, £141,967). This was 5.5 times (2020-21, 5.6 times) the median remuneration of the workforce which was £26,017 (2020-21, £25,017). This is detailed in Table 9.

Table 9

Range of Workforce Remuneration	2021-22 £000	2020-21 £000	% Change
Highest paid official remuneration	143	140	3%
25th percentile (total pay and benefits)	26	25	4%
25th percentile (salary only)	26	25	4%
Ratio	5.5	5.6	-1%

The 75th percentile of the remuneration pay bands for the highest paid official in the organisation in financial year 2021-22 was £142,500 (2020-21, £141,967). This was 3.3 times (2020-21, 3.3 times) the median remuneration of the workforce which was £43,357 (2020-21, £42,357). This is detailed in Table 10.

Table 10

Range of Workforce Remuneration	2021-22 £000	2020-21 £000	% Change
Highest paid official remuneration	143	140	3%
75th percentile (total pay and benefits)	43	42	2%
75th percentile (salary only)	43	42	2%
Ratio	3.3	3.3	0%

Accrued Pension Benefits

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

Both STSS and the SPF were final salary pension schemes up to 31 March 2015. This means that pension benefits for service prior to that date are based on the final year's pay and the number of years that the person has been a member of the scheme. Since 1 April 2015 both schemes have moved to being Career Average Schemes in respect of service since that date.

Contribution rates for these two schemes are set annually for all employees, with the employer contribution rate being the same percentage of gross salary for all members of the respective schemes. Employee contribution rates increase in line with gross salary as set out in the rules for each scheme.

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

Senior Officials' Pension

Pension benefits are provided to senior officials on the same basis as all other staff. The senior officials are members of either the STSS or the SPF as noted below (Table 11).

Table 11 – Employer's Contributions by Senior Official

Name	Senior Official's Pension Scheme	Accrued pension at pension age at 31 July 2022 £000	Accrued lump sum at pension age at 31 July 2022 £000	Real increase in pension 1 August 2020 to 31 July 2022 £000	Real increase in lump sum 1 August 2020 to 31 July 2022 £000	CETV at 31 July 2022 £000	CETV at 31 July 2021 £000	Real increase in CETV £000
C Turnbull	SPF	70	110	5	3	1,356	1,237	119
A Campbell	STSS	31	56	1	-	430	390	40
M Breen	SPF	40	45	3	-	631	579	52

Cash Equivalent Transfer Value

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

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

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

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

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

Compensation for Loss of Office

No compensation payments were made for the loss of office during 2021-22. There were no payments in 2020-21

No voluntary severance payments were made for the loss of office during 2021-22. During 2020-21 the College made voluntary severance payments of £467,000.

Salaries and related costs for 2021-22 totalled £33,394,000 as noted below (Table 12).

Table 12 – Salaries and Related Costs 2021-22

	2021-22			2020-21
	Directly employed staff £000	**Seconded and agency staff £000**	**Total £000**	**Total £000**
Wages and salaries	**25,692**	23	**25,715**	**25,315**
Social security costs	**2,589**	-	**2,589**	**2,446**
Other pension costs	**5,090**	-	**5,090**	**4,947**
TOTAL	**33,371**	**23**	**33,394**	**32,708**
Average number of FTEs			695	707

In 2021-22, the College employed 540 females and 314 males. No member of staff currently identifies as non-binary or gender neutral. The College continues to promote trans and gender diverse inclusion to ensure all staff are supported.

In the year ended 31 July 2022 staff turnover was 6.1%. The figure for the year ended 31 July 2021 was 6.6%.

Sickness Absence

Total sickness absence during 2021-22 was 3.74%. Of this, 1.33% was due to short-term and 2.41% was long-term sickness absence (Table 13).

Table 13 – Sickness Absence

Sickness Absence Duration	2021-22	2020-21
Short-term	1.3%	0.6%
Long-term	2.4%	1.5%
Total	**3.7%**	**2.1%**

Short-term absence is any absence lasting less than 28 days. Long-term absence is any absence lasting 28 days or more.

Trade Union Facility Time

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, Ayrshire College provided support through paid facility time for union officials working at the College. The information for the year ended 31 July 2022 is set out below in the Tables 14 to 16.

Table 14 – Relevant Union Officials

Number of employees who were union officials during 2021-22	Employee number by FTE:
8.0	**1.2**

Table 15 – Percentage of Time Spent on Facility Time

Percentage	Number of Employees
0%	0
1%-50%	8
51%-99%	0
100%	0

Table 16 – Percentage of Pay Bill Spent on Facility Time

Total cost of facility time	£58,447
Total pay bill	£33,938,554
Percentage of total pay bill spent on facility time	0.2%

Total time spent on trade union activities as a percentage of total paid facility time hours during 2021-22 was 100%. The College also releases union officials to support staff with other meetings as required.

Approval of the Remuneration Report

The Remuneration Report has been approved by the Board of Management and is signed on its behalf by:

F McQueen
Chair

A Cox
Principal

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

Report on the Audit of the Financial Statements

Opinion on Financial Statements

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

In our opinion the accompanying financial statements:

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

Basis for opinion

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

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the college's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue. These conclusions are not intended to, nor do they, provide assurance on the college's current or future financial sustainability. However, we report on the college's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

Risks of material misstatement

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

Responsibilities of the Board of Management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Reporting on other requirements

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

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

Other information

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

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

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

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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

Lucy Nutley

For and on behalf of Mazars LLP
100 Queen Street
Glasgow
G1 3DN

December 2022

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR TO 31 JULY 2022

	Note	Recurring	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
INCOME				
SFC grants	2	46,272	**46,272**	45,523
Tuition fees and education contracts	3	3,989	**3,989**	4,256
Other grants and contracts	4	74	**74**	82
Other income	5	1,988	**1,988**	1,450
Investment income		-	**-**	-
Total Income		52,323	**52,323**	51,311
EXPENDITURE				
Staff costs	6	37,897	**37,897**	36,772
Restructuring costs	6	-	**-**	467
Other operating expenses	8	8,782	**8,782**	8,183
Depreciation	11	4,072	**4,072**	3,734
Interest and other financial costs	9	3,051	**3,051**	3,237
Total Expenditure		53,802	**53,802**	52,393
Surplus/(deficit) before other gains/(losses)		(1,479)	**(1,479)**	(1,082)
Gain/(loss) on disposal of assets		(66)	**(66)**	(19)
Surplus/(deficit) before tax		**(1,545)**	**(1,545)**	(1,101)
Taxation	10	-	-	-
(Deficit) for the year		**(1,545)**	**(1,545)**	**(1,101)**
Unrealised surplus on revaluation of assets			**70**	26,784
Actuarial gain / (loss) in respect of pension schemes			**36,063**	10,412
Total Comprehensive Income for the year			**34,588**	36,095

All items of income and expenditure relate to continuing activities and are unrestricted.

The Statement of Comprehensive Income is prepared under the FE/HE SORP. Colleges are also subject to Central Government accounting rules but the FE/HE SORP does not permit colleges to include Government non-cash allocations for depreciation in the Statement of Comprehensive Income. Note 30 provides details of the adjusted operating position on a Central Government accounting basis.

STATEMENT OF CHANGES IN RESERVES

	Income and Expenditure Account £000	Restricted Reserves £000	Revaluation Reserve £000	Total £000
Balance at 31 July 2021	(2,348)	466	58,840	56,958
Surplus/(deficit) from the income and expenditure statement	(1,545)	-	-	**(1,545)**
Revaluation	-	-	70	**70**
Transfers from pension reserve to income and expenditure reserve	36,063	-	-	**36,063**
Transfers between revaluation and income and expenditure reserve – HC Depreciation	1,605	-	(1,605)	**-**
Total comprehensive income for the year	**36,123**	**-**	**(1,535)**	**34,588**
Balance at 31 July 2022	**33,775**	**466**	**57,305**	**91,546**

BALANCE SHEET AS AT 31 JULY 2022

	Note	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
Fixed Assets			
Tangible fixed assets	11	**126,796**	130,207
Total fixed assets		**126,796**	130,207
Net pension asset		**11,518**	-
Current Assets			
Stocks		**43**	30
Debtors	12	**4,185**	3,539
Cash and cash equivalents	17	**12,713**	8,201
Total current assets		**16,941**	11,770
Less: Creditors – amounts falling due within one year	13	**12,234**	9,707
Net current assets/(liabilities)		**4,707**	2,063
Total assets less current liabilities		**143,021**	132,270
Less: Creditors – amounts falling due after more than one year	14	**41,054**	43,727
Less: Deferred capital grants due to be released after one year	15	**8,642**	9,021
Provisions			
Early Retirement Provision	16	**1,188**	1,430
Other Provisions	16	**591**	591
			-
Net Assets excluding pension liability		**91,546**	77,501
Net pension liability	19	**-**	(20,543)
NET ASSETS INCLUDING PENSION LIABILITY		**91,546**	56,958
Income and expenditure account excluding pension reserve	17	**22,257**	18,195
Pension reserve	17	**11,518**	(20,543)
		33,775	(2,348)
Restricted Reserves		**466**	466
Revaluation Reserve	17	**57,305**	58,840
TOTAL RESERVES		**91,546**	56,958

The financial statements on pages 39 to 65 were approved by the Board of Management and are signed on its behalf by:

F McQueen
Chair

A Cox
Principal

CASH FLOW STATEMENT FOR THE YEAR TO 31 JULY 2022

	Note	Year ended 31 July 2022	Year ended 31 July 2021
		£000	£000
Cash inflow from operating activities			
Surplus/(deficit) for the year		**(1,545)**	(1,101)
Adjustment for non-cash items			
Depreciation	11	**4,072**	3,734
Net (gain)/loss on disposal of fixed assets		**66**	19
Deferred capital grants released to income	15	**(829)**	(899)
(Increase)/decrease in stock		**(13)**	-
(Increase)/decrease in debtors	12	**(646)**	(969)
Increase/(decrease) in creditors	14	**2,399**	2,286
(Decrease)/increase in provisions	16	**(242)**	86
(Decrease)/increase in reserves		**-**	-
Net return on pension liability	19	**4,002**	3,611
Returns on investments and servicing of finance		**(357)**	(405)
Taxation		**-**	-
Cash flows from investing and financing activities			
Interest receivable – bank interest		**-**	-
Interest payable	9	**357**	405
PFI/NPD Capital Payments	14	**(2,545)**	(2,415)
Purchase of tangible fixed assets	11	**(657)**	(626)
Proceeds from sale of tangible fixed assets		**-**	4
Deferred Capital Grants Receipts	15	**450**	559
Increase/(decrease) in cash and cash equivalents in the year		**4,512**	4,289

Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash and cash equivalents in the year		**4,512**	4,289
Net funds at 1 August 2021		**8,201**	3,912
Net funds at 31 July 2022		**12,713**	8,201

NOTES TO THE FINANCIAL STATEMENTS

1 Statement of Principal Accounting Policies

a) Basis of Preparation

The financial statements are prepared on a going concern basis and show a deficit for the year of (£1,545,000) before non-recurring items, with an accumulated deficit on the income and expenditure reserve of £33,775,000. At 31 July 2022, current assets of £16,941,000 included cash and bank balances of £12,713,000. Creditors falling due within one year were £12,234,000, with net current liabilities of £4,707,000.

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP); *Accounting for Further and Higher Education* and in accordance with applicable Accounting Standards. They conform to guidance published by the Scottish Funding Council. In preparing these financial statements, management has ensured compliance with the requirements of FRS 102.

b) Basis of Accounting

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

c) Recognition of income

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

Funds the College receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure account.

d) Grant Funding

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

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the College is entitled to the funds, subject to any performance related conditions being met. The funds will be held in deferred income under creditors until conditions are met.

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

e) Maintenance of Premises

The cost of maintenance is charged to the Statement of Comprehensive Income in the period in which it is incurred.

f)   **Pension Schemes**

Retirement benefits to employees of the College are provided by the Scottish Teachers' Superannuation Scheme (STSS) and the Strathclyde Pension Fund (SPF). The STSS is a defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pension Scheme. Contributions to the STSS are charged to the Statement of Comprehensive Income so as to spread the cost of pensions over employees' working lives with the College. The contributions are determined by qualified actuaries on the basis of periodic valuations using the projected unit method. The SPF is a defined benefit scheme under the definitions set out in FRS102.

g)   **Tangible Fixed Assets**

Private Finance Initiative (PFI) Assets

PFI contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the service passes to a PFI contractor.

Where the College is subject to the majority of the potential variations in property related profits or losses and has access to the risks and rewards of ownership (which is assessed having regard, in particular, to the quantum of finance provided by the private sector that is, in fact, at risk to the performance of the project) it recognises an asset and a corresponding liability for amounts due to the scheme operator to pay for the asset.

Assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the College.

The amounts payable to the PFI operators each year are analysed into three elements:

- Fair value of the services received during the year
- Finance cost and interest charge on the outstanding Balance sheet liability
- Payment towards liability – applied to write down the Balance sheet liability towards the PFI operator.

The annual cost of the service charge and finance cost are disclosed within Other Operating Expenses and Interest Payable notes 8 and 9 to these financial statements.

NPD Assets

The NPD model was developed and introduced as an alternative to, and has since superseded, the traditional PFI model in Scotland

The Scottish Futures Trust states that the "NPD model is defined by the broad core principles of:

- Enhanced stakeholder involvement in the management of projects
- No dividend bearing equity
- Capped private sector returns."

Guidance on the accounting and resource treatment of NPD payments was issued to colleges with NPD projects in August 2015.

The annual cost of the service charge and finance cost are disclosed within Other Operating Expenses and Interest Payable notes to these financial statements (notes 8 and 9).

g)   **Tangible Fixed Assets (continued)**

Land and Buildings

Land and buildings inherited from the former Strathclyde Regional Council in 1993 are stated in the Balance Sheet at a valuation on the basis of depreciated replacement cost for specialised properties and open market value for non-specialised properties, as at 31 July 2022, less amounts written off by way of depreciation.

Land and buildings acquired since incorporation are included in the balance sheet at revaluation plus cost where this is over £10,000. Project expenditure is counted as a single asset. Freehold land associated with the buildings and undeveloped freehold land is not depreciated. Freehold building costs are depreciated on a straight-line basis over their useful economic life, as assessed by external valuers, as follows:

Main buildings and infrastructure   (up to) 65 years
Temporary buildings   (up to) 10 years

Land and Buildings are formally revalued on a quinquennial basis, with an interim desktop review, to ensure the carrying value is not significantly different from fair value.

Leased assets are depreciated over the life of the lease.

Equipment

The College has attributed no value to equipment inherited from the former Strathclyde Regional Council in 1993. Other equipment is capitalised as follows:

IT assets   -   Over £10,000 for single items or over £10,000 for groups of related assets
Other assets   -   Over £10,000 for single items or over £10,000 for groups of related assets

Equipment is depreciated on a straight-line basis over its useful economic life as follows:

Computer and media equipment   4 years
Other motor vehicles and equipment   4 to 5 years
Furniture and fittings   8 to 10 years

h)   **Leased Assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Leasing agreements that transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

i)   **Stocks**

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

j)   Taxation

As a Scottish charity, the College benefits by being exempt from corporation tax on income and surpluses which have been derived in pursuing activities designed to carry out the main objects of its charitable status.

The College is exempted from levying VAT on most of the services it provides to students. For this reason, the College is generally unable to recover input VAT it suffers on goods and services purchased for Curriculum Areas. The College is able to recover VAT on certain trading activities and can partially recover some input tax on other non-Curriculum Area expenditure.

k)   Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

l)   Financial Instruments

The College only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and other loans to related parties.

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

m)   Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.

- Determine whether there are indicators of impairment of the College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty:

- Tangible Fixed Assets

  Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account.

- Local Government Pension Scheme

  The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability.

As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has recorded a notional surplus and therefore the College is showing a pension asset in the balance sheet as at 31 July 2022. The College consider that they will be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, and therefore the surplus has been recognised in these financial statements in line with the requirements of FRS102.

	Note	Year ended 31 July 2022	Year ended 31 July 2021
		£000	£000

2   SFC Grants

	Note	2022	2021
FE recurrent grant (including fee waiver)		37,107	36,272
HE & FE childcare funds		408	367
Release of deferred capital grants		755	828
Maintenance grant		786	684
NPD UC Grant (include Capital)		4,809	4,791
Additional financial support		-	700
SFC Grants re Job Evaluation		858	858
Other SFC Grants		1,549	1,023
Total		**46,272**	45,523

3   Tuition Fees and Education Contracts

	Note	2022	2021
FE fees – UK		542	361
FE fees – EU		-	-
FE fees – non-EU		-	-
HE fees		2,197	2,477
Education contracts		1,078	1,259
Other contracts		172	159
Total		**3,989**	4,256

4   Other Grant Income

	Note	2022	2021
European funds		-	-
Grants from Ayrshire College Foundation – Capital		-	11
Grants from Ayrshire College Foundation - Revenue		-	-
Release of deferred capital grants	15	74	71
Total		**74**	82

5   Other Operating Income

	Note	2022	2021
Catering		467	9
Other income generating activities		1,026	677
Other income – East Ayrshire Council discretionary support		-	56
Other income		495	708
Total		**1,988**	1,450

	Note	Year ended 31 July 2022	Year ended 31 July 2021
		£000	£000
6 Staff Costs			
Wages and salaries		**25,715**	25,315
Social security costs		**2,589**	2,446
Other pension costs		**5,090**	4,947
		33,394	32,708
FRS 102 pension adjustments		**3,645**	3,206
Job Evaluation		**858**	858
Total		**37,897**	36,772
Curriculum departments		**18,215**	18,111
Curriculum services		**5,540**	5,232
Administration and central services		**11,409**	10,530
Premises		**1,361**	1,402
Catering		**514**	639
Sub-total		**37,039**	35,914
Job Evaluation		**858**	858
		37,897	36,772
Non-recurring restructuring costs		**-**	467
Total		**37,897**	37,239

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

	2022 No.	2021 No.
Academic/teaching departments	**307**	314
Academic/teaching services	**114**	114
Administration and central services	**200**	198
Premises staff	**49**	51
Catering staff	**25**	30
Total	**695**	707

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

	2022 No.	2021 No.
£50,001 to £60,000 per annum	**20**	20
£60,001 to £70,000 per annum	**-**	-
£70,001 to £80,000 per annum	**2**	2
£80,001 to £90,000 per annum	**5**	5
£90,001 to £100,000 per annum	**-**	1
£100,001 to £110,000 per annum	**2**	2
£110,001 to £120,000 per annum	**-**	-
£120,001 to £130,000 per annum	**-**	-
£130,001 to £140,000 per annum	**-**	-
£140,001 to £150,000 per annum	**1**	1

7 Senior Post-holders' Emoluments

	Note	2022	2021
		No.	No.
The number of senior post-holders, including the Principal was:		**3**	4

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
Senior post-holders' emoluments are made up as follows:		
Salaries	**353**	446
Benefits in kind	**-**	-
Employers Pension contributions	**73**	88
Total Emoluments	**426**	534

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

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
Salary	**144**	140
Bonus	**-**	-
Benefits in kind	**-**	-
	144	140
Employers Pension contributions	**28**	27

7 Senior Post-holders' Emoluments (continued)

In 2021-22 the Principal and one other senior post-holder were members of the Strathclyde Pension Fund and one senior post holder was a member of the Scottish Teachers Superannuation Scheme. All pension contributions were paid at the same rate as for other members.

The members of the Board of Management, other than the Chair (see below), 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.

Chair's Remuneration

The College has paid the Chair's remuneration, set by Scottish Ministers, as follows:

2021-22: £27,560
2020-21: £27,560

This remuneration is not pensionable.

	Note	Year Ended 31 July 2022	Year Ended 31 July 2021
		£000	£000
8 Other Operating Expenses			
Teaching departments		**1,533**	1,585
Administration and central services		**2,301**	2,160
Kilwinning Campus PFI service charge		**812**	813
Hill Street NPD unitary charge		**1,435**	1,395
Other premises costs		**2,058**	1,851
Childcare costs		**408**	367
Catering costs		**235**	12
Total		**8,782**	8,183

	Year Ended 31 July 2022	Year Ended 31 July 2021
	£000	£000
Other operating expenses include:		
Auditors' remuneration		
- external audit of these financial statements	**35**	35
- internal audit services	**27**	29
- other services		-
Operating lease payments	**97**	97

	Note	Year Ended 31 July 2022	Year Ended 31 July 2021
		£000	£000
9 Interest Payable			
Kilwinning Campus PFI interest charge		**249**	308
Hill Street NPD interest charge		**2,445**	2,524
Pension finance costs	19	**357**	405
Total		**3,051**	3,237

10 Taxation

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

11 Tangible Fixed Assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	PFI Building £000	NPD Building £000	Equipment £000	Total £000
Cost or Valuation						
At 1 August 2021	41,365	1,005	23,587	63,307	7,130	**136,394**
Additions	114	-	-	13	530	**657**
Revaluation	70	-	-	-	-	**70**
Impairments	-	-	-	-	-	**-**
Disposals	-	-	-	-	(2,426)	**(2,426)**
At 31 July 2022	**41,549**	**1,005**	**23,587**	**63,320**	**5,234**	**134,695**
Depreciation						
At 1 August 2021	-	561	-	-	5,626	**6,187**
Provided during year	1,274	79	680	1,329	712	**4,074**
Write back re: revaluation	-	-	-	-	-	**-**
On disposals	-	-	-	-	(2,362)	**(2,362)**
At 31 July 2022	**1,274**	**640**	**680**	**1,329**	**3,976**	**7,899**
Net Book Value at 31 July 2022	**40,275**	**365**	**22,907**	**61,991**	**1,258**	**126,796**
Net Book Value at 31 July 2021	41,365	444	23,587	63,307	1,504	130,207
Inherited	25,626	2	12,953	18,724	-	57,305
Financed by capital grant	8,266	363	21	13	878	9,541
Other	6,383	-	9,933	43,254	380	59,950
At 31 July 2022	**40,275**	**365**	**22,907**	**61,991**	**1,258**	**126,796**

The College's Ayr, Kilwinning and Kilmarnock Campus properties were valued at 31 July 2021 by Ryden in the capacity of external valuer. The basis of valuation adopted was that set out in FRS102 being fair value: market value for existing use or depreciated replacement costs (as defined by the Statements of Asset Valuation Practice and Guidance Notes issued by the Royal Institution of Chartered Surveyors), depending on the type of asset being valued.

	Note	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
12 Debtors: Amounts falling due within one year			
Trade debtors – net of provision for doubtful debts		**156**	315
European funding		**-**	-
Other Debtors		**21**	192
Prepayments and accrued income		**4,008**	3,032
Amounts owed by the Scottish Funding Council		**-**	-
		4,185	3,539

	Note	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
13 Creditors: Amounts falling due within one year			
Bank loans and overdrafts		-	-
Trade creditors		**436**	214
Other taxation and social security		**954**	649
Other Creditors		**1,079**	833
Accruals and deferred income		**3,661**	2,838
PFI Capital payment < 1 year	14	**1,183**	1,120
NDP Capital payment < 1 year	14	**1,490**	1,425
Deferred Capital Grants to be released in <1 year	15	**899**	899
Amounts owed to Scottish Funding Council		**1,531**	1,179
Bursaries and Student Support Funds for future disbursements		**1,001**	550
		12,234	9,707

	Note	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
14 Creditors: Amounts falling due after one year			
Capital Element of Kilwinning PFI expenditure:			
At 1 August 2021		**4,417**	5,477
Capital payments in year		**(1,120)**	(1,060)
		3,297	4,417
Less amount due within one year	13	**(1,183)**	(1,120)
At 31 July 2022		**2,114**	3,297
Capital Element of Kilmarnock NPD expenditure:			
At 1 August 2021		**41,855**	43,210
Capital payments in year		**(1,425)**	(1,355)
		40,430	41,855
Less amount due within one year	13	**(1,490)**	(1,425)
At 31 July 2022		**38,940**	40,430
Total		**41,054**	43,727

15 Deferred Capital Grants

	SFC £000	Non SFC £000	Total £000
At 1 August 2021			
Land and Buildings	7,139	1,795	**8,934**
Equipment	986	-	**986**
	8,125	1,795	**9,920**
Grants Received in the Period			
Land and Buildings	127	-	**127**
Equipment	323	-	**323**
	450	-	**450**
Released to Income and Expenditure Account			
Land and Buildings	(325)	(74)	**(399)**
Equipment	(430)	-	**(430)**
	(755)	(74)	**(829)**
At 31 July 2022			
Land and Buildings	6,941	1,721	**8,662**
Equipment	879		**879**
	7,820	1,721	**9,541**
Split as follows:			
Due to be released in <1 year	828	71	**899**
Due to be released in >1 year	6,992	1,650	**8,642**
	7,820	1,721	**9,541**

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
16 Provisions for Liabilities and Charges		
Early Retirement Provision		
At 1 August 2021	**1,430**	1,474
Expenditure in the period	**(87)**	(87)
Release of provision	**(155)**	43
At 31 July 2022	**1,188**	1,430

The above liability is in respect of future pension liabilities arising from early retirements prior to 2006 and now relating to 23 individuals receiving benefits (2020-21: 23). The pension liability has been revalued using SFC actuarial tables.

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
Other Provisions		
At 1 August 2021	**591**	461
Expenditure in the period	**-**	(70)
Additional provision required in the period	**-**	200
At 31 July 2022	**591**	591

The majority of the other provisions relates to future lease commitments and dilapidations provisions on the leased property at Nethermains.

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
17 Reserves		
Income & Expenditure Account		
At 1 August 2021	**18,195**	14,759
Surplus/(deficit) for the period	**(1,545)**	(1,101)
Disposal of properties in revaluation reserve	**-**	-
Transfer from revaluation reserve	**1,605**	926
Impairment of Properties	**-**	-
Transfer to/(from) pension scheme	**4,002**	3,611
At 31 July 2022	**22,257**	18,195

17 Reserves (continued)

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
Pension Reserve		
At 1 August 2021	**(20,543)**	(27,344)
Current service cost	**(5,540)**	(5,034)
Impact of curtailments	**-**	(3)
Employer contributions	**1,869**	1,805
Contributions re unfunded benefits	**26**	26
Past service costs	**-**	-
Net return on pension scheme	**(357)**	(405)
Actuarial gain/(loss) in pension scheme	**36,063**	10,412
At 31 July 2022	**11,518**	(20,543)

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
Summary		
Income & expenditure account	**22,257**	18,195
Pensions reserve	**11,518**	(20,543)
At 31 July 2022	**33,775**	(2,348)

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
Revaluation Reserve		
At 1 August 2021	**58,840**	32,982
Revaluation	**70**	26,784
Transfer to income & expenditure account in respect of Depreciation on revalued assets (include element re PFI capital reserve)	**(1,605)**	(926)
Disposal of properties	**-**	
Impairment of properties	**-**	
At 31 July 2022	**57,305**	58,840

18 Analysis of Changes in Cash and Cash Equivalents

	At 1 August 2021 £000	Cash Flows £000	Other Changes £000	At 31 July 2022 **£000**
Cash	8,201	4,512	-	**12,713**
Finance lease/hire purchase contracts	-	-	-	**-**
Total	8,201	4,512	-	**12,713**

19 Pensions and Similar Obligations

The College's employees belong to two principal pension schemes, the Scottish Teachers Superannuation Scheme (STSS) and the Strathclyde Pension Fund Scheme (SPF).

The total pension costs for the period were:

	Year to 31 July 2022 £000	Year to 31 July 2021 £000
STSS: contributions paid	**3,195**	3,116
SPF: Contributions paid	**1,895**	1,831
FRS 102 charge to the Income & Expenditure Account	**3,645**	3,206
Total Pension Cost (Note 6)	**8,735**	8,153

Scottish Teachers' Superannuation Scheme (STSS)

The last audited full actuarial and funding valuation was carried out at 31 March 2016. The results of this valuation were rolled forward to give an overall scheme liability of £48.2 billion at 31 March 2021.

Ayrshire College is unable to identify separately its share of the scheme's underlying assets and liabilities. However, as the scheme is unfunded, there can be no surplus or shortfall. Pension contribution rates will be set by the scheme's actuary at a level to meet the cost of pensions as they accrue.

Ayrshire College has no liability for other employers' obligations to the multi-employer scheme.

Financial Assumptions at 31 March 2021
Rate of return (discount rate)   1.25%

Rate of Return in Excess of:
Earnings increases   (2.38)%
Price increases   (0.95)%

Employer contributions were payable to the STSS at a rate of 23%. Employer rates are reviewed every five years following a scheme valuation from the Government Actuary. The rate of employee's contributions vary dependant on the employee's salary.

Strathclyde Pension Fund (SPF)

The SPF is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution by the employer made for the year ended 31 July 2022 was £1,895,000.

Under the requirements of Financial Reporting Standard 102 (FRS102), the College is required to disclose information on its share of assets and liabilities of the Strathclyde Pension Fund on a market value basis at the end of the accounting period. The figures quoted form the basis of the balance sheet and funding status of Ayrshire College as at 31 July 2022, in respect of its pension obligations under this Local Government Pension Scheme (LGPS). This information is set out below:

Principal Actuarial Assumptions

	At 31 July 2022	At 31 July 2021
Rate of increase in salaries	3.5%	3.6%
Rate of increase for pensions in payment/inflation	2.8%	2.9%
Discount rate for liabilities	3.5%	1.6%
Expected return on assets	0.0%	0.0%

The current mortality assumptions include allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

		At 31 July 2022	At 31 July 2021
Current pensioners	Males	19.6	19.8
	Females	22.4	22.6
Future pensioners	Males	21.0	21.2
	Females	24.5	24.7

The approximate allocation of scheme assets is as follows:

	At 31 July 2022	At 31 July 2021
Equities	60%	66%
Bonds	27%	24%
Property	11%	9%
Cash	2%	1%
	100%	100%

The assets and the liabilities of the scheme were:

	At 31 July 2022 £000	At 31 July 2021 £000
Total Market Value of Assets	76,389	74,670
Present value of scheme liabilities:		
Funded	(64,475)	(94,722)
Unfunded	(396)	(491)
Surplus/(deficit) in the Scheme	11,518	(20,543)

19 Pensions and Similar Obligations (continued)

	Note	At 31 July 2022 £000	At 31 July 2021 £000
Employer service cost (net of employee contributions)		5,540	5,034
Past service cost		-	3
Total operating charge		5,540	5,037

		At 31 July 2022	At 31 July 2021 £000
Analysis of pension finance income/(costs)			
Expected return on pension scheme assets		1,202	862
Interest on pension liabilities		(1,559)	(1,267)
Pension finance income/(costs)		(357)	(405)

	Note	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
Movements on Pension Scheme Deficit			
Deficit in scheme at 1 August 2021		(20,543)	(27,344)
Movement in year:			
Current service charge		(5,540)	(5,034)
Losses/(gains) on curtailments		-	(3)
Contributions by members		1,869	1,805
Contributions in respect of unfunded benefits		26	26
Past service costs		-	-
Net return on pension assets		(357)	(405)
Actuarial gains/(losses)		36,063	10,412
(Deficit) in scheme at 31 July 2022	17	11,518	(20,543)

Asset and Liability Reconciliation

Reconciliation of Liabilities

	At 31 July 2022	At 31 July 2021
Liabilities at 1 August 2021	95,213	88,520
Service cost	5,540	5,034
Interest cost	1,559	1,267
Contributions by members	572	575
Actuarial (gain)/loss	(36,509)	1,359
Past service cost/(gain)	-	3
Losses/(gains) on curtailments	-	-
Estimated Unfunded Benefits Paid	(26)	(26)
Estimated Benefits Paid	(1,478)	(1,519)
Liabilities at 31 July 2022	64,871	95,213

19 Pensions and Similar Obligations (continued)

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
Reconciliation of Assets		
Assets at 1 August 2021	**74,670**	61,176
Expected return on assets	**1,202**	862
Contribution by members	**572**	575
Contribution by employer	**1,869**	1,805
Contribution in respect of unfunded benefits	**26**	26
Other Experience	**-**	(956)
Actuarial (gain)/loss	**(446)**	12,727
Estimated unfunded benefits paid	**(26)**	(26)
Estimated benefits paid	**(1,478)**	(1,519)
Assets at 31 July 2022	**76,389**	74,670

Amounts for the current and previous accounting periods

Fair value of employer assets	**76,389**	74,670
Present value of defined benefit obligation	**(64,871)**	(95,213)
Surplus/(Deficit)	**11,518**	(20,543)

As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has recorded a notional surplus and therefore the College is showing a pension asset in the balance sheet as at 31 July 2022. The College consider that it will be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, and therefore the surplus has been recognised in these financial statements in line with the requirements of FRS102.

20 Related Party Transactions

The Board of Management of Ayrshire College is a body incorporated under the Further and Higher Education (Scotland) Act 1992 and is funded by the Scottish Funding Council (SFC), which is sponsored by the Scottish Government's Enterprise and Lifelong Learning department.

SFC is regarded as a related party. During the year to 31 July 2022 Ayrshire College had various material transactions with SFC and Scottish Government Departments, as well as with other entities for which the Scottish Government is regarded as the sponsor via the Student Awards Agency for Scotland and a number of other Colleges and higher education institutions. In addition, Ayrshire College has had transactions with Skills Development Scotland, Colleges Scotland and a small number of material transactions with other Scottish Government Departments and other central government bodies.

