# BOARD OF MANAGEMENT
# ACTION TRACKER

**COMMITTEE: Board of Management Meeting, 10 December 2020 (Numeration Reset)** *(Paper 1a)*

| DATE RAISED | ACTION No | ACTION | DUE DATE | OWNER | STATUS* | COMMENTS |
|---|---|---|---|---|---|---|
| 28.09.17 | 1 | The Board and the College continue to ensure that all relevant stakeholders remain fully briefed on the impact that the PFI payment continues to have on the fiscal health of the College. | Ongoing | Board Chair and Principal | Ongoing | Following discussions with SFC, the Board approved the preparation and submission of a Financial Sustainability Plan (FSP) covering the two years 2019 to 2021 and forwarded to SFC in November 2018. As a part of this process, an offer of £700K of strategic funding had been received from SFC for each of the two years of the FSP. This represented approximately 50% of the annual PFI costs to the College and the FSP had been calculated on that basis prior to its submission. The period of additional strategic funding of £700K p/a expires on 31 July 2021 and the College will resume meeting the full cost of the PFI payment in 2021-22. Consequently, the Board approved a 2021-22 Financial Sustainability Plan in November 2020 to take account of the expiry of the additional strategic funding support provided by SFC over the previous two years. At the core of this plan was the requirement to make further savings, including through the implementation of a voluntary severance scheme. That scheme is currently in the early stages of implementation<br><br>The Board also notes SFC's intention to introduce a revised college funding model with effect from academic year 2022-23. |

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| DATE RAISED | ACTION No | ACTION | DUE DATE | OWNER | STATUS* | COMMENTS |
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| | | | | | | |
| 12.12.19 | 2 | An externally held Board Meeting, at locations conducive with Board Stakeholders, be incorporated annually into the Schedule of Meetings from 2020-21. | Annually | Chair/Board Secretary | Ongoing | Covid19 restrictions prevented the September 2020 meeting from being held at NATS. All Board and committee meetings to be held virtually until further notice. This action will be maintained in the Action Tracker to inform anticipated new postholders and office bearers in the future. |
| 12.12.19 | 3 | In relation to the Externally Facilitated Board Effectiveness Review (EER) scheduled for completion by April 2021, the Board Chair, the Principal and the Board Secretary identify an appropriate External Facilitator to undertake the review. | March 2020 | Board Chair/Principal/ Board Secretary | Completed | Now underway with the final report scheduled to be received by the Board for confirmation in March 2021 |
| 12.12.19 | 4 | In relation to the Externally Facilitated Board Effectiveness Review scheduled for Completion by December 31 2020, B Ferguson and M Breen to further discuss the potential requirement for the College's tendering process to be used in identifying an appropriate External Facilitator. | March 2020 | Board Secretary/Michael Breen | Completed | |
| 24.09.20 | 5 | All Committee and Board ToR's to be updated to reflect the updated title of the Audit Committee. | ASAP | Board Secretary | Completed | |

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| DATE RAISED | ACTION No | ACTION | DUE DATE | OWNER | STATUS* | COMMENTS |
|---|---|---|---|---|---|---|
| 24.09.20 | 6 | Wording in the Board ToR to be revised to include ongoing training and development for Board members | ASAP | Board Secretary | Completed | |
| | | | | | | |

* ***Not Started; In Progress/Ongoing; Completed***

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**Ayrshire College** *(Paper 3)*

**Board of Management Meeting**

**10 December 2020**

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

## 1. Background

Lauren Howieson, Student President, and Steven Oliver, Student Vice President, have settled into their new roles this term and have already began putting plans together for what will be a challenging yet promising year. Both officers are working hard to ensure that the student voice continues to be heard.

## 2. Current Situation

During this period of challenge due to the COVID-19 situation, learning new technologies and adapting to new ways of working, ACSA has set out its priorities for the year ahead which are dominated by student mental health and wellbeing. Another priority area for development is the delivery of the second year of the Student Ambassador Model of student feedback.

The Student Association have established our own Virtual Student Association. This has been through Wakelet which was a success with the Online Freshers event in October. We will use this platform to inform and support students and to engage through links to online clubs and social events.

The Student Association, along with the Head of Quality Enhancement and Head of Student Experience will roll out the delivery of the Student Ambassadors model of feedback for the second year. Ambassadors will conduct focus groups through Microsoft Teams.

## 3. Association Activity

<u>Staying Safe on Campus – Communication Strategy for COVID Awareness</u>

The Student Association created a video which shows the behaviours expected when arriving to campus. The video features both Lauren and Steven as acting students, entering campus and then giving a short tour whilst observing the new on site rules.

The video can be found on the college YouTube channel and will be shared on social media regularly.

<u>Fresher's Event</u>

The Ayrshire College Virtual Freshers event went very well with the page getting over 1000 visits within launch week. There was great feedback from the entertainment side,

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with students chatting, playing games, and winning prizes. This was evidence enough to carry on with both the Wakelet (Now rebranded Ayrshire College Virtual Students Association) and the entertainment, at the very least until Covid restrictions ease up.

Wear It On Your Sleeve

The Student Vice President, Steven Oliver, will be taking the Wear It On Your Sleeve campaign forward and has ideas on how this can be developed. Over the coming weeks, Steven hopes to re-launch the WIOYS Campaign with the help of our mental health champions as well as the current staff champions.
We all agreed this will be an important campaign, especially coming up to the festive period.

Student Mental Health Agreement

The Student Association met with Molly from NUS, along with Sara Turkington, and hosted an online Q&A. We discussed the importance of the Mental Health Agreement and the role of the Student Association in the agreement. This Q&A will be made available to both staff and students shortly.

We hope from this that students are encouraged to open up about any mental health issues they have and are made aware of the resources available to them.

Your Voice Matters

The recruitment period has now ended and the Student Association is working with the Quality Enhancement Team and Head of Student Experience, as well as NUS Scotland and sparqs, to develop an online training programme and to roll out the initial experiences survey in November. Over the next few weeks the Student Association will be liaising with curriculum administrators from across the College to allocate each Ambassador their classes. Once established, the Ambassador will be the named contact for the class and will be there to support and engage with the class throughout the year.

**Future Activity**

Clubs and Societies

The Student Association has issued a survey to students to find out what online clubs/groups they wish to take part in. These groups will be set up with the help of the Student President, but our goal is that students will be able to run these groups themselves. We currently have previous LGBTQ+ officers that are keen to continue on with work from last year, so we hope to have this group up and running as soon as possible. Other groups will include Student Carers and Students with Disabilities, as well as several interest groups including gaming and a book/film club.

Wellbeing Champions

Following a successful pilot on Kilmarnock campus last year, the Student Association plan to recruit Wellbeing Champions from across the College to assist with delivering our commitments as laid out in the Student Mental Health Agreement. Last year's champions were recruited from the Health and Social Care curriculum area and we will be in contact with the managers in these areas in due course to begin planning for the recruitment of a new cohort.

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Winter Break Support

The Student Association have been looking at ways in which they can help mitigate the effects of the Covid restrictions on students' mental health and wellbeing. As the winter break may result in isolation for many students, we plan to keep our Virtual SA and groups open throughout the winter break with a social event taking place on Christmas day. We hope to work closely with the college in helping students with issues around food poverty by coming up with a way in which we can provide a free meal for students and their families who need it. Initial discussions have taken place with College management regarding this.

## 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 student and make the 2020/21 session, despite the unprecedented challenges it brings, both enjoyable and successful for students.

**Lauren Howieson**
**Student President**
**23 October 2020**

**Publication**
This paper will be published on the College website

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**Ayrshire College.**

**Board of Management Meeting.**

**Date:** 10 December 2020

**Subject:** Revision to the Board Responsibilities and Standing Orders.

**Purpose:** To update in line with best practice.

**Recommendation:** To Approve V9 of the Board's Responsibilities and Standing Orders

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1. **Background:** The Board Chair and Board Secretary recently became aware that while the Responsibilities and Standing Orders was clear on the confidentiality expected of Board Members in relation to Board business, it was silent on that same confidentiality being applied to observers and co-opted members attending Board and Committee meetings.

   In addition, the Board Secretary has taken the opportunity of undertaking some editorial tidying of the document which does not entail substantive revision of any content. The one substantive revision is attached for consideration below.

2. **Current Situation:** In line with best practice, it is proposed that the expectation of confidentiality of all Board and committee business on the part of observers and co-optees attending Board and committee meetings be made explicit in the Board Responsibilities and Standing Orders. In addition, where observers and co-optees are not already covered by a confidentiality requirement by virtue of their employment or other arrangement, they be asked to sign an undertaking to that effect before attending any Board or Committee meeting.

3. **Proposals:** The attached revision to the Board Responsibilities and Standing Orders be approved.

4. **Consultation:** Board Chair and Board Secretary.

5. **Resource Implications:** None

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6. **Risks:** To reveal the detail and/or content of Board business where this information is not already public or is part of reserved business could risk damaging the ongoing viability and/or reputation of the College.

7. **Equality and Diversity Impact Assessment.** N/A

8. **Conclusion:** V9 of the Board of Management Responsibilities and Standing Orders be Approved.

**Brendan Ferguson**
**Secretary to the Board of Management**

## Proposed Amendment to Board Responsibilities & Standing Orders

### 2.17 Confidentiality of Information

Any information received or obtained by any person in connection with their functions as a Board Member, or a member of any Committee, shall be treated by them as confidential to the Board or that Committee and shall not, without the express prior approval of the Board and the Board Chair, be discussed with any other person other than a member of the Board or Committee privy to that information prior to the meeting concerned.

This confidentiality extends to co-opted members of the Board and its Committees. In addition, observers and co-optees attending any meeting of the Board and its Committees are also required to observe the confidentiality of all of the papers, information, discussions and decisions they are privy to. Where observers or co-optees are not already covered by a confidentiality requirement by virtue of their employment or other arrangement (e.g. government or local authority employees) they will be asked to sign an undertaking to that effect.

Papers, discussion and decisions agreed by the Board to be confidential and reserved items shall be separately minuted and maintained by the Board Secretary and shall not be made available to anyone other than members of the Board and the Board Secretary. Members of the Board may not discuss such matters with anybody other than Board Members privy to that information without the express prior approval of the Board and the Board Chair.

In particular, Board Members must treat the following information as confidential and must not divulge or disclose any such information to any third party:

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- personal information held about individuals;
- information relating to a person who is, has been, or is likely to be a student of the College;
- any information the disclosure of which is prohibited by anything in any Statutory Provision
- matters relating to the business of the College, its transactions and financial affairs;
- matters relating to the business of the College's funders, partners, contractors and
- other third parties with which the College has or may have business or commercial relationships;
- matters related to or concerned with legal disputes, actions or the like concerning the College; and
- matters which are identified by the Board as being confidential or which, given their nature, may be regarded as being confidential to the College.

For the avoidance of doubt, any breach of confidentiality by a board member or members, co-opted members and observers will be considered a very serious matter, will be fully investigated, and may lead to suspension or dismissal from the Board and/or legal action.

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*(Paper 5.1)*

# Board of Management Report and Financial Statements

For the year ended
31 July 2020

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## Professional Advisers

### Financial Statement Auditors

Mazars LLP
100 Queen Street
Glasgow
G1 3DN

### Internal Auditors

BDO
4 Atlantic Quay
70 York Street
Glasgow
G2 8JX

### Bankers

Bank of Scotland
30-34 King Street
Kilmarnock
KA1 1NP

Royal Bank of Scotland
30 Sandgate
Ayr
KA7 1BY

### Solicitors

Anderson Strathern
50 George Square
Glasgow
G2 1EH

## Ayrshire College Registered Address

Ayrshire College
Dam Park
Ayr
KA8 0EU

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# PERFORMANCE REPORT

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## Principal's Statement on Ayrshire College's Performance 2019-20

The College plays a key role in economic development across Ayrshire and Scotland. Working with our employers, key stakeholders and third sector partners, we have successfully delivered on key government priorities in STEM, Health and Social Care and Early Years Education and exceeded targets set.

Over the last year, the collective talent and commitment of our students, staff and partners has enabled the College to continue to improve our performance and student outcomes. The College achieved the core credit target set by Scottish Funding Council (SFC) and demonstrated an improvement in performance across all of the SFC key priority groups KPIs.

The COVID-19 pandemic impacted on how the College delivered its curriculum and how it provided support services during 2019-20. The College took proactive steps to support its students and staff during the COVID-19 pandemic. This included awarding additional payments in March 2020 to students who receive discretionary financial support.

The College supported the implementation of Developing the Young Workforce and provided seamless support for students to enable them to achieve their full potential at all points of transition. Data published by SFC notes that 95.4% of Ayrshire College students move into a positive destination.

Development of new and innovative learning spaces and digital resources continued to improve the student experience in 2019-20. Continued investment in our infrastructure supported innovative practice across all curriculum and service teams.

The College engaged positively with individuals, communities and employers across Ayrshire in 2019-20 and we are proud of the impact we made on people's lives.

### 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 2020.

This Performance Report provides a detailed summary of the performance of the College during 2019-20 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.

### Strategic Plan 2017-20

The Board of Management published the College's Strategic Plan 2017-2020. The Plan sets out the next stage in the development of Ayrshire College. It presents the basis of the College's future ambitions as it continues to drive forward, pushing boundaries and embracing opportunities.

The Strategic Plan demonstrates how the College's values, visions and strategic goals are all centred round its core mission. The College's core mission is to:

> ***"Provide excellent learning opportunities which enable students of all ages and backgrounds to fulfil their potential."***

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The College's vision is to "***raise aspirations, inspire achievement and increase opportunities***".

The Strategic Plan 2017-2020 sets out the College's strategic goals for this period. These are as follows:

- To be an ambitious, innovative and inclusive learning and skills organisation in which students and staff thrive
- To develop people and communities, and support inclusive growth, through high quality learning and skills
- To be a high-performing, sustainable college recognised for excellence and integrity.

The Strategic Plan provides the context for ambitions set out in other College strategies such as learning and teaching. The Plan also provides the overarching framework for the College's Outcome Agreement for 2017-20 agreed with the Scottish Funding Council (SFC).

**SFC Outcome Agreement**

In 2017-18, the College agreed an Outcome Agreement with the Scottish Funding Council for the period 2017-20. This Outcome Agreement focuses on the following four outcomes:

- Learning is accessible and diverse, attracting and providing more equal opportunities for people of all ages, and from all communities and backgrounds
- An outstanding system of learning, where all students are progressing successfully and benefiting from a world-class learning experience, in the hands of expert lecturers delivered in modern facilities
- Well prepared and skilled students progressing into jobs with the ability, ideas, and ambition to make a difference to the economy
- High-performing, sustainable institutions with modern, transparent and accountable governance arrangements

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 KPIs in relation to student statistics such as numbers, retention and achievement.

**Performance of Ayrshire College in 2019-20**

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 College process ensures that its portfolio of courses is aligned to national, regional and local policy objectives.

The College's progress on improving outcomes for students, against SFC priorities, was significantly impacted by the implications of COVID-19. The College's strategic focus on reducing withdrawals and increasing success, during 2019-20 continued, but the impact of COVID-19 meant that achieving national ambitions for FE programmes was undermined.

In 2019-20, the College exceeded the core activity target set by the SFC and delivered 125,751 credits (target 124,957 credits). This is the fourth year in a row that the College has exceeded the SFC core activity 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 19-20, 63.8% of FE full-time students (2018-19 66.2%) and 68.9% of HE full-time students (2018-19 66.8%) completed their courses with a successful outcome.

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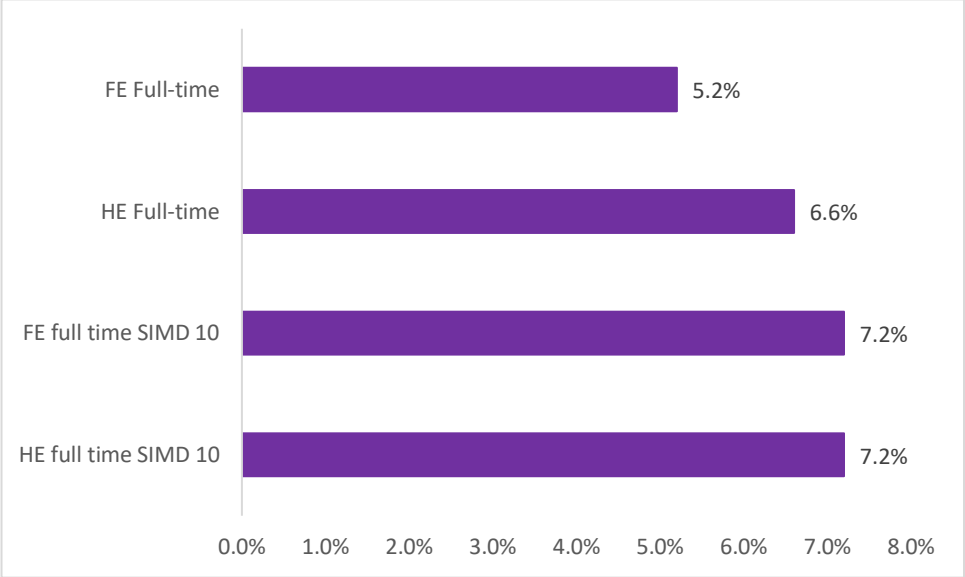
Student attainment levels in 2019-20 for FE full-time students were 5.2% higher than the College achieved in 2014-15 and attainments levels for HE full-time students were 6.6% higher. Attainment levels for full-time students from areas of multiple deprivation have also risen significantly, with a 7.2% increase for relevant FE students and 7.2% for relevant HE students (Figure 1).

**Figure 1: Student Attainment Increases from 2014-15 to 2019-20**




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.

To support the national aspirations for widening access, the SFC has set targets for all colleges. SFC has been set the target that 20% of its activity should be delivered to students from a SIMD10 postcode area by 2020-21. Ayrshire College is committed to targeting students from SIMD10 recognising that education provides students from these areas with significantly improved opportunities for enhanced personal wellbeing and a sustainable future. The College remains on track to meet the national targets set for 2020-21.

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 95.4% of Ayrshire College's students achieved a positive destination six months after completing their course of study. This is a decrease of 0.5% from the previous year. It is however is above the national average of 95.1%.

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 by 2020-21. In 2019-20, Ayrshire College had 478 care experienced students, with 55.8% achieving a successful course outcome.

A key priority area of focus is to improve outcomes for students with a declared disability. Over the five years from 2015-16 to 2019-20 there has been a significant increase in the number of students declaring

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a disability. More importantly, over the same period there has been a 1.9% increase in the proportion of these students with a declared disability achieving a successful outcome. In 2019-20 62.9% of Ayrshire College students with a declared disability achieved a successful outcome.

A culture of partnership working is embedded across the College. Throughout 2019-20, the College continued to invest significant time 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 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 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 in recognised at a national level, with the College being 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 Ayrshire 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 2019-20 and remains focused on increasing student attainment and achievement. In particular, the College will focus efforts to address the impact of COVID-19 and improve outcomes on FE programmes in line with national ambitions.

**COVID-19**

Ayrshire College established a Campus Operations Steering Group to help coordinate and direct the College's response to COVID-19. The Steering Group was responsible for overseeing the return of staff and students to campus operations. The Steering Group also reviews relevant Scottish Government and other advice (SFC etc.) in relation to campus operations and the delivery of service provision, modifying the College's arrangements as appropriate.

The College took proactive steps to support its students during the COVID-19 pandemic. This included awarding additional payments in March 2020 to students who receive discretionary financial support. This category of students is the most financially disadvantaged out of all the College's student cohort, as they do not qualify for any other external source of financial support when many others now will. Further financial support and guidance was also made available to students who were not within this category but who were experiencing additional financial hardship due to the COVID-19 pandemic.

The College took a range of proactive measures to support its partners, its local communities and its students during the COVID-19 pandemic. For example, the College donated hand-sanitiser, supplies of PPE equipment including masks, gloves and aprons to local community partners to help them through the COVID-19 pandemic. In addition, the College donated stocks of food from its training restaurants and catering outlets to food banks and other local charities and made financial donations to local foodbanks across Ayrshire.

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The College worked with key awarding bodies to ensure that alternative models of certification could be adopted which recognised, fairly, students' achievements, allowing them to progress to work or further study, while maintaining the integrity of qualifications. In the school and university sectors there was an application of no detriment to students.

Due to colleges working with over 100 awarding bodies, there was variation in the length of time which it took for each one to communicate their guidance to colleges. In some cases, the guidance was not finalised until during the summer holiday period.

Where it was not possible for assessment conditions to be adapted the student was defined as deferred. Ayrshire College had a number of students for whom results for academic session 2019-20 could not be processed. The College is supporting students who are deferred to complete their studies and to do so has had to allocate staff and other resources to assess and/or teach these students.

In preparation for the return of staff and students in September 2020, the College has implemented multiple arrangements to mitigate the risk of COVID-19 when people are 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 closure of all non-essential areas including the LRCs, refectory space and access to catering facilities.

**Brexit**

Ayrshire College recognises that there are specific risks arising from the United Kingdom's decision to leave the European Union (herein after referred to as 'Brexit'). These include potentially significant increases in the cost of materials, increased competition for UK resident HE students between colleges and universities, and the loss of student placements and apprenticeships due to business decisions.

The College has worked closely with SFC's EU Exit Team to assess the potential impacts of Brexit on its services. The College has assessed its readiness for Brexit using the British Chamber of Commerce guidance. Whilst this was a centrally coordinated exercise, lead staff for each area covered by the guidance have taken ownership for their parts of the organisation covered by the guidance. Any potential loss of ESF funding has been offset by SFC guaranteeing to provide the equivalent level of funding for all colleges up to 2021-22.

The College will continue to monitor and review Brexit negotiations and dialogue so that it can plan and prepare accordingly. This includes continuing to monitor information on relevant government sites for any updates or changes. In addition, the College will continue to maintain support mechanisms in place for individual students to enable them to continue their studies.

**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 (£1,557,000) before non-recurring items. The deficit represents an adverse figure of (3%) of overall trading income. This compares to a deficit before non-

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recurring items in 2018-19 of (£1,717,000). After recording net non-recurring costs amounting to £10,000, the final deficit was (£1,567,000) for 2019-20. This is compared to a 2018-19 deficit of (£1,352,000).

The College, at July 2020, has £48,207,000 of net assets (excluding a pension liability of £27,344,000). At July 2019 the College had £46,813,000 of net assets (excluding a pension liability of £12,613,000). The pension liability 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 2019-20, SFC provided 86.5% of the College's total operational revenue income (2018-19, 85.0%). Excluding specific funding to support the Unitary Charge for the NPD contract for the Kilmarnock campus, SFC revenue income totalled 77.2% of total income (2018-19 73.9%)

The cash balance of £3,912,000 shown in the Balance Sheet includes £2,457,000 of monies held by the College (in advance) and 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 2020 was £1,455,000.

**Statement of Comprehensive Income**

The statement of comprehensive income shows a total deficit for the year to 31 July 2020 of £(1,567,000). This is compared to a deficit in 2018-19 of £(1,352,000).

There was one area of non-recurring expenditure which impacted the deficit in 2019-20. These were exceptional restructuring costs. The presentation of the Statement of Comprehensive Income in these financial statements therefore analyses trading in the period between recurring items £(1,557,000) and non-recurring items £10,000.

- Recurring Items

The College recorded a deficit of £(1,557,000) which represents an adverse figure of approximately (3%) of overall trading income.

The recorded deficit of £(1,557,000) in 2019-20 comprises of the following elements:

| | |
|---|---|
| • Operating position- surplus | £2,258,000 |
| • Non-Government Capital Grant | £209,000 |
| • FRS102- NPD/ PFI Capital income | £1,980,000 |
| • Net Depreciation charge | £(2,759,000) |
| • FRS 102- Pension | £(3,245,000) |

- Non-recurring Items

Non-recurring items are one off events that occur over and above the core business of the College. The non-recurring items amounting to a surplus of £10,000 in 2019-20 comprised the following elements:

| | |
|---|---|
| • Exceptional restructuring costs | £10,000 |

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

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**Table 1 – Adjusted operating position 2018-19 and 2019-20 – Detailing Recurring and Non-recurring Items for 2019-20**

| | Recurring £000 | Non-recurring £000 | 2019-20 £000 | 2018-19 £000 |
|---|---|---|---|---|
| Surplus /(deficit) after other gains and losses | (1,557) | (10) | (1,567) | (1,352) |
| (Loss) / gain on sale | - | - | - | - |
| **Surplus / (deficit) before other gains and losses** | (1,557) | (10) | (1,567) | (1,352) |
| **Add back:** | | | | |
| Provision released | | | - | (332) |
| Depreciation (net of deferred capital grant release) | 2,759 | | 2,759 | 2,713 |
| Exceptional non-restructuring costs (e.g. impairment | - | | - | - |
| Non-cash pension adjustments | 3,245 | | 3,245 | 2,510 |
| Donation to Arms-length Foundation | - | | - | |
| Provision per 1 April 2014 | | | | |
| **Deduct:** | | | | |
| Non-Government capital grants (e.g. ALF capital grant) | (209) | | (209) | (618) |
| Exceptional income | - | | - | - |
| Revenue funding allocated to loan repayments (NPD) | (1,280) | | (1,280) | (1,227) |
| Additional revenue funding allocated by SFC | (700) | | (700) | - |
| **Sub-Total Revenue** | **2,258** | **(10)** | **2,248** | **1,694** |
| Retention of sale proceeds to fund PFI Capital and Interest payments | | | - | 1,050 |
| CBP allocated to PFI loan repayments | | | (867) | (863) |
| Early retirees | | | (87) | (91) |
| **Adjusted operating surplus / (deficit)** | | | **1,294** | **1,790** |

**Underlying operating position 2018-19 and 2019-20**

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.