As at 31 July 2022 the College had no outstanding balances due to related parties and two balances due from related parties. These were as follows:

- Due from SDS - £58,005
- Due from University of Strathclyde - £5,648

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 College's 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.

20   Related Party Transactions (continued)

In addition to the above-mentioned bodies, the College had transactions during the year or worked in partnership with publicly funded or representative bodies in which members of the Board of Management hold or held official positions as noted below:

Board Member	Position	Organisation	Sales/ Purchases by the College in the year
Steven Wallace	Employee	University of Strathclyde	Sales - £50,739 Purchases - £nil
Gillian Murray	Employee	Anderson Strathearn	Sales - £nil Purchases - £12,092

There were no transactions exceeding £5,000 with any other organisations associated with Board Members in 2021-22.

Three members/former members of the Board of Management were employed by the College in the year as follows:

Mrs C Turnbull	Principal and Chief Executive (resigned 05.09.2022)
Janette Moore	Teaching Staff Member
Steven Fegan	Service Staff Member

21 FE Bursary and Other Student Support Funds

	FE Bursary	FE Hardship	EMA's	Other	Year ended 31 July 2022	Year ended 31 July 2021
	£000	£000	£000	£000	£000	£000
Balance brought forward	-	-	-	331	**331**	172
Allocation received in year	8,701	2,035	382	284	**11,402**	11,364
Interest						
	8,701	2,035	382	615	**11,733**	11,536
Expenditure	(6,974)	(1,776)	(382)	(359)	**(9,491)**	(9,366)
Repaid to SFC/SAAS	(1,477)	-	-	-	**(1,477)**	(1,839)
Repayable to SFC as clawback	-	-	-	(112)	**(112)**	-
College contribution to funds	-	-	-	-	-	-
Virements						
Balance carried forward	250	259	-	144	**653**	331
Represented by:						
Repayable to SFC as clawback	250	259	-	136	**645**	113
Retained by College for students	-	-	-	8	**8**	218
	250	259	-	144	**653**	331

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

22 FE & HE Childcare Funds

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
Balance brought forward	219	25
Allocation received in period	756	796
	975	821
Expenditure	(408)	(367)
Repayable to SFC as clawback	(219)	(25)
Repayable in year	-	(210)
Virements	-	-
Balance carried forward	348	219
Represented by:		
Net repayable to SFC as clawback	348	219
Retained by College for Students	-	-
	348	219

Childcare Fund transactions are included within the College Statement of Comprehensive Income in accordance with the Accounts Direction issued by the Scottish Funding Council.

23 Commitments under Operating Leases

As at 31 July 2022 the College had annual commitments under non-cancellable operating leases as set out below:

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
Expiry within 1 year	-	-
Expiry within 2 to 5 years	-	-
Total	-	-

24 Capital Commitments

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000's
Contracted for at 31 July 2022	2,550	50

25 Ayrshire College Foundation

The Ayrshire College Foundation was formed on 20 December 2013. The Foundation, an independent Scottish Charity, has as its charitable objectives, the furtherance of the charitable objectives of the College which, broadly, are the advancement of education in Ayrshire.

The College has applied to the Foundation for grant assistance, primarily to assist in the College's capital investment programmes at Ayr and Kilwinning. This is as part of a planned programme of investment in the College's facilities.

26 PFI Contract and Kilwinning Campus

Payments remaining to be made under the PFI contract at 31 July 2022 are as follows:

	Payment for services	Reimbursement of Capital Expenditure	Interest	Total
	£000	£000	£000	£000
Payable in 2022-23	845	1,183	186	2,214
Payable within 2 to 5 years	1,344	2,114	167	3,625
Payable within 6 to 10 years	-	-	-	-
Total	**2,189**	**3,297**	**353**	**5,839**

	Year ended 31 July 2022	Year ended 31 July 2021
	£000	£000
Balance at start of year	**4,417**	5,477
Payments made in the year	**(1,120)**	(1,060)
Balance outstanding at end of the year	**3,297**	4,417

27 NPD Hill Street

Payments remaining to be made under the NPD contract at 31 July 2022 are as follows:

	Payment for services	Reimbursement of Capital Expenditure	Interest	Total
	£000	£000	£000	£000
Payable in 2022-23	1,333	1,490	2,362	5,185
Payable within 2 to 5 years	6,122	6,039	8,579	20,740
Payable within 6 to 10 years	8,174	9,170	8,581	25,925
Payable > 10 years	15,576	23,731	7,358	46,665
Total	**31,205**	**40,430**	**26,880**	**98,515**

	Year ended 31 July 2022	Year ended 31 July 2021
	£000	£000
Balance at start of year	**41,855**	43,210
Payments made in the year	**(1,425)**	(1,355)
Balance outstanding at end of the year	**40,430**	41,855

28 Post Balance Sheet Events

There are no post balance sheet events to report.

29 Contingent Liabilities

There are no contingent liabilities at 31 July 2022 (31 July 2021: £nil).

30 Non-Cash Allocation

Following reclassification, colleges received additional non-cash budget to cover depreciation but this additional budget is not recognised under the FE/HE SORP accounting rules. As a result, colleges show a deficit equivalent to net depreciation (where funds are spent on revenue items) in order to meet Government accounting rules and the requirement to spend the entire cash allocation.

	2021-22 **£000**	2020-21 £000
Surplus/(deficit) before other gains and losses (FE/HE SORP basis	**(1,545)**	(1,101)
Add back: Non-cash allocation for depreciation (net of deferred capital grant)	**3,243**	2,835
Operating surplus / (deficit) on Central Government accounting basis	**1,698**	1,734

Under the FE/HE SORP, the College recorded an operating deficit of (£1,545,000) for the year ended 31 July 2022. After taking account of the Government noncash budget, the College shows an "adjusted" surplus of £1,698,000 on a Central Government accounting basis.

Appendix 1

Accounts Direction for Scotland's Colleges 2021-22

1. It is the Scottish Funding Council's direction that institutions comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts.

2. Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RSB) (for assigned colleges).

3. Incorporated colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2021-22 (FReM) where applicable. In cases where there is a conflict between the FReM and the SORP, the latter will take precedence.

4. Incorporated colleges and Glasgow Colleges' Regional Board must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2022.

5. The annual report and accounts should be signed by the chief executive officer / Executive Director and by the chair, or one other member of the governing body.

6. Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council
18 July 2022

Annual Audit Report
to the Board of Management and the
Auditor General for Scotland

Ayrshire College

Year ended 31 July 2022

Contents

Mazars   2

mazars

Mazars LLP
100 Queen Street
Glasgow
G1 3DN

The Audit and Risk Committee
Ayrshire College
Kilmarnock Campus
Hill Street
Kilmarnock
KA1 3HY

22 November 2022

Dear Members,

Annual Audit Report – Year ended 31 July 2022

We are pleased to present our Annual Audit Report for the year ended 31 July 2022. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented to the Audit & Risk Committee on 7 June 2022. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 0738 724 2052.

Yours faithfully,

Lucy Nutley
For and on behalf of Mazars LLP

1. Executive Summary

Purpose of this report and principal conclusions

This Annual Audit Report sets out the findings from our audit of Ayrshire College ('the College') for the year ended 31 July 2022 and forms the basis for discussion at the Audit and Risk Committee meeting on 22 November 2022.

Our responsibilities are defined by the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice ('the Code') issued by Audit Scotland. Subject to the satisfactory completion of the outstanding work, at the time of issuing this report we have the following conclusions

Opinion on the financial statements	We anticipate an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B
Opinion on regularity	We anticipate issuing an unqualified regularity opinion, meaning that in our opinion, in all material respects the expenditure and income recognised in the financial statements have been applied for the purposes intended.
Opinion on other requirements	We anticipate issuing an unqualified opinion on the matters prescribed by the Auditor General for Scotland. Namely, that the remuneration and staff report, performance report and governance statement have been properly prepared in accordance with the relevant legislation.
Wider scope work	We anticipate concluding as follows against each of the four wider scope dimensions: • The College has effective arrangements, including budgetary control, that help the Board Members scrutinise finances; • The College has adequate financial planning arrangements in place, including budgetary control, that help the Board members scrutinise finances. However, given the overall sector financial position, we consider that the College's ability to remain financially sustainable over the medium to longer term, without significant additional funding or cost cutting, remains a significant risk; • The College has governance arrangements in place that provide appropriate scrutiny of decisions made by the Board of Management; and • The College has an effective performance management framework in place that supports progress towards the achievement of value for money.

Our proposed audit and regularity opinion is included in the draft audit report in Appendix B.

Status of our audit work

We have substantially completed our audit work on the financial statements and wider scope work for the year ended 31 July 2022. At the time of preparing this report the following matters remain outstanding.

Audit Area	Status	Description of outstanding matters
Annual Report	🟢	Consideration of the consistency of the content of the annual report with the financial statements and any other relevant supporting documentation where not obviously consistent with financial statements.
Closure procedures and review	🟢	A final review of the Annual Report and Financial Statements will be completed on receipt of the final draft document. Standard audit completion still procedures required to be performed. We will also consider post balance sheet events untilthe date of sign-off.

Status

🔴 Likely to result in material adjustment or significant change to disclosures within the financial statements

🟡 Potential to result in material adjustment or significant change to disclosures within the financial statements

🟢 Not considered likely to result in material adjustment or change to disclosures within the financial statements

Internal control recommendation and misstatements

We did not identify any significant control weaknesses during our audit and have not raised any internal control recommendations. There were also no internal control recommendations from prior years to provide an update on.

Section four outlines the misstatements noted as part of our audit at the time of issuing this report. To date we have identified one misstatement through our audit work. If any additional misstatements are noted on completion of the outstanding work, these will be reported to the Audit and Risk Committee in a follow-up letter.

Mazars   6

Our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum on 7 June 2022. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Adding value through the audit

We recognise that all of our clients want us to provide a positive contribution to meeting their ever changing business needs. Our aim is to add value to Ayrshire College through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way we aim to help the College promote improved standards of governance, better management and decision making and more effective use of limited financial resources.

Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole. Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We set materiality at the planning stage of the audit at £1,048,000 using a benchmark (2%) of total expenditure. Our final assessment of materiality, based on the draft financial statements is £1,076,000 using the same benchmark.

	Initial Threshold £'000	Final Threshold £'000
Overall materiality	1,048	1,076
Performance materiality	838	861
Trivial threshold for errors to be reported to the Audit and Risk Committee	31	32

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The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities and accounts;

- have a willingness to study the information in the financial statements with reasonable diligence;

- understand that financial statements are prepared, presented and audited to levels of materiality;

Mazars   7

- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgements and the consideration of future events; and

- will make reasonable economic decisions on the basis of the information in the financial statements

We consider materiality whilst planning and performing our audit base on quantitative and qualitative factors.

Performance materiality

Our audit testing is based on a level of performance materiality, which is a percentage of overall materiality, but also dependent on the level of inherent risk assessed on the area being tested. It is lower than overall materiality as it helps to reduce the risk that the total of the uncorrected or undetected misstatements does not exceed materiality for the financial statements as a whole. It is based on between 50 – 80% of overall materiality depending on the inherence risk level assessed. Our initial assessment of performance materiality is based on low inherent risk, meaning that we have applied 80% of overall materiality as performance materiality. This assessment has not changed during the audit process.

Misstatements

We aggregate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to the Audit Committee that is consistent with the level of triviality that we consider would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements. This level was set at 3% of materiality.

Ayrshire College # 484082
06/12/2022 14:59:23

Mazars

8

2. Audit of the financial statements

Set out below are the significant findings from our audit. These findings include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;

- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 12 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;

- any further significant matters discussed with management; and

- any significant difficulties we experienced during the audit.

Significant risks and key areas of management judgment

As part of our planning procedures, we considered the risks of material misstatement in the College's financial statements that required special audit consideration. Although our report identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process, and we regularly consider whether new significant risks have arisen and how we intend to respond to these risks. No new risks have been identified since we issued our Audit Strategy Memorandum.

Management override of controls

Description of the risk

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

We addressed this risk by performing audit work over:

- Accounting estimates impacting on amounts included in the financial statements;

- Consideration of identified significant transactions outside the normal course of business; and

- Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

Audit conclusion

Satisfactory assurance has been gained in respect of the presumed risk of management override of controls. We have no matters to report.

Revenue recognition	**Description of the risk**
	There is a presumption under International Standards on Auditing that there is a significant risk of fraud and error in the timing of revenue recognition leading to the material misstatement of revenue overall. This is because revenue is an area of particular focus by users of financial statements and can be subject to judgements as to when grant income should be recognised and if clawback conditions apply to the funding.
	The presumption is able to be rebutted, which we have done for the College's grant income, as it carries very low inherent risk of fraud or error in its recognition. However, the risk does apply to non-grant income generated by the College.

How our audit addressed this area of management judgement

We addressed this risk by performing audit work over:

- The design and implementation of controls management has in place to ensure income is recognised in the correct period;

- Cash receipts around year end to ensure they have been recognised in the appropriate year; and

- The judgements made by management in determining when grantincome is recognised.

Audit conclusion

Satisfactory assurance has been gained in respect of the presumed risk of error in revenue recognition. We have no matters to report.

Ayrshire College # 484082
06/12/2022 14:59:23

Mazars

11

Expenditure recognition

Description of the risk

For public sector organisations, the same risk in relation to fraud and error in respect of the timing of recording of transactions can apply to the recognition of non-payroll related expenditure and contractual obligations.

The pressure to manage expenditure to ensure that budgeted outcomes are achieved increases the risk surrounding fraudulent reporting of expenditure

How we addressed this risk

We addressed this risk by performing audit work over:

- The design and implementation of controls management has in place;

- Testing of non-payroll expenditure around the year end to ensure transactions are recognised in the appropriate year;

- Testing material year end payables, accruals and provisions; and

- Reviewing judgements about whether the criteria for recognising provisions are satisfied.

Audit conclusion

Satisfactory assurance has been gained in respect of the risk of error in expenditure recognition. We have no matters to report

Key Areas of Management Judgement

Key areas of management judgement include accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement. These areas of management judgement represent other areas of audit emphasis.

Valuation of land and buildings	**Description of the area of focus**
	The College held land and buildings with a net book value of £126m as at 31 July 2022 (£129m as at 31 July 2021).
	In line with the requirements of the Government Financial Reporting Manual, the College has adopted a formal revaluation policy of an external valuation every five years, with a desktop, interim valuation performed during the five year period. As the external valuation was performed at 31 July 2021, there was no full revaluation in the current year. A valuation of land transferred to the Kilwinning Campus as part of the Future Skills Hub was performed during the year.
	The College policy meets the requirement of the FE SORP that assets are valued sufficiently regularly so that the carrying value of the asset is not materially different from its fair value. The College is required to assess on an annual basis whether there are indicators of impairment to assets at the reporting date.
	Given the significance of the value of fixed assets held, a misstatement in the valuation could be material to the financial statements.

How our audit addressed this area of management judgement

We have performed a range of substantive procedures including:

- Ensuring valuations and impairments have been completed on the appropriate basis and that movements are in line with expectation;

- Review of the reconciliation between the College's asset register and general ledger; and

- Considering the College's impairment review process for land and buildings.

Audit conclusion

Satisfactory assurance has been gained in respect of the valuation of land and buildings.

Ayrshire College # 484082
06/12/2022 14:59:23

Valuation of pension liabilities

Description of the risk

The College makes contributions to two pension schemes – the ScottishTeachers Superannuation Scheme (STSS) and the Strathclyde Pension Fund (SPF). While both are defined benefit schemes, it is not possible to identify the College's share of the underlying assets and liabilities in the STSS and it is therefore accounted for as a defined contribution scheme.

The College's share of the SPF's underlying assets and liabilities is identifiable and is recognised in the accounts.

Given the scale of the liability recognised, a misstatement in the reported position could be material to the financial statements.

How our audit addressed this area of management judgement

- Considering the arrangements put in place, including the controls, formaking estimates in relation to pension entries in the financial statements; and

- Considering the reasonableness of the actuary's assumptions used in providing the College with information in the financial statements through the use of our internal experts

Audit conclusion

There have been no other significant findings arising from our review of the defined benefit valuation and disclosures in the financial statements.

Ayrshire College # 484082
06/12/2022 14:59:23

Mazars

15

Qualitative aspects of the entity's accounting practices

We have reviewed the College's accounting policies and disclosures and concluded they comply with the requirements of the 2015 Statement of Recommended Practice: Accounting for Further and Higher Education and the Government Financial Reporting Manual 2021/22 and were appropriately tailored to the College's circumstances.

Draft financial statements were received from the College on 13 October 2022 at the start of audit fieldwork. The draft annual report was received during fieldwork on 2 November 2022. Both draft financial statements and the draft annual report were of good quality.

Producing good quality audit working papers is a crucial part of compiling financial statements that are complete and materially accurate. They also support the delivery of an efficient audit. Working papers provided for audit were of a good standard and staff were responsive to our requests during the audit.

Significant matters discussed with management

At 31 July 2022 the College's share of the Strathclyde Pension Fund was recorded as a notional surplus as the value of the defined benefit obligation was less than the fair value of the plan assets at that date, meaning that the pension liability usually recorded is now a pension asset. We have had discussions with management as to the most appropriate accounting treatment and disclosure of the pension asset.

During the course of the audit, the financial position of the College changed resulting from a late announcement from the Scottish Funding Council (SFC) declaring that Colleges who had not met their credit targets could use a 2% tolerance for missed credit targets. This resulted in the College being able to release around £711k of a credit provision that was intended to be returned to SFC, into income. The impact was the reported adjusted operating position going from deficit to surplus as at 31 July 2022.

No other significant matters arose during the course of the audit.

Significant difficulties during the audit

We completed our audit remotely. During the course of the audit we did not encounter any significant difficulties and we have had the full cooperation of management. The draft accounts, working papers and annual report were all provided in line with the agreed timetable. We would like to express our thanks to management and college staff for their cooperation throughout the audit.

Mazars

16

3. Internal Control Recommendations

The purpose of our audit is to express an opinion on the financial statements. As part of our audit, we have considered the internal controls in place relevant to the preparation of the financial statements. We do this in order to design audit procedures to allow us to express an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of internal control, nor to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control, we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist of improvements that could be made.

We did not identify any significant control weaknesses during our audit and have raised no internal control recommendations.

4. Summary of Misstatements

This section outlines misstatements identified during the course of the audit, above the clearly trivial threshold for adjustment of £32k.

Adjusted misstatements

There was one adjusted misstatement identified during the course of the audit above the trivial threshold of £32k. This was as a result of late guidance issued by the Scottish Funding Council that allowed the College to take advantage of a 2% credit tolerance that would improve the financial position. This increased income by £711k and moved the adjusted operating position from deficit to surplus.

| | SOCIE | | Balance Sheet | |
| | Dr | Cr | Dr | Cr |
	£'000	£'000	£'000	£'000
Funding body grants		(711)		
Amounts owed to SFC			711	
Being the adjustment to income following adoption of 2% credit tolerance				
		(711)	**711**	

Unadjusted misstatements

There were no unadjusted misstatements identified during the course of the audit above the clearly trivial threshold of £32k.

5. Wider Scope

Our approach to Wider Scope work

The Code requires us to conclude and make a judgement on the four dimensions of wider scope work. These are:

- Financial sustainability
- Financial management
- Governance and transparency; and
- Value for money

The table overleaf sets out the four dimensions of wider scope and our adopted approach.

Dimension	Description	Our approach
Financial management	Financial management is concerned with financial capacity, sound budgetary processes andwhether the control environment and internal controls are operating effectively	We have considered: • the monitoring of the effectiveness of internal control arrangements • whether the College's budgetary control system is timely and accurate • whether and how the College has assessed their financial capacity and skills
Financial sustainability	Extending our work on the going concern assumption in the financial statements looking forward two to five years from the reporting date, reviewing,and assessing the college's arrangements for financial planning and affordable and sustainable service delivery	We have considered: • the financial planning system in place for short, medium and long term periods • the adequacy and accuracy of financial reporting arrangements • the reasonableness of affordability assumptions made in financial planning
Governance and transparency	Governance and transparency covers the effectiveness of scrutiny and governance arrangements, leadership and decision making and transparent reporting of financial and performance information. The Governance Statement sets out the internal control arrangements and governance framework in place for the year under review	We have considered: • the effectiveness of internal control arrangements • the appropriateness of disclosures made in the Governance Statement • whether the disclosure requirements of the Accounts Direction and the Code of Good Governance for Scotland's Colleges have been met
Value for money	Value for money concerns using resources effectively andcontinually improving services	We have considered: • the College's evidence of providing value for money • the focus on improving value for money and the pace of change at the College.

Financial management

Dimension

Financial management is concerned with financial capacity, sound budgetary processes andwhether the control environment and internal controls are operating effectively.

Our conclusion

Ayrshire College has effective arrangements, including budgetary control, that help Board of Management members scrutinise finances.

Financial performance

FE/HE SORP position

	2021/22 £'000	2020/21 £'000
Operating income	52,323	51,311
Staff costs	(37,897)	(36,772)
Operating expenditure	(15,905)	(15,621)
Operating Deficit for the year (FE/HE SORP basis)	**(1,479)**	**(1,082)**

The above table shows the financial performance of the College for 2021/22 and 2020/21 under the FE/HE SORP. Despite a deficit being shown over both years:

- The College's spending was in line with the plan;

- The College consistently reported a deficit during the year, albeit the level varied depending on the level of support that would potentially be available through credit tolerance from the SFC.; and

- The student core credit target was met confirming the level of funding in the financial statements.

Adjusted operating position

The table above sets out the financial position in accordance with SORP requirements. The following table reflects the 'adjusted operating position' as required by the Accounts Direction issued by the Scottish Funding Council. The adjusted operating position removes more volatile accounting entries, such as the valuation of pensions. Full details of the adjustments included are shown, as required, in the Performance Report within the Annual Report and Financial Statements.

	2021/22 £'000	2020/21 £'000
Deficit before other gains and losses	(1,479)	(1,082)
Add back		
• Depreciation (net of deferred capital grant release)	3,243	2,835
• Non-cash pension adjustments – net service costs	3,645	3,206
• Non-cash pension adjustments – net interest cost	357	405
• Non-cash pension adjustments – early retirement provision	(155)	43
Deduct		
• Non-government capital grants from ACF	-	(67)
• CBP allocated to loan repayments and other capital items	(954)	(954)
• NPD income applied to reduce NPD balance sheet debt	(1,425)	(1,355)
• Additional revenue funding allocated by SFC	-	(700)
SFC declared adjusted operating surplus	**3,232**	**2,331**

The Accounts Direction issued by the SFC for 2021/22 requires Colleges to submit the adjusted operating position calculation with draft accounts to the SFC for review before the accounts are signed off. The SFC have confirmed that they are satisfied with the above calculation from the College.

The table above shows that once the non-cash and other applicable adjustments are made, the College has achieved a surplus in the year.

Impact of depreciation budget

The Statement of Comprehensive Income and Expenditure is prepared under the FE/HE SORP, which does not permit the inclusion of the non-cash budget for depreciation. Colleges may show a deficit equivalent to net depreciation as a result of having to meet Government accounting rules

	2021/22 £'000	2020/21 £'000
Operating Deficit for the year (FE/HE SORP basis	(1,479)	(1,082)
Add:		
Depreciation budget for government funded assets (net of deferred capital grant) for the academic year	3,243	2,835
Operating surplus on Central Government accounting basis	**1,764**	**1,753**

The table above shows a surplus when the impact of the depreciation budget is taken as the only adjusting factor to the financial position. The operating position table at the top of the page also shows an operating surplus for 2021/22. The College is currently considered to be operating sustainability within its funding allocation.

Budgetary process

We have reviewed and considered the budgetary processes and controls and budget monitoring arrangements in place at the College. Our work consisted of a review of budget monitoring reports and committee papers along with attendance at committees. Overall, we consider that the Board of Management obtains regular and timely financial information that reflects the actual financial position.

We note that budget reports are produced on a timely basis and considered by the appropriate committee throughout the year. Budget reports and forecasts were appropriately updated based on prudent assumptions, there was considered to be no unreasonable movements throughout the quarterly forecasts and budgets considering the ongoing impact of the recovery from the Covid-19 pandemic.

The Business, Resources and Infrastructure Committee considers the management accounting pack regularly, reporting to the Board of Management. Minutes of the meetings document the level of challenge to the financial performance.

In response to the late announcement by the SFC provided updated guidance on the 2% credit tolerance, the Finance team updated the adjusted operating position and wrote to the SFC asking to confirm the revised position. The SFC confirmed the revised position as being appropriate and therefore the Finance team processed the adjustment. The Board will be informed at the next meeting, due to take place in December.

Internal controls

As part of our audit we have considered the internal controls in place that are relevant to the preparation of the financial statements. We do this to design audit procedures that allow us to express an opinion on the financial statements; this does not extend to expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

We have also considered the work of internal audit, from individual reviews of financial systems and their annual audit opinion on the control framework in place at the College.

We conclude that the processes and controls in place at the College are operating effectively. The College has all the expected control, risk, performance and financial arrangements in place. There are a series of regularity documents including standing orders, articles of governance, code of conduct, and financial regulations intended to ensure regularity of transactions.

Prevention and detection of fraud and irregularity

Management and the Audit and Risk Committee, as those charged with governance, also have responsibilities in respect of fraud. They are responsible for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with laws and regulations.

We have a responsibility to review the College's arrangements for the prevention and detection of fraud. Our audit work was planned to provide a reasonable expectation of detecting material misstatements in the financial statements resulting from fraud and irregularity. We found the arrangement in place to be satisfactory and identified no material misstatements resulting from fraud or irregularity.

Financial Sustainability

Dimension

Financial sustainability extends the going concern assumption from the financial statements, looking forward two to five years, reviewing and assessing arrangements for financial planning and affordable and sustainable service delivery in this timescale.

Our conclusion

Ayrshire College has adequate financial planning arrangements in place, including budgetary control, that help the Board members scrutinise finances. However, given the overall sector financial position, we consider that the College's ability to remain financially sustainable over the medium to longer term, without significant additional funding or cost cutting, remains a significant risk.

Identified significant risks to our wider scope work

As part of our planning procedures we considered whether there were significant risks that would impact on any of the four areas of our wider scope work that would require special audit consideration. We set out the identified risk to this area of wider scope and how we addressed the risk below.

Financial sustainability	Description of the risk
	During 2020/21, the College prepared a three-year forecast which highlights a future funding gap. The College has taken steps to identify areas where savings can be made to mitigate the funding gap in the FFR. Given the level of sector wide uncertainties around future funding and of the general economic environment that has arisen following Covid-19, there is a risk the timing of the future funding gap could be accelerated, or made greater without the plans identified by the College being fully implemented and / or additional funding not being made available from the SFC.
	We also note that should a decision be made to retain the Kilwinning Campus at the end of the PFI contract, there will be a final payment required that will have to be funded – either through additional SFC funding or further cost cutting measures than have already been planned.
	How we addressed the risk
	We have addressed the risk by:
	• Reviewing the forecast financial position in the five-year financial plans submitted to SFC;

- Considering alternative plans being considered by the College to ensure a balanced budget is achieved;
- Reviewing the financial reporting arrangements in place at the College; and
- Considering how management have considered the longer term implications of the COVID-19 outbreak;
- Considering the Board's plans for the Kilwinning Campus.

Wider scope conclusion

During 2021/22, the College has prepared a five-year forecast which highlights a future funding gap. The College has taken steps to identify areas where savings can be made to mitigate the funding gap in the FFR. Given the level of sector wide uncertainties around future funding and of the general economic environment that has arisen following Covid-19, there is a risk the timing of the future funding gap could be accelerated, or made greater without the plans identified by the College being fully implemented and / or additional funding not being made available from the SFC.

The Board has approved a decision, in principle, but subject to a final business case to retain the Kilwinning Campus at the end of the PFI contract, on 14 August 2025. As such, a £1.3m final payment will be required to be paid at this point. The College are highly likely to have to fund this from their own funds and this should be factored into future financial plans. This will either be through additional SFC funding or further cost cutting measures than have already been planned.

As a result, we consider that there remains a risk that the College will not remain financially sustainable in medium to longer term.

Mazars

26

Financial planning

This year the College has been requested to produce a five-year Financial Forecast Return (FFR) to the SFC.

SFC's FFR Call for Information set out two scenarios for colleges to consider.

Scenario One

The first scenario is the planning assumptions which are based on the Scottish Government's Spending Review.

The Key planning assumptions used in this scenario are as follows:

- Core grant funding will remain at 2022-23 levels

- Credit targets remain at 2022-23 levels

- Foundation apprenticeship funding cannot be guaranteed beyond 2022-23

- FWDF income levels from 2023-24 are likely to be reduced

- Capital maintenance funding will remain at 2022-23 levels

In addition, the College is required to apply pay and pricing uplifts across the five years of the FFR. The uplifts to be used are set out in the table below.

	2022-23	2023-24	2024-27
Pay awards	Public sector pay policy	2%	2%
Non-staff costs	3.7%	2.3%	2%
Gas unit price	3.7%	2.3%	2%
Electricity unit price	3.7%	2.3%	2%

The income and expenditure projections using SFC's planning assumptions result in the following in-year cash surplus / deficit:

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
In-year cash surplus / (deficit)	43	(385)	(872)	164	(724)

Using the planning assumptions set out within the FFR, Ayrshire College would need to deliver a total of £1.774m of efficiency savings over the five-year period. These savings would need to be achieved across three of the five years.

The College is confident that it would be able to achieve these levels of anticipated savings by delivering further cash releasing efficiency savings covering both staff

Mazars

27

and non-staff budget areas. However, to frame the level of savings within a context and using 2020-21 median remuneration levels the College estimates that savings required would equate to the loss of 36.2 full time equivalent (FTE) staff members on the basis that saving were found solely from salary costs.

Further detail on the College's five-year forecast is included in the table below:

	Forecast 2022/23 £'000	Forecast 2023/24 £'000	Forecast 2024/25 £'000	Forecast 2025/26 £'000	Forecast 2026/27 £'000
Total income	52,624	52,648	52,671	52,696	52,721
Staff costs	(36,050)	(36,219)	(36,920)	(37,635)	(38,364)
Total other expenditure	(16,852)	(17,118)	(17,252)	(16,305)	(16,565)
Operating deficit before other gains and losses	**(278)**	**(689)**	**(1,500)**	**(1,244)**	**(2,208)**
Total depreciation	3,079	3,079	3,079	3,079	3,079
Loan repayments	(954)	(954)	(954)	(945)	(945)
NPD payments	(1,490)	(1,440)	(1,502)	(716)	(640)
Adjusted operating surplus / (deficit)	**357**	**(4)**	**(877)**	**165**	**(723)**

Scenario Two

The second scenario asked for colleges to model alternative planning scenarios that are considered relevant to their operating and planning environment. To ensure consistency across the sector alternative assumptions were agreed by the FDN (Finance Directors Network).

The key planning assumptions used in the FDN Alternative Scenario matched those in the FFR. However, different assumptions were used in a number of other areas:

	2022-23	2023-24	2024-27
NTTF & YPG income	Nil	Nil	Nil
Reductions in FWDF income	20%	10%	10%
Pay awards	5%	5%	3%
Non-staff costs	9%	7%	7%
Gas unit price	230%	8%	
Electricity unit price	27%	54%	

Mazars   28

The income and expenditure projections using those planning assumptions result in the following in-year cash deficits:

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
In-year cash deficit	(1,702)	(3,960)	(5,575)	(5,542)	(7,655)

Using the planning assumptions set out using these assumptions the College estimate that they would need to deliver £24.434m of efficiency savings over the five-year period. Not insubstantial amounts of savings would need to be achieved each of the five years of the FFR.

If the £24.434m of savings were to be achieved solely through staff cost reductions the College estimates to equate to the loss of 498.9 FTE staff members based on 2020-21 median remuneration levels. During 2020-21 Ayrshire College had a total workforce of 707 FTE. Therefore, the level of savings required under the FDN Alternative Scenario cannot be achieved through a restructure or organisational review process. Ayrshire College could not function at its current capacity or deliver the educational credit activity included within our Regional Outcome Agreement with this level of staffing cuts.

Ayrshire College Alternative Scenario

Having reviewed the two scenarios set out in the FFR, the Board of Management supported the consideration of an alternative Ayrshire College planning scenario. This planning scenario reflects the tight financial environment and the fact that the College is constrained by the funding announced.

The Board recognised that the FDN Alternative Scenario would result in the College and wider sector no longer being financially sustainable. Therefore, if these projections proved to be a reality, then the sector would require to engage with SFC / Scottish Government on the future shape and size of colleges in Scotland.

Colleges would, however, have to make significant levels of saving. Therefore, for illustrative purposes, the Board approved management calculating the level of savings required by the College if it was required to achieve 25% of the savings resulting from the FDN Alternative Scenario assumptions.

Under this scenario Ayrshire College would need to deliver £6.108m of efficiency savings over the five-year period. These savings would need to be achieved across each of the five years.

If the £6.108m of savings was to be achieved solely through staff then this equates to the loss of 124.7 FTE staff members (based on the gross median remuneration level of £48,975).

The recovery from Covid-19 provides an additional risk for the College in achieving a balanced budget over the FFR period where any efficiencies able to be generated in

this time may not be sufficient to address a growing funding gap – if, for example, projections around commercial income cannot be achieved.

This is a sector-wide risk relating to uncertainties resulting from the impact of Covid-19, given the College has an existing known future funding gap and required savings in their plan, we understand the College will require to make further efficiency savings/require to obtain additional income to achieve financial sustainability.

Until such time as either additional funding is made available or the College is able to identify and implement additional cost efficiencies, we therefore consider there to be concerns over the financial sustainability of the College.

Asset management and estates strategy

National estates survey

Gardiner & Theobald were appointed by the Scottish Funding Council in January 2017 to provide a summary of the conditions of the estates within the Scottish Further Education sector, being the first independent review of the college estate in Scotland for 10 years. Across Scotland there was a significant estimated net total backlog of maintenance and renewals cost of over £350m.

The Ayrshire College estate benefits from having a relatively new estate, maintained as part of PFI and NPD contracts. The survey showed an estimate of £4.7 million of costs over the 5 year period from 2017-18 to 2022-23 for the Ayrshire College estate, with £1.8m being identified as urgent. The most significant urgent costs identified relate to Dam Park Campus in Ayr.

Kilwinning Campus PFI Contract

The College's PFI contract for the Kilwinning Campus is due to expire on 14 August 2025. Well in advance of the expiry, during 2019/20 the College obtained legal advice to understand any obligations and actions that should be taken in relation to the expiry. The legal advice sets out that the College has three options at the end of the contract; make a final payment to purchase the campus, extend the term of the PFI contract or exit the contract with no asset.

A decision was made by the Business, Risk and Infrastructure Committee, endorsed by the Board in December 2022, that the College's preferred option is the first, to make a final payment and purchase the campus, subject to a business case for the expenditure at the appropriate point. No formal decision is required under the PFI contract until September 2023. No provision is recorded as management consider there is no contractual obligation to purchase the campus as at 31 July 2022.

Mazars 30

Governance and Transparency

Dimension

Governance and transparency covers the effectiveness of scrutiny and governance arrangements, leadership and decision making and transparent reporting of financial and performance information.

The Governance Statement sets out the internal control arrangements and governance framework inplace for the year under review.

Our conclusion

Ayrshire College has governance arrangements in place that provide appropriate scrutiny of decisions made by the Board of Management.

Governance arrangements

Our work in this area has considered the overall governance arrangements in place at the College, reviewed the financial and performance reporting to the Board of Management, and reviewed the minutes of committees to inform our assessment of the appropriateness of the governance structure. We have also attended Audit Committees during the year.

Financial papers submitted to committees are relevant and timely. Each paper has a summary setting out the purpose of the paper and the action required by the members. Minutes are understandable and contain detail of discussions and rationale for decision making.

At 31 July 2022, the Board consisted of 14 members, 8 female (including the Principal) and 6 male. The Board should consist of no less than 15 members, as set out in the Post-16 Education Scotland (Act) 2013. The reduction in Board members was caused by an unexpected resignation in June 2022 which was filled in August 2022. As new Board member appointments are made, the recruitment process will continue to try and maintain a gender balance that meets with the objective of the Gender Representation on Public Boards (Scotland) Act 2018.

The tenure of the Chair of the Board ended in March 2022. A new Chair is yet to be appointed, following a recruitment process that is led by the Scottish Government.

The key committees' membership comprises of, and are chaired by Board members, with each also containing the Principal, with the exception of the Audit Committee. In addition, the Chair of the Board is also not permitted to be a member of the Audit Committee. Appropriate College officers attend committees and present reports as required.

Governance Statement

As part of our audit we have read the governance statement included in the annual report. The governance statement sets out the corporate governance framework in place throughout the reporting year, the internal controls in operation, the work of

internal audit and the overall efficiency and effectiveness of the governance framework

The governance statement confirms the College's compliance with the 2016 Code of Good Governance for Scotland's Colleges.

We are required to read and provide an opinion on the governance statement. In our opinion, the information contained within is consistent with the financial statements. We also consider that the governance statement has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and further directions made by the Scottish Funding Council.

Internal audit

An effective internal audit service is an important element of any organisation's governance arrangements. Internal audit provide the College with independent assurance on internal control and corporate governance processes. The internal audit function at the College is provided by BDO. Internal audit have attended Audit and Risk Committees throughout the year and have produced 6 reports to support the overall Head of Internal Audit Opinion.

Transparency

Transparency means that service users and the public have access to understandable information about how the College is making decisions and using its resources. There is a commitment to transparency, with the minutes and papers of the Board of Management and key committees being available on the website.

Value for Money

Dimension

Value for money concerns using resources effectively and continually improving services.

Our conclusion

Ayrshire College has an effective performance management framework in place that supports progress towards the achievement of value for money.

Performance management

The College delivered its Regional Outcome Agreement (ROA) target credits. The College achieved an adjusted operating surplus in the year. There is close monitoring of the delivery of the ROA and financial performance reports provide sufficient information to allow members to understand performance. Budget monitoring information provides a detailed analysis of variances allowing budget to be appropriately managed. Through this management of the 2021/22 budget there is clear evidence that the College understands cost drivers and is in control of costs as far as can be reasonably expected given the circumstances of the year.

Regularity

As part of our audit of the College's financial statements, we are required by the Public Finance and Accountability (Scotland) Act 2000 to give an opinion on the regularity of expenditure and receipts shown in the financial statements. Regular expenditure and income is that which has been incurred / obtained in line with guidance issued by the Scottish Ministers and the terms and conditions of funding of the Scottish Funding Council.

The College has arrangements to monitor the requirements of the Scottish Funding Council, Audit Scotland and other regulatory or advisory bodies to ensure it complies with the terms and conditions of funding including regular reporting of financial and operational performance to the Board of Management and its committees.

Our review found an effective control environment exists over regularity of expenditure and receipts. No instances of non-compliance with Scottish Funding Council terms and conditions were noted.

6. Our Fee

Fees for work as the College's appointed auditor

We reported our proposed fees for the delivery of our work in our Audit Strategy Memorandum, presented to the Audit and Risk Committee on 7 June 2022. Having completed our work for the 2021/22 financial year, we can confirm that our fees are as follows:

Area of work	Proposed fee 2021/22	Final fee 2021/22
Auditor remuneration	31,910	31,910
Pooled costs	1,630	1,630
Contribution to Audit Scotland costs	1,460	1,460
Total Fee	**35,000**	**35,000**

We confirm that these fees are in line with the scale fee set by Audit Scotland. We also confirm that we have not undertaken any non-audit services for the College in the year.

Appendix A

Draft Management Representation Letter

Dear Sirs

LETTER OF REPRESENTATION

We confirm to the best of our knowledge and belief the following representations given to you in connection with your audit of the College's accounts for the period ended 31 July 2022.

We acknowledge as members of the Board of Management our responsibility for ensuring:

a) the financial statements are free of material misstatements including omissions;

b) that the financial statements give a true and fair view of the state of affairs of the College as at 31st July 2022;

c) all the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the College have been properly reflected and recorded in the accounting records;

d) all other records and related information, including minutes of all management meetings, have been made available to you;

e) the accounting policies used are detailed in the financial statements and are consistent with those adopted in the previous financial statements and are in accordance with the Accounts Direction issued by the Scottish Funding Council (SFC) under the terms of the Further and Higher Education (Scotland) Act 1992; and

f) compliance with the terms and conditions of the Financial Memorandum issued to the Board of Management by the SFC.

BDO acted as Internal Auditors to the College during the year. All reports issued to the College and our responses to them have been made available to you.

We acknowledge our responsibility for the design and implementation of internal control systems to prevent and detect fraud. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud. There have been no irregularities (or allegations of irregularities) involving management, employees who have a significant role in internal control or others that could have a

Mazars   35

material effect on the financial statements.

The College has no liabilities or contingent liabilities other than those disclosed in the accounts.

All claims in connection with litigation that have been, or are expected to be, received have been properly accrued for in the financial statements.

There have been no events since the balance sheet date that require disclosure or which would materially affect the amounts in the accounts, other than those already disclosed or included in the accounts. Should further material events occur, which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, we will advise you accordingly.

The College has had at no time during the year any arrangement, transaction or agreement to provide credit facilities (including loans, quasi-loans or credit transactions) for the Board of Management nor to guarantee or provide security for such matters.

We confirm that we have disclosed to you all related party transactions relevant to the College and that we are not aware of any further related party matters that require disclosure in order to comply with the requirements of charities legislation, the Statement of Recommended Practice for Further and Higher Education accounts or accounting standards.

The College has not contracted for any capital expenditure other than as disclosed in the accounts.

The College does not consider that a contractual liability exists for the cessation of the Kilwinning Campus PFI contract at 31 July 2022 and therefore no provision has been made for this in the financial statements.

The College has satisfactory title to all assets and there are no liens or encumbrances on the College's assets, except for those that are disclosed in the financial statements.

We are not aware of any irregularities, including fraud, involving existing management or employees of the College, nor are we

Mazars   36

aware of any breaches or possible breaches of statute, regulations, contracts, agreements or College's Constitution and Articles of Government which might result in the College suffering significant penalties or other loss. No allegations of such irregularities, including fraud, or such breaches have come to our attention.

We confirm that we are not aware of any possible or actual instance of non-compliance with those laws and regulations which provide a legal framework within which the College conducts its business.

We confirm that, in our opinion, the College is a going concern on the grounds that current and future sources of funding or support will be more than adequate for the College's needs. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the College's ability to continue as a going concern need to be made in the financial statements.

We confirm that we have carried out an assessment of the potential impact of the Covid-19 pandemic on the College, including the impact of mitigation measures and uncertainties, and that the disclosure in the Performance Report fairly reflects that assessment.

We confirm that no unadjusted misstatements have been brought to our attention.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

…………………………………………….. Chair of Board

…………………………………………….. Principal

Appendix B

Draft Audit Report

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

Reporting on the audit of the financial statements

Opinion on financial statements

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

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the college's affairs as at 31 July 2022 and of its deficit for the year then ended;

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

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

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is six years. We are independent of the college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical

Mazars   38

responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the college. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the college's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue. These conclusions are not intended to, nor do they, provide assurance on the college's current or future financial sustainability. However, we report on the college's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

Risks of material misstatement

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

Responsibilities of the Board of Management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

Mazars 39

material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

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

- obtaining an understanding of the applicable legal and regulatory framework and how the college is complying with that framework;

- identifying which laws and regulations are significant in the context of the college;

- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and

- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

The Board of Management is responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities in respect of irregularities explained in the audit of the financial statements section of our report, we are responsible for

Mazars   40

expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

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

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

Other information

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

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

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

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

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

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

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial

Mazars   41

statements and that report has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept; or

- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or

- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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

Lucy Nutley, for and on behalf of Mazars LLP

100 Queen Street

Glasgow

G1 3DN

Date

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

Mazars   42

Appendix C

Independence

As part of our ongoing risk assessment, we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

Ayrshire College # 484082
06/12/2022 14:59:23

Mazars 43

AC/JN

November 2022

Mazars LLP
100 Queen Street
Glasgow
G1 3DN

Dear Sirs

LETTER OF REPRESENTATION

We confirm to the best of our knowledge and belief the following representations given to you in connection with your audit of the College's accounts for the period ended 31 July 2022.

We acknowledge as members of the Board of Management our responsibility for ensuring:

a) the financial statements are free of material misstatements including omissions;

b) that the financial statements give a true and fair view of the state of affairs of the College as at 31st July 2022;

c) all the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the College have been properly reflected and recorded in the accounting records;

d) all other records and related information, including minutes of all management meetings, have been made available to you;

e) the accounting policies used are detailed in the financial statements and are consistent with those adopted in the previous financial statements and are in accordance with the Accounts Direction issued by the Scottish Funding Council (SFC) under the terms of the Further and Higher Education (Scotland) Act 1992; and

f) compliance with the terms and conditions of the Financial Memorandum issued to the Board of Management by the SFC.

BDO acted as Internal Auditors to the College during the year. All reports issued to the College and our responses to them have been made available to you.

Ayr Campus
Dam Park
Ayr, KA8 0EU
T 01292 265184
E enquiries@ayrshire.ac.uk

Kilmarnock Campus
Hill Street
Kilmarnock, KA1 3HY
T 01563 523501
E enquiries@ayrshire.ac.uk

Kilwinning Campus
Lauchlan Way
Kilwinning, KA13 6DE
T 01294 559000
E enquiries@ayrshire.ac.uk

November 2022

Letter of Representation

2

We acknowledge our responsibility for the design and implementation of internal control systems to prevent and detect fraud. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud. There have been no irregularities (or allegations of irregularities) involving management, employees who have a significant role in internal control or others that could have a material effect on the financial statements.

The College has no liabilities or contingent liabilities other than those disclosed in the accounts.

All claims in connection with litigation that have been, or are expected to be, received have been properly accrued for in the financial statements.

There have been no events since the balance sheet date that require disclosure or which would materially affect the amounts in the accounts, other than those already disclosed or included in the accounts. Should further material events occur, which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, we will advise you accordingly.

The College has had at no time during the year any arrangement, transaction or agreement to provide credit facilities (including loans, quasi-loans or credit transactions) for the Board of Management nor to guarantee or provide security for such matters.

We confirm that we have disclosed to you all related party transactions relevant to the College and that we are not aware of any further related party matters that require disclosure in order to comply with the requirements of charities legislation, the Statement of Recommended Practice for Further and Higher Education accounts or accounting standards.

The College has not contracted for any capital expenditure other than as disclosed in the accounts.

The College does not consider that a contractual liability exists for the cessation of the Kilwinning Campus PFI contract at 31 July 2022 and therefore no provision has been made for this in the financial statements.

The College has satisfactory title to all assets and there are no liens or encumbrances on the College's assets, except for those that are disclosed in the financial statements.

We are not aware of any irregularities, including fraud, involving existing management or employees of the College, nor are we aware of any breaches or possible breaches of statute, regulations, contracts, agreements or College's Constitution and Articles of Government which might result in the College suffering significant penalties or other loss. No allegations of such irregularities, including fraud, or such breaches have come to our attention.

November 2022

Letter of Representation

3

We confirm that we are not aware of any possible or actual instance of non-compliance with those laws and regulations which provide a legal framework within which the College conducts its business.

We confirm that, in our opinion, the College is a going concern on the grounds that current and future sources of funding or support will be more than adequate for the College's needs. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the College's ability to continue as a going concern need to be made in the financial statements.

We confirm that we have carried out an assessment of the potential impact of the Covid-19 pandemic on the College, including the impact of mitigation measures and uncertainties, and that the disclosure in the Performance Report fairly reflects that assessment.

We confirm that no unadjusted misstatements have been brought to our attention.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

...…………….…………………………….. **Chair of Board**
        (Fiona McQueen)

….………………………………………… **Principal**
        (Angela Cox)

AYRSHIRE COLLEGE

INTERNAL AUDIT ANNUAL REPORT
2021-22

NOVEMBER 2022

IDEAS | PEOPLE | TRUST

CONTENTS

Restrictions of use

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

EXECUTIVE SUMMARY

Background

Our role as internal auditors is to provide an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. Our approach, as set out in BDO's Internal Audit Manual, is to help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Responsibilities

BDO LLP has been appointed as internal auditors to Ayrshire College to provide the Board of Management (via the Audit & Risk Committee), the Principal and other Executive and senior management with assurance on the adequacy of the following arrangements:

- Risk Management;

- Corporate Governance;

- Value for money; and

- Internal Control.

Responsibility for these arrangements remains fully with management, who should recognise that internal audit can only provide 'reasonable assurance' and cannot provide any guarantee against material errors, loss or fraud. Our role at Ayrshire College is also aimed at helping management to improve risk management, governance and internal control, so reducing the effects of any significant risks facing the organisation.

Our risk evaluations and tests are designed to ensure that controls are sound both in design and effective in operation. Our conclusions are based on evidence obtained during the course of our audit work, verification tests and samples selected from the year's transactions to date. However, our conclusions should not be taken to mean that all transactions have been properly authorised and processed or that all elements of systems have been tested.

3

EXECUTIVE SUMMARY

Audit Approach

We have reviewed the control policies and procedures employed by Ayrshire College to manage risks in business areas identified by management set out in the 2021-22 Annual Internal Audit Plan approved by the Audit & Risk Committee. This report is made solely in relation to those business areas and risks reviewed in the year and does not relate to any of the other operations of the organisation.

Our approach complies with best professional practice, in particular, Public Sector Internal Audit Standards and the Chartered Institute of Internal Auditors' Position Statement on Risk Based Internal Auditing.

We discharge our role, as detailed within the audit planning documents agreed with Ayrshire College's management for each review, by:

- Considering the risks that have been identified by management as being associated with the processes under review

- Reviewing the written policies and procedures and holding discussions with management to identify process controls

- Evaluating the risk management activities and controls established by management to address the risks it is seeking to manage

- Performing walkthrough tests to determine whether the expected risk management activities and controls are in place

- Performing compliance tests (where appropriate) to determine whether the risk management activities and controls are operating as expected.

The assurance statement provided on page 8 of this report is based on historical information and the projection of any information or conclusions contained in our opinion to any future periods is subject to the risk that changes may alter its validity.

Coverage

During 2021-22 BDO LLP has reviewed and evaluated Ayrshire College's processes in the following areas:

• Covid-19 Health & Safety	• Complaints Management
• Student Support	• Procurement
• Marketing	• Follow Up
• Student Voice	

4

EXECUTIVE SUMMARY

Recommendations

To assist management in addressing our findings, we categorise our recommendations according to their level or priority. The recommendations made in the six completed reviews totalled 8.

Summary of Recommendations (SEE APPENDIX I)

High	▲	0
Medium	■	0
Low	●	8

Total number of recommendations: 8

Reporting mechanisms and practices

Our initial draft reports are sent to the key officer responsible for the area under review in order to gather management responses. In every instance there is an opportunity to discuss the draft report in detail. Therefore, any issues or concerns can be discussed with management before finalisation of the reports.

Our method of operating with the Audit & Risk Committee is to agree reports with management and then present and discuss the matters arising at the Audit & Risk Committee meetings.

Management action on our recommendations

Management have been conscientious in review and commenting on our reports. For the reports which have been finalised, management have responded positively. The responses indicate that appropriate steps to implement our recommendations are being put in place.

5

EXECUTIVE SUMMARY

Relationship with external audit

All our final reports are available to the external auditors through the Audit & Risk Committee papers and are available on request. Our files are also available to External Audit should they wish to review working papers in order to place reliance on the work of Internal Audit.

Follow up

During the year we undertook independent exercises to assess the progress made by Ayrshire College in implementing internal audit recommendations made in previous years.

Implementation of recommendations is a key determinant of our annual opinion. If recommendations are not implemented on a timely basis then weaknesses in control and governance frameworks will remain in place. Furthermore, an unwillingness or inability to implement recommendations reflects poorly on management's commitment to the maintenance of a robust control environment. Within Ayrshire College we found a very good level of commitment and effort in clearing as many outstanding recommendations as possible from previous audit reports.

We followed up 15 recommendations from 2021-22 and prior years. We note all that 15 of these recommendations had been fully implemented. There were a further 5 findings not yet due for implementation.

On that basis we can take assurance that management's resolve to implement previously agreed recommendations is sound.

Summary of work performed

Details of the six internal audit reviews and the follow up review have been reported to the Audit & Risk Committee throughout the year and have been discussed at length with consideration and scrutiny of management responses and timescales proposed.

For the purpose of this annual report, we set out in the following pages our summary of recommendations and assessment of the design and effectiveness of the risk assurance for each of the audit areas reviewed.

6

REVIEW OF 2021 - 22 WORK

Reports Issued	Overall Report Conclusions – see appendix I				
	▲	🟧	🟢	Design	Operational Effectiveness
Covid-19 Health & Safety	0	0	0	Substantial	Substantial
Student Support	0	0	2	Substantial	Substantial
Marketing	0	0	2	Substantial	Substantial
Student Voice	0	0	2	Substantial	Substantial
Complaints Management	0	0	0	Substantial	Substantial
Procurement	0	0	2	Substantial	Substantial

7

ANNUAL STATEMENT OF ASSURANCE

Report by BDO LLP to Ayrshire College

As the internal auditors of Ayrshire College we are required to provide the Board of Management, via the Audit & Risk Committee, and other management with a view on the adequacy and effectiveness of Ayrshire College's risk management, governance and internal control processes.

In giving our view it should be noted that assurance can never be absolute. The internal audit service provides Ayrshire College with reasonable assurance that there are no major weaknesses in the internal control system for the areas reviewed in 2021-22. Therefore, the statement of assurance is not a guarantee that all other aspects of the internal control system are adequate and effective. The statement of assurance should confirm that, based on the evidence of the audits conducted, there are no other signs of material weakness in the framework of control.

In assessing the level of assurance to be given, we have taken into account:

- All internal audits undertaken by BDO LLP during 2021-22;
- Any follow-up action taken in respect of audits from previous periods for these audit areas;
- Whether any significant recommendations have not been accepted by management and the consequent risks;
- The effects of any significant changes in the organisation's objectives or systems;
- The requirements of the Public Sector Internal Audit Standards; and
- Any limitations which may have been placed on the scope of internal audit (no restrictions were placed on our work).

Conclusion

In our opinion, based on the other reviews undertaken during the period, and in the context of materiality, we can conclude that:

- The risk management activities and controls in the areas which we examined were found to be suitably designed to achieve the specific risk management, control and governance arrangements.
- Based on our verification reviews and sample testing, the risk management, control and governance arrangements were operating with sufficient effectiveness to provide reasonable, but not absolute assurance that the related risk management, control, value for money and governance objectives were achieved by the end of the period under review.

8

PERFORMANCE AGAINST OPERATIONAL PLAN

Visit	Date of visit	Proposed Audit	Planned Days	Actual Days	Status
1	September 2021	Student Support Fund	3	3	Completed.
2	September 2021	FES Return	5	5	Completed.
3	November 2021	Covid-19 Health & Safety	5	5	Completed.
4	February 2022	Student Support	5	5	Completed.
5	April 2022	Marketing	5	5	Completed.
6	May 2022	Student Voice	5	5	Completed.
7	March 2022	Complaints Management	5	5	Completed.
8	May 2022	Procurement	5	5	Completed.
9	September 2022	Follow Up	3	5	Completed.

9

AUDIT PERFORMANCE

AUDIT	COMPLETION OF FIELDWORK	DRAFT REPORT	FINAL MANAGEMENT RESPONSES	FINAL REPORT
FES Return	29 September 2021	1 October 2021	6 October 2021	6 October 2021
Student Support Fund	10 September 2021	21 September 2021	22 September 2021	24 September 2021
Covid-19: Health & Safety	12 November 2021	23 November 2021	25 November 2021	29 November 2021
Student Support	2 March 2022	9 March 2022	15 March 2022	16 March 2022
Marketing	21 April 2022	22 April 2022	26 April 2022	27 April 2022
Student Voice	17 May 2022	30 May 2022	30 May 2022	30 May 2022
Complaints Management	4 April 2022	19 April 2022	9 May 2022	10 May 2022
Procurement	20 May 2022	27 May 2022	7 July 2022	7 July 2022
Follow up	30 September 2022	30 September 2022	10 November 2022	11 November 2022

On average:

• All reports were issued in draft within 10 working days of completion of our fieldwork and a debrief meeting with management.

• Initial responses were received within 10 working days of the draft report being issued.

• Final reports were issued within 1 working day of final management responses being received.

10

APPENDIX I – DEFINITIONS

LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

Recommendation Significance	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

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Board of Management - Action and Decision Log
Meeting No 40 – 8 December 2022

Meeting Date	Agenda Item	Reference	Details	Action Owner	Due Date	Action / Decision	Open / Complete / Approved / Declined
22/09/2022	Ayrshire College Student Association Constitution	BOM39: D01	The Board approved the Ayrshire College Student Association Constitution.	NA	NA	Decision	Approved
22/09/2022	People Strategy (2022-25)	BOM39: A01	Following receipt of the final IiP report, updated measures of success will be reviewed at a future BRIC meeting.	D Davidson	Nov-22	Action	In progress
		BOM39: D02	The Board approved the People Strategy (2022-25) subject to updated measures of success.	NA	NA	Decision	Approved
22/09/2022	Health, Safety and Wellbeing Policy (Update 2022)	BOM39: D03	The Board approved the Health, Safety and Wellbeing Policy (Update 2022)	NA	NA	Decision	Approved
22/09/2022	2022-23 Board Terms of Reference and Workplan	BOM39: D04	The Board approved the 2022/23 Board and Standing Committee Terms of Reference and corresponding Work Plans	NA	NA	Decision	Approved
22/09/2022	2022-23 Ayrshire College Risk Register as at August 2022	BOM39: D05	The Board approved the 2022-23 Ayrshire College Risk Register as at August 2022,	NA	NA	Decision	Approved
22/09/2022	Risk Management Policy	BOM39: D06	The Board approved the Risk Management Policy.	NA	NA	Decision	Approved
22/09/2022	SFC 5 Year Financial Forecast Return (FFR)	BOM39: D07	Submission of the SFC assumptions incorporating a narrative around the FDN assumptions including the College considerations of the likelihood to achieve 25% efficiency savings over 5 years in relation to the alternative scenario.

It was acknowledged that there is a need to be implicit in our return of what it will mean for our students and what we offer as a College for Ayrshire region | NA | NA | Decision | Approved |

Ayrshire College *(Paper 3)*

Board of Management Committee

08 December 2022

Subject:	Student Association Report
Purpose:	To update the Board on Student Association activity since the last meeting
Recommendation:	That the Board note the content of the report and feedback any recommendations they may have.

1. Background

The Student Association team for 2022 consists of two elected officers. The Student President, Ellie Jamieson, and Student Vice President, Robert Kean. The Student Association is governed by a Student Executive Committee within which students hold various volunteer officer roles. The work of the Student Association is supported by Student Association Advisor, Charlotte Mitchell and is overseen by Head of Quality Enhancement, Ann Heron.

2. Current Situation

Following on from the development of the new Student Association Constitution which has undergone a rigorous review process, finally being signed off by the College Board of Management, the Student Association is delighted to have its new governing document in place.

3. Association Activity

Education Scotland – Student Team Member
The Student President applied to Education Scotland for the position of Student Team Member. Following an interview, the Student President was able to secure a position with Education Scotland. The Student President has undergone training for the role and will be visiting colleges throughout Scotland to participate in annual reviews and progress visits.

Class Ambassadors
The Student Association has recruited the Class Ambassadors and all Ambassadors have been added to a Microsoft Teams Group and have been invited to Class Ambassador Training. Following on from a programme of training across all campuses and online, we are delighted that 256 Class Ambassadors have undergone training and the schedule of Student Association monthly Class Ambassadors meetings begins on the 8th December. Class Ambassadors are also meeting regularly with their curriculum teams.

Student Executive Committee
The Student Association now has its Executive Officers in place. The Student Executive Committee is the decision-making body within the Student Association. Positions available are LGBT+ Students' Officer, Women's Officer, Student Carer's Officer, Care

Experienced Students' Officer, Wellbeing Officer, as well as introducing three new volunteer roles; ESOL Students' Officer, Equalities Officer and Transgender Students' Officer. The first meeting of the Executive Committee took place on the 1 December 2022.

<u>Wear it on Your Sleeve</u>
The Student Vice-President is collaborating with Michelle Morton, the Mental Health Liaison Officer, and Steven Connelly of Wear It on Your Sleeve to improve male mental health amongst our students. Development of the project is currently underway with a Terms of Reference being developed.

<u>Student Sustainability Group</u>
The Student Association has recruited students to form a Student Sustainability Group which will feed into the College's Sustainability Group, which is led by Head of Estates and Sustainability, Ken Blake. Throughout the year, the group will work on specific sustainability projects and will represent students with regards to the development of a College Sustainability Strategy.

<u>Student Poverty</u>

The Student Association is working with various College Teams to try to mitigate the effects of the cost-of-living crisis for our students. Student Vice President, Robert Kean, is leading on various projects including the establishment of a student larder on each campus, supporting the Hive with the warm clothes initiative, and providing entertainment by means of a movie night for the Warm Space initiative in Kilwinning. The Student Association will continue to react to the student voice with regards to student poverty.

<u>Supporting Student Activity</u>

The Student Association has supported various student activity by means of providing funding from our budget. So far, the Association has purchased irons and ironing boards for the Hive's warm clothes initiative in Kilwinning, a card making printer for the PEZ Plus group in Kilmarnock Campus, we have funding a bus to take a group of Social Science students to the Scottish Parliament and have funded students from Kilmarnock to attend the Snow White Pantomime at the Palace Theatre in Kilmarnock. We have recently been asked to fund food processors for the supported learning area in Kilwinning and are arranging this and we continue to accept requests for funding through our Funding Request Form.

Future Activity

<u>16 Days of Action</u>

The Student Association are involved in the 16 days of action that has begun on the 25th November until the 10th December. Ayrshire College alongside the Student Association will be hosting a number of events across each campuses including a student exhibition from 5-7th December from 10am-2pm.

The student exhibition will showcase students work which aims to raise awareness of domestic abuse and coercive control.

In partnership with the STAR centre, the student association will be involved in the Reclaim the Night marches which will be happening on the following dates:

Tuesday 6th December 5:30pm at Ayr Academy
Tuesday 6th December 5pm at Harbour Arts Centre (HAC), Irvine
Monday 5th December 6pm at Ayrshire College Kilmarnock Campus

Rockpool Podcasts

The Student Association has been working with John McBlain and Sara Turkington of Rockpool Podcasts to create a series of Podcasts about the Student Association and how to get involved, with the purpose of raising the profile of the Student Association. Following on from a podcast rehearsal the Student President will be recording their first Podcast on the 5 December.

Festive Fayre

The Student Association, in partnership with the Mental Health and Wellbeing Champions will be hosting a Festive Fayre on each campus. The aim of the Fayres is to provide entertainment and activities which do not encourage students to part with their money. Activities include carol singing, stalls from various support services within and outwith the College, free beauty treatments and Christmas nails, free hot chocolate and mince pies, a visit from Alpacas, an exhibition on Ayr campus from the performing arts students, low-cost bikes from Killie Can Cycle charity, games and Christmas movies. These will take place as follows:

13 December Kilwinning Campus 10am -2pm
14 December Ayr Campus 10am - 2pm
15 December Kilmarnock Campus 10am – 2pm

College Chaplaincy Service

The multi-faith Chaplaincy service, which has been successful on the Kilmarnock campus will be extended to Kilwinning Campus following on from meetings with North Ayrshire minister, Lee Johnston. Upon the return of Minister Johnston's disclosure check, faith backed pastoral support and youth work will be offered to Kilwinning students. The Student Association is currently looking to develop a similar service on Ayr Campus following the previous Chaplaincy Team at Ayr leaving their positions with the church they represented.

4. **Proposals**

N/A

5. **Risks**

Due to the challenging issues dealt with within the SA there is a risk of reputational damage.

6. **Equality Impact Assessment**

Due to the nature of this paper an equality impact assessment has not been undertaken.

7. **Conclusion**

ACSA will continue to work alongside staff in order to best support and encourage students to work towards making the 2022/23 session both enjoyable and successful.

Ellie Jamieson
Student President
December 2022

Publication
This paper will be published on the College website

Ayrshire College

Board of Management Meeting

8 December 2022

Subject:	Chair's Report
Purpose:	This report provides the Board with an update on key strategic and governance issues.

Recommendation:
- To approve the recommendation to appoint the Vice-Chair.
- To receive and note the content of the report and advise of any further information required.

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1. Introduction

It is with much pleasure that I accepted the position as Chair of Ayrshire College, effective 1 November 2022 for a period of 4 years; having held the interim post since March 2022.

Our strategy as a college sets our direction resulting in outcomes that deliver life-changing opportunities for our students; the impact being that our students make a real difference to our local economy when they've finished their studies; all of which is driven by our exceptional staff.

I am privileged to lead the college and the Board of Management as we move forward together to continue to drive forward our successes, seize opportunities and address forthcoming challenges.

2. Strategic issues

There is a number of key meetings that I will attend in my capacity as Chair of the Board of Management and I will report back to the Board on any significant issues from these meetings, as and when required or verbally at a Board meeting. These include:

- Colleges Scotland, All Chairs' Group
- Colleges Scotland, Board Meetings
- Member of the Colleges Scotland, Audit Committee

Colleges Scotland has also led a series of events over the past few months entitled 'Think the Unthinkable' with invitations extended to Chairs and Principals of all Scotland's Colleges. The Principal has included an overview of the discussions to date within her report.

3. **Stakeholder Engagement**

Together with the Principal, meetings have been arranged with key stakeholders across our community with the aim to establish effective working partnerships, gain an understanding of stakeholder priorities, share the direction and promote the offerings of Ayrshire College for the benefit of stakeholders and students. As an example, meetings that have either taken place or are scheduled include:

- Chevron, Prestwick Airport
- Ryanair/PAML, Prestwick Airport
- Booth Welsh, Irvine
- Merk, Irvine
- QTS, Strathhaven
- GE Caledonian, Prestwick
- Hansel Village, Kilmarnock
- Scottish Enterprise

- Elena Whitham MSP
- Ruth Maguire MSP
- Allan Dorans MP

I have arranged introductory meetings also with the following individuals:

- Shona Struthers, Chief Executive, Colleges Scotland
- Marie Macklin, Halo Enterprise and Innovation Hub
- Eddie Fraser, CEO, East Ayrshire Council
- Craig Hatton, CEO, North Ayrshire Council
- Eileen Howat, CEO, South Ayrshire Council

4. **Other Engagements/Future activities**

I was delighted to be able to attend the following events which showcased the significant achievements of our students and our staff. My thanks to those Board Members who were also able to attend.