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**Table 2 – Adjusted operating position 2018-19 and 2019-20**

| | Note | 2019-20 £000 | 2018-19 £000 |
|---|---|---|---|
| **Surplus (deficit) before other gains and losses** | | (1,567) | (1,352) |
| **Add back:** | | | |
| Depreciation (net of deferred capital grant release) | | 2,759 | 2,713 |
| Exceptional non-restructuring costs (e.g. impairment) | | - | - |
| Pension adjustments – Net Service cost | | 2,669 | 2,658 |
| Pension adjustments – Net Interest cost | | 292 | 160 |
| Pension adjustments – Early Retirement Provision | | 284 | (308) |
| Retention of sale proceeds to fund PFI capital and interest payments | | - | 1,050 |
| Provision released | | - | (332) |
| **Deduct:** | | | |
| Non-Government capital grants (e.g. ALF capital grant) | | (209) | (618) |
| CBP allocated to loan repayments and other capital items | | (954) | (954) |
| NPD Income applied to reduce NPD Balance Sheet debt | | (1,280) | (1,227) |
| Additional revenue funding allocated by SFC | | (700) | - |
| **Adjusted operating surplus / (deficit)** | | **1,294** | **1,790** |

## Cash budgets for priorities

Whilst 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 also on the priorities to be allocated against. This instruction (received by the College 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 2018-19 and 2019-20**

| | 2019-20 £000 | 2018-19 £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 | 863 |
| Early Retirees | 87 | 91 |
| **Total Capital** | **954** | **954** |
| **Total cash budget for priorities spend** | **1,324** | **1,324** |

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Reserves

The deficit brought forward on the income and expenditure reserve at 1 August 2019 was £(197,000). After the deficit for the year before non-recurring items of (£1,557,000), the non-recurring items noted above of £10,000, the transfers in respect of the pension reserve, and the transfers from the revaluation reserve are taken into account, the deficit on the College's income and expenditure reserve as at 31 July 2020 is £(12,585,000).

Capital Additions

Tangible Fixed Asset additions in 2019-20 amounted to £395,000. This expenditure on the buildings of £41,000 relates mainly to small capital works. In addition, there was expenditure of £354,000 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 an institution's performance (Table 4). The table below notes the College's performance against these indicators which 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 | 2019-20 | 2018-19 |
|---|---|---|---|
| 1 | Recurring (Deficit)/Surplus as % of total trading income | (3.0%) | (3.3%) |
| 2 | Non SFC Income as % of Total Income | 14% | 15% |
| 3 | Credit activity target set by SFC for year to July 2020 | 124,943 | 124,958 |
| 4 | Credit activity achieved in year to July 2020 | 125,751 | 125,961 |
| 5 | Activity achieved against target | 100.6% | 100.8% |
| 6 | Current Assets: Current Liabilities | 0.9:1 | 0.6:1 |
| 7 | Gearing/debt | Nil | Nil |
| 8 | Days of recurring expenditure represented by period end cash | 11 | 15 |

**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.

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**Cash Flows**

The College had a net increase in cash in 2019-20 of £1,207,000. 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 we are 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. Our main campuses are located in Ayr, Kilwinning and Kilmarnock. Other campuses are used to support specialist curriculum provision, such as our Nethermains Campus in Kilwinning which focuses on our 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.

Staff Report

In the 2019-20 staffing return to the SFC, it was reported that the College employed 721 full-time equivalent employees, of whom 361 were curriculum staff and 360 were service staff. This equates to a headcount of 898, comprising 578 female and 320 male members of staff.

Full disclosure on staff costs is given in note 7 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 2019-20 for both curriculum and service staff.

Local Joint Negotiation Committees (LJNC) continued to be held during 2019-20 with both EIS-FELA and Unison.

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

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Due to the current COVID-19 pandemic, the College adapted its risk management arrangements to reflect the circumstances in which it is currently operating. This has included how the College is managing issues as well as how it is managing and reporting risks. In March 2020 the Board of Management agreed to include a new strategic risk relating to the potential impact of COVID-19. This was the risk that:

*"The Coronavirus outbreak forces an unplanned closure of the College's campuses / significant loss of staff resulting in a failure to provide curriculum service delivery and the inability to maintain core college services."*

The College therefore recognised that were two main groupings of risk. These were as follows:

1. *Existing issues and addressing risks that could impact before 31 July 2020*
2. *Risks that could occur following 1 August 2020 (i.e. once the College commences delivering services from its campuses).*

The College collated the existing college risks within these two groupings and then detailed the actions in place across key services to mitigate the risks.

On behalf of the Board of Management, the Audit Committee reviews the Board's risk management position and considers the arrangements to mitigate the two risk groupings identified. Business, Resources and Infrastructure Committee and the Learning and Teaching Committee have both discussed and considered their own risk management responsibilities in the current cycle of meetings.

The High Level COVID-19 College Risk Register at the end of 2019-20 identified these two strategic risk groupings. These risk groupings were assessed as follows:

- 1 risk was assessed as High
- 0 risk was assessed as Medium
- 1 risk was assessed as Moderate
- 0 risks were assessed as Low
- 0 risk was assessed as Very Low.

**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

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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 2019-20 academic term, with a significant focus on digital skills to support the workforce. Examples of other activity that the College engaged in is as follows:

- 14 staff successfully completed their Teaching Qualification in Further Education (TQFE) through the University of Stirling
- 5 members of staff undertook the PDA Teaching Practice
- 13 staff completed the L&D 9 Assessor Award
- 5 staff completed the L&D 11 Verifier Award.

57 members of staff from across the College took part in a half day 'Unconscious Bias and the Further Education Environment' workshop in February 2020, delivered by MARCH Training. The workshop considered the protected characteristics covered under the Equality Act 2010 and the consequence of unconscious bias within teaching, learning and retention, providing participants with strategies to ensure a fair student recruitment process and inclusive lessons and environments.

A number of staff have also accessed the 'Promoting Positive Behaviours' e-learning course from MARCH Training. This training provides information and techniques to minimise challenging behaviours amongst learners. It also provides staff with an understanding of the factors that increase the risk of challenges occurring, and equipping them with tools and strategies that safely help reduce challenges within both the classroom and around campus.

## Equality and Inclusion

Ayrshire College is an inclusive, community-focused regional college and continues to demonstrate its commitment to equality and inclusion through, for example, its Strategic Plan 2017-2020 and Equality Outcomes 2017-2021. During the period 2019-2020, the College continued to fulfil this commitment by leading on several initiatives and activities to improve the experiences of students and staff alike. These included the award-winning student mental health campaign – Passing Positivity; the highly praised Ayrshire LGBT+ Education Network; and the hugely important, awareness raising and development of a support infrastructure regarding gender-based violence.

Following the outbreak of COVID-19, the College has been proactive in its response to student and staff equality, inclusion and wellbeing. At the same time, the College has been working successfully with its community partners to address and tackle the most pressing and prevalent issues effecting local communities in the Ayrshire region. It is clear that, the importance of ensuring the rights and opportunities of everyone are respected, valued and protected has never mattered more.

To this end, the College is in a strong position having already established structures, mechanisms and support in place including the Values, Inclusion, Equality and Wellbeing (VIEW) Steering Group and its associated sub-groups. These include the Promoting Wellbeing Group, and short-life working groups, such as the Positive about Disability project group. The VIEW Steering Group, led by the Director of HR and Organisational Development, provides leadership in the delivery of the College's Equality Outcomes 2017-2021. It has, for example, successfully overseen positive outcomes including the increased disclosure of male student mental health conditions and the increased disclosure of staff disability or long-term health conditions. Incidences such as these are attributable to the College's ongoing development of an inclusive culture as well as the steps being taken to make fundamental, organisational changes.

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The College's ambitions extend to being sector-leading and playing its part in the further and higher education sector. The College's Equality and Inclusion Advisor continues to co-chair the Trans Edu Community of Practice for colleges and universities in Scotland. In November 2019, the College was

formally invited to become a member of 'Fearless Glasgow', a consortium of colleges and universities in the West of Scotland committed to working together to tackle and end gender-based violence.

Further information about the College's progress in mainstreaming equality and its Equality Outcomes 2017-2021 is published on the College's website.

**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 2019-20 (prior to COVID-19) 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 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 well being of staff, students and visitors continues to be of paramount importance now that the campuses are open.

**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; and 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:

***W Mackie***
**Chair**

***C Turnbull***
**Principal**

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# ACCOUNTABILITY REPORT

**Corporate Governance Report**

**Statement of Board of Management's Responsibilities**

**Remuneration and Staff Report**

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# 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 2020. 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 2020.

## 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 must also ensure 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, 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 Secretary 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 2020 (Table 5).

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## Table 5 – Serving Board Members 2019-20

| Board Member | Committees Served | Status of Appointment | Date of Appointment | Date of Resignation |
|---|---|---|---|---|
| Mr W Mackie | • Business, Resources & Infrastructure<br>• Performance, Review & Remuneration<br>• Search & Nomination | Chair of Ayrshire College BOM<br><br>Chair of Ayrshire Regional College BOM | 01.08.13<br><br>03.03.14<br>Reappointed 03.03.18 | |
| Ms E Anderson | • Learning & Teaching<br>• Audit | Non-Executive Board Member | 01.08.19 | |
| Ms F Blain | • Learning & Teaching<br>• Business Resources & Infrastructure | Elected Support Staff | 01.08.19 | 31.07.20 |
| Ms M Bryan | • Audit<br>• Learning & Teaching | Non-Executive Board Member | 01.08.16 | 31.07,20 (completed period of appointment) |
| Mr S Cooley | • Business, Resources & Infrastructure | Non-Executive Board Member | 01.08.19 | |
| Mr C Hall | • Business, Resources & Infrastructure<br>• Learning & Teaching | Elected Curriculum / Support Staff | 01.08.18 | 31.07.20 |
| Mr S Graham | • Learning & Teaching<br>• Audit | Non-Executive Board Member | 01.08.19 | |
| Mr G James | • Audit<br>• Learning & Teaching<br>• Performance Review & Remuneration<br>• Search & Nomination | Non-Executive Board Member | 01.08.14<br>Reappointed 01.08.16 | 31.07.20 (completed period of appointment) |
| Ms L Howieson | • Learning & Teaching<br>• Business Resources & Infrastructure | Elected Student Member | 01.08.19 | |
| Mr J McCrindle | • Learning & Teaching | Elected Student Member | 01.08.18 | 31.07.20 |
| Ms Mary McClung | • Learning & Teaching<br>• Business Resources & Infrastructure | Non-Executive Board Member | 01.08.19 | |
| Prof. F McQueen | • Business, Resources & Infrastructure<br>• Learning and Teaching<br>• Performance Review & Remuneration<br>• Search & Nomination | Non-Executive Board Member | 01.08.18 | |

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| Board Member | Committees Served | Status of Appointment | Date of Appointment | Date of Resignation |
|---|---|---|---|---|
| Ms H Murphy | • Audit<br>• Business, Resources & Infrastructure | Non-Executive Board Member | 01.08.18 | |
| Mr M Stewart | • Learning & Teaching<br>• Business Resources & Infrastructure | Non-Executive Board Member | 01.08.19 | |
| Ms A Sutherland | • Learning and Teaching<br>• Audit | Non-Executive Member | 01.08.19 | |
| Ms C Turnbull | • Business, Resources & Infrastructure<br>• Learning and Teaching | Principal | 01.03.19 | |
| Mr A Walker | • Learning and Teaching<br>• Business, Resources & Infrastructure<br>• Performance, Review & Remuneration<br>• Search & Nomination | Non-Executive Board Member | 01.08.14 Reappointed from 01.08.17 | 23.09.20 |
| Mr S Wallace | • Learning & Teaching<br>• Business, Resources & Infrastructure<br>• Performance, Review & Remuneration<br>• Search & Nomination | Non-Executive Board Member | 01.08.18 | |

Table 6 details the number of Board of Management meetings that took place during the individual members' time as a board member during 2019-20 and how many of these meetings that they were able to attend.