- **Ayrshire College Graduation Ceremonies (Kilwinning, Kilmarnock, Ayr)**
  I was delighted that the college was able to host our Graduation Ceremonies in person for the first time in a number of years and it was a privilege to acknowledge and celebrate the achievements of our students.

- **Investors in People – Gold Award Celebration**
  The Board very much acknowledges this outstanding achievement for the College and have extended their congratulations to all staff involved.

- **Connecting Communities:** Prior to the start of the Board meeting, Board Members have been invited to attend the Connected Communities Awards.

- **CDN College Awards 2022**
  The Board is asked to note that related to the above initiative, the college was **'Commended'** under the category 'Health and Wellbeing Award' at the recent College Development Network Awards 2022 College Awards 2022 - College Development Network (cdn.ac.uk). The award recognises that the college has

2

made a significant contribution in addressing the health and wellbeing needs of its staff and students. Congratulations from the Board are extended to all involved.

- **Future Activities/Meetings**
  Further stakeholder engagement opportunities have already been scheduled for next year and will be undertaken, as relevant, in partnership with the Principal.

5. Our Governance

Board Development Day, 3 November 2022

Following the above event, Board Members were asked to complete a short evaluation which will inform our approach to future events. Key points noted in the evaluation included:

Overall, the event was very positively received.

Responses	8 responses received from a total of 10 Board Member attendees.
Objectives	To what extent were the objectives of the session met (scale of 1-10) • 7 attendees scored at 10. • 1 scored at 8.
Duration of session	No significant comments on duration but with two members identifying session was too short.
Board Member networking	Majority commented that the session should have finished with lunch: to support Board Member networking opportunities.
Key observations	• Range of skills being taught. • Teaching up to date methods, preparing our students to step comfortably into their chosen career. • Seeing the students in action was great. It has really added some colour to the governance side of things. • A much greater understanding of the college experience for students (and lecturers/teaching staff) was communicated. • Very insightful, provided a greater knowledge and understanding of the work and learning environment of each department. • Scale of facility. • Dedicated and passionate staff. • Greater knowledge and understanding of the work and learning environment of departments. • Greater understanding of the college experience for students. • Very information and worthwhile session. • If any of the training facilities were to be diminished through future government cuts, it would have an immediate devastating impact on local communities. These training programmes put people into real and highly valuable jobs.
Opportunities for improvement	• Allow more time afterwards for open discussion and informal networking with other Board Members. • Good to have little more interaction from students about positives/negatives they experience. • Need to do a similar session at other 2 campuses. • Lunch at the Salt and Barrel, so that they can show off their skills, then continue with the tour, also include the beauty department as they do great work. • Board to take opportunity to introduce themselves, as relevant, during tours.

Board Strategy Day, 26 January 2023

3

The programme for the Strategy Day on 26 January 2023 is in development but will include time for discussion on priorities going forward, a tour of the Ayr Campus, followed by a Dinner at the Westerly Restaurant. Final details will be confirmed shortly.

Board and Committee Membership and Recruitment

- A Board Member Recruitment programme will be commenced in early January 2023.

- **Post of Vice Chair**
  The Board is asked to approve the recommendation to appoint Steven Wallace as Vice Chair. Steven has held this interim position since March 2022.

- **Committee Membership**
  A review of committee membership is in progress and the Board will be updated in due course.

Board Member Development

Board Members are reminded to ensure that they have completed mandatory CDN induction. Opportunities for further development are also published on the CDN website CDN Governance Hub. Please advise the Board Management Office of your attendance at any of these events or any event that you attend as a representative of the Ayrshire College Board – this information can then be included in your development record.

Board member ID badges

Board Members will be issued with Ayrshire College ID badges allowing them to identify themselves as members of the college. These will be issued in due course for use at any time when a Board Member is on site at one of the campuses.

6. **LRPA – Disputes Process: route to the Board**

As an update to the Board on this issue, UNISON have not responded to our last correspondence, but we understand similar conversations are taking place within other colleges which may influence the outcome.

7. **Good Governance Steering Group (GGSG)**

Please note the following updates on key programmes of work being taken forward by the Good Governance Steering Group.

Code of Good Governance for Scotland's Colleges.
The GGSG has issued an updated Code but will be reviewing and revising the Code again during 2023 to ensure it remains current and in line with the imminent governance reforms.

Code of Good
Governance for Scotla

Key points to note:

Trade Union Nominees on Boards
o There have been unexpected delays in issuing the consultation on the Draft Order for the TU Nominees on Boards, but the intention is now for it to be issued 1 December 2022.

o It was originally planned that the consultation would be over 12-weeks but due to the delay in being able to publish it, this will be shortened to 8 weeks to allow appropriate time to make the necessary changes to the 1992 Act and the 2005 Act by subordinate legislation to allow it to be in place by August 2023. Therefore, the deadline will be around the last week in January 2023 for any consultation responses to be submitted.

Review College *Sector Board Appointments: Ministerial Guidance 2014*
It is now planned to delay publishing the consultation on the refreshed *College Sector Board Appointments: Ministerial Guidance* until after the Statutory Instruments had been drafted to enact the Trade Union Nominees on Boards so that changes to the Guidance will reflect the latest governance reforms and ensure that it is up to date as possible. This will now be likely to be published around Spring with a 6-week consultation period.

Externally Facilitated Effectiveness Reviews
The revised recommendation is that Board externally facilitated evaluation reviews should take place 'every three to five years'.

8. **Our communications**

The following communications have been circulated to the Board during this quarter or are included for information:

Colleges Scotland Draft Budget 2023/24	PDF Draft Budget 202324 FINAL.pdf
UK Government Autumn Statement – Colleges Scotland Briefing	PDF UK Government Autumn Statement – (
Colleges Scotland, Annual Report	PDF CS Annual Report 2021-22 FINAL.pdf
Ayrshire College Equality Matters e-Newsletter	Email circulated 29.11.22

5

Ayrshire College   *(Paper 5)*

Board of Management Meeting

8 December 2022

Subject:	Principal's Report
Purpose:	Update board members of key activities and developments not covered elsewhere in the papers
Recommendation:	Board members note for information and ask for further information as required

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1.   Strategic Development

Four Nations College Alliance International Conference

I attended the Four Nations College Alliance International Conference in Cardiff on 13 and 14 October. Scottish Government civil servants leading the tertiary review work and SFC were also in attendance.

The overarching questions the conference was seeking to address were: How do we enable people to access and engage with education and training throughout their working lives? How do we support the skills and productivity needs of business and the wider economy?

The sub-themes covered over the two days were:

➢ What are the systems and structures needed for an integrated education and skills tertiary system?
➢ What are the implications of an all-age system for learning and assessment?
➢ What is the role of work-based learning?
➢ What are the effective policies that enable the creation of a tertiary system?

As well as leading a session on the socio-economic impact of skills being integral to the success of the Edinburgh & South East City Region Deal and the resulting partnership working between the universities and colleges, I attended a number of sessions led by tertiary sector leaders, UK and international civil servants which explored different tertiary structures across colleges, universities, innovation, senior phase and apprenticeship providers, governance and funding approaches.

Particular highlights included:

Jeremy Miles, MS Minister for Education and Welsh Language, Welsh Government talked about one tertiary sector in Wales. He stressed the need for practice-based innovation through social partnerships. Three areas of priority for Commission Tertiary Education & Research is around Culture, Citizenship and Community in delivering the Welsh Tertiary ambition.

Simon Roy, Lead Analyst, Directorate for Education and Skills at OECD, demonstrated the demand for skills is changing with employers – AI, Digitalisation, Automation, growing need for upskilling and reskilling. People and employers increasingly are looking for on demand, short, stackable learning offers. Increasingly our sectoral construct needs to be around the individual and not programmes designed around an academic year. Longer term impact needs to be measured on place prosperity and reduced skills shortages.

Sir Philip Augar, former Chair, Review of Post 18 Education and Funding for UK Government, also talked about the importance of civil society and skills in improving productivity. The change around ever-increasing frequent job cycles and changing job roles was highlighted. He suggested that the measurement of impact should take account of place and the funding of skills development by employers could be enabled by offsetting taxes in increasing human capital through staff development spend.

Colleges Scotland 'Think the Unthinkable' Event

Colleges Scotland held the 3rd 'Think the Unthinkable' event on Monday 21 November with principals and chairs. To move the discussion forward and have tangible outcomes to take to Scottish Government and SFC for the short, medium and longer term that would influence the shape of a future tertiary sector, Huw Morris, Honorary Professor of Tertiary Education at UCL and previously the Welsh Government Director for Skills, Higher Education and Lifelong Learning and David Cragg, Chair of the Four Nations College Alliance and author of the UK-wide The College of the Future report led and facilitated the day.

As well as a confirmed number of 'asks' of Scottish Government that Colleges Scotland are now developing with a sound evidence base, we have also agreed to have a further development session with the OECD who will outline for us international case-studies on structures and governance models and approaches to national impact measures.

I have also reached out to Activate Learning, an education and training group based in and around Oxford and Reading, which consists of 4 colleges, work-based learning training and 6th Form schools, to understand their model better and the Black Country & Marches Institute of Technology and Greater Birmingham & Solihull Institute of Technology which specialise in Aerospace, Automotive, Construction, Digital, Engineering and Manufacturing. Institutes of Technology are partnerships between industry, colleges and universities who design bespoke curriculum solutions required for large industry within their region. It is a model that would suit our ambition around Aerospace and Engineering.

Partners

I continue to build positive relationships with key tertiary partners. In January our executive team will join the executive team at West College Scotland to explore opportunities for us to work together in a future tertiary landscape. I have met with the 2 Vice Principals at the University of West of Scotland (UWS) and have a coffee scheduled with the new Vice Chancellor James Millar in December.

Anne Campbell and myself visited New College Lanarkshire, Cumbernauld Campus on 30 November to see how their new University Hub is working in practice. This has been established by UWS validating 5 Degrees which New College Lanarkshire are delivering. We agreed a number of follow up actions from that meeting with a further meeting to be arranged with senior staff at New College Lanarkshire, West College Scotland, Dumfries & Galloway and ourselves to explore joint degree development and delivery with UWS and capacity building through shared expertise in IT.

SFC

I met with Karen Watt, CEO of SFC, to discuss the position of Ayrshire College in a future tertiary system, stressing the importance of place in any emerging structures and reflecting on the learning from the Four Nations College Alliance. We also discussed the opportunity to consider national MIS and Finance systems and the willingness of Ayrshire College to take a lead on this. We have a follow up meeting with SFC Senior Team on 1 December to progress.

College Projects

To ensure the college is best placed to respond to the future national and local priorities, our senior leadership team have identified 3 priority areas that we will focus on over the next 2 years.

These are: Digital Infrastructure, Future Staff Skills and Transformation, Research & Development in curriculum design and delivery. The 3 areas that have been identified under research & development are Aerospace, Visitor Economy and Health & Social Care.

Underpinning these projects is the development of a Sustainability Strategy that focusses on infrastructure, decision making, behaviours and skills that lead to a sustainable organisation and achieve our Net Zero targets.

SLT have scoped out, using Logic Modelling, what we want to achieve from investment in each of these priority areas and will begin developing a more robust project plan including costs, capacity and expertise, and timelines with the support of a project manager over the next couple of months. We will also be going back out to college staff in January asking for their engagement in these key projects.

Warm Space Initiative

In response to the cost of living crisis, the College has set up warm spaces across all our campuses in the evening on either a Tuesday or Thursday. The purpose of the initiative is to provide a package of support where students can access a warm space, a hot meal, a place to charge electronic devices, and access shower facilities (where we can offer such facilities) and facilitate the opportunity to socialise.

As the initiative evolves, occasional talks from guest organisations will be offered on themes to support students, including Mental Health, Finance, and Money Management. In addition, games and films will be available. The initiative will initially run for a 6-week trial period until Christmas break.

Our HIVE students have also set up Swap Shops for students to access free clothes and children's toys. The project has already been extended to the spring in Kilwinning due to the demand.

Power Outage

The UK National Grid has announced that there is a risk that some customers may be outwith power for pre-defined periods during a day over the winter as a result of gas supply shortages.

The College has therefore begun work to assess its ability to mitigate this risk and ensure that we can continue to provide our services to staff and students. This is being led by a sub-group of the College's Business Continuity Steering Group. In addition to considering how the College can continue to operate during any power outage the sub-group will also consider what opportunities there are for the College to support staff and students who may be affected by power outages in their own areas.

2. **Stakeholder Engagement**

I continue to familiarise myself with the key industries of Ayrshire through employer visits. These include so far: Spirit, Dumfries House, Turnberry, Chevron, Ryanair/PAML, Booth Welsh, Merck, QTS, Hunterston stakeholder group. By the end of January, I am planning to visit GE Caledonian, Emergency One, RAD Group, Brown Brothers, SAS International, Neogen and Hansel.

There is a provisional date in early February to spend the day visiting key stakeholders in Arran.

I attended the SFC Board Dinner on 10 November at Stirling University and gave my perspective, as a college principal, on the future of the tertiary sector and was specifically asked to gently provocate the debate over dinner. As a result of this debate, Stephen Pathirana, Director of Advanced Learning and Science at Scottish Government, is bringing his team to see our Connecting Communities project and Aeronautical provision on 20 February. Stephen's team are working on what the future purpose and principles will be for a tertiary sector on behalf of ministers.

I attended the East Ayrshire 4Ward 2Gether celebrating diversity event on 7 November and North Ayrshire The Promise Conference on 4 November.

The chair and I have scheduled in meetings with the various MP/MSPs across East, North and South Ayrshire.

I have a TEAMS call scheduled with Louise McDonald, Director General for Economy on 11 January. This role is to hold SG account for delivery of the National Strategy Economic Transformation. The purpose of my call is to discuss the Ayrshire Growth Deal and the importance of the college being integral to the success of the deal. I also have meetings arranged with South Ayrshire Council, the CEO Prestwick Airport and Scottish Enterprise on the same topic.

3.   **Staff Engagement**

The executive team continue to build on the success of our Investors in People Gold Award and celebrations by recognising staff who have achieved qualifications in an awards ceremony and meeting new staff over lunch.

We have also launched a 'living our values' reward scheme for staff. Managers are able to award staff members not in their team a coffee reward card in recognition of demonstrating our values.

I gave my first all staff presentation in Kilmarnock on Wednesday 26 October, which was live steamed out to the other campuses. This was followed up with an online open forum for Q&A several days afterwards. Next presentation is scheduled for 28 November on Ayr Campus with the same opportunity for staff on other campuses to join digitally and follow up open forum.

I have also established an informal joint Trade Union meeting, where we can discuss informally the current position of the college, sector and any emerging issues from members and national priorities. This is not a decision making forum, that remains the role of the LJNC.

All colleges, in line with SFC guidance budgeted for a 2% cost of living pay increase. It is likely anything over this will result in job redundancies. For Ayrshire College, a 7% pay increase would result in us needing to find £1.8m in savings.

As of 30 November, no formal pay offer has been made to Unison as Scottish Government nor SFC has not provided College Employers Scotland with any indication that that additional funding may be made available to support a cost of living pay increase. Due to a dispute the EIS-FELA raised regarding the lack of a pay offer, the employers offered 2% for all unpromoted and promoted lecturer scale points. EIS-FELA rejected the offer, but advised that the dispute was now resolved.

Job evaluation remains a significant risk to the college and sectoral reputation. Colleges were expecting a rank order of scores mid-November to start mapping against internal pay spines. As of 24 November, these have not been shared. The £56m reserved for Job Evaluation needs to be distributed by the end of March to ensure no clawback.

SLT have had 2 Development Days this term. One facilitated by Willie Maltman designed to encourage SLT to see themselves as the first team and recognise the different personality types that contribute to effective team leadership and decision making. The second day was designed to scope out how we would address the priority areas outlined above. We are considering what further leadership development is required as we go through this period of transformation.

<div align="right">

Angela Cox
Principal and Chief Executive
25 November 2022

</div>

Ayrshire College   *(Paper 6)*

Board of Management

8 December 2022

Subject:	Ayrshire College Board of Management Key Performance Indicator Dashboard
Purpose:	To present a Strategic Key Performance Indicator Dashboard for consideration by Board Members
Recommendation:	Members are invited to discuss the format and contents of the Key Performance Indicator Dashboard

1. **Background**

At its Board meeting of 22 September 2022, members received the first annual update on progress made against Ayrshire College's Statement of Ambition 2030, the Refresh and Renew Plan (2021-24) for AY 2021-22.

During that discussion, Board members noted that they receive very detailed reports on college performance through reports to the various sub-committees of the Board of Management. There is not, however, currently a document that provides members with a quarterly overview of progress made against performance targets for key performance indicators.

2. **Current Situation**

Nine Key Performance Indicators (KPIs) have been identified for review by Board members.

Four activity/volume measures have been identified:

- Credits utilised
- Apprenticeship starts
- Budget performance (against plan)
- Trading cash levels held

Six quality KPIs have been identified:

- Student retention
- Student progression
- Student satisfaction
- Staff satisfaction
- Employer/Stakeholder satisfaction

3. **Proposals**

It is proposed that progress against performance targets be reported to each Board meeting on the following KPIs:

- Credits utilised
- Apprenticeship starts
- Budget performance (against plan)
- Trading cash levels held

It is proposed that the following KPIs are reported to the relevant Board meeting aligned to internal and external quality reporting cycles:

- Student retention
- Student progression
- Student satisfaction
- Staff satisfaction
- Employer/Stakeholder satisfaction

4. **Consultation**

N/A

5. **Risks**

There is a risk that the Board of Management fails to have sufficient oversight of performance against target for key performance indicators.

6. **Conclusion**

Members are invited to discuss the format and contents of the Key Performance Indicator Dashboard (Appendix 1).

<div align="right">

Anne Campbell
Vice Principal, Curriculum
22 November 2022

</div>

Publication
This paper will be published on the College website

Key Performance Indicators	End of year actual or average 2021-22	End of year actual or average 2022-23	September Board			December Board			March Board			June Board			End of academic year target
			Target	Actual	2% < Green Within 2% Above or Below Amber 2%> Red	Target	Actual	2% < Green Within 2% Above or Below Amber 2%> Red	Target	Actual	2% < Green Within 2% Above or Below Amber 2%> Red	Target	Actual	2% < Green Within 2% Above or Below Amber 2%> Red	
1. Credits															
Core	125,197					103,000	99,864	-4%	123,000			123,867			123,867
Foundation Apprenticeships	1,081					1,000	790	-35%	1,344			1,344			1,344
2. Apprenticeship Starts															
Contracted	176			188		190	194	2%	208			208			208
3. Budget performance (against plan)			-£267,747.00	-£290,508.00		-£267,747.00	-£290,508.00	-9%	£771,800.00			£623,549.00			-£278,200.00
4. Trading cash levels held			£3,452,000.00	£3,452,000.00		£3,452,000.00	£3,452,000.00		£1,454,000.00			£1,364,000.00			£1,480,000.00
5. Student Retention															
FE FT	66.10%					90%	89.80%		72%			69%			69%
FE PT	91.80%					95%	95.60%		94%			92%			92%
HE FT	73.60%					92%	92.20%		78%			76%			76%
HE PT	90.80%					95%	96.90%		93%			92%			92%
6. Student Progression (NB figures from 2019/20)															
FE Qualifiers	94.60%								96%						96%
HE Qualifiers	92.90%								94%						94%
7. Student Satisfaction	94%											95%			95%
8. Staff consistently rate the College as a good place to work	55%								65%						65%
9. Employer/Stakeholder Satisfaction	N/A											95%			95%

Ayrshire College   *(Paper 9)*

Board of Management Meeting

8 December 2022

Subject: Annual Health, Safety and Wellbeing Report (2021-2022)

Purpose: To provide an overview and summary of the College's
                       performance in relation to health, safety and wellbeing for
                       the period 1 August 2021 to 31 July 2022.

Recommendation: Members are asked to consider the report for approval.

---

1   **Background**

       The Annual Report (included as Appendix 1) provides a summary of the
       College's performance in relation to Health, Safety and Wellbeing for the
       academic year 2021-2022.

       The report is a key element of the College's governance processes in enabling
       and supporting a positive culture, focussed on maintaining the highest
       possible standards of health, safety and wellbeing.

2   **Current Situation**

       The report was prepared by the Health, Safety and Wellbeing team and
       provides a summary of the performance monitoring data and information
       received by BRIC during academic year 2021-2022.

3   **Proposals**

       The Annual Report was considered in detail by the BRIC at its meeting on
       15 November 2022. Committee members explored a number of areas within
       the report including mandatory training, RIDDOR incidents and mental health
       and wellbeing. The Report was updated, taking account of feedback received
       from the BRIC members.

       The report is presented to the Board of Management for consideration and
       approval.

4   **Consultation**

       The College regularly consults with trade union representatives, staff, students
       and external stakeholders, in relation to Health, Safety and Wellbeing.

5   **Resource Implications**

       The budget for Health, Safety and wellbeing is set on an annual basis, with
       further consideration of unplanned activity and expenditure throughout the
       year, as necessary.

6   Risks

Supporting and enabling a positive culture which gives the highest priority to health, safety and wellbeing is essential for the ongoing success and sustainability of the College.

7   Conclusion

Members are asked to consider the report for approval.

David Davidson
Assistant Principal HR and Organisational Development
17 November 2022

[Martin Hammond, Health, Head of Safety and Wellbeing Team]

Health, Safety & Wellbeing Annual Report

August 2021 – July 2022

Contents	Page No.

1   Introduction

The Annual Health, Safety and Wellbeing Report provides a summary of the College's health and safety performance for the academic year 2021-2022.

The College continued to raise awareness of a range of health, safety, and wellbeing issues during the year, through regular communication, training, and update sessions. Wherever possible, the College collaborated with other agencies working in health and safety and engaged in joint projects that supported the College, particularly in relation to Covid-19.

The report also summarises the work that is currently planned for the future period. To meet these aims, the College will continue to align its health and safety activities to changes taking place within the Sector and nationally.

2   Executive Summary

The Annual Report covers the period 1 August 2021 to 31 July 2022.

This report provides an overview for Board Members, the Senior Leadership team, managers, and all staff, of the actions taken to protect our staff, students, contractors, clients, and members of the public during the academic year.

The approach to health, safety and wellbeing management within Ayrshire College is documented in the College Health, Safety and Wellbeing Policy.

This annual report also provides an opportunity to review the progress of the College with regard to health, safety, and wellbeing. The data contained within the report also provides a benchmark for ongoing trend analysis to enable year-on-year comparison.

3   Health and Safety Reporting and Monitoring

3.1   Regulation Action and Visits

During the reporting period, the College consulted with representatives from Local Authorities, the Health and Safety Executive, Scottish Government, NHS Ayrshire and Arran and Scottish Fire and Rescue on a range of statutory and reporting matters.

In accordance with the requirements of The Fire (Scotland) Act 2005 and the associated Fire Safety (Scotland) Regulations 2006, the following evacuations were recorded as fire drills.

3.3   Fire Alarm Activations

Date	Campus
10/09/2021	Kilmarnock
16/09/2021	Ayr – Dam Park
24/09/2021	Ayr – Dam Park

3

11/11/2021	Ayr – Aeronautical
25/11/2021*	Ayr – Dam Park
29/11/2021	Nethermains
07/12/2021	Ayr – Dam Park
17/12/2021	Kilmarnock
31/01/2022	Ayr – Dam Park
01/02/2022	Ayr – Dam Park
15/02/2022	Kilmarnock
16/03/2022	Kilwinning
15/03/2022	Ayr – Dam Park
01/05/2022	Kilwinning
16/06/2022	Kilmarnock
19/06/2022	Kilwinning

*The incident on 25 November 2021 prompted a remote audit by the local Scottish Fire and Rescue Enforcement Officer. The audit was undertaken on 15 December 2021 with an outcome letter received on 12 January 2022. The outcome from the audit was satisfactory, with some action areas identified in relation to the risk assessment, which were addressed.

4   Health and Safety Training

4.1   Online Training

Details of mandatory health and safety course completions: An Introduction to Working Safely and Fire Detection and Response, during the reporting period are shown below in Table 1.

Table 1
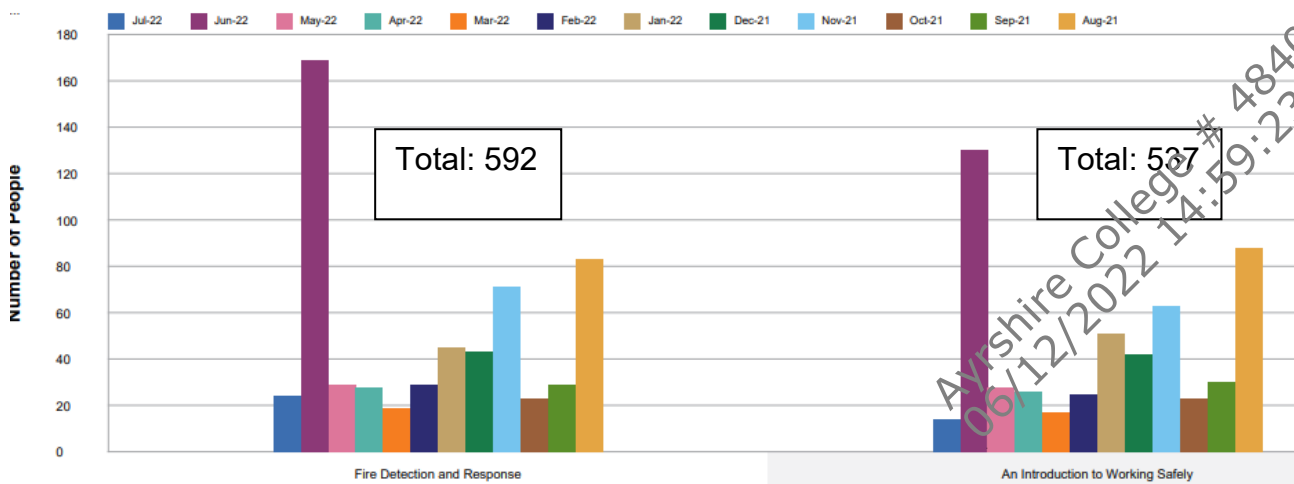
In addition to the mandatory courses, a comprehensive suite of health and safety eLearning courses are also available to staff.

4

4.2   Bespoke Training

Staff with line management responsibility were enrolled on the IOSH Managing Safely eLearning course, of which 45 completed the qualification.

Staff also took the opportunity to complete a range of health, safety, and wellbeing modules, available from the College's Staff Learning Portal.

5   Audits

An internal audit of the College's Covid-19 arrangements was carried out by BDO. No areas for improvement were highlighted and areas of good practice were identified, which was a positive outcome.

The health, safety and wellbeing audit programme resumed in early 2022. Within the reporting period, fourteen audits were completed.

Audit Type	No. Completed	No. of Actions	Completed Actions	Actions in Progress
Department	12	131	79 (60%)	52 (40%)

An example of good practice arose through a campus audit within the Hairdressing, Beauty, Complementary Therapy and Make-Up Artistry area. A particular issue was highlighted in relation to storing oxidisers near flammables. A change in procedure was implemented which was also communicated to the other campus teams to allow the necessary corrective action to be taken.

Work will continue with the departments to ensure that the actions in progress are completed.

6   Health, Safety and Wellbeing Committee

The Health, Safety and Wellbeing Committee is formed under statute and is the principal consultation forum on health and safety within the College. The Committee meets on a regular basis and is chaired by the Assistant Principal – Human Resources and Organisational Development or nominated deputy. Membership represents all work groups, including trade unions and student representation. Meetings of the Committee took place as follows:

- 05 October 2021
- 09 March 2022
- 08 June 2022

7   Campus Safety Groups

The College has an extensive consultation framework in respect of Health, Safety and Wellbeing.

In addition to the Health, Safety and Wellbeing Committee, all main campuses have a dedicated Campus Safety Group which meet on a regular basis. Representatives from these groups attend the Health, Safety and Wellbeing Committee.

5

8 Policies and Procedures

Health, Safety and Wellbeing procedures and guidance documents are reviewed and updated on a regular basis. The policy and procedures reviewed within session 2021-22 included:

Policy	Review date	Issue number
Health, Safety and Wellbeing Policy	June 2022	5
Fire Safety Policy	February 2022	1

Procedure	Review date	Issue number
Accident & Incident Reporting and Investigation	August 2021	4
Safe Use and Disposal of Sharps	July 2022	3
Risk Assessment Procedure	July 2022	4
Permit to Work	March 2022	2

9 Accident and Incidents

The College is required by statute to record and maintain records of accidents that occur in connection with its work and activities. The regular reports on Health, Safety and Wellbeing received by the Senior Leadership Team, Business, Resources and Infrastructure Committee and Health, Safety and Wellbeing Committee also include quarterly accident and incident data for consideration and review.

During the reporting period, there were 113 accidents and incidents reported to the Health, Safety and Wellbeing team, details are set out in the following tables.

Table 2: Incidents by Type and Campus August 2021 – July 2022
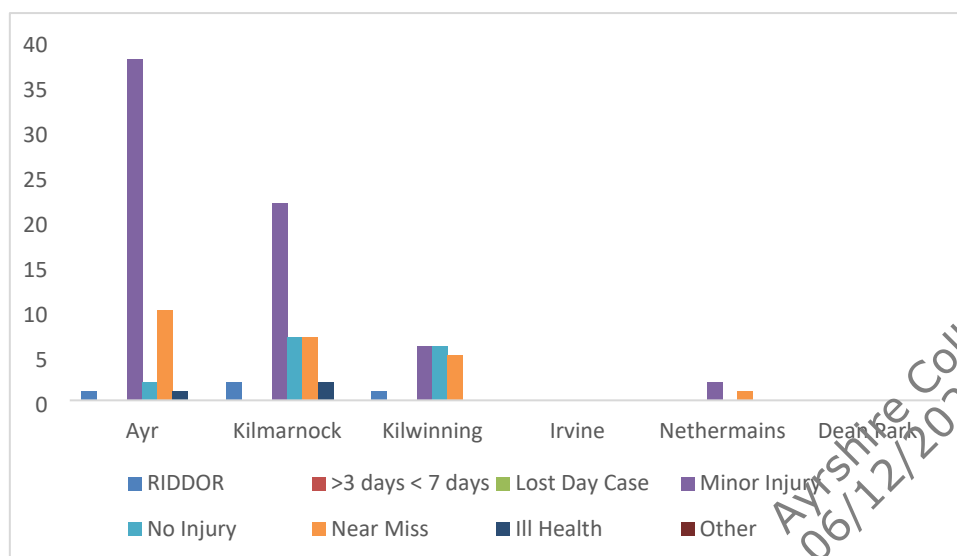
	Ayr	Kilmarnock	Kilwinning	Irvine	Nethermains	Dean Park
RIDDOR	1	2	1*	0	0	0
>3 days < 7 days	0	0	0	0	0	0
Lost Day Case	0	0	0	0	0	0
Minor Injury	38	22	6	0	2	0
No Injury	2	7	6	0	0	0
Near Miss	10	7	5	0	1	0
Ill Health	1	2	0	0	0	0
Other	0	0	0	0	0	0
Total	52	40	18	0	3	0

Sporting injury, not reported via RIDDOR.

The total number of incidents doubled from academic year 2020-21. This increase can be attributed to more staff and students returning to on campus learning following the pandemic. Of the above statistics, 14 staff members, 49 students, 2 school pupils, 1 contractor and 2 members of the public sustained a minor injury.

The Health, Safety and Wellbeing team continue to support areas by attending staff team meetings to promote good practice, raise awareness and ensure that the necessary learning takes place following incidents.

Incident classification statistics by campus are provided at Appendix 1.

The definitions of accident, near miss, dangerous occurrence and incident are set out at Appendix 2.

9.1   Sector Benchmarking

Eight colleges submitted returns to support accident and incident benchmarking across the Sector. The College's staff total injuries figure was slightly higher than the Sector average, however, the College total injuries and student total injuries were below. Although a full Sector return would have been welcomed, data was provided by a range of colleges of differing sizes, regions, and demographics. Please note, however, that there is no consistent methodology across the Sector for recording and reporting on benchmark data.

The CDN HSW Group is in discussion with representatives from the Association of Colleges (AoC) which will enable benchmarking with English and Welsh colleges.

Ayrshire College

**AIR statistics
2020-21**

College Total Injuries ■
Staff Total Injuries ■
Student Total Injuries ■
- per 1000 at risk

2.92
9.26 2.40 College
Statistics

8.53
6.06 2.72 Sector
Average
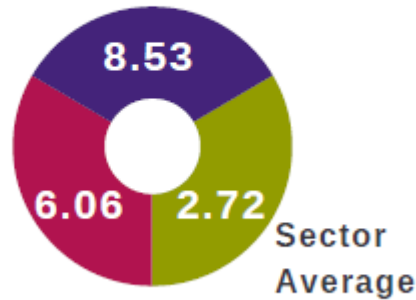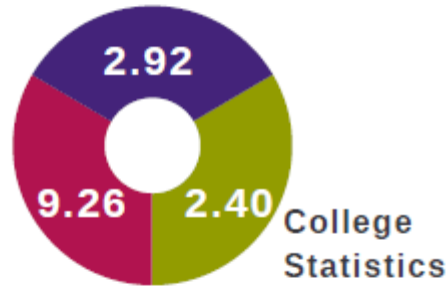
Appendix 3 provides the full return.

9.2   RIDDOR Reporting

There were 3 incidents reported to the Health and Safety Executive under RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences) detailed in the following table.

Ayr Campus	October 2021	College campus	Contact with moving machinery or material being machined
Kilmarnock Campus	October 2021	College campus	Slip, trip, and fall
Kilmarnock Campus	December 2021	Car Park	Slip, trip, and fall

Trend Analysis

Table 3: Incident trend by Type August 2019 – July 2022
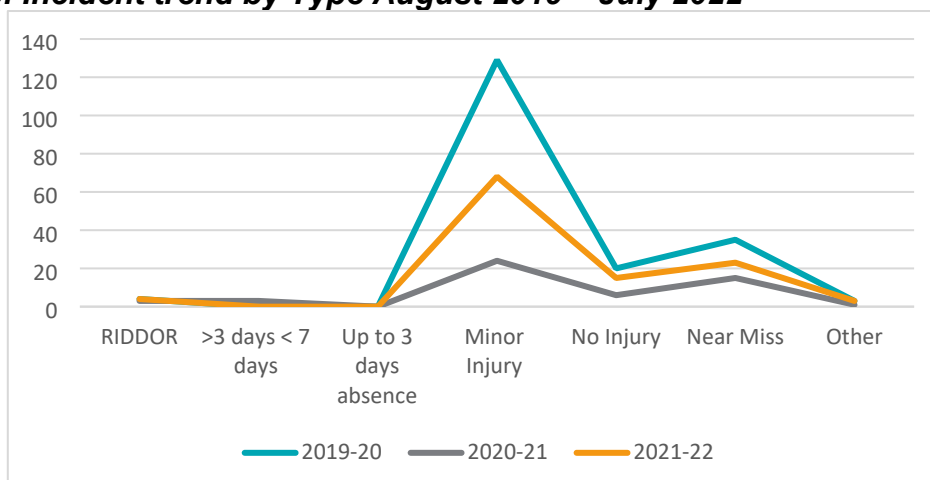
Incidents by Type	2019-20	2020-21	2021-22
RIDDOR	4	3	4
>3 days < 7 days	0	3	0
Up to 3 days absence	0	0	0
Minor Injury	129	24	68
No Injury	20	6	15
Near Miss	35	15	23
Other	3	1	3
Total	191	52	113

Due to staff and students returning to campus as the pandemic restrictions eased, the number of accident and incidents more than doubled from 52 to 113 when compared with 2020-2021.

10   Civil Action Claims

There was one employee liability claim open during the review period.

Person Involved	Injury	Current Position
Staff	Injury to shoulder	Open

11   Health and Wellbeing

11.1   Occupational Hygiene

During the review period, occupational hygiene assessments were undertaken as set out below.

9

- Noise monitoring of engineering areas in Kilmarnock. Following this assessment, a review of the hearing protection provided was undertaken. Welding staff received custom moulded ear plugs and all other staff and students use disposable ear plugs.
- Dust monitoring of bricklaying and joinery workshops in Nethermains. Dust levels were below the workplace exposure limit, however, there were some recommendations which have been discussed with the staff involved and implemented. Bricklaying no longer takes place at Nethermains.
- In-house CO_2 monitoring checks were undertaken within an office space in Ayr Campus. No issues of concern were identified.

11.2   Occupational Health

Occupational Health is a specialist branch of medicine which focuses on health in the workplace and is concerned with the physical and mental wellbeing of staff.

The College's external occupational health provider offers support on work-related illnesses and accidents, conducts medical health checks for new and existing staff and monitors the health of staff. They also assist in the management of short and long-term absences. A total of 52 occupational health referrals were supported during the period.

11.3   Health Surveillance

In total, 189 staff were scheduled to receive on-campus health surveillance in June 2022. Of this number, 167 staff attended with the others unable to attend due to a number of reasons. Additional appointments were arranged for August 2022.

11.4   Staff Counselling

Staff counselling services provide confidential advice and support via telephone or through private consultation with staff. The College continues to use PAM Assist for its Employee Assistance Programme, and staff engagement with the service has included the following:

Staff Engagement	
Telephone Counselling	29
Face to Face Counselling first session	1
Face to Face Counselling additional session	5
Face to Face Counselling six sessions	0
Legal Advice	0
Telephone Appt first session	14
Telephone Appt additional session	41
Web Site access	278

11.5   Staff Support Programme and Wellbeing Activities

A programme of cross campus wellbeing events and campaigns was delivered:

Promotion of PAM Life App	August 2021
My Mental Health Matters	September/October 2021
Menopause staff group formed	October 2021
Conversation cafes	November 2021 – January 2022
12 Days of Christmas	December 2021
January Fitness Challenge	January 2022
Feel Good February (see appendix 4)	February 2022
Cycle to Work scheme	March – April 2022
National Walking month	May 2022
Staff and students participated in Kilmarnock's 'Roon the Toon' 10K race	June 2022
Feel good Friday	Throughout reporting period
A range of digital promotional materials focussing on wellbeing topics	Throughout reporting period

The Cycle to Work scheme was made available to staff, which led to eleven members of staff purchasing bicycles.

A travel survey was made available to Kilwinning campus staff and students. The findings of this were used to support the application to the Campus friendly cycling fund to upgrade the cycle storage facilities on the campus. The outcome of this application is anticipated in November 2022.

Several staff and students represented the College in the Kilmarnock 'Roon the Toon' 10K run. The College team was within the top 3 teams in the Education Category, winning £300. This sum was donated to the Student Feel Good Festival held in August 2022.

The College implemented "feel good Friday" which included no regularly recurring internal meetings in the afternoon and the College day coming to an end at 4pm. This was well received and has continued into academic year 2022-2023

12   Covid Arrangements

The Health, Safety and Wellbeing team continued to support the Campus Operations Steering Group.

The Head of Health, Safety and Wellbeing also participated in Regional Education meetings on a fortnightly basis and reported public health developments to the College.

The Estates and Sustainability team undertook a survey of all rooms across our campuses to identify those with natural, mechanical, or limited ventilation. The College also has portable CO2 monitors which are placed in rooms where ventilation may be giving cause for concern.

On-campus flu vaccination clinics were organised for staff to attend in November 2021 and 144 staff took this opportunity.

Campus covid-19 vaccination clinics were organised for staff, students, and members of the public to attend in February and March 2022. Over four hundred vaccinations were administered through these clinics.

Lateral Flow Device (LFD) testing kits were available to all staff and students up until mid-April 2022. Excess stocks of Lateral Flow Device (LFD) testing kits have been returned to NHS Scotland. The College did retain a small stock of LFD kits in the event of a future outbreak.

The College continues to promote the guidance messaging on distance aware and covid sense to staff and students. Updated covid sense posters are displayed across the campuses.

13 Future Direction

13.1 <u>Objectives for Health and Safety Performance</u>

1 H&S Policy - Review and revise H&S Policy. This is the cornerstone document for Health, Safety & Wellbeing (HSW) Management with objectives set for continued improvements to enhance the HSW culture. The policy will be available for all staff to access via the College intranet portal.

2 H&S Management Support Software – Continue to maintain and develop the Ayrshire College Safety Hub to support the management of all HSW requirements across the campuses.

3 H&S Training – Deliver specific H&S training to College Managers and staff.

4 Occupational Health - Ensure continued or enhanced provision of Occupational Health support to staff for the purpose of statutory health surveillance, health monitoring, counselling, and general support. Deliver appropriate health and wellbeing events across the campuses. Maintain and enhance, as necessary, the College's health surveillance program for staff. Explore other health and wellbeing accreditations following the removal or Healthy Working Lives (HWL).

5 Maintain support to staff and students - HSW Team continue to provide support, training and advice to all staff and students to enhance the Health and Safety Culture. Maintain the Intranet portal content for all staff materials and resources including procedures, reporting forms, information, and guidance.

6 Monitoring and Review – Monitor all aspects of the H&S Management system of the College via proactive and reactive approaches including accident/incident reporting and investigation and inspections, surveys, and audits. The allocation of responsibilities for health and safety matters and the arrangements in place with which to carry out the policy are reviewed on a regular basis.

David Davidson
Assistant Principal HR and Organisational Development
24 November 2022

(Martin Hammond, Head of Health, Safety and Wellbeing)

Appendix 1
Ayr Campus
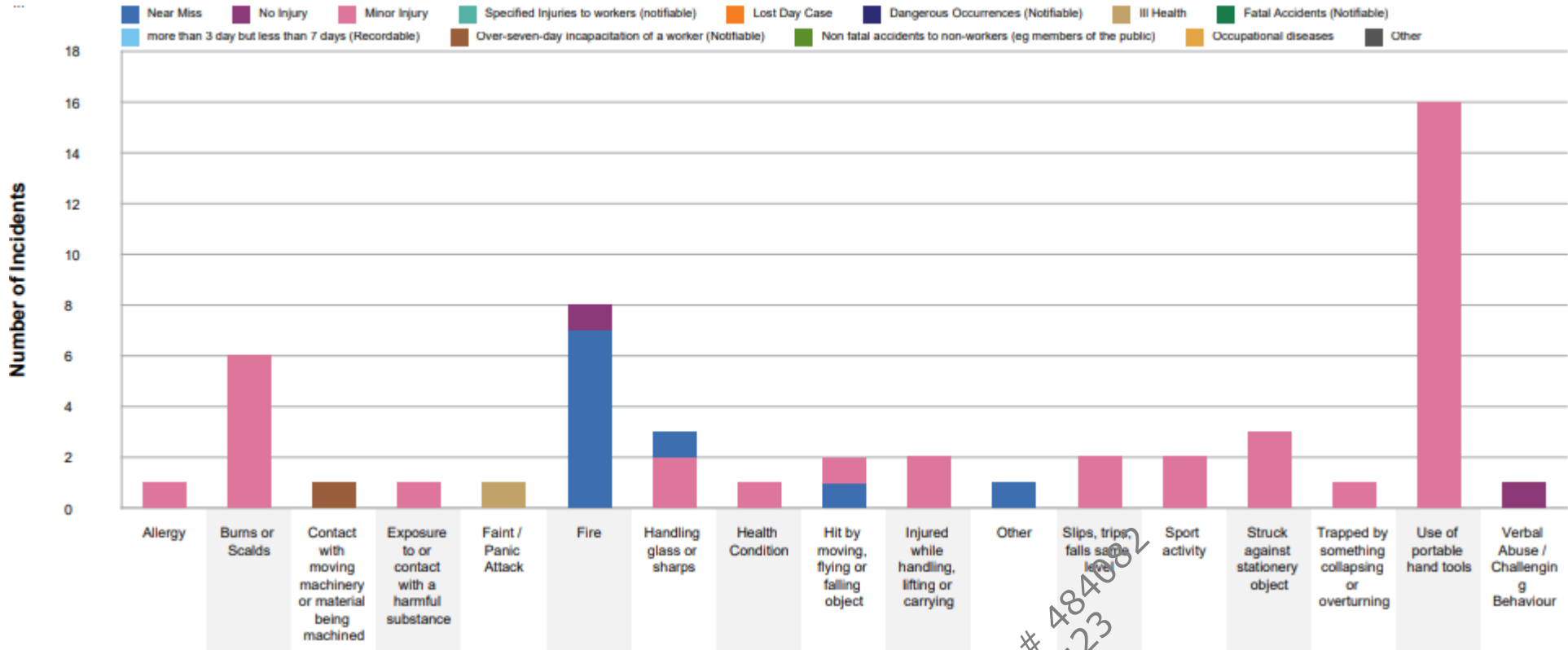
Kilmarnock Campus including Dean Park
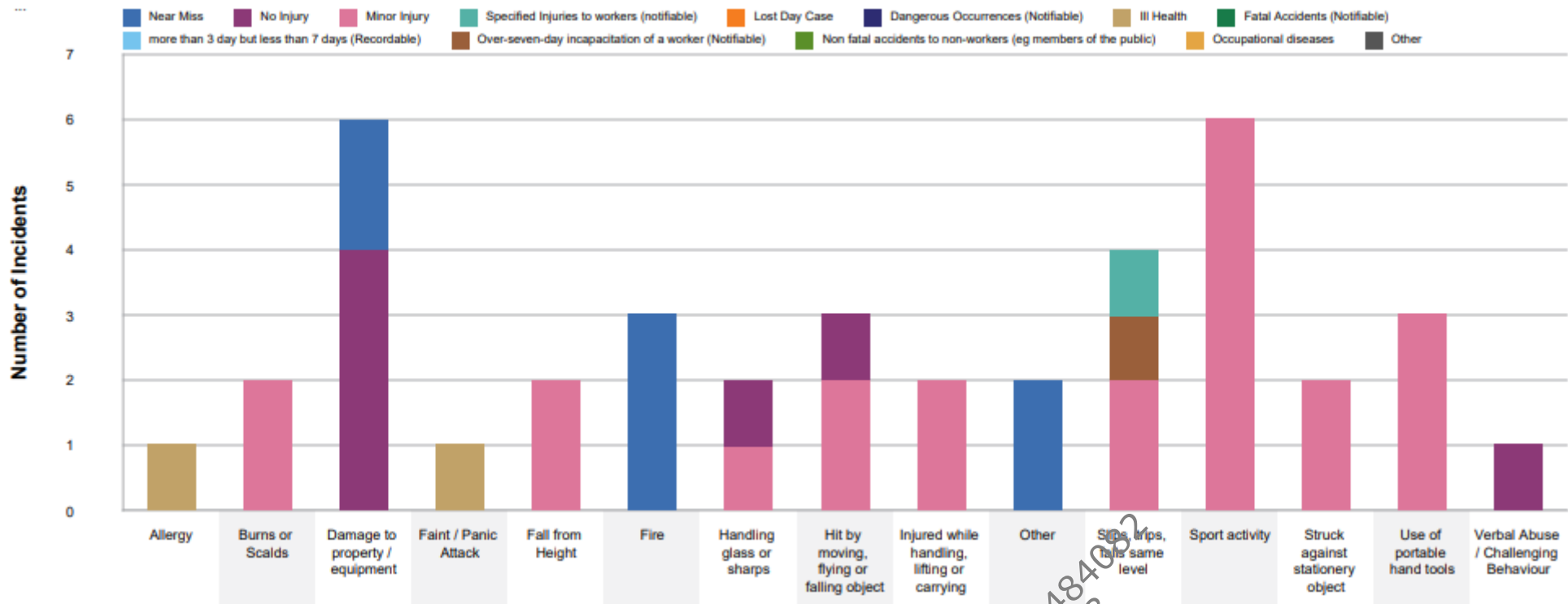
Kilwinning Campus including Nethermains and Skills Centre of Excellence (Irvine)
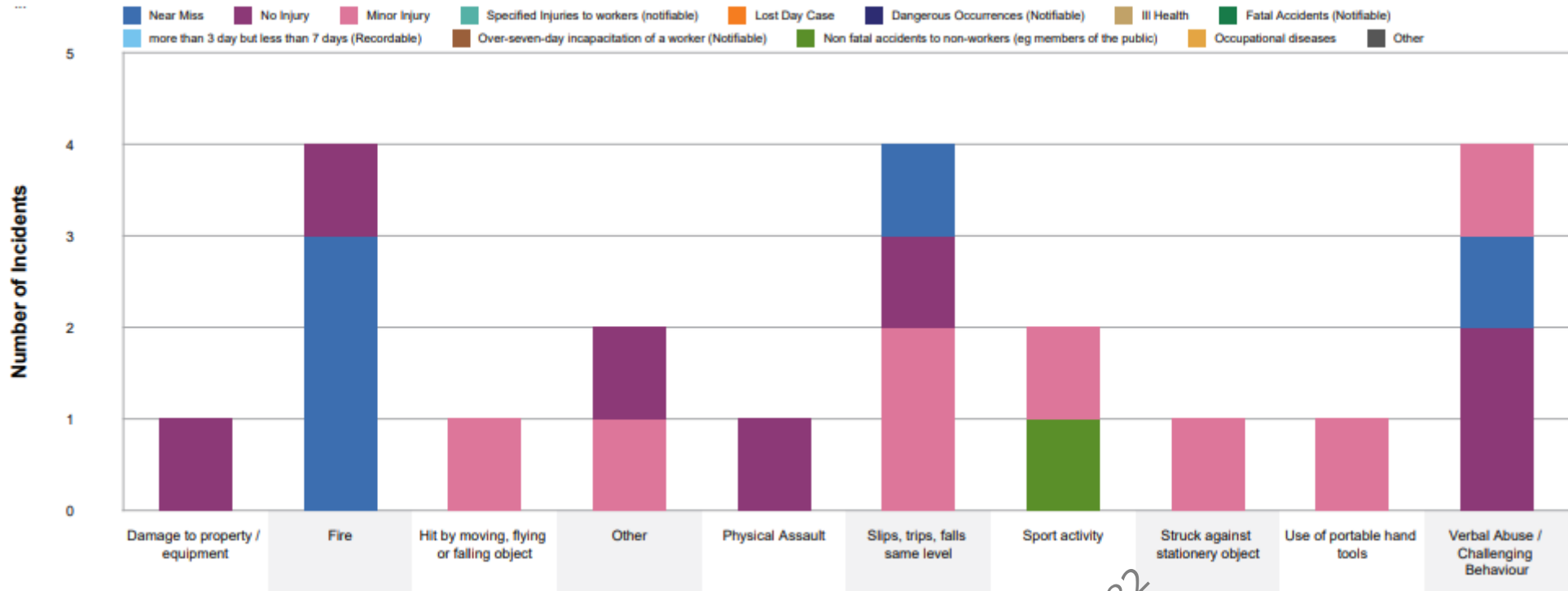
Appendix 2

Definition of Accident, Near Miss, Dangerous Occurrence, and Incident

Under the terms of Ayrshire College Health, Safety and Wellbeing Policy an Accident, Near Miss, Dangerous Occurrence and Incident is defined below:

An accident

The Health and Safety Executive define an accident as "any unplanned event that resulted in injury or ill health of people, or damage or loss to property, plant, materials or the environment or a loss of business opportunity".

Example: A builder dropping a brick from a height, which caused injury to a person underneath, would be classed as an accident.

Near miss

A near miss can be defined as, "any event, which under slightly different circumstances, may have resulted in injury or ill health of people, or damage or loss to property, plant, materials or the environment or a loss of business opportunity".

Example: A builder dropping a brick from a height, which just missed a person standing underneath, would be classed as a "near-miss" incident. This incident did not cause an injury to a person but, under slightly different circumstances (the person standing nearer to the contact point) the person may have been injured.

Dangerous occurrence

A dangerous occurrence can be defined as, *"any incident that has a high potential to cause death or serious injury"* and is specified by the Reporting of Incidents, Diseases and Dangerous Occurrences Regulations 1995 (RIDDOR). There are 27 categories of dangerous occurrences that are relevant to most workplaces.

Example: The collapse, overturning or failure of load-bearing parts of lifts and lifting equipment; plant or equipment coming into contact with overhead power lines; the accidental release of any substance which could cause injury to any person.

Environmental incidents and miscellaneous incidents

Anything untoward such as threatening behaviour, physical violence, work related road traffic accident, leaks, odours etc. These may have underlying implications that impact on Health, Safety, Health, and Wellbeing.

Further guidance is available from the Health and Safety Executive RIDDOR guide reference INDG453.

16

Appendix 3

Ayrshire College
AIR statistics
2020-21

College Total Injuries ■
Staff Total Injuries ■
Student Total Injuries ■
- per 1000 at risk

College Statistics
- 2.92
- 9.26
- 2.40

Sector Average
- 8.53
- 6.06
- 2.72
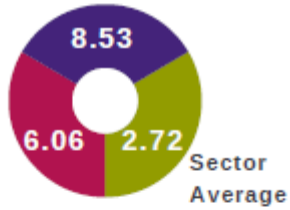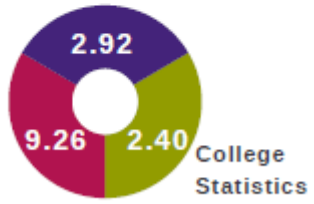
Total Accidents - Injury + Dangerous Occurrences + Occupational Diseases - Staff 8

Total Accidents - Injury + Dangerous Occurrences + Occupational Diseases - Students 25

Total Riddor Reportable Injuries 3 (2+1)

Prepared on behalf of CDN's Health, Safety and Wellbeing Development Network

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College Sector
*AIR statistics
2020-21

- 8.53
- 6.06
- 2.72
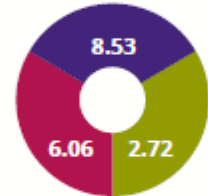
College Total Injuries ■
Staff Total Injuries ■
Student Total Injuries ■
- per 1000 at risk

Total Accidents - Injury + Dangerous Occurrences - Staff 42

Total Accidents - Injury + Dangerous Occurrences - Students 97

Total Riddor Reportable Injuries 13 (5+8)

*Statistics based on a total of eight submitted college returns

Prepared on behalf of CDN's Health, Safety and Wellbeing Development Network

17

Feel Good February

Start the year by taking time to focus on your wellbeing

Ayrshire College

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday and Sunday
Finish January Strong!	**1** Happy Chinese New Year — Try one of these delicious recipes!	**2** Visit the PAM Life website, register, and download the app. Getting Started Guide	**3** It's Time to Talk Day! Join Today's Conversation Cafe	**4** Try an online fitness class during your lunch break.	Relax and do whatever makes you happy.
7 Happy Monday! Head over to the Staff Learning Portal and enrol on a course. Staff Learning Portal - Wellbeing Section	**8** Remember to keep hydrated. Try to drink 6-8 mugs of water, squash, or fruit juice today. NHS Inform	**9** Try and get outside today for some fresh air and of course that all important vitamin D.	**10** Think of a new hobby to try over the break	**11** Enjoy your long weekend, do whatever makes you happy.	
14 Enjoy your long weekend, do whatever makes you happy.	**15** It's not too late to plant spring bulbs. They will look great next to the front door.	**16** Midweek! Try taking a call outside in the fresh air.	**17** Go for a walk or a run before dinner.	**18** Take 30 minutes to read or listen to a podcast today.	Relax and do whatever makes you happy.
21 Have a night away from technology	**22** Shrove Tuesday! Pancake Recipe Gluten Free Recipe	**23** Watch a TED talk on a topic that interests you. TED Youtube	**24** Try to walk 10,000 steps today.	**25** Plan a DIY project you've been putting off.	Relax and do whatever makes you happy.
28 Launch of the Ayrshire College Cycle to Work Scheme!	Did You Know?	• Reading can reduce your stress hormones by up to 68%. • Drinking coffee can reduce the risk of depression, especially in women. • Vitamin D is as important as calcium in determining bone health. • Five glasses of water a day can reduce your chances of having a heart attack by 40%. • Breathing Deeply can improve circulation, decrease anxiety levels, and reduce blood pressure. • Cardio before breakfast burns more fat. • Eating dark chocolate can make your skin look healthier.		Watch a Five Minute Calming Guided Meditation

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Ayrshire College is a registered Scot

Annual Procurement Report

For the period:

1 August 2021 to 31 July 2022

Contents

Executive Summary

The Procurement Reform (Scotland) Act 2014 (PRA) requires any public organisation which has an estimated annual regulated[1] spend of £5 million or more to develop and implement a procurement strategy and then review it annually. Organisations (including HE and FE colleges) must also publish an Annual Procurement Report describing the procurement activities carried out during the same period as the procurement strategy update.

This Annual Procurement Report (APR) published by Ayrshire College, covers the period of 1 August 2021 to 31 July 2022. It summaries how the College has performed in its procurement activities and on delivery of its procurement strategy and wider organisational aims and objectives.

This process of review and reporting advises what adjustments to the Procurement Strategy are necessary to secure future performance improvements and to enable the college to respond to local, national and global economic, political, social, and financial pressures. The review will take account of the key strategic objectives for the next three years identified in the college's Refresh and Renew Plan 2021-2024 that will support economic and social recovery and contribute to achieving Ayrshire College's ambitions.

Ayrshire College has analysed its non-pay expenditure and has identified that over the period covered by this report the following expenditure has occurred:

1. GPA[2] regulated procurements [goods and services worth more than £189,330; works worth more than £4,733,252]: There was **four** such procurements completed[3] during the reporting period, with a combined contract value of **£1,029,360**.

2. Lower value regulated procurements [goods and services worth more than £50,000, works worth more than £2 million]: There were **six** regulated procurements during 2020-21. Of these, **five** were for goods and services completed during the reporting period and had a combined value of **£657,197**. There was **one** works contract procured in 2021-22 which amounted to **£2,038,065.**

Information on the regulated procurements, sorted into procurement categories, is provided in sections 1 and 2. Additional detailed information is also reported in Appendix 1 of this report.

Ayrshire College's total non-salary expenditure for 2021-22 was **£13,202,577** (ex VAT). This is up **17**% on 2020/21. The rise in spend is due to the increase in college activity since the Covid lockdown. Of this the core procurement expenditure, excluding NPD/PFI repayments, was **£5,978,957** with **£4,772,000** of regulated expenditure (recorded on the Contracts Register) and **£1,207,957** of non-regulated spend.

Of the College's regulated procurement spend ex works, **£2,134,149 (43%)** went through collaborative Category A, B and C1 contracts and agreements which is similar to 2020-21.

Ayrshire College had 1,146 active suppliers on its purchase ledger and did business with **681** companies in the reporting period 2021-22, up from **625** in 2020-21. There were **9,396** invoices processed during the year, a slight decrease of **3%** over 2020-21 with **95%** of them being paid within the payment period. Those paid out with the terms was due in the main to queries with invoice and or delivery details.

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[1] Regulated' procurements are those with an estimated value equal to or greater than £50k (≥ £12,500 per annum over a four-year contract period excluding VAT) for goods & services or £2,000,000 excluding VAT for a public works contract.

[2] Public contracts thresholds are revised every 2 years – next due on 01 /01/2024.

[3] Deemed completed when the award notice is published or where the procurement process otherwise comes to an end – this assumption covers contracts and framework agreements.

Ayrshire College continues to be committed to supporting local businesses and recognises that by spending with local businesses our requirements for goods and services can enhance lives and bring social benefits beyond the actual amount spent. For this reason, engaging with and buying from local suppliers, wherever possible, remains a key element of our procurement strategy due to the economic, social and environmental benefits it brings. During 2021-22, **257** of the College's suppliers (**22%**) were based in Ayrshire, down from 23% in 2020-21 with **52%** of all suppliers based in Scotland (53% in 2020-21).

SMEs constituted **83%** of the total of active suppliers and **58%** of procurement spend was with SMEs. This is an increase of **54%** from 2020-21.

This report comprises five sections which address mandatory reporting requirements. These five sections are as follows:

- **Section 1:   Summary of Regulated Procurements Completed**
- **Section 2:   Review of Regulated Procurement Compliance**
- **Section 3:   Community Benefit Summary**
- **Section 4:   Supported Businesses Summary**
- **Section 5:   Future Regulated Procurements Summary**

Report Approved: 8 December 2022
By: Ayrshire College Board of Management

Signed: ………………………………………………….
                 Angela Cox

Position: Principal and Chief Executive

Section 1: Summary of Regulated Procurements Completed

Ayrshire College strives to carry out all its procurements in an open and inclusive manner. The College's procurement objectives are aligned to the College's Strategic Plan and Objectives, in particular the ambition to be an inspirational place of learning which will be achieved "***through strong collaboration and partnership working***"[4] .

The details of regulated procurements completed during the reporting period are set out in **Appendix 1**. That information, coupled with the publication of Ayrshire College Contracts Register and the systematic use of Public Contracts Scotland and Quick Quotes, provides complete visibility of the College's procurement activity over the reporting period.

In **Appendix 1** the information is set out to show regulated procurements completed and any GPA regulated procurements completed. These are separated into contract categories and distinguish collaborative contracts from College ones. For each completed regulated procurement the information provided shows:

- the date of award
- the start date
- the category subject matter
- the name of the supplier
- the status of the supplier, i.e. SME, supported business etc.
- estimated total value of the contract over contract period
- collaborative or College owned
- the end date provided for in the contract or a description of the circumstances in which the contract will end.

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[4] Ayrshire College Statement of Ambition 2030

Section 2: Review of Regulated Procurement Compliance

Where appropriate, Ayrshire College has made use of national and sector collaborative contracts put in place by Scottish Public Sector Procurement and APUC. These are used to achieve improved contract terms, supported contract and supplier management, sustainable procurement outcomes and value for money being the best balance of cost, quality and sustainability.

In making its regulated procurements every care has been taken to ensure that the College awards the business to suppliers who are capable, reliable and who can demonstrate that they meet high ethical standards and values in the conduct of their business. In the period covered by this report, the College has conducted all its regulated procurements in compliance with GPA principles of non-discrimination, transparency and fairness.

Procurement activities at Ayrshire College are subject to regular, independent review against the Scottish Government Procurement & Commercial Improvement Programme (PCIP). The PCIP is a useful tool through which the University and College sector is periodically assessed and which can provide valuable benchmarks by which necessary improvements might be identified, consulted over, planned and implemented. The next PCIP audits are due to commence in 2023 and Ayrshire College is aiming to improve or maintain its silver performance band scoring.

Ayrshire Colleges' procurement policy, procedures and sign off arrangements are consistent with the guidelines set out in the Procurement Journey. The College has met the objectives and obligations set out in its Procurement Strategy (Table 1).

Table 1 – Ayrshire College's Achievement of Procurement Strategy Objectives

Procurement Strategy Objectives	Annual Report Commentary on Strategy Delivery/Compliance
To sustain and further develop partnerships within the FE/HE sector, with other publicly funded bodies including the College's community partners, with professional bodies and appropriately with supply markets that will yield intelligence, innovation and deliver value to users of procurement services.	Early engagement with college internal and external stakeholders is crucial in the procurement journey of the College. Both formal and informal meetings between suppliers and the college increases understanding of the college needs and requirements and also of the issues facing the supply chain following the Covid pandemic and more recently the war in Ukraine. Information on potential supply chain issues such as the UKUPC Market Insight reports is shared with senior management and contract leads to help inform procurement decisions and actions. With the easing of restrictions more in-person meetings took place during 2021-22. This included a supplier day for the framework suppliers involved in the mini-tender for copying and print. The supplier day took place in all 3 main campuses and included staff from the main department users. The College continues to contribute to sector contracting plans, providing feedback via surveys on frameworks both national and sector when requested. The Procurement Manager is a member of the procurement workstream of the Ayrshire Community Wealth Building, Ayrshire Growth Deal

Procurement Strategy Objectives	Annual Report Commentary on Strategy Delivery/Compliance
	(Ayrshire Growth Deal-Community Wealth Building). As a member the college has committed to using its spend to support a diverse local business base. The College actively engages with other bodies through HE and FE specific events, Scottish public-sector events and training events. For example, these include the Environmental Association for Universities and Colleges (EAUC) Smaller Institutions Sustainability Meetings.
To work with internal curriculum budget holders, professional support service colleagues and suppliers to deliver innovation and best value to the teaching and learning, and service support communities, through the development of an effective and co-ordinated purchasing effort throughout the College.	The College's procurement activities directly follow the guidelines set out in the Scottish Procurement Journey. Procurement is proactive in supporting Ayrshire College aim to achieve its objective [5] 'of being a place where businesses and communities can access skills, expertise and innovation that supports local and national economic development and inclusive growth... through strong collaboration and partnership working' This is achieved internally by engaging with contract leads/budget holders to understanding the curriculum and support services procurement requirements for the coming period and by reviewing spend to identify non-regulated purchasing and where it could be aggregated or bought under an existing contract or framework. Initial contact and meetings with potential suppliers have been made in anticipation of a review of the college's ICT future delivery. This is achieved externally by engaging with local companies through direct contact and advertising opportunities on Public Contracts Scotland (PCS) and PCS Quick Quotes and where appropriate lotting contracts, to consider the capacities of local supply chain partners. Procurement also has the responsibility of reviewing and approving all new supplier requests. Procurement helps ensure compliance with regulation; prevent duplication; reduce off-contract spend; and minimise the potential for fraud.
To promote the delivery of value for money through good procurement practice and optimal use of procurement collaboration opportunities.	Delivering the best value for money is a key aim of the College's Procurement function. By working with users, budget holders and other stakeholders, consideration is given to the balance of quality, whole life costs and sustainability at the start of the procurement process. Strategic contracts are managed with the contract leads and supplier performance assessments are carried out. These help ensure that the balance of price and quality is maintained and improved on throughout the life of the contract, where possible. A review of the continued need for the contract and the performance of the contractor is carried out before any contract is extended or re-tendered.

[5] Ayrshire College's Statement of Ambition 2030

Procurement Strategy Objectives	Annual Report Commentary on Strategy Delivery/Compliance
	Procurement carries out monthly analysis of college spend to identify non-regulated purchasing to help eliminate unnecessary or duplicate spend, increase the value benefits of aggregated purchasing and collaborative opportunities, such as joint purchasing with other departments internally and also what can be sourced through the use of local, regional and national framework agreements.

APUC's Contract Uptake tool aids the review of the college's spend through collaborative frameworks and contracts. In 2021-22 Ayrshire College used collaborative contracts for £2,134,149 or 43% of its purchases. This is similar to2020-21. Analysis will be done to see where further collaborative spend can be established.