**Table 6 – Board Members Attendance 2019-20**

| Board Member | Board Meetings During Appointment | Board Meetings Attended |
|---|---|---|
| Mr W Mackie | 4 | 4 |
| Ms E Anderson | 4 | 4 |
| Ms F Blain | 4 | 2 |
| Ms M Bryan | 4 | 3 |
| Mr S Cooley | 4 | 4 |
| Mr C Hall | 4 | 3 |
| Mr S Graham | 4 | 4 |
| Mr G James | 4 | 3 |
| Ms L Howieson | 4 | 3 |

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| Board Member | Board Meetings During Appointment | Board Meetings Attended |
|---|---|---|
| Ms M McClung | 4 | 3 |
| Mr J McCrindle | 4 | 4 |
| Prof. F McQueen | 4 | 4 |
| Ms H Murphy | 4 | 3 |
| Mr M Stewart | 4 | 4 |
| Ms A Sutherland | 4 | 2 |
| Ms C Turnbull | 4 | 4 |
| Mr A Walker | 4 | 3 |
| Mr S Wallace | 4 | 3 |

The College has an independent Board Secretary 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 2019-20 the only co-opted member was Mr 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 outwith 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 Secretary to the Board of Management 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 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 2019-20.

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**Audit Committee**

The Audit 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 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 Committee has been 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 the strategic and operational planning of Organisational Development within the College and providing assurance to the Board on organisational/HR issues as well as the organisational performance of the College. 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 and Teaching 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 the strategic and operational planning of Learning and Teaching within the College and provide assurance to the Board on student issues and the learning and teaching performance of the College.

**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 agree remuneration for the Principal, Vice Principals and Directors, taking account of any advice given by the SFC in the remuneration of the Principal and senior managers, taking account of any guidelines issued by the Scottish Government and/or UK Treasury and reporting to the Board of Management on remuneration for senior staff.

**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.

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**Personal data-related incidents**

SFC requires colleges to outline any significant lapses of data security that take place during the year. During 2019-20 Ayrshire College reported no data-related incidents to the Information Commissioner's Office.

## GOVERNANCE STATEMENT

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

The Internal Audit service for 2019-20 was performed by BDO. Internal audit concentrated on areas of key activities determined by risk analysis and in accordance with the annual internal audit plan approved by the Audit Committee. The Internal Auditors had direct access to the Chair of the Audit Committee and issued an annual report with an opinion on the adequacy, reliability and effectiveness of the College's internal control system.

The management of strategic risks is a key responsibility for the Audit Committee, Board of Management and both the executive and senior leadership teams. The key elements and management of strategic risk faced by Ayrshire College are included in the College's Risk Register.

The Audit Committee considers the management of risk at each committee meeting. The College Risk Register is updated quarterly and presented to every Audit Committee and Board of Management meeting. Each substantive sub-committee of the Board receives and considers the Committee's extract from the current version of the Corporate Risk Register. The committees advise the Audit Committee accordingly on any changes to the risk or to new risks that have arisen.

The individual risks identified in the College Risk Register are clustered together based on the remit of the Board and each College committee, with the risk groupings relating to:

- Board of Management
- Business, Resources and Infrastructure
- Learning and Teaching

There is no 'Risk Cluster' specifically identified for the Audit Committee as the overall management of risks is within this Committee's Terms of Reference. The Board of Management also reviews the College Risk Register at each of its meetings.

During the final quarter of 2019-20 the College adapted its risk management framework to reflect the COVID-19 pandemic. This has included how the College is managing issues as well as how it is managing and reporting risks. In March 2020 the Board of Management agreed to include a new strategic risk relating to the potential impact of COVID-19. This was the risk that:

> *"The Coronavirus outbreak forces an unplanned closure of the College's campuses / significant loss of staff resulting in a failure to provide curriculum service delivery and the inability to maintain core college services."*

Business, Resources and Infrastructure Committee and the Learning and Teaching Committee discussed and considered their own risk management responsibilities in the cycle of meetings. On behalf of the Board of Management, the Audit Committee reviewed the Board's risk management position and considered the arrangements to mitigate the COVID-19 risk groupings identified. The COVID-19 risk register was then presented to and considered by the Board of Management.

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**Impact of COVID-19 on Governance Arrangements**

The Board of Management and its sub-committees continued to meet throughout the COVID-19 pandemic. These meetings were conducted remotely using digital technology. The College already used an online portal for the sharing and viewing of board and committee papers. Therefore the move to digital meetings did not impact the existing arrangements for board member oversight or the distribution of documentation.

Regular updates on COVID-19 were reported to the Board of Management and its sub-committees. The College established a Campus Operations Steering Group to oversee the College's response to COVID-19. The Steering Group identified workstreams that support and inform the work needed to reopen the College safely and effectively. These workstreams work closely together to share plans, needs and approaches to ensure that activities are joined up on a whole college basis.

**Infrastructure Strategy**

The College's Infrastructure Strategy sets out our vision for the Estates, Facilities and Infrastructure of Ayrshire College. Its purpose is to help facilitate the College's strategic goals outlined in the Strategic Plan 2017-2020. Its success will be crucial to the delivery of excellence in learning and teaching. The College's Infrastructure Strategy was approved by the BRIC Committee in March 2018.

**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 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 College 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 during the twelve months to 31 July 2020.

**The Risk and Control Framework**

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

- Comprehensive budgeting systems with an annual budget which is reviewed and approved by the Board of Management.
- Regular reviews by the Board of Management of periodic and annual financial reports which indicate financial performance against targets.
- Setting targets to measure financial and other performance.

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- 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 Committee.

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 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.

COVID-19 Risk Management

Due to the current COVID-19 pandemic, the College adapted its risk management arrangements to reflect the circumstances in which it is currently operating. This has included how the College is managing issues as well as how it is managing and reporting risks.

The COVID-19 virus did result in the College having to close all its campuses in late March 2020. Due to mitigating actions taken by the College there was a plan in place for closure of its campuses, working remotely and the reopening of campuses.

All areas of the College have undertaken a range of mitigating actions to minimise the impact of COVID-19. High level summaries of these actions were reported to the Board of Management and the Audit Committee. Risk assessments were developed for the College to ensure that appropriate actions were being taken to protect staff and students. These risk assessments were considered and approved in consultation with EIS-FELA and Unison representatives. Risk assessments were also prepared for each curriculum and service area, thus enabling additional localised actions to be taken. Staff members returning to campus operations were also required to undertake individual risk assessments.

The College established a review panel to ensure appropriate consideration has been given to all necessary requirements, prior to staff and teams returning to our campuses and work locations. All recommendations and outcomes from the review panel process are required to be fully implemented prior to staff and teams returning to campus.

Further information on the College's COVID-19 risk management arrangements are detailed in the College's governance statement.

Brexit Risk Management

When considering its principal risks and uncertainties Ayrshire College recognised that there are specific risks arising from Brexit. The College therefore established a separate Brexit risk register in 2019-20 to set out the specific risks arising from Brexit and the steps being taken to mitigate those risks. These were contained within one overarching risk. The risk was defined as follows:

*"There is a risk to the College of the decision to leave the European Union (EU)."*

The Board of Management recognises that the significant uncertainty continues to surround the Brexit process. The risks and full impact of Brexit therefore cannot yet be quantified. Therefore, the College works using the most up to date information available.

The Board of Management expects the College to have strong planning and monitoring systems in place to ensure can respond effectively to changes in Brexit policies, legislation, and changes in local circumstances and local needs. In addition, the planning for Brexit should fully consider demographics, supply chain pressures, increases in delivery times for goods and services, other institutions seeking to

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target college students to off set their lost revenue due to overseas students no longer being able to attend these institutions and the impact of currency fluctuations on the supply chain.

The Committee understands the financial context in which the College operates. The modelling and planning underpinning Brexit preparations must allow for planning leeway, be balanced against delivery of the Colleges outcomes and objectives, and ensure value for money.

The College continues to monitor and review Brexit negotiations and dialogue so that it can plan and prepare accordingly.

**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 college managers, who 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 Committee also receive regular reports from Internal Audit which include recommendations for improvement.

**Going Concern**

The College took a range of actions to mitigate the impact of COVID-19 and thus ensure that the College could continue to deliver services during national and local lockdowns. The College developed a critical incident plan which covered closing the campus, maintaining services during lockdown and reopening as lockdown restrictions were eased. The College then established the Campus Operations Steering Group to oversee the College's response to COVID-19. The Group continues to work together to support staff and students as the College moves forward in AY 2020-21.

After making appropriate enquiries, the Board of Management considers that the College has adequate resources to continue operations for AY2020-21. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

**Conclusion**

The College continued to improve and enhance its reputation in 2019-20, particularly in the areas of corporate governance, high quality learning and teaching, strategic planning and improving the College's estate.

The COVID-19 pandemic had a significant impact on the country and on the way the College delivered its services. The College's response to the pandemic demonstrates its robust business continuity planning arrangements, the resilience of staff and students and the College's commitment to providing the best quality service to its learners.

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

***W Mackie***
**Chair**

***C Turnbull***
**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.

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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 Audit Committee, BRIC and the Board of Management;
- A professional internal audit team whose annual programme is approved by the Audit Committee and endorsed by the Board of Management and the 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:

***W Mackie***
**Chair**

***C Turnbull***
**Principal**

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# REMUNERATION AND STAFF REPORT

## Remuneration Policy

The post of Principal and the additional posts which make up the College's Senior Leadership Team (SLT) (the Vice Principals and Directors) 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 Directors' 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 8 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. This Committee's responsibilities are to agree remuneration for the Principal, Vice Principals and Directors. The Committee takes account of any advice given by the SFC in the remuneration of the Principal and senior managers, 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 Directors. 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 Vice Principal – People can 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 executive management during 2019-20 (Table 7).

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**Table 7 – Remuneration of Senior Management 2019-20**

| | 12 months ended 31 July 2020 | | | 12 months ended 31 July 2019 | | |
|---|---|---|---|---|---|---|
| **Name** | **Salary* £000** | **Pension benefit £000** | **Total £000** | **Salary* £000** | **Pension benefit £000** | **Total £000** |
| C Turnbull, Principal ** | 135-140 | 1,168 | 1,305 –1,310 | 55-60 | 17 | 70-75 |
| A Campbell, Vice Principal | 95-100 | 94 | 195-200 | 35-40 | 47 | 80-85 |
| M Breen, Vice Principal | 110-115 | 80 | 190-195 | 90-95 | 40 | 130-135 |
| J McKie, Vice Principal | 110-115 | 57 | 165-170 | 90-95 | 36 | 125-130 |
| W Mackie, Chair | 25-30 | - | 25-30 | 25-30 | - | 25-30 |

** Please note the salary band reflects the actual salary paid and not the salary band of the post held by the individual.*

*** The figures shown in Table 7 reflect the fact that the Principal's benefits were transferred into Ayrshire College during 2019-20*

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 2019-20.

The pension benefit figure included within Table 7 is derived by using a calculation set out by SFC in the 2019-20 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 band of the remuneration of the highest paid official in the organisation in financial year 2019-20 was £137,250 (2018-19, £132,500). This was 3.6 times (2018-19, 3.6 times) the median remuneration of the workforce which was £37,737 (2018-19, £37,295)

***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.

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There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for 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.

This section of the report sets out the accrued pension benefits for senior officials together made with the pension contributions made by the College (Table 8).

**Table 8 – Employer's Contributions by Senior Official**

| Name | Senior Official's Pension Scheme | Accrued pension at pension age at 31 July 2020 £000 | Accrued lump sum at pension age at 31 July 2020 £000 | Real increase in pension 1 August 2019 to 31 July 2020 £000 | Real increase in lump sum 1 August 2019 to 31 July 2020 £000 | CETV at 31 July 2020 £000 | CETV at 31 July 2019 £000 | Real increase in CETV £000 |
|---|---|---|---|---|---|---|---|---|
| C Turnbull* | SPF | 60 | 103 | 59 | 103 | 1,131 | 18 | 1,113 |
| M Breen | SPF | 35 | 43 | 5 | 4 | 534 | 460 | 74 |
| A Campbell | STSS | 25 | 53 | 5 | 11 | 357 | 277 | 80 |
| J McKie | SPF | 21 | 2 | 3 | - | 397 | 333 | 64 |

** The figures shown in Table 8 reflect the fact that the Principal's benefits were transferred into Ayrshire College during 2019-20*

***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:

i. 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.
ii. 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.

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***Compensation for loss of office***

No compensation payments were made for the loss of office during 2019-20.