By using sector and national frameworks the College has benefited from access to market leading suppliers, benefits of scale, fixed or sector negotiated pricing as well sustainable procurement outcomes. These benefits are very important given the cost pressures and funding constraints that the sector must operate in. Use of these contracts has resulted in £328,221 of savings or 15% of Category A and B spend. |
| To seek out professional development opportunities to enrich and enhance experience and capability of procurement practitioners and to work with the supply chains to ensure continued value, managed performance and minimal risk throughout the life of contracts for the benefit of customers and students. | The Procurement function at Ayrshire College is a shared service with APUC. The procurement staff's performance is reviewed quarterly. The shared service enables the College to access resources such as HE/FE on-line courses, in person courses and webinars organised by APUC, EAUC or the wider public sector including Procurex. Such resources are used to further develop and update procurement knowledge and capability as part of the continuous professional procurement development. They also offer the chance for networking and potential collaborative opportunities.

Formal supplier meetings are held over the life of regulated contracts. The frequency is dependent on the value and risks involved. These meetings provide an opportunity for all parties to discuss performance, provide feedback, agree contract variations, and plan for future activities. Contract management guidance, performance scorecard and meeting agenda and minute templates are employed as key tools to ensure that the College's contract leads are equipped to realise the benefits over the life of a contract. |
| To develop sound and useful procurement management information in order to measure and improve procurement, contract management and supplier performance; in support of corporate planning which is | Data from the College's finance system, from contractors, APUC hub and the Hunter database, is analysed on a quarterly basis. A quarterly procurement report is presented to senior management to provide information on the performance of contracts and also to highlight areas of non-regulated spend which can then be addressed. A quarterly procurement meeting is held between the Procurement Manager and Assistant Principal – Finance, Student Funding and Estates. In addition, the Procurement Manager has internal discussions with contract leads and budget holders regarding future budget spend and capital planning. |

Procurement Strategy Objectives	Annual Report Commentary on Strategy Delivery/Compliance
conducted through a fair and transparent process.	These are used to inform procurement activity in advance and allows early market engagement. The college's procurement policy and procedures reflect the Procurement Journey and all regulated procurements are advertised on PCS and UK Find a Tender. For those procurements below the regulatory thresholds, where appropriate PCS Quick Quotes. Where potential suppliers are not registered on PCS, these suppliers are encouraged to do so with the benefits of being registered and guidance on how to register process provided. The College continues to seek opportunities to encourage SMEs to participate in procurement activity. For example, the College uses PCS and PCS Quick Quotes to promote procurement activity. During the reporting period **70%** of regulated contracts were awarded to SMEs. This represents an increase from **60%** over awards made to SMEs in 2020-21. The College's contract and supplier management toolkit is used in conjunction with contract leads for key contracts to measure and manage the effectiveness of the contract. Working with contractors to obtain the management information allows key performance indicators to be scored and sharing the results with the contractor helps to develop the relationship between them and the college as well as facilitate where innovation and improvement might be developed within the contract. A review of performance and lessons learned is undertaken prior to the end or extension of a contract for use in improving the re-let or next procurement.
To embed sound ethical, social and environmental policies within the College's procurement function and to comply with relevant Scottish and UK legislation in performance of the sustainable procurement duty.	The College's procurement arrangements ensure all its regulated procurement comply with its sustainable procurement duties by considering environmental, social and economic issues and benefits is made, where appropriate. This is done on a contract-by-contract basis during the tender planning stage with the College utilising tools including the sustainability test and the whole life cycle impact assessment as part of the contract strategy. APUC's Sustain Supply Chain Code of Conduct is included in all regulated procurements with suppliers being required to confirm they and their supply chains, will adhere to the Code of Conduct. Where relevant, tenderers are asked, as part of the evaluation, to evidence how they monitor their supply chain against the International Labour Organisation (ILO) conventions on social and labour issues. The college is working to identify its own key suppliers that will be encourage to participate in the Ecovadis sustainability assessment scheme. Ayrshire College has published its own Modern Slavery Act Statement and complies with its duties under the Modern Slavery Act by seeking to

Procurement Strategy Objectives	Annual Report Commentary on Strategy Delivery/Compliance
	only to contract with suppliers that comply with all appropriate and relevant legislation and updated annually.
	The College, as a Living Wage accredited employer, recognises the value of a well-motivated and dedicated workforce both in its own organisation and in those of its suppliers. Where relevant and proportionate, the College includes the fair work first criteria in its procurements.
	The college sources the majority of its food requirements from AUPC and TUCO frameworks of food to promote the highest standards of animal welfare and together with Ayrshire College Foundation it offers students breakfasts and soup at lunch time with the aim of improving the health, wellbeing and education of communities in the College's area.
	In accordance with the government's policy to embed prompt payment performance in supply chains through procurement processes, the prompt settlement clause in college's conditions of contract has been updated and tenders require bidders to have systems in place so that their full supply chain is paid on time and in accordance with the terms of the contract. Management of the construction of the Kilwinning hub will assess and monitor payment performance of the contractor throughout the duration of the contract.
	The college paid over 95% of its invoices within the period and those out with that timescales were delayed due to queries or disputes.
	The College promotes compliance by contractors and sub-contractors with the Health and Safety at Work etc. Act 1974 (c.37) and any provision made under that Act with the relevant contractors being Site Safety in Procurement (SSIP) scheme members.
	Although the College has not awarded a contract over £4m in the reporting period it does consider what Community Benefits can be included in regulated procurements. This is considered on a proportionate basis. The Scottish Government supported business framework is always considered when sourcing relevant goods and Third sector bodies and supported businesses are always considered for relevant procurement activities.

Section 3: Community Benefit Summary

In line with the Procurement Reform Act and sustainable Procurement the College's policy on identifying community benefit requirements is to consider on a case by case basis, the relevance and proportionality to the subject matter of the procurement. The requirement is then built into the procurement specification and into the eventual conditions of contract performance.

During the period 1 August 2021 to 31 July 2022 Ayrshire College did not award any contracts over the £4 million regulated procurement contract threshold however it did award the build contract for the Willie Mackie Future Skills Hub in June 2022. This contract will deliver a 10 year sponsorship of £2,000 per year for the Workshop and targeted recruitment and training requirements within the North Ayrshire Area where the campus is located as well as supporting local community projects during 2022-23 and beyond.

In addition to the Future Skills Hub, as part of the tendering process suppliers were invited to describe their approach to delivering community benefits or achieving social value through a contract, where relevant. Relevant community benefits included the following:

- providing training opportunities (e.g. Toolbox talks) with students and staff,
- offering advice and assistance on the best practice methodology,
- student work experience and employment,
- apprenticeships,
- local sub-contractor opportunities available to SMEs, 3rd sector and supported businesses,
- direct involvement in community based schemes or programmes,
- educational support initiatives,
- to minimise environmental impacts, for example impacts associated with vehicle movements and/or associated emissions and impacts on protected areas, buildings or sites.

Section 4: Supported Business Summary

The College reviews each procurement to determine whether it could be fulfilled by a Supported Business, whilst remaining compliant with GPA and Scottish Procurement Legislation and ensuring value for money for the college (using the only Supported Business register currently available and published by Ready for Business).

In the period 1 August 2021 to 31 July 2022 Ayrshire College did not reserve any contracts for supported businesses. During this period a total of **£34,316** of spend was however placed with the supported business, Hey Girls Ltd, contracted under the period dignity scheme.

Section 5: Future Regulated Procurements Summary

Ayrshire College is keen to encourage competition by promoting optimal participation in its procurement process and achieve better value for money in its procurements. One method of achieving this is to give notice to suppliers of tendering opportunities that are expected to commence over the next two financial years after the period covered by this report. This list of projected individual regulated procurement exercises is outlined in **Appendix 2**. It is expected that there are circa 14 current contracts that will re-let or considered for extension. These **14** contracts have an estimated contract value of **£2,145,945**.

In preparing this forward projection of anticipated regulated procurements, it is difficult to be precise about providing details of actual requirements. Over a forecast period of two years it is very probable that circumstances and priorities will change so the list of projected individual regulated procurement exercises outlined in Appendix 2 should be viewed with this caveat in mind.

The information provided in Appendix 2- list of Future Regulated Procurements covers:

- the subject matter of the anticipated regulated procurement
- whether it is a new, extended or re-let procurement
- the expected contract notice publication date
- expected award date
- expected start and end date
- the estimated value of the contract
- contract category A, B, C or C1.

Appendix 1: List of Regulated Procurements (Compliant and Non-Compliant) Completed in Reporting Period 1 August 2021 to 31 July 2022

Compliant

Category Subject	Supplier Name	Date of Award	Owner: Cat A/B/C or C1	Start Date	End Date	Value over contract Period ex VAT	SME status	Supported Business
Repair to Fire Doors at Ayr Campus	Fourply	13/09/2021	C	13/09/2021	31/03/2022	£55,528	medium	no
Waste Services	Enva (Scotland) Ltd	15/09/2021	B	01/10/2021	30/09/2024	£225,000	large	no
Supply and Support of Citrix Licences 2021	CDW Ltd	23/09/2021	B	01/10/2021	30/09/2022	£86,849	large	no
Supply of Laptops	XMA Ltd	14/12/2021	A	14/12/2021	30/07/2022	£211,503	large	no
Networking Equipment for Ayr Campus	Desk Top Publishing Micro Systems Ltd	15/12/2021	B	15/12/2021	14/12/2026	£346,257	medium	no
Supply of Mobile Telephony Service	Academia Ltd	17/01/2022	B	18/01/2022	17/01/2025	£142,000	large	no
Supply and Delivery of Biomass Pellets	Balcas Timber Ltd	05/04/2022	B	05/04/2022	04/04/2024	£201,600	large	no
Design, Supply & Installation of Hybrid Teaching Rooms and Audio Visual Equipment	Mediascape Ltd	13/04/2022	B	13/04/2022	12/04/2026	£147,820	small	no
Kilwinning Hub- Build Contract	Ashleigh (Scotland) Ltd	06/06/2022	C	06/06/2022	05/06/2023	£2,038,065	medium	no
Copy and Print Solution	Ricoh UK Ltd	24/6/2022	A	01/07/2022	30/06/2027	£270,000	large	no

Non-Compliant- none

Appendix 2: List of Regulated Procurements planned to commence in next two Financial Years, 2022/23 & 2023/24

Category Subject	Owner: Cat A/B/C or C1?	New, extended or re-let procurement	Expected contract notice publication date	Expected Date of Award	Expected Start Date	Expected End Date	Estimated Value over contract period
Similarity Detection Service	B	extended	not applicable- provided within existing contract	13/07/2022	12/08/2022	11/08/2023	£115,284
Supply and Support of Citrix Licences	B	re-let	02/08/2022	01/09/2022	01/10/2022	30/09/2023	£86,849
Provision of ICT Security Professional Services	B	extended	not applicable- provided within existing contract	11/09/2022	11/10/2022	10/10/2023	£60,000
Student Psychological Assessments	C	extended	not applicable- provided within existing contract	03/10/2022	02/11/2022	01/11/2023	£63,000
Supply, Install, Support and Maintain HR and Payroll System	B	re-let	10/09/2022	10/10/2022	09/11/2022	08/11/2025	£140,000
Inter-site WAN Connectivity	B	re-let	25/02/2023	27/03/2023	26/04/2023	25/04/2026	£175,000
Catering Equipment Maintenance & Repair	B	re-let	26/02/2023	28/03/2023	27/04/2023	26/04/2025	£77,598
Legal Services- People Matters	B	re-let	05/03/2023	04/04/2023	04/05/2023	03/05/2025	£60,000
Provision of Staff Mentoring for PDA Teaching Practice Programme	C	extended	not applicable- provided within existing contract	30/05/2023	29/06/2023	28/06/2024	£57,600
Students Record System Support and Maintenance	B	extended	not applicable- provided within existing contract	02/07/2023	01/08/2023	31/07/2024	£497,500
Microsoft Campus Agreement	B	extended	not applicable- provided within existing contract	24/07/2023	23/08/2023	22/08/2024	£242,840
Support and Maintenance of ICT Infrastructure	B	re-let	01/01/2024	31/01/2024	01/03/2024	29/02/2027	£287,474
Supply and Delivery of Biomass Pellets	C	extended	not applicable- provided within existing contract	06/03/2024	05/04/2024	04/04/2025	£201,600
ICT Additional Server Storage Solution	B	re-let	07/02/2024	08/03/2024	07/04/2024	06/04/2027	£81,200

Glossary of Terms

A, B, C and C1 Contracts (Who buys what?)

Category A	Collaborative Contracts available to all public bodies • Scottish Procurement
Category B	Collaborative Contracts available to public bodies within a specific sector • Scottish Procurement • APUC • Scotland Excel • NHS National Procurement
Category C	Local Contracts for use by individual public bodies
Category C1	Local or regional collaborations between public bodies

APUC- Advanced Procurement for Universities and Colleges (APUC Ltd Reg. No. SC314764)

APUC's Sustain Supply Code of Conduct - APUC and its client community of colleges and universities is committed to carrying out procurement activities in an environmentally, socially, ethically and economically responsible manner and to entering into agreements and contracts with suppliers that share and adhere to its vision. To demonstrate this commitment, current and potential suppliers are asked to acknowledge their compliance with the principles of the APUC Sustain Supply Chain Code of Conduct with respect to their organisation and their supply chain.

BT14 – Sustainability Based Benefits - sustainability benefits where costs are not normally relevant can be reported but will normally be described in narrative including but not limited to the following areas:

· Reduction in waste – packaging and / or further use of residue from processes etc.

· Reduction in consumption - use of raw materials (consumables, utilities etc.)

· Recycling and/or reuse of products

· Enhanced Reputation and/or marketing opportunities

· Community Benefits delivery

· Carbon Reduction

Social, equality and / or environmental improvements

Category Subject is a collection of commodities or services sourced from the same or similar supply base, which meet a similar consumer need, or which are inter-related or substitutable.

Community Benefits are requirements which deliver wider benefits in addition to the core purpose of a contract. These can relate to social- economic and or environmental. Benefits. Community Benefits clauses are requirements which deliver wider benefits in addition to the

core purpose of a contract. These clauses can be used to build a range of economic, social or environmental conditions into the delivery of College contracts.

Contracts Registers these typically provide details of the procurement exercise to capture key information about the **contract** (the goods and services, values, date started, expiry date, procurement category etc.).

Cost Avoidance The act of eliminating costs or preventing their occurrence in the first place. It tends not to show up on, but materially impacts, the bottom-line cost and is normally referred to as a "soft" cost saving i.e. negating supplier requests to increase costs, procuring services/goods/ works under budget, obtaining prices lower than the market average/median.

Contract management or contract administration is the management of contracts made with customers, suppliers, partners, or employees. Contract management activities can be divided into three areas: service delivery management; relationship management; and contract administration.

Flexible Framework Self-Assessment Tool (FFSAT) enables measurement against various aspects of sustainable procurement.

GPA is an agreement between members of the World Trade Organisation (WTO) to mutually open government procurement markets among the parties included in the agreement.

Government Procurement Agreement (GPA) Procurement Thresholds The Thresholds as set out by the World Trade Organisation. The present thresholds are (net of VAT): - for Supply, Services and Design Contracts, £189,330, for Works Contracts £4,733,252. Public contracts (GPA) thresholds are revised every 2 years – this is next due on 01/01/2024**.**

Hub (Spikes Cavell) - The Scottish Procurement Information Hub is provided by Spikes Cavell as a spend analysis tool allowing organisations to: -

- Identify non-pay spend on external goods and services

- Identify key suppliers and how many transactions are made with each

- Highlight common spend across suppliers and categories

- Identify spend with SMEs and/or local suppliers

This information means that individual organisations and Centres of Expertise can identify where collaborative opportunities might exist and where transactional efficiencies could be made.

For more information, visit the Scottish Government's Hub page.

Hunter - Hunter has been developed by the eSolutions team. It is a database solution which uses standard Microsoft packages (Access and SQL Server) enabling organisations to effectively monitor and report on collaborative contracting activities.

As a solution, it is operational within the HE/FE sector in Scotland and is also being utilised by the HE consortia in England and Wales that also provide collaborative contracting services to the sector. Hunter has a multi-level structure which allows consortia to share collaborative

agreements, make them visible to their member organisations, and in turn enabling them to record their own contracts.

College Dashboard - the area within the APUC Buyers Portal being developed by the APUC eSolutions team providing easy access to Colleges' key management reporting data being recorded centrally through **Hunter**. The dashboard currently hosts key regulatory procurement information on Contracts Registers, forward contracting plans, expenditure reporting and Annual Procurement Report Data. The list of reports is planned to expand to cover savings and Procurement & Commercial Improvement Programme dashboard data.

Lotting - the Public Contracts (Scotland) Regulations 2015 encourage the use of lots (regulation 47), to promote competitiveness and to facilitate the involvement of SMEs in the public procurement market, by considering the appropriateness of dividing contracts into lots to smaller contracts

Output Specification requirements are set out in terms of what you want to achieve, leaving the tenderers to decide on how they will deliver those requirements. This can lead to innovation by the tenderers. The services detailed in the output specification should be capable of objective assessment so that the performance of the supplier can be accurately monitored.

Prioritisation - the Sustainable Public Procurement Prioritisation Tool which is a tool to aid all procuring organisations across the Scottish Public Sector designed to bring a standard structured approach to the assessment of spend categories.

Procurement Journey is public procurement toolkit with guidance and templates on the procurement process to facilitate a standardised approach to the market and contract and supplier management.

Procurement & Commercial Improvement Programme replaced the previous Procurement Capability Assessment (PCA) and focuses on the policies and procedures driving procurement performance and more importantly, the results they deliver.

PCS-Tender is the national eTendering system, and is centrally funded by the Scottish Government. The system is a secure and efficient means for buyers and suppliers to manage tender exercises online. The standard templates enable buyers to create consistent tender documentation.

Segmentation the division and grouping of suppliers or contracts in relation to spend and its criticality to business.

Small and Medium Sized Enterprises (SMEs) encompass –

Micro enterprises: enterprises which employ fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed £1.57 million.

Small enterprises: enterprises which employ fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed £7.86 million.

Medium enterprises: enterprises which are neither micro nor small, which employ fewer than 250 persons and which have an annual turnover not exceeding £39.28 million, and/or an annual balance sheet total not exceeding £33.78 million.

Social Enterprises are revenue-generating businesses with primarily social objectives whose surpluses are reinvested for that purpose in the business or in the community, rather than being driven by the need to deliver profit to shareholders and owners.

Supply Chain encompasses all activities, resources, products etc. involved in creating and moving a product or service from the supplier to the procurer.

Supply Chain Management Programme (Sustain) is the APUC supply chain sustainability web portal, a central hub where sector suppliers can complete and store sustainability compliance data. The portal is the core supply chain sustainability tool supporting HE and FE Colleges and their suppliers in delivering a transparent, environmentally positive, ethical and socially responsible supply chain

Supported business means an economic operator whose main aim is the social and professional integration of disabled or disadvantaged persons, and where at least 30% of the employees of the economic operator are disabled or disadvantaged persons.

Supported employment programme means an employment programme operated by an economic operator, the main aim of which is the social and professional integration of disabled or disadvantaged persons, and where at least 30% of those engaged in the programme are disabled or disadvantaged persons.

Sustainable Procurement A process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis and generates benefits, not only for the organisation but also to society, the economy and the environment.

Third-Party Expenditure is calculated based upon the total value of invoices paid per annum, excluding VAT, to all suppliers for the purchase of goods and services. It is defined as including:

- Goods – tangible products such as stationery, which are often also known as supplies
- Services – provision of an intangible product such as refuse collection, elderly home care, whether carried out internally or externally.
- Works – including construction works and utilities, i.e. energy costs.

It excludes employee costs, non-cash expenditure (e.g. depreciation), grants, trust payments and other non-controllable payments to other publicly funded bodies but should include spending on agency staff, capital expenditure and programme spend on commodities and services.

Annual Procurement Report   **Annex A**

[NOTE: reference to contract is also to be construed as meaning a Framework Agreement]

1. Organisation and report details	
a) Contracting Authority Name	Ayrshire College
b) Period of the annual procurement report	01/08/21 to 31/07/22
c) Required by s18 Procurement Reform (Scotland) Act 2014 to prepare an annual procurement report? *(Yes / No)*	Yes
2. Summary of Regulated Procurements Completed	
a) Total number of regulated contracts awarded within the report period	10
b) Total value of regulated contracts awarded within the report period	£3,724,622
c) Total number of unique suppliers awarded a place on a regulated contract awarded during the period	10
i) how many of these unique suppliers are SMEs	4
ii) how many of these unique suppliers how many are Third sector bodies	0
3. Review of Regulated Procurements Compliance	
a) Number of regulated contracts awarded within the period that complied with your Procurement Strategy	10
b) Number of regulated contracts awarded within the period that did not comply with your Procurement Strategy	0
4. Community Benefit Requirements Summary	
Use of Community Benefit Requirements in Procurement:	
a) Total number of regulated contracts awarded with a value of £4 million or greater.	0
b) Total number of regulated contracts awarded with a value of £4 million or greater that contain Community Benefit Requirements.	0
c) Total number of regulated contracts awarded with a value of less than £4 million that contain a Community Benefit Requirements	1

Key Contract Information on community benefit requirements imposed as part of a regulated procurement that were fulfilled during the period:

d) Number of Jobs Filled by Priority Groups *(Each contracting authority sets its own priority groups)*	0
e) Number of Apprenticeships Filled by Priority Groups	0
f) Number of Work Placements for Priority Groups	0
g) Number of Qualifications Achieved Through Training by Priority Groups	0
h) Total Value of contracts sub-contracted to SMEs	0
i) Total Value of contracts sub-contracted to Social Enterprises	0
j) Total Value of contracts sub-contracted to Supported Businesses	0
k) Other community benefit(s) fulfilled	0

5. Fair Work and the real Living Wage

a) Number of regulated contracts awarded during the period that have included a scored Fair Work criterion.	0
b) Number of unique suppliers who have committed to pay the real Living Wage in the delivery of a regulated contract awarded during the period.	5
c) Number of unique suppliers who are accredited Living Wage employers and were awarded a regulated contract awarded during the period.	2
d) Number of unique suppliers who have signed up to the Scottish Business Pledge and were awarded a regulated contract awarded during the period.	0

6. Payment performance

a) Number of valid invoices received during the reporting period.	9,396
b) Percentage of invoices paid on time during the period ("On time" means within the time period set out in the contract terms.)	95%
c) Number of regulated contracts awarded during the period containing a contract term requiring the prompt payment of invoices in public contract supply chains.	10
d) Number of concerns raised by sub-contractors about the timely payment of invoices within the supply chain of public contracts.	0

7. Supported Businesses Summary

a) Total number of regulated contracts awarded to supported businesses during the period	0
b) Total spend with supported businesses during the period covered by the report, including:	£34,316
i) spend within the reporting year on regulated contracts	£34,316
ii) spend within the reporting year on non-regulated contracts	£0

8. Spend and Savings Summary

a) Total procurement spend for the period covered by the annual procurement report.	£5,978,957
b) Total procurement spend with SMEs during the period covered by the annual procurement report.	£2,901,093
c) Total procurement spend with Third sector bodies during the period covered by the report.	£34,316
d) Percentage of total procurement spend through collaborative contracts.	49%
e) Total targeted cash savings for the period covered by the annual procurement report	Target not set
i) targeted cash savings for Cat A contracts	Target not set
ii) targeted cash savings for Cat B contracts	Target not set
iii) targeted cash savings for Cat C contracts	Target not set
f) Total delivered cash savings for the period covered by the annual procurement report	£328,221
i) delivered cash savings for Cat A contracts	£1,954
ii) delivered cash savings for Cat B contracts	£106,371
iii) delivered cash savings for Cat C contracts	£68,824
g) Total non-cash savings value for the period covered by the annual procurement report	£219,896

9. Future regulated procurements

a) Total number of regulated procurements expected to commence in the next two financial years	14
b) Total estimated value of regulated procurements expected to commence in the next two financial years	£2,145,945

Ayrshire College

(Paper 13.1)

Board of Management

8 December 2022

Subject:	Key points report: Learning Teaching and Quality Committee Meeting, 10 November 2022
Report from:	Alison Sutherland, Chair, Learning, Teaching and Quality Committee
Purpose of the report:	To provide the Board with a summary of significant items considered by the Learning, Teaching and Quality Committee meeting in advance of the approved minutes being submitted to a future Board meeting.
Recommendation:	The Board is asked to receive and note the report and review any areas escalated by the Committee to the Board.

The Committee considered, noted or approved the following:

1. School-College Partnership Pathways

The Committee welcomed Carol Nisbet, Head of Schools, Engagement & Widening Access, who provided an informative presentation on the College's Future Skills Strategy and how this also aligns to the Ayrshire Growth Deal, Ayrshire Regional Skills Investment Plan and the College's school-college programme offer. The effective working relationships between the College and the three Local Authorities was noted.

2. Ayrshire College Student Association Report

The Committee received assurance on the recruitment of Class Ambassadors. Training was underway with further follow-up training provided throughout November and December, if needed.

The Committee expressed their interest in receiving the associated statistics related to the Rockpool Podcast recorded by the Student President. It was agreed that this information will be included in the Student Association report to the Board in December.

3. 2022-23 Draft Regional Outcome Agreement and 2021-22 Self-Evaluation Report

As an SFC requirement, the College must have in place an annual Regional Outcome Agreement, approved by the Board. The Committee reviewed in the context that the document captured, at a high level, contributions, impact and outcomes, and provides assurance on and accountability for the use of allocated funding in Academic Year

(AY) 2022-23. The Committee was of the view that the Outcome Agreement was comprehensive and outlined a forward vision for the College. Members were requested to submit any further feedback to A Campbell.

The Committee confirmed that they were content to recommend the 2022-23 Draft Regional Outcome Agreement and 2021-22 Self-Evaluation Report to the Board of Management for approval, subject to the caveat that the data table, not yet received from SFC, may change or following the submission of any further feedback

4. 2022-23 Draft Curriculum Delivery Plan

The Committee noted:
- the approach to the development of the Draft Curriculum Delivery Plan applying the College Quality Cycle.
- An Indicative funding allocation is expected to be received from SFC in March 2023 which may alter the plan.
- the draft CDP as presented is based on the College's funding allocation for 2022-23.

The Committee approved the 2022-23 Draft Curriculum Delivery Plan.

5. 2021-22 Interim Ayrshire College Performance Indicator Report

The AY2021-22 performance was discussed, and acknowledged by the Committee, in the context of the continued disruption to learning and wider economic pressures experienced by students during the year.

The Committee noted that, due to a change in reporting timescales by SFC, a sector benchmarking report will be submitted to the May 2023 meeting of the Committee following publication of the national sector report.

Alison Sutherland, Chair,
Learning, Teaching and Quality Committee

Ayrshire College

Board of Management

15 November 2022

(Paper 13.2)

Subject:	Key points report: Business, Resources and Infrastructure Committee Meeting, 6 September 2022
Report from:	Mike Stewart, Chair, Business, Resources & Infrastructure Committee
Purpose of the report:	To provide the Board with a summary of significant items considered by the Business, Resource and Infrastructure Committee meeting in advance of the approved minutes being submitted to the next Board meeting.
Recommendation:	The Board is asked to receive and note the report and review any areas escalated by the Committee to the Board.

The Committee considered, noted or approved the following:

1. **Health, Safety and Wellbeing Annual Report August 2021 – July 2022**

   The Committee received a comprehensive presentation from Martin Hammond, Head of Health, Safety and Wellbeing which was followed by a productive discussion on aspects of the report including mandatory training, RIDDOR incidents and mental health and wellbeing.

   Following consideration, the Committee was content to recommend the Health, Safety and Wellbeing Annual Report August 2021 – July 2022 to the Board for approval.

2. **Health, Safety & Wellbeing and Equality & Inclusion Report**

   Martin Hammond, Head of Health, Safety and Wellbeing also took the Committee through this report with key areas of focus relating to accidents and incidents across the campuses, fire safety, wellbeing initiatives and programmes and equality and inclusion activity.

   Further detail of assurance and action taken was provided to the Committee on the following:
   - a near miss at Kilwinning campus
   - a fire evacuation at Kilmarnock campus
   - The work undertaken to support and promote diversity across the College's staff team.

3. **2021-22 Financial Statements to July 2022 – Before Audit Finalisation**

The Committee received the financial statements for 2021-22 before audit finalisation. The Committee noted that following the figures being prepared SFC had announced the inclusion of a 2% threshold on credit delivery for 2021-22. Therefore, the College could drawdown an extra £0.711m of credit funding not recognised in the figures presented. This change would however be reflected in the figures presented to Audit and Risk Committee and the Board.

The Committee commended the exceptional financial stewardship and recommended the 2021-22 Financial Statements to July 2022 – Before Audit Finalisation for approval through the Audit and Risk Committee and thereafter to the Board.

4. **2022-23 Management Accounts as at September 2022**

The Committee commended the overall position and effective financial management, whilst also recognising the on-going challenges to the College and the sector.

The Committee noted the future risks to the College set out within the management accounts. These included the risk of not achieving the 2022-23 credit targets, the costs of contractual inflationary uplifts, and the risk that the 2022-23 pay award has still to be nationally agreed. The Committee recognised that SLT would review the position through regular financial reporting and forecasts, working work with budget holders to minimise the risk of future pressures.

5. **Strategic Allocation of Cash Balances**

The Committee received a position statement from the Principal and Vice Principal, Finance on proposals for revising the allocation of strategic cash balances. The Committee supported the proposals and recommended that these were taken forward to the Board for consideration at its meeting in December 2022.

6. **Ayrshire College Financial Regulations as at November 2022**

Following review, the Committee recommended the Ayrshire College Financial Regulations as at November 2022 to the Board for approval.

7. **HR & Staff Learning and Development Report**

The Committee noted the following positive developments for the college and staff:

- The continued success and positive feedback from the Aspire Growing Leaders Programme.
- Formal notification that the College had been awarded IiP Gold for a period of three years.
- The celebration held to acknowledge recent achievements of staff in successfully completing programmes of study.

8. 2022-23 Corporate Risk Register – BRIC Extract

The Committee reviewed the risk register and agreed that the risk score for BRIC1 would be increased, reflecting the risks for in-year financial sustainability outlined in the management accounts.

Mike Stewart, Chair
Business, Resources and Infrastructure Committee

Ayrshire College

Board of Management   *(Paper 13.3)*

8 December 2022

Subject:	Key points report: Audit and Risk Committee Meeting, 22 November 2022
Report from:	Steven Wallace, Chair, Audit and Risk Committee Steve Graham, Vice-Chair, Audit and Risk Committee
Purpose of the report:	To provide the Board with a summary of significant items considered by the Audit and Risk Committee meeting in advance of the approved minutes being submitted to the next Board meeting.
Recommendation:	The Board is asked to receive and note the key points outlined, and review any areas escalated by the Committee to the Board.

Note: The Chair was present at the meeting, but the meeting was chaired by the Vice-Chair due to ill-health of the Chair.

1.   Internal Audit Reports 2021-22

BDO are the College's outgoing internal auditors. This meeting was BDO's last time presenting to the committee and saw the conclusion of the internal audit work for AY2021-22. The committee received the following reports from BDO:

- **Further Education Statistical (FES) Data Returns:** examined the adequacy of the sub-systems used by the College in relation to the Credit Guidance.
- **Education Maintenance Allowance (EMA):** reviewed student data returns in accordance with the EMA Audit Guidance Notes for 2021-22.
- **Student Support Funds:** reviewed student data returns in accordance with the 'Student Support Fund' Audit Guidance Notes for 2021-22.
- **2021-22 Internal Audit Follow-up review:** reviewed the degree of implementation of previously agreed Internal Audit recommendations.
- **2021-22 Internal Audit Annual Report:** reviewed the control policies and procedures employed to manage risks in business areas identified by management set out in the 2021-22 Annual Internal Audit Plan.

The committee was pleased to note that Internal Auditor reported substantive assurance across all reports. In relation to internal audit follow-up reports, the committee noted

assurance that management's resolve to implement previously agreed Internal Audit recommendations is sound. In discussion with Internal Audit, it was however agreed that the action related to Schools and Community Provision would be closed off during the committee meeting. Therefore, BDO's follow-up report and the 2021-22 Internal Audit Annual report, would be updated to reflect this change.

2. External Audit

The Committee received the following reports presented by Management and External Audit:
- **BoM Report and Financial Statements 2021-22**
- **Annual Audit Report to the BOM and Auditor General**
- **Letter of Representation 2021-22**

Key points noted included:
- The Board of Management report summarises the College's activities and performance in 2021-22. Whilst the report must comply with SFC and statutory guidance the report enables the College to demonstrate what it has achieved and its ambitions for future developments.
- The Financial Statements for 2021-22 had been reviewed and considered by the BRIC Committee. Since presentation to the BRIC Committee, the figures had been amended to reflect SFC announcing in November that the College could now draw down additional funding on deferred student credits. This resulted in additional income of £711k. This had been discussed at BRIC Committee and the adjustment was reflected in the external auditors' report.
- The external and internal audit reports provided the committee with significant assurance on the information reported and on the quality of the College's financial governance arrangements.
- No unadjusted misstatements reported, and no material uncertainties which would impact on the College's ability to continue as a going concern with adequate resources to continue operations for AY2022-23.