No members of staff left the College under a voluntary severance scheme. During 2019-20 the College made partial voluntary severance payments of £10,145. These partial voluntary severance payments were

to eight members of its cleaning staff to support the alignment of cleaning staff's hours with the revised campus opening times.

Salaries and related costs for 2019-20 totalled £32,670,000 (Table 9).

**Table 9 – Salaries and Related Costs 2019-20**

| | 2019-20 | | | 2018-19 |
|---|---|---|---|---|
| | **Directly employed staff £000** | **Seconded and agency staff £000** | **Total £000** | **Total £000** |
| Wages and salaries | **25,364** | 2 | **25,366** | **24,833** |
| Social security costs | **2,440** | - | **2,440** | **2,466** |
| Other pension costs | **4,864** | - | **4,864** | **4,089** |
| **TOTAL** | **32,668** | **2** | **32,670** | **31,388** |
| Average number of FTEs | | | 721 | 732 |

***Sickness Absence***

Total sickness absence during 2019-20 was 4.2%. Of this, 1.56% was due to short-term and 2.6% was long-term sickness absence (Table 10).

**Table 10 – Sickness Absence**

| | **2019-20** | **2018-19** |
|---|---|---|
| Short-term | 1.56% | 1.73% |
| Long-term | 2.60% | 2.29% |
| **Total** | **4.16%** | **4.02%** |

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 March 2020 is set out in the Tables 11 to 13.

**Table 11 – Relevant Union Officials**

| **Number of employees who were union officials during 2019-20** | **Employee number by FTE:** |
|---|---|
| **9.0** | **1.02** |

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**Table 12 – Percentage of Time Spent on Facility Time**

| Percentage | Number of Employees |
|---|---|
| 0% | 0 |
| 1%-50% | 9 |
| 51%-99% | 0 |
| 100% | 0 |

**Table 13 – Percentage of Pay Bill Spent on Facility Time**

| | |
|---|---|
| **Total cost of facility time** | **£116,254** |
| **Total pay bill** | **£32,483,793** |
| **Percentage of total pay bill spent on facility time** | **0.4%** |

Total time spent on trade union activities as a percentage of total paid facility time hours during 2019-20 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:

***W Mackie***
**Chair**

***C Turnbull***
**Principal**

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

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 approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

## 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 2020 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. 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 2020 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 of 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 five 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 board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

### Emphasis of Matter – Effect of the Covid-19 pandemic on the valuation of pension fund property assets

We draw attention to Note 1(m) of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the College's share of Strathclyde Pension Fund's property assets. Our opinion is not modified in respect of this matter.

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**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the College has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Risks of material misstatement**

We have reported in a separate Annual Audit Report, which is available from the Audit Scotland website, the most significant assessed risks of material misstatement that we identified and our conclusions 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 deemed inappropriate.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to achieve 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 economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting 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. We therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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.

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**Other information in the annual report and accounts**

The Board of Management is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and our independent auditor's report. 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 matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with our audit of the financial statements, our responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

**Report 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. 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.

**Report on other requirements**

**Opinions on other matters prescribed by the Auditor General for Scotland**

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.

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.; or
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.

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12/09/2020 12:04:00

**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 2020

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

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## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR TO 31 JULY 2020

| | Note | Recurring | Non-recurring | **Year ended 31 July 2020** | Year ended 31 July 2019 |
|---|---|---|---|---|---|
| | | | | **£000** | £000 |
| **INCOME** | | | | | |
| SFC grants | 2 | **44,461** | | **44,461** | 46,418 |
| Tuition fees and education contracts | 3 | **4,345** | | **4,345** | 4,269 |
| Other grants and contracts | 4 | **307** | | **307** | 741 |
| Other income | 5 | **2,265** | | **2,265** | 2,518 |
| Investment income | 6 | **2** | | **2** | 6 |
| **Total Income** | | **51,380** | | **51,380** | 53,952 |
| **EXPENDITURE** | | | | | |
| Staff costs | 7 | 36,197 | - | **36,197** | 34,833 |
| Restructuring costs | 7 | - | 10 | **10** | 982 |
| Release of Provision / Impairment of Buildings | | - | - | **-** | (332) |
| Non-recurring Costs re NPD Contract | | - | - | **-** | 1,809 |
| Other operating expenses | 9 | 9,499 | - | **9,499** | 10,808 |
| Depreciation | 12 | 3,985 | - | **3,985** | 3,955 |
| Interest and other financial costs | 10 | 3,256 | - | **3,256** | 3,249 |
| **Total Expenditure** | | 52,937 | 10 | **52,947** | 55,304 |
| **Surplus/(deficit) before other gains/(losses)** | | (1,557) | (10) | **(1,567)** | (1,352) |
| Gain/(loss) on disposal of assets | | - | - | **-** | - |
| **Surplus/(deficit) before tax** | | (1,557) | (10) | **(1,567)** | (1,352) |
| Taxation | 11 | - | - | - | - |
| **(Deficit) for the year** | | **(1,557)** | **(10)** | **(1,567)** | (1,352) |
| Actuarial gain / (loss) in respect of pension schemes | | - | - | **(11,770)** | (5,400) |
| **Total Comprehensive Income for the year** | | (1,557) | (10) | **(13,337)** | (6,752) |

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 32 provides details of the adjusted operating position on a Central Government accounting basis.

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## STATEMENT OF CHANGES IN RESERVES

| | Income and Expenditure Account | Restricted Reserves | Revaluation Reserve | Total |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| **Balance at 31 July 2019** | **(197)** | **466** | **33,931** | **34,200** |
| Surplus/(deficit) from the income and expenditure statement | (1,567) | - | - | (1,567) |
| Transfers from pension reserve to income and expenditure reserve | (11,770) | - | - | (11,770) |
| Revaluation | - | - | - | - |
| Transfers between revaluation and income and expenditure reserve – HC Depreciation | 949 | - | (949) | - |
| **Total comprehensive income for the year** | **(12,388)** | **-** | **(949)** | **(13,337)** |
| **Balance at 31 July 2020** | **(12,585)** | **466** | **32,982** | **20,863** |

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## BALANCE SHEET AS AT 31 JULY 2020

| | Note | Year ended 31 July 2020 £000 | Year ended 31 July 2019 £000 |
|---|---|---|---|
| **Fixed Assets** | | | |
| Tangible fixed assets | 12 | **106,554** | 110,144 |
| **Total fixed assets** | | **106,554** | 110,144 |
| **Current Assets** | | | |
| Stocks | | **30** | 21 |
| Debtors | 13 | **2,570** | 2,028 |
| Cash and cash equivalents | 19 | **3,912** | 2,705 |
| Total current assets | | **6,512** | 4,754 |
| **Less: Creditors – amounts falling due within one year** | 14 | **7,188** | 7,152 |
| **Net current assets/(liabilities)** | | **(676)** | (2,398) |
| **Total assets less current liabilities** | | **105,878** | 107,746 |
| Less: Creditors – amounts falling due after more than one year | 15 | **46,272** | 48,687 |
| Less: Deferred capital grants due to be released after one year | 16 | **9,464** | 10,115 |
| **Provisions** | | | |
| Early Retirement Provision | 17 | **1,474** | 1,277 |
| Other Provisions | 17 | **461** | 854 |
| **Net Assets excluding pension liability** | | **48,207** | 46,813 |
| **Net pension liability** | 20 | **(27,344)** | (12,613) |
| **NET ASSETS INCLUDING PENSION LIABILITY** | | **20,863** | 34,200 |
| Income and expenditure account excluding pension reserve | 18 | **14,759** | 12,416 |
| Pension reserve | 18 | **(27,344)** | (12,613) |
| | | **(12,585)** | (197) |
| Restricted Reserves | | **466** | 466 |
| Revaluation Reserve | 18 | **32,982** | 33,931 |
| **TOTAL RESERVES** | | **20,863** | 34,200 |

The financial statements on pages 40 to 68 were approved by the Board of Management on 10 December 2020 and are signed on its behalf by:

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***W Mackie***
Chair

***C Turnbull***
Principal

## CASH FLOW STATEMENT FOR THE YEAR TO 31 JULY 2020

| | Note | **Year ended 31 July 2020** | Year ended 31 July 2019 |
|---|---|---|---|
| | | **£000** | £000 |
| **Cash inflow from operating activities** | | | |
| Surplus/(deficit) for the year | | **(1,567)** | (1,352) |
| **Adjustment for non cash items** | | | |
| Depreciation | 12 | **3,985** | 3,955 |
| Net (gain)/loss on disposal of fixed assets | | **-** | - |
| Deferred capital grants released to income | 16 | **(1,225)** | (1,242) |
| (Increase)/decrease in stock | | **(9)** | 2 |
| (Increase)/decrease in debtors | 13 | **(542)** | (727) |
| Increase/(decrease) in creditors | 14 | **355** | 4 |
| (Decrease)/increase in provisions | 17 | **(196)** | (731) |
| (Decrease)/increase in reserves | | **-** | - |
| Impairments of Buildings | 12 | **-** | - |
| Net return on pension liability | 20 | **2,961** | 2,818 |
| Returns on investments and servicing of finance | | **(290)** | (154) |
| Taxation | | **-** | - |
| **Cash flows from investing and financing activities** | | | |
| Interest receivable – bank interest | 6 | **(2)** | (6) |
| Interest payable | 10 | **292** | 160 |
| PFI/NPD Capital Payments | 15 | **(2,284)** | (2,177) |
| Purchase of tangible fixed assets | 12 | **(395)** | (1,753) |
| Proceeds from sale of tangible fixed assets | | **-** | 1,050 |
| Deferred Capital Grants Receipts | 16 | **124** | 1,135 |
| **Increase/(decrease) in cash and cash equivalents in the year** | | **1,207** | 982 |
| **Reconciliation of net cash flow to movement in net funds** | | | |
| Increase/(decrease) in cash and cash equivalents in the year | | **1,207** | 982 |
| Net funds at 1 August 2019 | | **2,705** | 1,723 |
| **Net funds at 31 July 2020** | | **3,912** | 2,705 |

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## 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 (£1,557,000) before non-recurring items, with an accumulated deficit on the income and expenditure reserve of (£12,585,000). At 31 July 2020, current assets of £6,512,000 included cash and bank balances of £3,912,000. Creditors falling due within one year were £7,188,000, with net current liabilities of (£676,000).

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.

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**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 9 and 10 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 9 and 10).

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**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 2020, 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 £5,000. 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) | 68 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 £1,000 for single items or over £5,000 for groups of related assets |
| Other assets | - | Over £5,000 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 to10 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.

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**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 20, will impact the carrying amount of the pension liability.

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- Material Value Uncertainty (MVU)

  Avison Young undertook a valuation of Strathclyde Pension Fund's (SPF) UK property portfolio. The valuation includes a "Material Valuation Uncertainty Clause". The response to COVID-19 meant that they were faced with an unprecedented set of circumstances on which to base a judgement. As at the valuation date, Avison Young considered that less weight could be attached to previous market evidence for comparison purposes to inform opinions of value. Their valuations are therefore reported on the basis of 'material valuation uncertainty' as per the RICS Valuation – Global Standards effective from 31 January 2020. Consequently, less certainty – and a higher degree of caution – should be attached to their valuation than would normally be the case.

  Ayrshire College is a member of SPF. Therefore Ayrshire College has chosen to include an MVU in its 2019-20 Accounts. For the avoidance of doubt, this does not mean that the valuation cannot be relied upon. Rather, the material uncertainty clause is used in order to be clear and transparent with all parties, in a professional manner that – in the current COVID-19 circumstances – less certainty can be attached to the valuation than would otherwise be the case.