All the above documents were considered in detail by the Audit and Risk Committee and recommended for approval to the Board, subject to minor administrative updates. The committee commended the quality of the reports as presented and commended the Finance Team for their work.

3. Audit and Risk Committee Chair's Annual report

The Vice Chair presented the Audit and Risk Committee's Annual report from the Chair. This report summarises the work of the Committee in 2021-22 and outlines the conclusions of the internal and external auditors. The Committee recommended the report to the Board for approval.

4. Business Continuity Plan 2022-23

The committee received the Business Continuity Plan 2022-23 for approval. The committee noted that as the plan had previously been approved in March 2022 only minor

changes and amendments had been required, primarily due to changes in personnel and job titles.

The Committee noted the verbal proposal from management that the plan is updated on a 2-year cycle going forward with the next review therefore due November 2024. This was approved by the Committee.

5. Ayrshire College risk register 2022-23/Risk Management Policy

The Committee reviewed the Risk Register for 2022-23 noting specifically the correlations between BoM6, BRIC 1, 2 and 7 (cost of living, financial sustainability, job evaluation); all of which are out with the risk appetite. The Committee supported the recommendation to delete BoM 1 (Covid-19) – transferring this to business as usual and noted one increased risk (BRIC 1) and one decreased risk (BRIC 2). The Committee recommended the risk register to the Board for approval.

6. Annual meeting with Audit and Risk Committee and Internal and External Audit

In accordance with the Committee's terms of reference, the Committee held a meeting with Internal and External Audit without management present. The purpose of this meeting is to provide auditors with the opportunity to present their views on the organisation and management. The committee is pleased to report to the Board that there were no material issues raised in this regard.

Steven Wallace, Chair
Steve Graham, Vice-Chair
Audit and Risk Committee

Annual Complaints Report 2021/2022

Ayrshire College # 484082
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Ayrshire College

Total Issues Received

136 issues were received. The chart on the right shows the number of issues received each month, split by the type of issue.

118 complaints were received, 9 of these were withdrawn. 10 issues were recorded as cannot directly assist and 8 as policy issue.

Of the 10 recorded as cannot directly assist, 4 were complaints about students posting on social media. 1 from a student about the treatment they received from the NHS. 1 was about the conduct of a member of staff but they are not an employee. 1 from a visitor about the behaviour of students that we were unable to trace. 1 about the behaviour of suspected students outside College. 1 from a student about a first aid course not run by the College and 1 anonymous complaint but no details were given so we were unable to investigate.

Of the 8 issues recorded as policy issue 6 were about the behaviour of students to other students and were dealt with through the Student Conduct Policy. 1 was a parent unhappy their child had been disciplined so was referred to appeal and 1 from a member of staff about access to ICT.

The charts below show the total issues received each month by campus and the total issues received split by campus and type of issue.

Issues received, split by month and type of issue
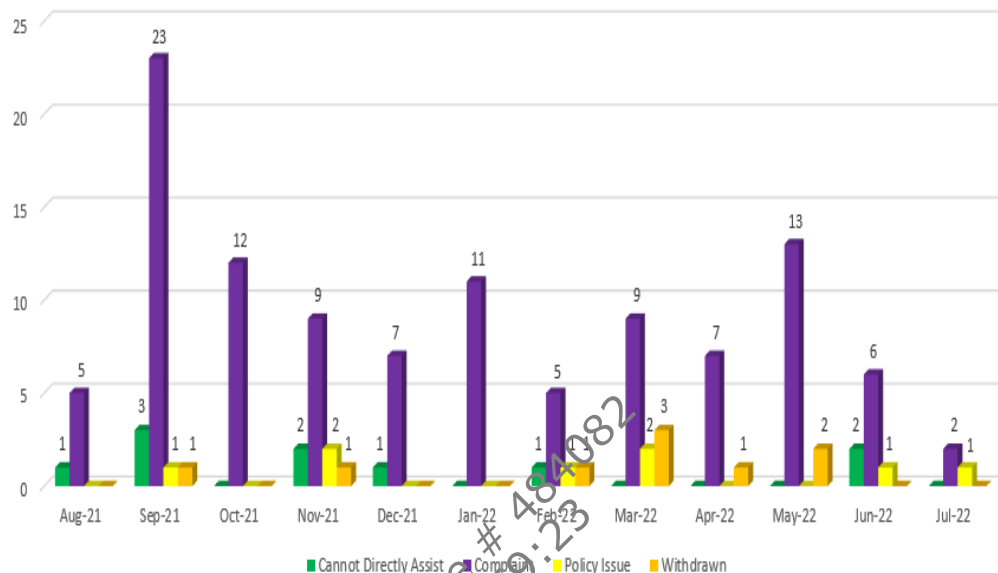
Issues received, split by month and campus
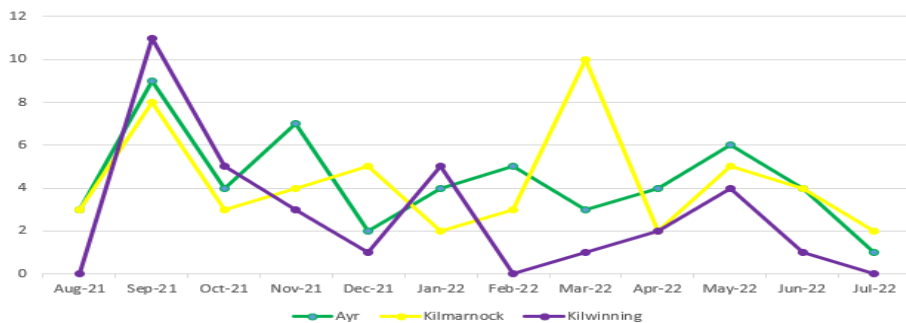
Issues received, split by campus and type of issue
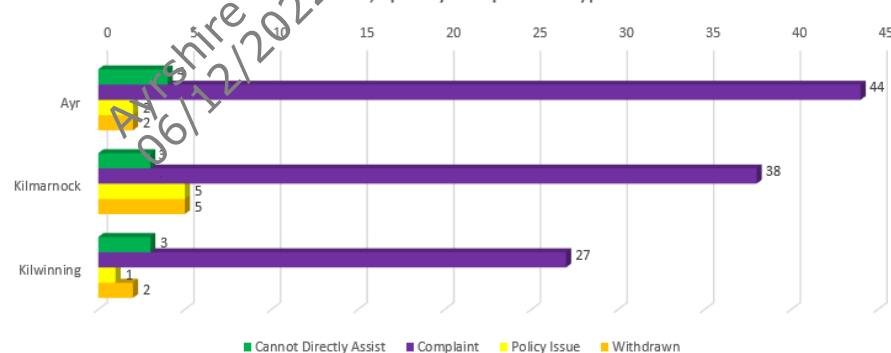
Complaints Received

Complaints received, split by stage

- Stage 1
- Stage 2
- Escalated from stage 1 to 2
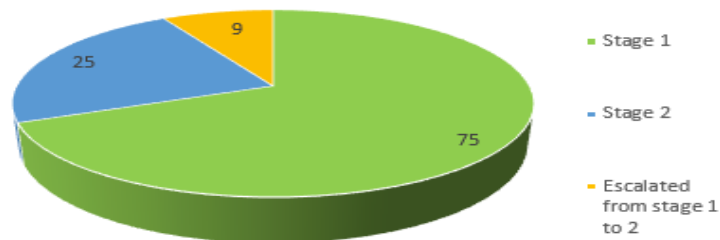
118 complaints were received, 9 of these were withdrawn.

The chart on the left shows the remaining 109 complaints received, split by stage.

75 out of 109 complaints received were dealt with at stage 1, which equates to 69% of complaints.

Stage 1 – SPSO set timescale is 5 working days and extended timescale is 10 working days
Stage 2 – SPSO set timescale is 20 working days and extended timescale is 40 working days
Escalated from stage 1 – 2 - SPSO set timescale is 20 working days and extended timescale is 40 working days

73% of complaints were closed within the SPSO set timescale.

Complaints received, split by stage and timescale closed in

- Closed within set timescale
- Closed within extended timescale
- Not closed within extended timescale
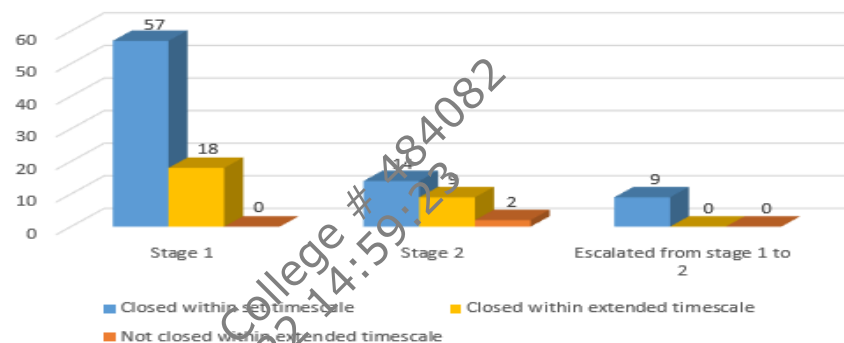
Complaints received, split by outcome as a percentage

- Not upheld
- Partially upheld
- Upheld
- Resolved
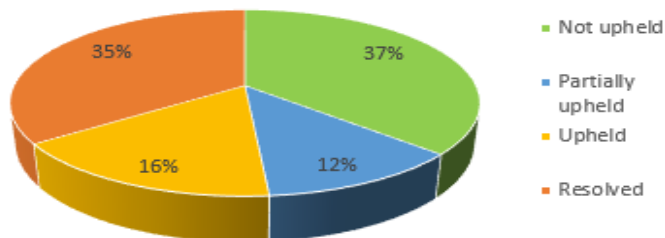
Of the 109 complaints received, 16% of complaints were upheld, with a further 12% partially upheld. This combines to 31 out of 109 complaints. 38 complaints were resolved.

3

Complaints Comparison

	COMPLAINTS HANDLING PROCEDURE INDICATORS	Q1		Q2		Q3		Q4		YTD		2020/2021	
1.0	Total number of complaints received & complaints received per 100 population												
1.1	Number of complaints Received	40		27		21		21		109		137	
1.2/1a	College Population and Number of Complaints received per 100 population	9568	0.4	9644	0.3	9386	0.2	7667	0.3	9644	1.1	8915	1.5
2.0	Number of complaints closed at each stage and as a % of all complaints closed												
2.1/2a	Number of complaints closed at Stage 1 and % of total closed	31	77.5%	18	66.7%	11	52.4%	15	71.4%	75	68.8%	96	70.1%
2.2/2b	Number of complaints closed at Stage 2 and % of total closed	8	20.0%	8	29.6%	7	33.3%	2	9.5%	25	22.9%	18	13.1%
2.3/2c	Number of complaints closed after Escalation and % of total closed	1	2.5%	1	3.7%	3	14.3%	4	19.1%	9	8.3%	23	16.8%
2.4	Open	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
3.0	Number of complaints upheld, partially upheld and not upheld at each stage and as a % of complaints closed at that stage												
3.0	Stage 1												
3.1/3a	Number and % of complaints upheld at Stage 1	6	19.4%	4	22.2%	3	27.3%	1	6.7%	14	18.7%	43	44.8%
3.3/3c	Number and % of complaints not upheld at Stage 1	12	38.7%	5	27.8%	3	27.3%	3	20.0%	23	30.7%	53	55.2%
3.5/3c	Number and % of complaints resolved at Stage 1	13	41.9%	9	50.0%	5	45.5%	11	73.3%	38	50.6%	0	0.0%
3.0	Stage 2												
3.4/3d	Number and % of complaints upheld at Stage 2	7	87.5%	3	37.5%	5	71.4%	1	50.0%	16	64.0%	11	61.1%
3.6/3f	Number and % of complaints not upheld at Stage 2	1	12.5%	5	62.5%	2	28.6%	1	50.0%	9	36.0%	7	38.9%
3.8/3f	Number and % of complaints resolved at Stage 2	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
3.0	Escalated												
3.7/3g	Number and % of complaints upheld after Escalation	0	0.0%	1	100.0%	0	0.0%	0	0.0%	1	11.1%	14	60.9%
3.9/3h	Number and % of complaints not upheld after Escalation	1	100.0%	0	0.0%	3	100.0%	4	100.0%	8	88.9%	9	39.1%
3.11/3i	Number and % of complaints resolved after Escalation	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
4.0	Total working days and average time in working days to close complaints at each stage												
4.1/4a	Total working days and average time in working days to close complaints at Stage 1	118	3.8	87	4.8	61	5.5	65	4.3	331	4.4	493	5.1
4.2	Total working days and average time in working days to close complaints at Stage 2	315	39.4	191	23.9	178	25.4	80	40.0	764	30.6	407	22.6
4b	Escalation	20	20.0	20	20.0	48	16.0	53	13.2	141	15.7	447	19.4
5.0	Number and % of complaints closed within set timecales (S1=5 workings days; S2=20 working days ; Escalated = 20 working days)												
5.1/5a	Number and % of Stage 1 complaints closed within 5 working days	26	83.9%	12	66.7%	7	63.6%	12	80.0%	57	76.0%	70	72.9%
5.2/5b	Number and % of Stage 1 complaints not closed with 5 working days	5	16.1%	6	33.3%	4	36.4%	3	20.0%	18	24.0%	26	27.1%
5.3/5c	Number and % of Stage 2 complaints closed within 20 working days	3	37.5%	6	75.0%	1	57.1%	1	50.0%	14	56.0%	14	77.8%
5.4/5d	Number and % of Stage 2 complaints not closed within 20 working days	5	62.5%	2	25.0%	6	42.9%	1	50.0%	11	44.0%	4	22.2%
5.5/5e	Number and % of Escalated complaints closed within 20 working days	1	100.0%	1	100.0%	3	100.0%	4	100.0%	9	100.0%	21	91.3%
5.6/5f	Number and % of Escalated complaints not closed within 20 working days	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	2	8.7%
6.0	Number and % of complaints closed at each stage where extensions have been authorised												
6.1/6a	Number and % of Stage 1 complaints closed within 10 working days (extension)	5	100.0%	6	100.0%	4	100.0%	3	100.0%	18	100.0%	23	88.5%
6.2/6b	Number and % of Stage 1 complaints not closed within 10 working days (extension)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	3	11.5%
6.3/6c	Number and % of Stage 2 complaints closed within 40 working days (extension)	4	80.0%	2	100.0%	3	100.0%	0	0.0%	9	81.8%	4	100.0%
6.4/6d	Number and % of Stage 2 complaints not closed within 40 working days (extension)	1	20.0%	0	0.0%	0	0.0%	0	100.0%	1	18.2%	0	0.0%
6.5/6e	Number and % of Escalated complaints closed within 40 working days (extension)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
6.6/6f	Number and % of Escalated complaints not closed within 40 working days (extension)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	2	100.0%

- 109 complaints received, a decrease of 20% from 2020/2021.

- 69% of complaints were handled at stage 1 in 2021/2022, compared to 70% for 2020/2021.

- 73% of complaints were closed within the target timescale, compared to 77% in 2020/2021.

- 98% of complaints were closed within the extended timescale in 2021/2022, 96% of complaints were closed within the extended timescale in the same period in 2020/2021.

Complaints – Sub-category

The chart below shows the complaints received, split by sub-category and outcome.

Complaints recevied, split by sub-category and outcome
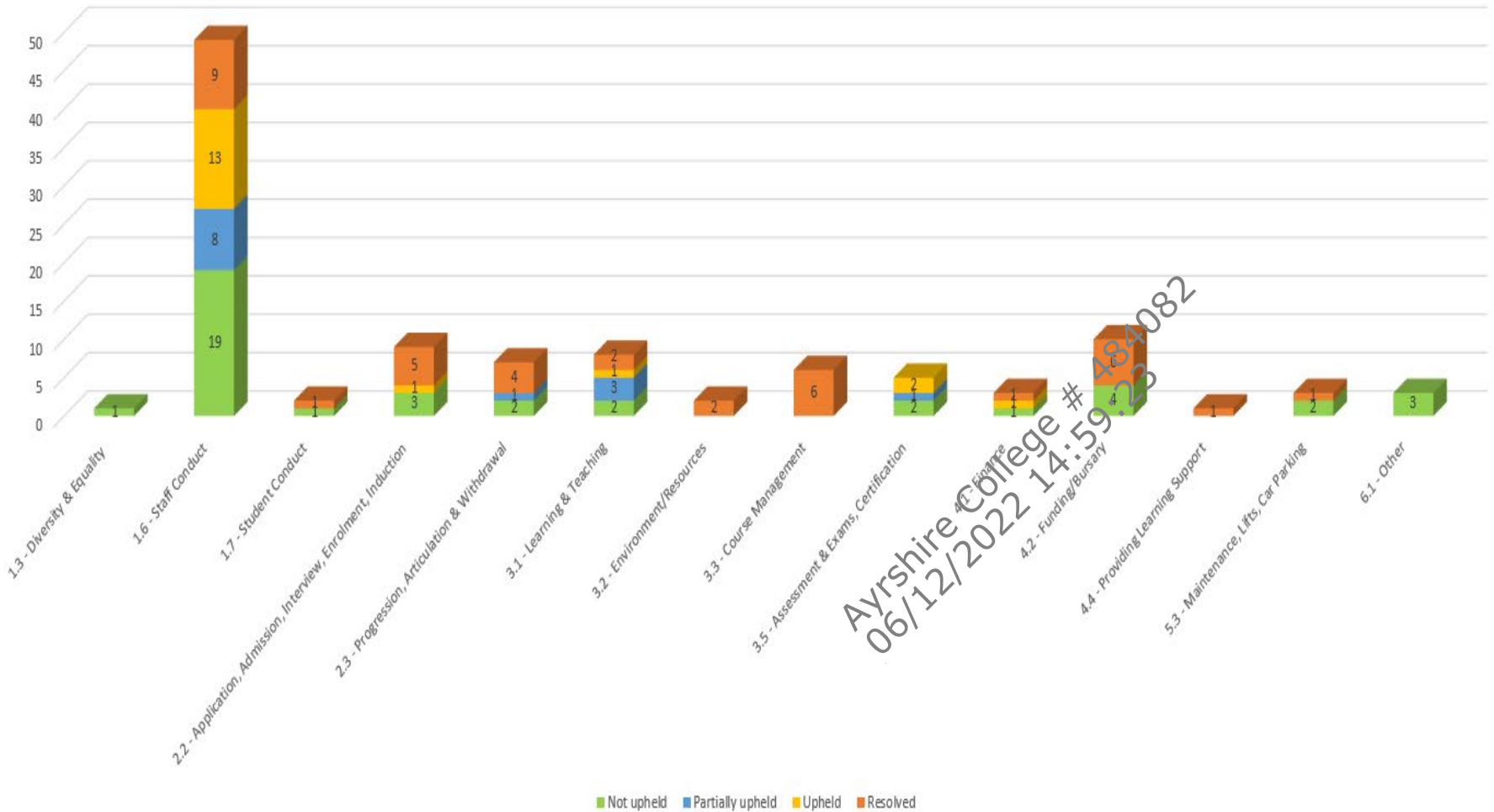
Complaints – Sub-category

Noted below are the reasons for complaint in each of the top 5 sub-categories:

Staff Conduct
- Treatment of students by staff member
- Lack of/no communication from staff
- No action taken when reporting issues with other students
- Unhappy with information provided by staff member
- Feels discriminated against at placement and unsupported
- Lack of support provided
- Attitude and behaviour of staff member
- Lack of social distancing from staff member, not wearing a mask
- Misgendered/not recognised as female by members of staff
- Unhappy staff member being distracted during lessons
- Staff member unprepared for lessons, speaking inappropriately, late for lessons, instructions not clear
- Received invoice for laptop that had already been returned but record not updated
- Lack of response to emails/calls/messages
- Not taken additional needs into account
- Questioned medical appointment, reported to school for not sitting assessment
- Unhappy with feedback, the way this was given and attitude of staff member
- Marked absent when in class
- Staff have cliques and making it uncomfortable for students

Funding/Bursary
- Not received bursary and unhappy with the way they were spoken to
- Unhappy with time taken to assess discretionary funding application
- Delay to assess application and with the information requested
- Funding placed on hold due to attendance/marked absent in error
- Unable to apply for bursary due to delay transferring course
- Not awarded travel expenses, as lives less than two miles from the campus

*Pages 18-20 show all the categories and sub-categories available

Application, Admission, Interview, Enrolment, Induction
- Lack of communication about how course will be delivered
- Unable to use ITA funding to purchase kit, told needed to attend another course to secure place on course but it was then cancelled
- Application not progressed, feels victimised and treated unfairly
- Unhappy with interview process and what staff member said
- Unhappy with communication received following application for schools course
- Not offered a place on course
- Unhappy when attended for induction the member of staff running this was late and did not have any materials

Learning & Teaching
- Unhappy with learning & teaching
- Unhappy with teaching methods, does not answer questions, unapproachable, does not use camera on Teams, using pre-recorded lessons, lack of support
- Unhappy with teaching methods, not provided with printed module packs, classes always finish early, course delivered online
- Not taught anything first 2 months of the course, change of lecturer, advised no prelim then given one weeks notice of prelim

Progression, Articulation & Withdrawal
- Unhappy told cannot complete placement
- Unhappy not secured place on next level course
- Unhappy withdrawn from the course due to being late handing in one assessment
- Invited for induction then advised had not secured a place on next level course

6

Complaints – Sub-category Comparison

The chart below shows the complaints received, split by sub-category, compared to complaints received, split by sub-category, in 2020/2021.

Complaints Received by Sub-category 2021/2022 vs 2020/2021
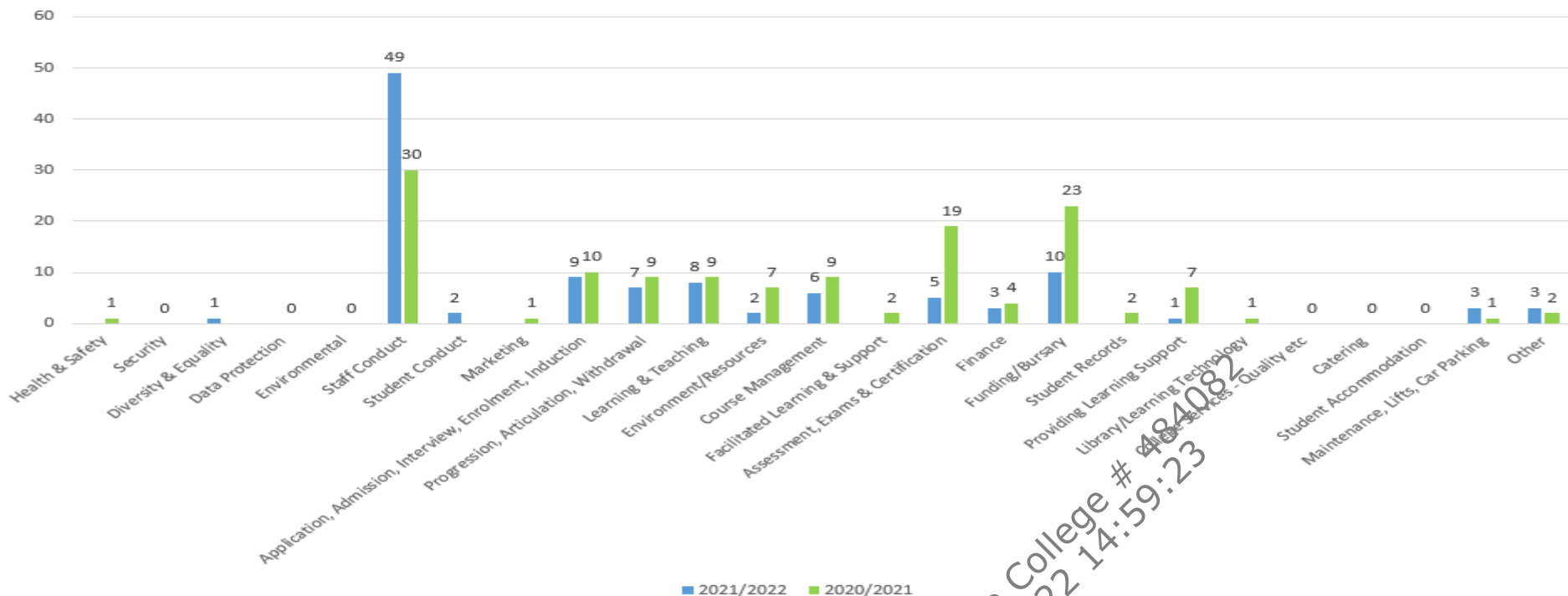
- Increase in complaints received in the staff conduct sub-category from 30 in 2020/2021 to 49 in 2021/2022. This is due to an increase in complaints about the way students have been treated by a member of staff.

- Decrease in complaints received in the assessment, exams & certification sub-category from 19 in 2020/2021 to 5 in 2021/2022. This is mainly due to a reduction in complaints received about an assessment taking place for an evening class when national exams had been cancelled.

- Decrease in complaints received in the funding/bursary sub-category from 23 in 2020/2021 to 10 in 2021/2022. This is mainly due to a decrease in complaints about the information being requested to pay bursaries or that bursary payments have been placed on hold due to attendance or lack of engagement.

- Decrease in complaints received in the environment/resources sub-category from 7 in 2020/2021 to 2 in 2021/2022. This is due to a reduction in complaints about an HND course running at a different campus.

Complaints – Curriculum/Service Area

The chart below shows issues received each month, split by curriculum/service area.

Monthly complaints (inc withdrawn) received, split by curriculum/service area
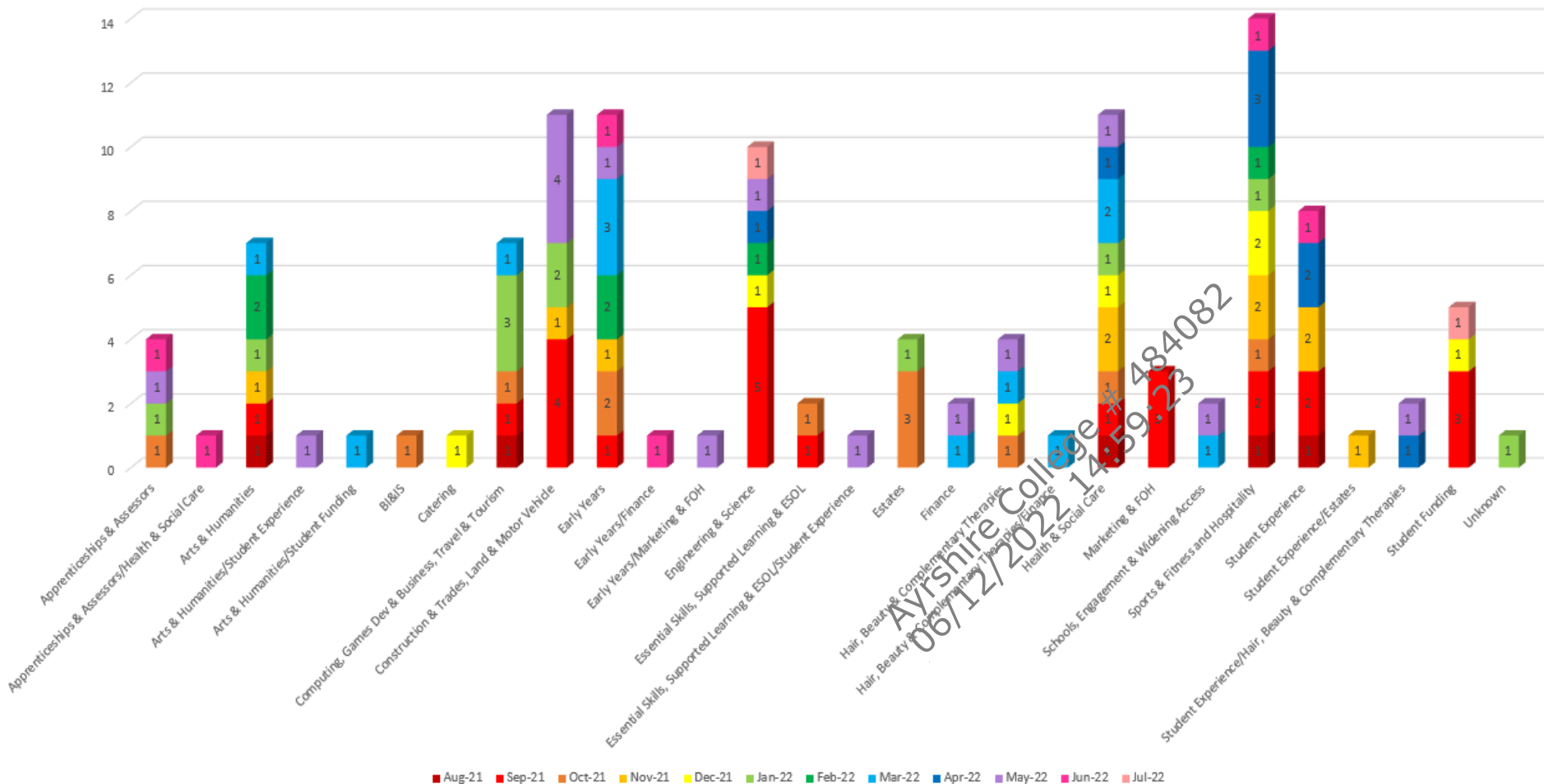
Complaints – Curriculum/Service Area

The chart below shows the complaints received, split by outcome and curriculum/service area.

Complaints received, split by outcome and curriculum/service area

Not upheld   Partially upheld   Upheld   Resolved
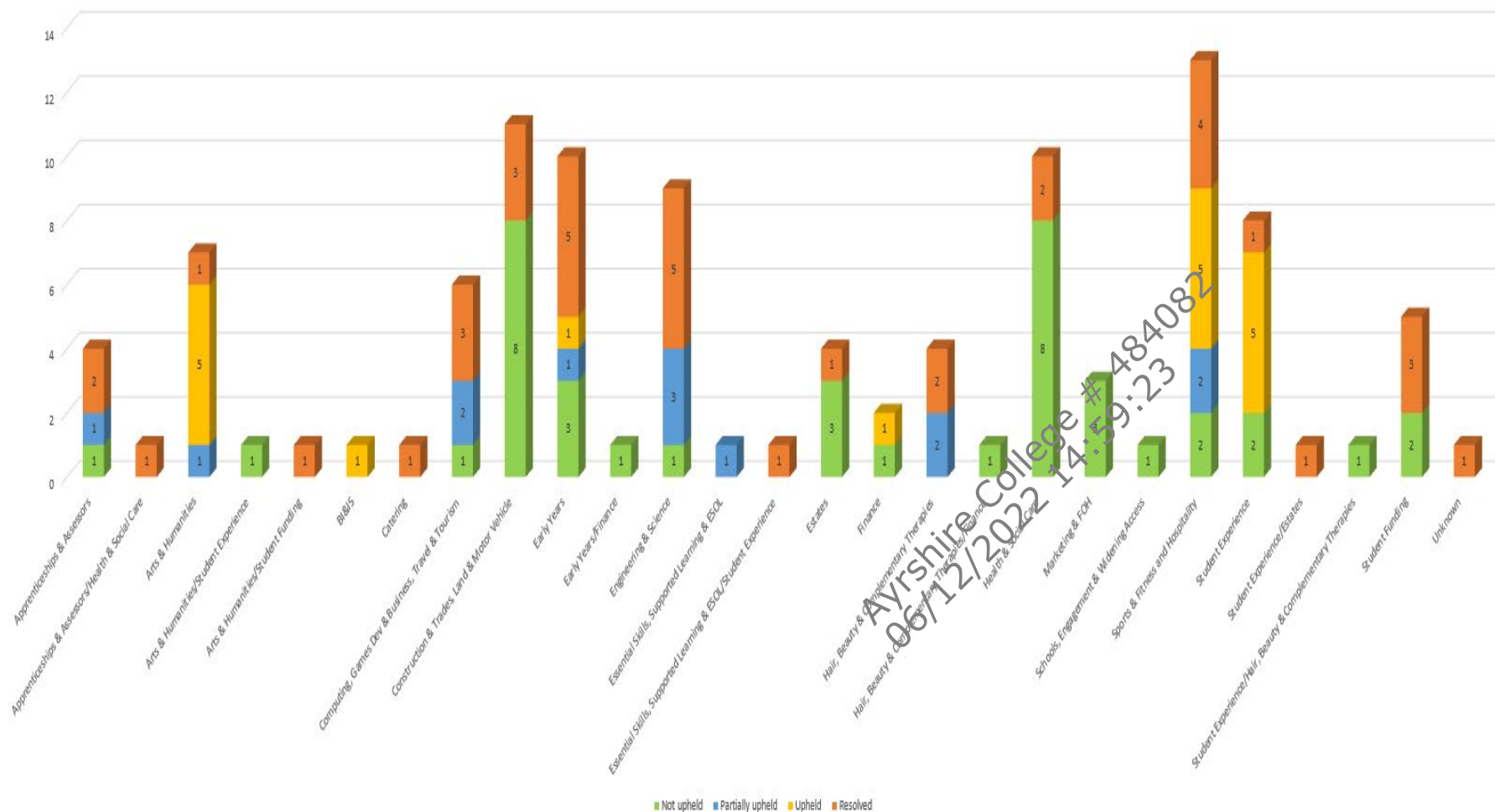
Complaints – Curriculum/Service Area

The chart below shows the percentage of complaints received, that were closed within the SPSO set timescale (5 or 20 working days), split by curriculum/service area.