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| | Note | **Year ended 31 July 2020** | Year ended 31 July 2019 |
|---|---|---|---|
| | | **£000** | £000 |
| **2 SFC grants** | | | |
| FE recurrent grant (including fee waiver) | | **34,373** | 33,127 |
| HE & FE childcare funds | | **711** | 863 |
| Release of deferred capital grants | | **1,154** | 1,171 |
| Maintenance grant | | **655** | 1,332 |
| NPD UC Grant (include Capital) | | **4,774** | 4,762 |
| NPD Grant (final payment) | | **-** | 1,809 |
| Additional financial support | | **700** | - |
| SFC ESOL Grant | | **-** | 104 |
| SFC Grants re National Bargaining | | **441** | 1,158 |
| SFC Grants re VS Costs | | **-** | 1,015 |
| Other SFC Grants | | **1,653** | 1,077 |
| **Total** | | **44,461** | 46,418 |
| **3 Tuition fees and education contracts** | | | |
| FE fees – UK | | **423** | 505 |
| FE fees - EU | | **-** | - |
| FE fees – non EU | | **-** | - |
| HE fees | | **2,641** | 2,668 |
| Education contracts | | **1,160** | 929 |
| Other contracts | | **121** | 167 |
| **Total** | | **4,345** | 4,269 |
| **4 Other grant income** | | | |
| European funds | | **-** | - |
| Grants from Ayrshire College Foundation – Capital | | **209** | 618 |
| Grants from Ayrshire College Foundation - Revenue | | **27** | 52 |
| Release of deferred capital grants | 16 | **71** | 71 |
| **Total** | | **307** | 741 |
| **5 Other operating income** | | | |
| Catering | | **903** | 1,158 |
| Other income-generating activities | | **406** | 765 |
| Other income | | **956** | 595 |
| **Total** | | **2,265** | 2,518 |
| **6 Investment Income** | | | |
| Other interest receivable | | **2** | 6 |
| Net return on pension asset/liability | | **-** | - |
| **Total** | | **2** | 6 |

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| | Note | Year ended 31 July 2020 | Year ended 31 July 2019 |
|---|---|---|---|
| | | **£000** | £000 |
| **7 Staff costs** | | | |
| Wages and salaries | | **25,366** | 24,833 |
| Social security costs | | **2,440** | 2,466 |
| Other pension costs | | **4,864** | 4,089 |
| | | **32,670** | 31,388 |
| FRS 102 pension adjustments | | **2,669** | 2,658 |
| Job Evaluation | | **858** | 787 |
| **Total** | | **36,197** | 34,833 |
| | | | |
| Curriculum departments | | **18,153** | 16,475 |
| Curriculum services | | **5,200** | 5,592 |
| Administration and central services | | **9,944** | 9,907 |
| Premises | | **1,339** | 1,396 |
| Catering | | **703** | 676 |
| **Sub-total** | | **35,339** | 34,046 |
| Job Evaluation | | **858** | 787 |
| | | **36,197** | 34,833 |
| Non-recurring restructuring costs | | **10** | 982 |
| **Total** | | **36,207** | 35,815 |

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

| | 2020 No. | 2019 No. |
|---|---|---|
| Academic/teaching departments | **318** | 316 |
| Academic/teaching services | **116** | 129 |
| Administration and central services | **203** | 205 |
| Premises staff | **51** | 54 |
| Catering staff | **33** | 28 |
| **Total** | **721** | 732 |

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

| | 2020 No. | 2019 No. |
|---|---|---|
| £50,001 to £60,000 per annum | **17** | 14 |
| £60,001 to £70,000 per annum | **-** | 2 |
| £70,001 to £80,000 per annum | **3** | 8 |
| £80,001 to £90,000 per annum | **4** | - |
| £90,001 to £100,000 per annum | **1** | 3 |
| £100,001 to £110,000 per annum | **-** | - |
| £110,001 to £120,000 per annum | **2** | - |
| £120,001 to £130,000 per annum | **-** | - |
| £130,001 to £140,000 per annum | **1** | 1 |

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## 8 Senior post-holders' emoluments

| | Note | 2020 No. | 2019 No. |
|---|---|---|---|
| The number of senior post-holders, including the Principal was: | | **4** | 4 |

| | Year ended 31 July 2020 £000 | Year ended 31 July 2019 £000 |
|---|---|---|
| Senior post-holders' emoluments are made up as follows: | | |
| Salaries | **461** | 391 |
| Benefits in kind | **-** | - |
| Employers Pension contributions | **92** | 73 |
| **Total emoluments** | **553** | 464 |

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

| | Year ended 31 July 2020 £000 | Year ended 31 July 2019 £000 |
|---|---|---|
| Salary – Principal resigned 31/3/19 | **-** | 100 |
| Salary – Principal started 1/3/19 | **136** | 55 |
| Bonus | **-** | - |
| Benefits in kind | **-** | - |
| | **136** | 155 |
| Employers Pension contributions | **26** | 28 |

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## 8 Senior post-holders' emoluments (continued)

In 2019-20 the Principal and two other senior postholders 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:-

2019-20: £27,560
2018-19: £27,560

This remuneration is not pensionable.

| | Note | **Year Ended 31 July 2020** | Year Ended 31 July 2019 |
|---|---|---|---|
| | | **£000** | £000 |
| **9 Other operating expenses** | | | |
| Teaching departments | | **1,550** | 1,672 |
| Administration and central services | | **2,485** | 2,341 |
| Kilwinning Campus PFI service charge | | **845** | 851 |
| Hill Street NPD unitary charge | | **1,371** | 1,325 |
| Other premises costs | | **2,021** | 3,105 |
| Refurbishment works funded by Ayrshire College Foundation | | **-** | - |
| Childcare costs | | **711** | 863 |
| Student Support Bursary Costs | | **-** | - |
| Catering costs | | **516** | 651 |
| **Total** | | **9,499** | 10,808 |

| | **Year Ended 31 July 2020** | Year Ended 31 July 2019 |
|---|---|---|
| | **£000** | £000 |
| Other operating expenses include: | | |
| Auditors' remuneration | | |
| - external audit of these financial statements | **33** | 33 |
| - internal audit services | **25** | 30 |
| - other services | | - |
| Operating lease payments | **102** | 255 |

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| | Note | **Year Ended 31 July 2020** | Year Ended 31 July 2019 |
|---|---|---|---|
| | | **£000** | £000 |
| **10 Interest payable** | | | |
| Kilwinning Campus PFI interest charge | | **365** | 418 |
| Hill Street NPD interest charge | | **2,599** | 2,671 |
| Pension finance costs | 20 | **292** | 160 |
| **Total** | | **3,256** | 3,249 |

## 11 Taxation

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

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## 12 Tangible Fixed Assets

| | Freehold Land and Buildings | Leasehold Land and Buildings | PFI Building | NPD Building | Equipment | Total |
|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| **Cost or Valuation** | | | | | | |
| At 1 August 2019 | 35,911 | 1,005 | 19,728 | 53,955 | 12,347 | 122,946 |
| Additions | 41 | - | - | - | 354 | 395 |
| Revaluation | - | - | - | - | - | - |
| Impairments | - | - | - | - | - | - |
| Disposals | - | - | - | - | (5,634) | (5,634) |
| **At 31 July 2020** | **35,952** | **1,005** | **19,728** | **53,955** | **7,067** | **117,707** |
| **Depreciation** | | | | | | |
| At 1 August 2019 | 1,110 | 403 | 548 | 1,053 | 9,688 | **12,802** |
| Provided during year | 1,128 | 79 | 547 | 1,053 | 1,178 | 3,985 |
| Write back re: revaluation | - | - | - | - | - | - |
| On disposals | - | - | - | - | (5,634) | (5,634) |
| **At 31 July 2020** | **2,238** | **482** | **1,095** | **2,106** | **5,232** | **11,153** |
| **Net Book Value at 31 July 2020** | **33,714** | **523** | **18,633** | **51,849** | **1,835** | **106,554** |
| Net Book Value at 31 July 2019 | 34,801 | 602 | 19,180 | 52,902 | 2,659 | 110,144 |
| Inherited | 18,160 | 26 | 8,049 | 6,747 | - | 32,982 |
| Financed by capital grant | 8,816 | 497 | 22 | - | 925 | 10,260 |
| Other | 6,738 | - | 10,562 | 45,102 | 910 | 63,312 |
| **At 31 July 2020** | **33,714** | **523** | **18,633** | **51,849** | **1,835** | **106,554** |

The College's Ayr, Kilwinning and Kilmarnock Campus properties were valued at 31 July 2019 by Gerald Eve 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.

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| | | Year ended 31 July 2020 £000 | Year ended 31 July 2019 £000 |
|---|---|---|---|
| **13 Debtors: Amounts falling due within one year** | | | |
| Trade debtors – net of provision for doubtful debts | | **178** | 134 |
| European funding | | **-** | - |
| Other Debtors | | **74** | 150 |
| Prepayments and accrued income | | **2,318** | 1,744 |
| Amounts owed by the Scottish Funding Council | | **-** | - |
| | | **2,570** | 2,028 |
| **14 Creditors: Amounts falling due within one year** | | | |
| Bank loans and overdrafts | | **-** | - |
| Trade creditors | | **164** | 435 |
| Other taxation and social security | | **632** | 885 |
| Other Creditors | | **875** | 850 |
| Accruals and deferred income | | **1,899** | 1,112 |
| PFI Capital payment < 1 year | **15** | **1,060** | 1,004 |
| NDP Capital payment < 1 year | **15** | **1,355** | 1,280 |
| Deferred Capital Grants to be released in <1 year | **16** | **796** | 1,246 |
| Amounts owed to Scottish Funding Council | | **209** | 325 |
| Bursaries and Student Support Funds for future disbursements | | **198** | 15 |
| | | **7,188** | 7,152 |

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| | | Year ended 31 July 2020 £000 | Year ended 31 July 2019 £000 |
|---|---|---|---|
| **15 Creditors: Amounts falling due after one year** | | | |
| Capital Element of Kilwinning PFI expenditure: | | | |
| At 1 August 2019 | | **6,481** | 7,431 |
| Capital payments in year | | **(1,004)** | (950) |
| | | **5,477** | 6,481 |
| Less amount due within one year | **14** | **(1,060)** | (1,004) |
| **At 31 July 2020** | | **4,417** | 5,477 |
| Capital Element of Kilmarnock NPD expenditure: | | | |
| At 1 August 2019 | | **44,490** | 45,717 |
| Capital payments in year | | **(1,280)** | (1,227) |
| | | **43,210** | 44,490 |
| Less amount due within one year | **14** | **(1,355)** | (1,280) |
| **At 31 July 2020** | | **41,855** | 43,210 |
| **Total** | | **46,272** | 48,687 |

**16 Deferred Capital Grants**

| | SFC £000 | Non SFC £000 | Total £000 |
|---|---|---|---|
| **At 1 August 2019** | | | |
| Land and Buildings | 7,764 | 1,937 | 9,701 |
| Equipment | 1,660 | - | 1,660 |
| | 9,424 | 1,937 | 11,361 |
| **Grants received in the period** | | | |
| Land and Buildings | 41 | - | 41 |
| Equipment | 83 | - | 83 |
| | 124 | - | 124 |
| **Released to Income and Expenditure Account** | | | |
| Land and Buildings | (336) | (71) | (407) |
| Equipment | (818) | - | (818) |
| | (1,154) | (71) | (1,225) |
| **At 31 July 2020** | | | |
| Land and Buildings | 7,469 | 1,866 | 9,335 |
| Equipment | 925 | - | 925 |
| | 8,394 | 1,866 | 10,260 |
| Split as follows: | | | |
| Due to be released in <1 year | 725 | 71 | 796 |
| Due to be released in >1 year | 7,669 | 1,795 | 9,464 |
| | 8,394 | 1,866 | 10,260 |

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| | Year ended 31 July 2020 £000 | Year ended 31 July 2019 £000 |
|---|---|---|
| **17 Provisions for liabilities and charges** | | |
| **Early Retirement Provision** | | |
| At 1 August 2019 | **1,277** | 1,676 |
| Expenditure in the period | **(87)** | (91) |
| Release of provision | **284** | (308) |
| **At 31 July 2020** | **1,474** | 1,277 |

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 (2018-19: 27). The pension liability has been revalued using SFC actuarial tables.

| | Year ended 31 July 2020 £000 | Year ended 31 July 2019 £000 |
|---|---|---|
| **Other Provisions** | | |
| At 1 August 2019 | **854** | 1,186 |
| Expenditure in the period | **(421)** | (332) |
| Additional provision required in the period | **28** | - |
| **At 31 July 2020** | **461** | 854 |

The majority of the other provisions relates to future lease commitments and dilapidations provisions on the two leased properties, Townholm and Nethermains.

| | Year ended 31 July 2020 £000 | Year ended 31 July 2019 £000 |
|---|---|---|
| **18 Reserves** | | |
| **Income & Expenditure Account** | | |
| At 1 August 2019 | **12,416** | 8,928 |
| Surplus/(deficit) for the period | **(1,567)** | (1,352) |
| Disposal of properties in revaluation reserve | **-** | 1,050 |
| Transfer from revaluation reserve | **949** | 972 |
| Impairment of Properties | **-** | - |
| Transfer to/(from) pension scheme | **2,961** | 2,818 |
| **At 31 July 2020** | **14,759** | 12,416 |

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## 18 Reserves (continued)

| | **Year ended 31 July 2020 £000** | Year ended 31 July 2019 £000 |
|---|---|---|
| **Pension Reserve** | | |
| At 1 August 2019 | **(12,613)** | (4,395) |
| Current service cost | **(4,716)** | (3,576) |
| Impact of curtailments | **(8)** | (963) |
| Employer contributions | **2,024** | 1,850 |
| Contributions re unfunded benefits | **31** | 31 |
| Past service costs | **-** | - |
| Net return on pension scheme | **(292)** | (160) |
| Actuarial gain/(loss) in pension scheme | **(11,770)** | (5,400) |
| **At 31 July 2020** | **(27,344)** | (12,613) |

| | | |
|---|---|---|
| **Summary** | | |
| Income & expenditure account | **14,759** | 12,416 |
| Pensions reserve | **(27,344)** | (12,613) |
| **At 31 July 2020** | **(12,585)** | (197) |

| | **Year ended 31 July 2020 £000** | Year ended 31 July 2019 £000 |
|---|---|---|
| **Revaluation Reserve** | | |
| At 1 August 2019 | **33,931** | 35,953 |
| Revaluation | **-** | - |
| Transfer to income & expenditure account in respect of Depreciation on revalued assets (include element re PFI capital reserve) | **(949)** | (972) |
| Disposal of properties | **-** | (1,050) |
| Impairment of properties | **-** | - |
| **At 31 July 2020** | **32,982** | 33,931 |

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## 19 Analysis of changes in cash and cash equivalents

| | At 1 August 2019 £000 | Cash Flows £000 | Other Changes £000 | **At 31 July 2020 £000** |
|---|---|---|---|---|
| Cash | 2,705 | 1,207 | - | **3,912** |
| Finance lease/hire purchase contracts | | | | |
| **Total** | 2,705 | 1,207 | - | **3,912** |

## 20 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 2020 £000** | Year to 31 July 2019 £000 |
|---|---|---|
| STSS: contributions paid | **2,809** | 2,208 |
| SPF: Contributions paid | **2,055** | 1,881 |
| FRS 102 charge to the Income & Expenditure Account | **2,669** | 2,658 |
| **Total pension cost (Note 7)** | **7,533** | 6,747 |

### 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 £36.7 billion at 31 March 2019.

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 2019**

| | |
|---|---|
| Rate of return (discount rate) | 2.9% |
| **Rate of return in excess of:** | |
| Earnings increases | (1.15)% |
| Price increases | 0.29% |

Employer contributions were payable to the STSS at a rate of 17.2%. 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.

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**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 2020 was £2,055,000.

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 2020, 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 2020** | At 31 July 2019 |
|---|---|---|
| Rate of increase in salaries | **3.3%** | 3.6% |
| Rate of increase for pensions in payment/inflation | **2.2%** | 2.4% |
| Discount rate for liabilities | **1.4%** | 2.1% |
| 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 2020** | At 31 July 2019 |
|---|---|---|---|
| Current pensioners | Males | **20.7** | 20.7 |
| | Females | **22.9** | 22.9 |
| Future pensioners | Males | **22.2** | 22.2 |
| | Females | **24.6** | 24.6 |

The approximate allocation of scheme assets is as follows:

| | **At 31 July 2020** | At 31 July 2019 |
|---|---|---|
| Equities | **63%** | 65% |
| Bonds | **25%** | 24% |
| Property | **11%** | 10% |
| Cash | **1%** | 1% |
| | **100%** | 100% |

The assets and the liabilities of the scheme were:

| | **At 31 July 2020 £000** | At 31 July 2019 £000 |
|---|---|---|
| **Total market value of assets** | **61,176** | 61,122 |
| Present value of scheme liabilities: | | |
| Funded | (87,914) | (73,145) |
| Unfunded | (606) | (590) |
| **Surplus/(deficit) in the scheme** | **(27,344)** | (12,613) |

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## 20 Pensions and similar obligations (continued)

| | At 31 July 2020 £000 | At 31 July 2019 £000 |
|---|---|---|
| Employer service cost (net of employee contributions) | **4,716** | 3,576 |
| Past service cost | **8** | 963 |
| Total operating charge | **4,724** | 4,539 |

| | At 31 July 2020 £000 | At 31 July 2019 £000 |
|---|---|---|
| **Analysis of pension finance income/(costs)** | | |
| Expected return on pension scheme assets | **1,300** | 1,572 |
| Interest on pension liabilities | **(1,592)** | (1,732) |
| **Pension finance income/(costs)** | **(292)** | (160) |

| | | Year ended 31 July 2020 £000 | Year ended 31 July 2019 £000 |
|---|---|---|---|
| **Movements on Pension Scheme Deficit** | | | |
| Deficit in scheme at 1 August 2019 | | **(12,613)** | (4,395) |
| **Movement in year:** | | | |
| Current service charge | | **(4,716)** | (3,576) |
| Losses/(gains) on curtailments | | **(8)** | (963) |
| Contributions by members | | **2,024** | 1,850 |
| Contributions in respect of unfunded benefits | | **31** | 31 |
| Past service costs | | **-** | - |
| Net return on pension assets | | **(292)** | (160) |
| Actuarial gains/(losses) | | **(11,770)** | (5,400) |
| (Deficit) in scheme at 31 July 2020 | **Note 18** | **(27,344)** | (12,613) |

**Asset and Liability Reconciliation**

| | At 31 July 2020 £000 | At 31 July 2019 £000 |
|---|---|---|
| **Reconciliation of Liabilities** | | |
| **Liabilities at 1 August 2019** | **73,735** | 59,936 |
| Service cost | **4,716** | 3,576 |
| Interest cost | **1,592** | 1,732 |
| Contributions by members | **632** | 577 |
| Actuarial (gain)/loss | **8,997** | 8,121 |
| Past service cost/(gain) | **8** | 963 |
| Losses/(gains) on curtailments | **-** | - |
| Estimated Unfunded Benefits Paid | **(31)** | (31) |
| Estimated Benefits Paid | **(1,129)** | (1,139) |
| **Liabilities at 31 July 2020** | **88,520** | 73,735 |

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| **20 Pensions and similar obligations (continued)** | **Year ended 31 July 2020 £000** | Year ended 31 July 2019 £000 |
|---|---|---|
| **Reconciliation of Assets** | | |
| **Assets at 1 August 2019** | **61,122** | 55,541 |
| Expected return on assets | **1,300** | 1,572 |
| Contribution by members | **632** | 577 |
| Contribution by employer | **2,024** | 1,850 |
| Contribution in respect of unfunded benefits | **31** | 31 |
| Actuarial (gain)/loss | **(2,773)** | 2,721 |
| Estimated unfunded benefits paid | **(31)** | (31) |
| Estimated benefits paid | **(1,129)** | (1,139) |
| **Assets at 31 July 2020** | **61,176** | 61,122 |

**Amounts for the current and previous accounting periods**

| | | |
|---|---|---|
| Fair value of employer assets | **61,176** | 61,122 |
| Present value of defined benefit obligation | (88,520) | (73,735) |
| Surplus/(Deficit) | **(27,344)** | (12,613) |

## 21 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 2020 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 2020 the College had four outstanding balances due to related parties and four balances due from related parties. These were as follows:

- Due to South Ayrshire Council - £7,500
- Due to North Ayrshire Council - £25,074
- Due to East Ayrshire Council - £8,554
- Due to Scottish Qualifications Authority - £6,816

- Due from South Ayrshire Council - £1,859
- Due from Students Awards Agency Scotland - £5,914
- Due from Colleges Scotland £27,432
- Due from Skills Development Scotland - £115,076

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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.

## 21 Related Party Transactions (continued)

In addition to the above named 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 |
|---|---|---|---|
| Mr W Mackie | Trustee | Ayrshire College Foundation | Sales: £10,800<br>Purchases: £nil |
| Mr S Cooley | Head of Fuel Route Systems and Defueling Preparations Group | EDF Energy | Sales: £nil<br>Purchases: £462,569<br>Balance due at 31 July 2020: £20,502 |
| Mr S Wallace | Chief Financial Officer | University of Strathclyde | Sales: £21,952<br>Purchases: £nil |

There were no transactions exceeding £5,000 with any other organisations associated with Board Members in 2019-20.

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 |
| Mr C Hall | Teaching Staff Member |
| Ms F Blain | Service Staff Member |

In addition, two members/former members of the Board of Management being Mr J McCrindle and Ms Lauren Howieson were student members, elected by students and remunerated by the Student Association.

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## 22 FE Bursary and Other Student Support Funds

| | FE Bursary | FE Hardship | EMA's | Other | **Year ended 31 July 2020** | Year ended 31 July 2019 |
|---|---|---|---|---|---|---|
| | **£000** | **£000** | **£000** | **£000** | **£000** | £000 |
| Balance brought forward | (196) | 198 | - | 13 | **15** | 50 |
| Allocation received in year | 8,916 | 565 | 586 | 456 | **10,523** | 9,874 |
| Interest | | | | | | |
| | 8,720 | 763 | 586 | 469 | **10,538** | 9,924 |
| Expenditure | (8,916) | (565) | (586) | (284) | **(10,351)** | (9,499) |
| Repaid to SFC/SAAS | - | (2) | | (13) | **(15)** | (296) |
| Repayable to SFC as clawback | | | | | **-** | (114) |
| College contribution to funds | | | | | **-** | - |
| Virements | 196 | (196) | | | **-** | - |
| Balance carried forward | - | - | - | 172 | **172** | 15 |
| Represented by: | | | | | | |
| Repayable to SFC as clawback | - | - | - | 9 | **9** | 15 |
| Retained by College for students | - | - | - | 163 | **163** | - |
| | - | - | - | 172 | **172** | 15 |

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.

## 23 FE & HE Childcare Funds

| | **Year ended 31 July 2020 £000** | Year ended 31 July 2019 £000 |
|---|---|---|
| Balance brought forward: August 2019 | - | (72) |
| Allocation received in period | 737 | 959 |
| | 737 | 887 |
| Expenditure | (712) | (863) |
| Repayable to SFC as clawback | - | 72 |
| Repayable in year | - | (96) |
| Virements | - | - |
| Balance carried forward | 25 | - |
| Represented by: | | |
| Net repayable to SFC as clawback | 25 | - |
| Retained by College for Students | - | - |
| | 25 | - |

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

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## 24 Commitments under Operating Leases

As at 31 July 2020 the College had annual commitments under non-cancellable operating leases as set out below:

| | **Year ended 31 July 2020 £000** | Year ended 31 July 2019 £000 |
|---|---|---|
| Expiry within 1 year | **-** | **3** |
| Expiry within 2 to 5 years | **-** | **-** |
| **Total** | **-** | **3** |

## 25 Capital Commitments

| | **Year ended 31 July 2020** | Year ended 31 July 2019 |
|---|---|---|
| | **£000** | £000 |
| **Contracted for at 31 July 2020** | **84** | 22 |

The amounts committed at 31 July 2020 and 31 July 2019 relate to contracts in connection with small capital projects.

## 26 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.

In 2019-20 the Foundation agreed grant funding of £236,000 to the College in respect of Capital Works and educational projects.

In 2018-19 the Foundation agreed grant funding of £670,000 to the College in respect of Capital Works and educational projects.

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## 27 PFI Contract and Kilwinning Campus

Payments remaining to be made under the PFI contract at 31 July 2020 are as follows:

| | Payment for services | Reimbursement of Capital Expenditure | Interest | Total |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Payable in 2020-21 | 845 | 1,060 | 308 | 2,213 |
| Payable within 2 to 5 years | 3,034 | 4,417 | 602 | 8,053 |
| Payable within 6 to 10 years | - | | | |
| **Total** | **3,879** | **5,477** | **910** | **10,266** |

| | Year ended 31 July 2020 | Year ended 31 July 2019 |
|---|---|---|
| | £000 | £000 |
| Balance at start of year | **6,481** | 7,431 |
| Payments made in the year | **(1,004)** | (950) |
| Balance outstanding at end of the year | **5,477** | 6,481 |

## 28 NPD Hill Street

Payments remaining to be made under the NPD contract at 31 July 2020 are as follows:

| | Payment for services | Reimbursement of Capital Expenditure | Interest | Total |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Payable in 2020-21 | 1,305 | 1,355 | 2,524 | 5,184 |
| Payable within 2 to 5 years | 5,609 | 5,858 | 9,273 | 20,740 |
| Payable within 6 to 10 years | 7,926 | 8,415 | 9,585 | 25,926 |
| Payable > 10 years | 18,985 | 27,582 | 10,468 | 57,035 |
| **Total** | **33,825** | **43,210** | **31,850** | **108,885** |

| | Year ended 31 July 2020 | Year ended 31 July 2019 |
|---|---|---|
| | £000 | £000 |
| Balance at start of year | **44,490** | 45,717 |
| Payments made in the year | **(1,280)** | (1,227) |
| Balance outstanding at end of the year | **43,210** | 44,490 |

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**29 Post Balance Sheet Events**

There are no post balance sheet events to report.