Percentage of complaints received, closed within timescale split by curriculum/service area
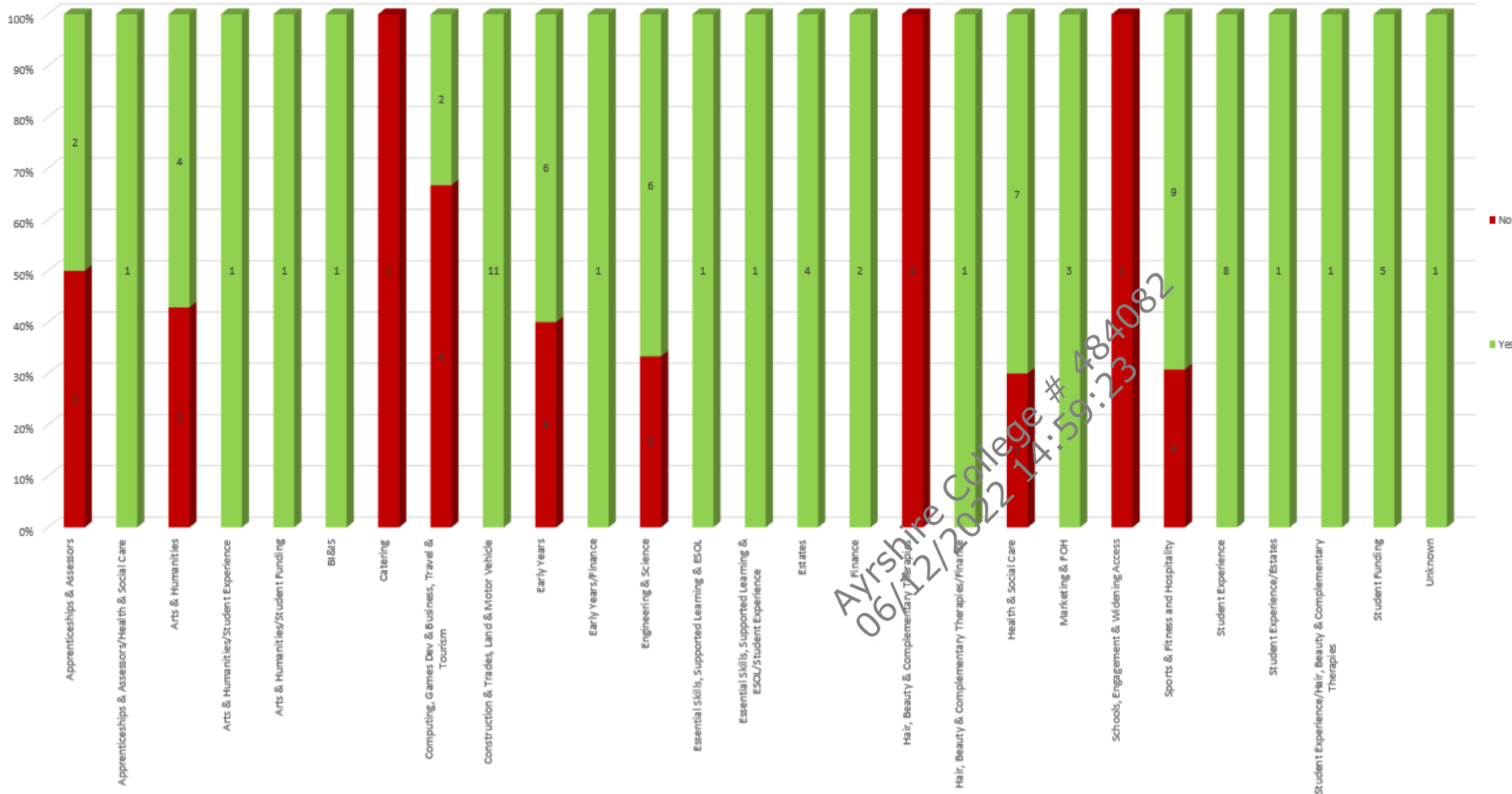
Actions

Complaint Category	Number of actions	Number completed	Number outstanding
1. Customer Care	21	17	4
2. Applications, Admissions & Progression	8	7	1
3. Course Related	11	9	2
4. Services	6	6	0
5. Facilities	1	1	0
6. Others	0	0	0
Total	**47**	**40**	**7**

Service Improvements

Issue	Actions
Students contacted their MSP unhappy they have not received their HND certificates.	Updated the group award on SQA system so triggered HND qualification.
Student unhappy with the way they were spoken to by a member of staff and felt they were really unhelpful.	Staff PCs in the Learning Resource Centre have now been replaced and updated so staff are able to provide more help. Staff member provided with training on how to download MyAyrshire College App so they can support students. Staff member given a Chromebook so they had experience of using this and can therefore better support students.
Student unhappy with the learning and teaching from the lecturer.	Students now on campus on both Mondays and Thursdays so students having difficulty with a topic will be able to ask for additional assistance after the class, which should cause less repetition during the lesson itself. All mathematics classes now delivered face to face.
Parent unhappy lecturer took student's hand. Also unhappy lecturer taught the class without wearing a mask.	Staff reminded of Covid protocols in the classroom. Lecturer reviewed and implemented the Covid protocols. Lecturer will be more mindful of personal space with students in the future and avoid physical contact with students or ask permission.
Student unhappy they were not given results of assessments and not taken into account in result.	Clear communication will take place with all students about the difference in passing units and the award, lecturers will ensure consistent approach on how this is communicated to all students.

Service Improvements

Issue	Actions
Visitor to the Kilmarnock campus unhappy there are no signs in the carpark to advise the front door is shut and to use the back door.	Removed the priority access sign, as the accessible door at the front is not operational. Additional signs added to both ends of the carpark to advice entry to the building via the back door. Staff/students will advise visitors, when taking a booking by phone, to use the back door. Online booking system updated to remove reference to the back door only being used during the summer to gain entry to the building.
Student unhappy with how the course has been run and that lecturer being interrupted during lessons.	Staff member offered the opportunity to work on either Kilwinning or Kilmarnock campus to deliver online learning, so as not to impact on their home environment. Staff members attended forest kindergarten training and will share this with the other staff involved on the programme. Curriculum Manager and VQ assessor are working together to ensure a standardised approach to forest kindergarten sessions.
Student unhappy lecturer misgendered them.	Staff will undertake further equality and diversity training with new online modules.
Student unhappy with a lack of communication from one of the lecturers, waited in class for over an hour to then be told to go home. This had an affect on attendance and bursary payments.	Raised awareness with staff that students in practical classes may not have access to phones to see messages sent on the day, through Teams or any other online forums. College funding page shared with staff so that students have information on attendance and bursary payments through their essential skills lecturer. Level 4 classes to receive in campus learning as much as possible, in line with current public health and college advice on covid restrictions.

13

Service Improvements

Issue	Actions
Member of the public was unhappy there were no signs at the front of the Kilmarnock campus advising to use the back door.	There were signs on the fencing at the front of the campus but Estates arranged for additional signs to be displayed advising to use the back door for entry to the campus.
Student unhappy they had raised issues with another student's behaviour with lecturers and no action had been taken and that staff are not enforcing the student wear a mask.	Students in the class to undertake some development to further promote understanding of equality and inclusion i.e. understanding and respecting the diversity of protected characteristics, disabilities, including transgender, visual, mobility impairment and hidden disabilities.
Student unhappy with the learning and teaching of the class and one of the lecturers.	Lecturer will make lessons more interactive after speaking to the class.

Meeting arranged with the class around the merger of classes and established the best options for the class and individual circumstances within it.

Lecturers introduced team working for the merged classes so they can get to know each other.

Feedback given to staff around the volume of tutorials and feedback given on them.

Additional classes for a specific topic run during the remediation week. Additional classes will also be run during the graded unit time if required.

Feedback given to staff on the scheduling of outcomes, if a different lecturer is teaching the same subject, so this is standardised. |
| Parent of a student unhappy lecturer had questioned the student about a hospital appointment, unhappy with learning and teaching, student reported to school for not sitting an assessment they understood had been rearranged. Lecturer asked class for feedback following receipt of the complaint. | Feedback given to the lecturer to support them to improve the timing and nature of their methods of obtaining feedback from students. |
| Student unhappy with lecturer's teaching methods, does not answer questions, unapproachable, does not turn camera on, uses pre-recorded lessons, lack of help and support. | Meeting arranged with students, lecturer and Curriculum Manager to discuss expectations of timescales for queries to be answered, issues with online learning, expectations on students and lecturers (use of cameras on Teams), expectations on participation in class, role of personal development lecturer and the delivery of a specific unit. |

Service Improvements

Issue	Actions
Anonymous complaint about the staff in one area having cliques and making it uncomfortable for students.	Follow up actions with HR, feedback given to staff and staff training provided.
Students unhappy with comments made by a member of staff.	Different staff member taught the class, for the wellbeing of students and the staff member. Supportive Improvement plan put in place for staff member.
Applicant unhappy they were unable to use ITA funding to purchase a kit for their course.	Review the requirements of the kit to see if we can be more specific in what is needed. Review the cost of the kit. Review adding the cost of the kit to the website.
Student unhappy with the way a member of staff made them feel after telling them to go home due to what they were wearing.	Review the marketing leaflets for schools to ensure that we encourage all schools pupils to wear either school uniform or appropriate clothing for a practical based class. Discussions with all students about appropriate clothing in College.
Student unhappy as feels they were not taught anything for first two months of the course and then changed lecturer, told there would be no prelim then told with one weeks notice there was a prelim, no revision or recap of work, only one assessment done throughout the year.	Review the timing of the prelim for next year to ensure this does not need to change at short notice.
Employer unhappy with assessor, failing to deliver on promises to provide information or reply to candidates, communication is confusing, felt the assessor was intimidating and not appreciating restrictions staff still need to comply with.	Investigating widening the use of skills scan in the work-based learning team at the sign up point to create consistency and gain better understanding of candidates' starting points. Though this should also become less of an issue as Covid related restrictions ease. Assessor was asked to reflect on and review their communication style. This is particularly relevant with regards to candidates who are new to the SVQ process and more susceptible to increased anxiety about this.

15

Service Improvements

Issue	Actions
Student unhappy they were asked to return parts of their kit.	Staff made aware that items from kits may be retained as noted in the Scottish Funding Council policy. As part of student induction/kit distribution clear guidance will be provided on who the kit belongs to and that items may be retained by the college at any point.
Student unhappy we have said we will not submit their results to the awarding body until their outstanding fees have been paid. Also unhappy that we threatened to send debt to a debt recovery agency and did not contact them by email to request payment of fees.	Monthly statements will be emailed to students.
Parent unhappy that student came for induction and nobody was there. Student has now withdrawn from the course because of this.	All students will be notified by email (where we have valid details) information relating to their induction. Where students cannot be contacted via email clear instructions will be provided verbally. All students will be met at reception at the appropriate time and then taken to their room for induction. Reception will be provided with the information relating to rooms being used to ensure students are sent to the correct room.

Customer Satisfaction

A total of 94 surveys have been sent, with 14 responses received, this equates to a 15% response rate. The results from the responses received are shown in the charts below.

Q2 - I was aware of the complaints procedure before I needed to make a complaint
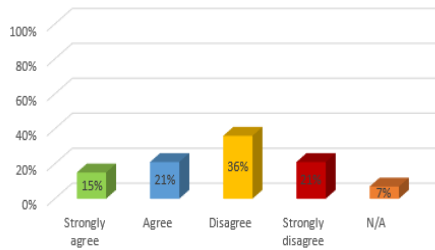
Q3 - I found the complaints process easy to access
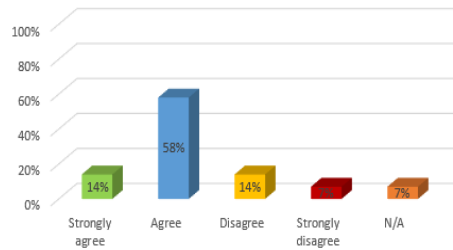
Q4 - I found the complaints form easy to use
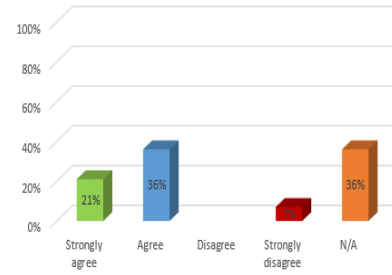
Q5 - I was able to access information and assistance in making my complaint where this was required
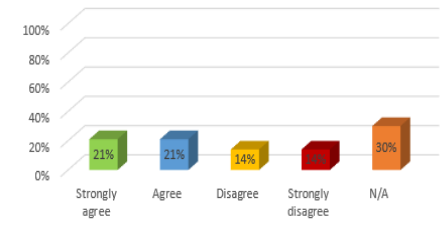
Q6 - I received a prompt acknowledgment of my complaint
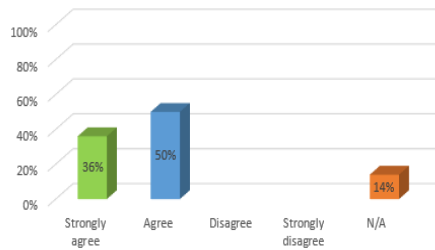
Q7 - I felt my complaint was taken seriously
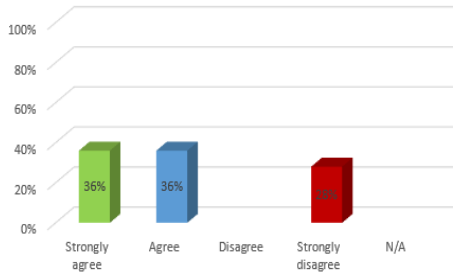
Q8 - I felt my complaint was thoroughly investigated
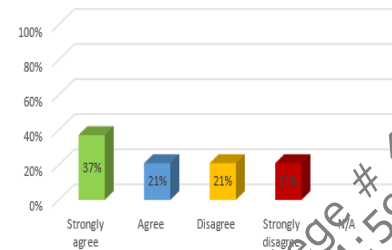
Q9 - I received a fair and objective response to my complaint
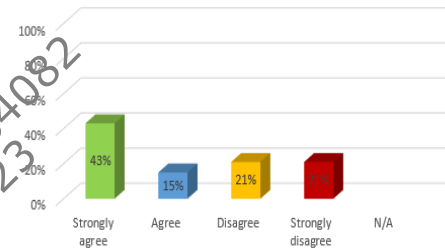
Q10 - I received a clear response to my complaint
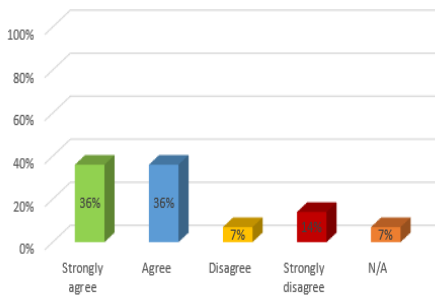
Q11 - I received a response to my complaint within an appropriate timescale
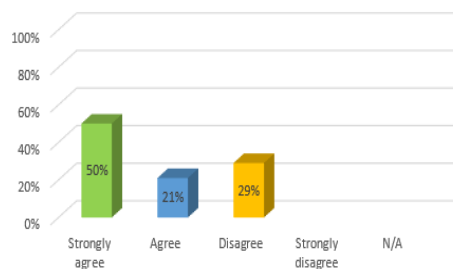
Q12 - I was dealt with courteously at all times

17
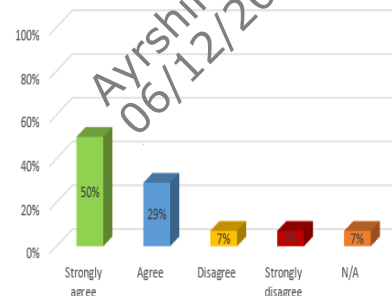
Appendix

The tables below show the College Development Network categories and sub-categories, which we have adopted.

1.0	CUSTOMER CARE	
	Sub-Category	Examples
1.1	Health & Safety	• Alleged misuse of disability car parking spaces • Subject to passive smoking in no smoking area • Tripping hazards in workshop
1.2	Security	• Theft of personal property • Padlock on bicycle locker cut by Estates staff
1.3	Diversity & Equality *(Protected Characteristics)*	• Failure to make reasonable adjustments under the terms of Equality Act • Visitor complains of poor accessibility to toilets and lifts • Student not allowed to progress on course due to additional support not being available to support disability • Textbook contains racist material
1.4	Data Protection	• E-mail address divulged to other people • Staff shared student personal data with others during classroom discussion
1.5	Environmental	• Housing Association complains of students littering outside tenants' properties • Neighbour complains of noise from construction work at College • Residents complain that students and staff used private car-parking spaces
1.6	Staff Conduct	• Poor customer service • Failure to respond to requests by e-mail/phone etc. • Requests handled impolitely, discourteously
1.7	Student Conduct	• Student complains that disciplinary procedure was applied unfairly • Students damage neighbouring properties

Appendix cont...

2.0	APPLICATIONS, ADMISSIONS, PROGRESSION	
	Sub-Category	Examples
2.1	Marketing	• Unable to find evening class information on College website • Misleading information in College prospectus
2.2	Application, Admission, Interview, Enrolment, Induction	• No acknowledgement of application • Criteria for rejecting application was unfair • Placed on waiting list despite applying quickly • No information on College website to inform applicant course was already full and only found out weeks later • Applicant travelled long distance for interview only to be told they didn't have the necessary entry requirements • Applicant invited to wrong campus for interview
2.3	Progression, Articulation & Withdrawal	• Student unhappy that they were not allowed to progress to next level having successfully achieved the previous level • Student complains withdrawal process was not followed • University not supplied with student reference as requested

3.0	COURSE RELATED	
	Sub-Category	Examples
3.1	Learning & Teaching	• Quality of teaching not to the standard expected • Teaching from powerpoint for 3 hours without a break • Lecturer unapproachable when requiring support
3.2	Environment/Resources	• Classrooms/desks not fit for purpose • Wifi unreliable • Broken smartboard • Workshops too cold • Not enough computers for size of class
3.3	Course Management	• Class cancelled at short notice • No contingency for staff absence • Lecturer arrives late/finishes class early
3.4	Facilitated Learning Support	• Guidance class not held • Staff do not provide printed materials in format stipulated in PLSP • Staff unaware of changes to PLSP
3.5	Assessment & Exams, Certification	• Assessments crammed into end of block • Student not provided with opportunity for re-sit • Delay in providing results/certificates • Not receiving certificate due to College failing to attach student to group award • Noise disruption during exam

Appendix cont...

4.0	SERVICES	
	Sub-Category	Examples
4.1	Finance	• Former student unhappy to be threatened with legal proceedings for unpaid fees • Student unhappy not to have course fees refunded after withdrawing from course
4.2	Funding/Bursary	• Delay in processing bursary application • Application for hardship fund handled unfairly
4.3	Student Records	• Student personnel data is incorrect/not updated
4.4	Provided Learning Support	• Delay in arranging DSA assessment • Student unhappy that they could not have the same support worker for every class • Student unhappy that additional support requirements have not been put in place
4.5	Library/Learning Technology	• Student complained that library overdue book notification system was unfair • Lack of support provided by the College with regards to provision of IT on evening class • Library opening hours
4.6	College Services – Quality etc	• Delay in handling complaint

5.0	FACILITIES	
	Sub-Category	Examples
5.1	Catering	• Coffee shop frequently runs out of soya milk • Choice on offer
5.2	Student Accommodation	• Poor wifi service • Cleanliness of accommodation
5.3	Maintenance, Lifts, Car Parking	• Lifts out of order • College does not provide sufficient car parking space • College signage is misleading

6.0	OTHERS	
	Sub-Category	Examples
6.1		• No College wide 2 minute silence on Remembrance Day

20

**Freedom of Information Report
August 2021 – July 2022**

Ayrshire
College

1

FOI Requests Received

FOI requests received, split by requestor type
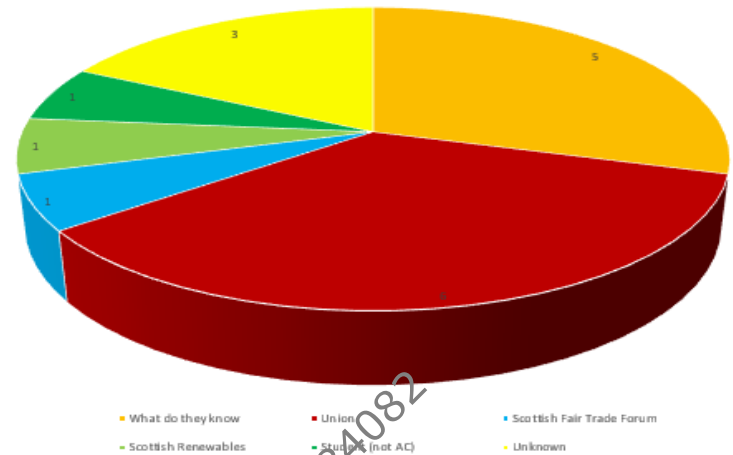
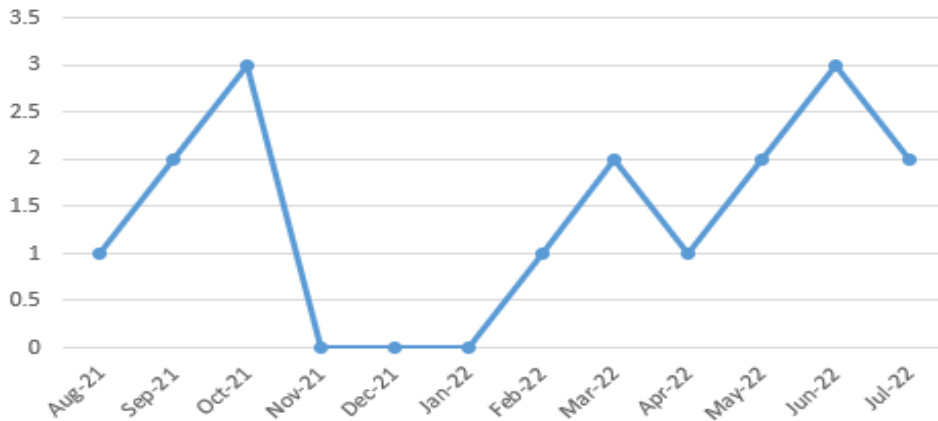17 Freedom of information requests were received.

The chart on the right shows the number of FOI requests received by requestor type. 35% of requests were received from the Unions and 29% received through the 'What do they know' website.

The charts below show the number of FOI requests received split by month and the number of requests where an internal review was received.

Legend: What do they know · Union · Scottish Fair Trade Forum · Scottish Renewables · Student (not AC) · Unknown

FOI requests received, split by month

FOI requests received, split by internal review requested

No · Yes

17

Ayrshire College # 484082
06/12/2022 14:59:23

2

FOI Request Type

FOI requests split by type of request
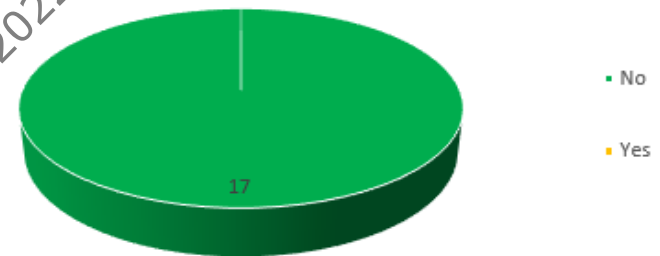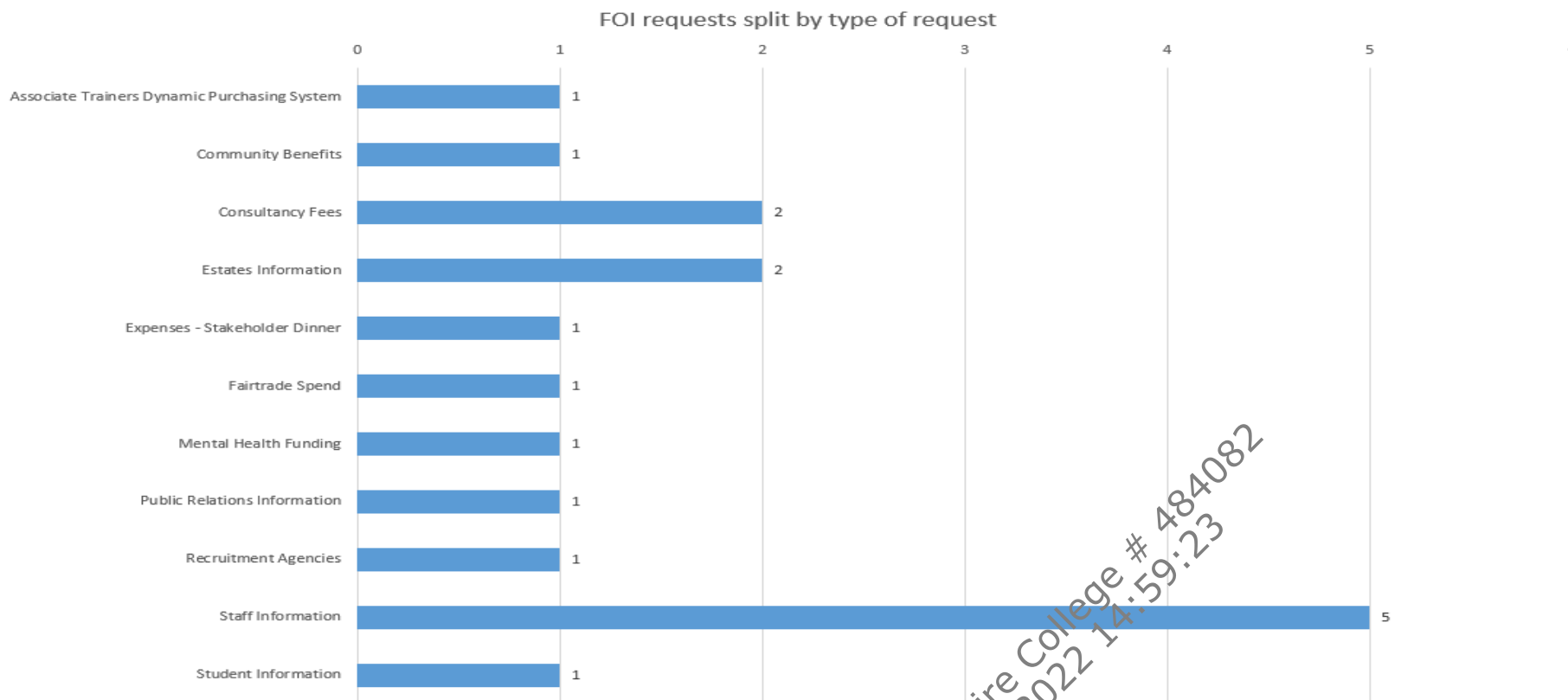
The Staff Information category had requests for the senior staff pay increase and bonuses, the number of support staff employed and on what basis, job description for the Director of IT or equivalent role, violent incidents on staff and the gender pay gap.

In the Estates Information category requests were received for information on the number of CO_2 monitors the College had with the number of rooms and campuses. A request was also received for the type of lighting used in our buildings, if solar panels were installed and what building management system is in use.

We received two requests in relation to Consultancy Fees. One request asked for the legal costs for the College split by costs for furlough, discipline, grievance and industrial relations matters. We also received a request for the costs for external legal fees, HR or other consultancy advice.
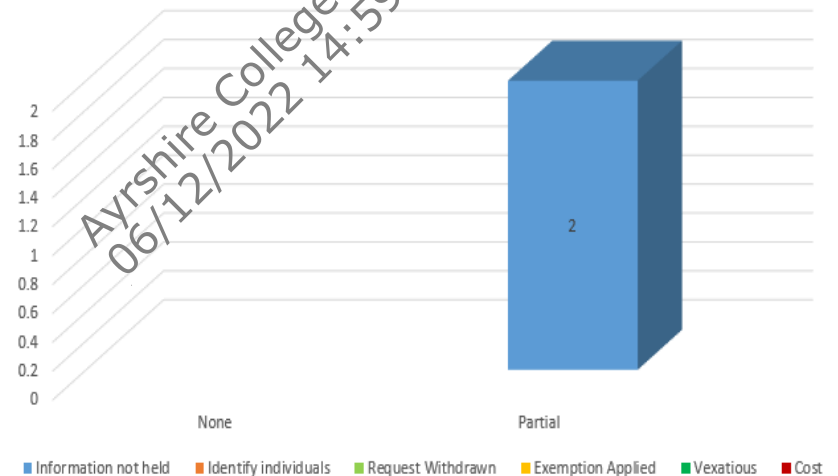
3

Information Provided

FOI requests received, split by information provided

■ Full ■ None ■ Partial
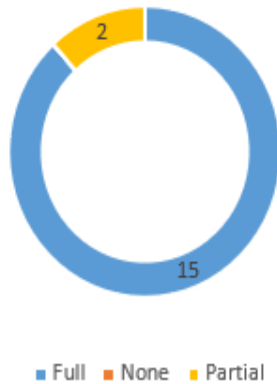
The chart to the left shows the number of FOI requests where the information requested was provided in full, some of the information requested was provided or none of the information was provided.
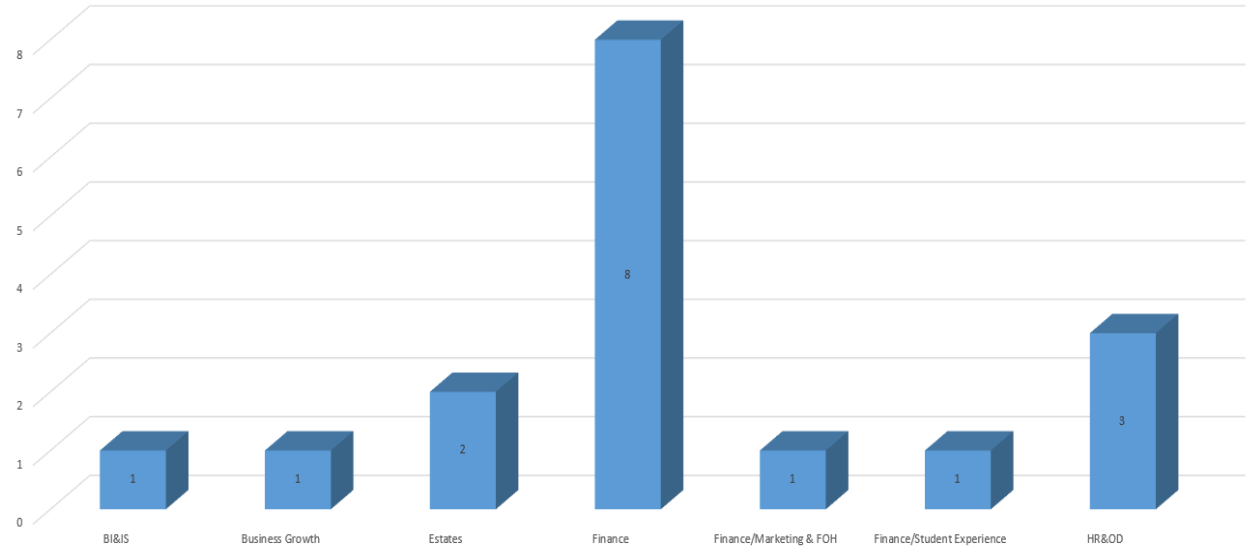
The chart on the right shows the reason information was not provided, where only some of the information or none of the information requested was provided.

Partial/no information provided, split by reason information not provided


■ Information not held ■ Identify individuals ■ Request Withdrawn ■ Exemption Applied ■ Vexatious ■ Cost

FOI requests received, split by curriculum/service area

The chart on the left shows the FOI requests received, split by curriculum/service area. 12% of requests received asked for information from more than one area.

Percentage of FOI requests received, closed within timescale split by curriculum/service area
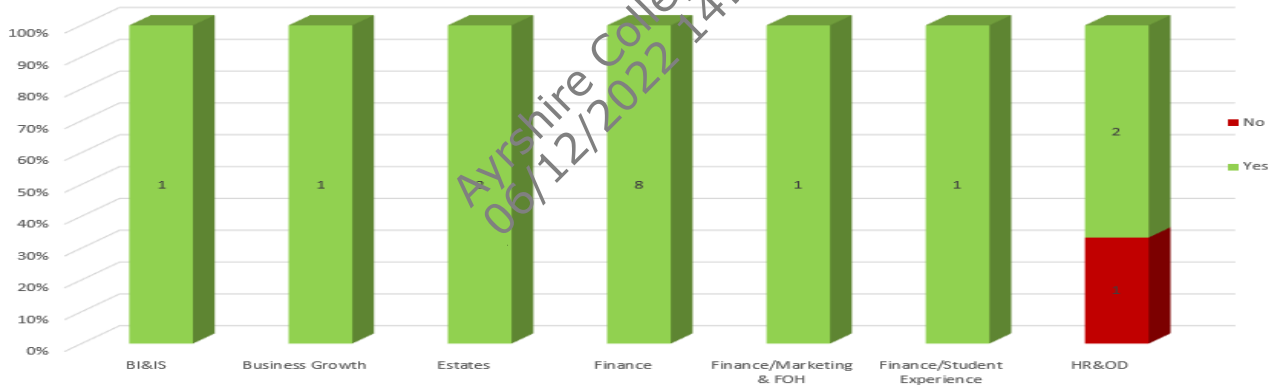
The chart on the right shows the percentage of FOI requests issued within the 20 working day timescale.

5