**30 Contingent Liabilities**

There are no contingent liabilities at 31 July 2020 (31 July 2019: £nil).

**31 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.

| | **2019-20 £000** | **2018-19 £000** |
|---|---|---|
| Surplus/(deficit) before other gains and losses (FE/HE SORP basis | (1,567) | (1,352) |
| Add back: Non-cash allocation for depreciation (net of deferred capital grant) | 2,760 | 2,713 |
| Operating surplus / (deficit) on Central Government accounting basis | **1,193** | **1,361** |

Under the FE/HE SORP, the college recorded an operating deficit of (£1,567,000) for the year ended 31 July 2020. After taking account of the Government noncash budget, the college shows an "adjusted" surplus of £1,193,000 on a Central Government accounting basis.

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**Appendix 1**

**Accounts Direction for Scotland's Colleges 2019-20**

1. It is the Scottish Funding Council's direction that institutions1 comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts2.

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 2019-20 (FReM) where applicable.

4. Incorporated colleges and Glasgow Colleges' Regional Board are reminded that they must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2020.

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
17 July 2020

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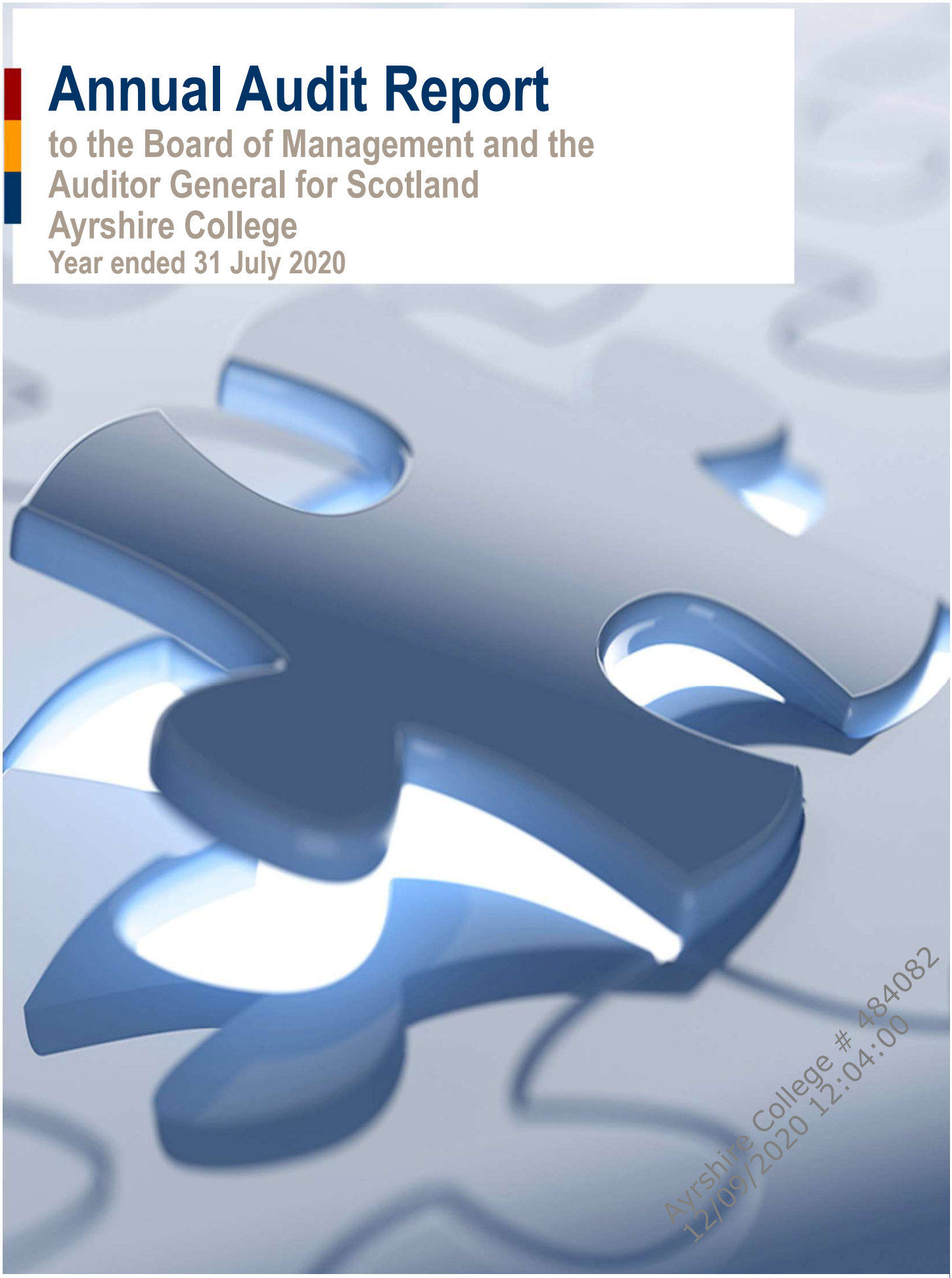
# Annual Audit Report

## to the Board of Management and the Auditor General for Scotland

## Ayrshire College

Year ended 31 July 2020



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Appendix A – Draft management representation letter

Appendix B – Draft audit report

Appendix C – Independence


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12/09/2020 12:04:00

*This report has been prepared in accordance with our responsibilities as appointed auditors as set out in Audit Scotland's Code of Audit Practice. Reports and letters prepared by the auditor and addressed to the College are prepared for the sole use of Ayrshire College and we take no responsibility to any member or officer in their individual capacity or to any third party.*

MAZARS

Mazars LLP
100 Queen Street
Glasgow
G1 3DN

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

24 November 2020

Dear Members

**Annual Audit Report – Year ended 31 July 2020**

We are pleased to present our Annual Audit Report for the year ended 31 July 2020. 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 on 9 June 2020. Since we issued our Audit Strategy Memorandum the UK has been subject to the continued challenges and restrictions of COVID-19. 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 the finance 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
Mazars LLP

Ayrshire College # 484082
12/09/2020 12:04:00



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We are registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861.
VAT number: 839 8356 73

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

# 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 2020, and forms the basis for discussion at the Audit Committee meeting on 24 November 2020.

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 issuing an unqualified opinion, without modification, on the financial statements. As outlined in more detail in section 2, we intend to include an Emphasis of Matter paragraph within our auditor's report with respect to the material valuation uncertainty disclosed in the financial statements regarding the College's share of assets in the Strathclyde Pension Fund.

**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. However, we consider that the College's ability to remain financially sustainable over their three year financial plan, 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; 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.

## Misstatements and internal control recommendations

Section 3 sets out the internal control recommendations that we make, together with an update on any prior year recommendation.

Section 4 outlines the misstatements noted as part of our audit as at the time of issuing this report. If any additional misstatements are noted on completion of the outstanding work, these will be reported to the Audit Committee in a follow-up letter.

Ayrshire College # 484082
12/09/2020 12:04:00

# 1. EXECUTIVE SUMMARY (CONTINUED)

### Status of our audit work

We have substantially completed our work on the financial statements and wider scope work for the year ended 31 July 2020. At the time of preparing this report the following matters remain outstanding:

| Audit area | Status | Description of outstanding matters |
|---|---|---|
| Closure procedures and review | ● | A final review of the Annual Report and Financial Statements will be completed on receipt of the final draft document. Audit completion procedures require to be performed.<br>We will also consider post balance sheet events until the 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 with in the financial statements

### Our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in June 2020. 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.

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# 1. EXECUTIVE SUMMARY (CONTINUED)

## 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 £980,000 using a benchmark (2%) of Total Expenditures. Our final assessment of materiality, based on the final financial statements and qualitative factors is £1,006,000, using the same benchmark.

| Threshold | Initial threshold £'000 | Final threshold £'000 |
|---|---|---|
| Overall materiality | 980 | 1,006 |
| Performance materiality | 784 | 804 |
| Trivial threshold for errors to be reported to the Audit Committee | 29 | 30 |

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;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement 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 based 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 inherent 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.

### 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.

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# 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 judgement

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 through 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 presumed risk of management override. We have no matters to report.

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# 2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

**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.

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 we addressed this risk**

We addressed this risk through 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;
- The judgements made by management in determining when grant income is recognised; and
- Obtaining counterparty confirmation for major grant income.

**Audit conclusion**

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

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# 2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

**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 our audit addressed this risk**

We have undertaken a range of substantive procedures including:

- 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 expenditure recognition. We have no matters to report.

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12/09/2020 12:04:00

# 2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

**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 Pension Liabilities**

**Description of area of focus**

The College makes contributions to two pension schemes – the Scottish Teachers 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 we have addressed this area of management judgement**

We have addressed the risk by:

- Considering the arrangements put in place, including the controls, for making 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**

SPF intend to disclose a 'material valuation uncertainty' (MVU) in their financial statements with regards to the value of property investments held at 31 March 2020. This relates to limited market data being available at that time as a consequence of COVID-19. We conclude the Ayrshire College share of these assets is considered material and as such disclosure to highlight the MVU should be included within the College's financial statements. Subject to satisfactory disclosure being made in the financial statements we intend to include a corresponding emphasis of matter paragraph within our Audit Report.

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

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# 2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

**Valuation of Land and Buildings**

**Description of area of focus**

The College held land and buildings with a net book value of £107m as at 31 July 2019.

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 full valuation was performed as at 31 July 2018, no revaluation is planned in the current year.

The College policy meets the requirements 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 asset at the reporting date.

**How our audit addressed this area of management judgement**

We have performed a range of substantive procedures including:

- Review of management's assessment as to whether the value still reflects the prior year valuation;
- Review of the reconciliation between the College's asset register and general ledger; and
- Consider the College's impairment review process for land and buildings

**Audit conclusion**

Our audit work provided satisfactory assurance in respect of the valuation of land and buildings at the reporting date. We have no matters to report.

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# 2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### 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 2019/20 , appropriately tailored to the College's circumstances.

Draft financial statements were received from the College on 19 October 2020 at the start of audit fieldwork. The draft annual report was received during fieldwork on 29 October 2020. Both draft financial statements and draft annual report were of a good quality.

Producing quality supporting 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

No significant matters arose during the course of the audit.

### Significant difficulties during the audit

Despite the undoubted impact of the pandemic on both the preparation and completion of the draft accounts, which were completed for audit in line with agreed timetables, as well as our audit work, during the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management. We would like to express our thanks to management and officers for their co-operation throughout the audit.

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# 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 statement 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 or improvements that could be made.

| Priority ranking | Description | Number of issues |
|---|---|---|
| 1 (high) | In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately. | nil |
| 2 (medium) | In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future. | 1 |
| 3 (low) | In our view, internal control should be strengthened in these additional areas when practicable. | nil |

## Recommendations

### PFI contract - Level 2

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. There has been no firm decision made by the Board of Management as to what action the College will take in 2025. The model used to account for the PFI contract does not currently include the final payment.

We recommend that the contract cessation and College action is considered by the Board of Management in a timely manner. Where a decision is made to make a final payment and purchase the campus, the PFI model will require to be updated to accurately reflect the value of future payments.

### Potential effects

Without a clear decision from the Board of Management on the future of the Kilwinning Campus at the expiration of the PFI contract, there is a risk that any associated liability or commitment is not appropriately incorporated into future financial statements.

### Management Response

A decision is not contractually required to be made until 18 months before the contract is due to expire. The College is working with the Scottish Futures Trust and legal advisors to inform the actions and decisions required to be taken prior to the cessation of the contract. A decision will be taken by the Board of Management at an appropriate time and within the requirements of the contract.

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# 4. SUMMARY OF MISSTATEMENTS

**Unadjusted misstatements**

There were no unadjusted misstatements identified during the course of the audit above the trivial threshold of £30k.

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# 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.

| Dimension | Description | Our approach |
|---|---|---|
| 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:<br>• the financial planning system in place for short, medium and long term periods<br>• the adequacy and accuracy of financial reporting arrangements<br>• the reasonableness of affordability assumptions made in financial planning<br>• the extent to which the financial planning assumptions have been updated and affected by the COVID-19 pandemic. |
| Governance Statement | The Governance Statement sets out the internal control arrangements and governance framework in place for the year under review | We have considered:<br>• The effectiveness of internal control arrangements<br>• the appropriateness of disclosures made in the Governance Statement<br>• whether the disclosure requirements of the Accounts Direction and the Code of Good Governance for Scotland's Colleges have been met |
| Financial Management | Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. | We have considered:<br>• the monitoring of the effectiveness of internal control arrangements<br>• the response to the COVID-19 pandemic and whether this has involved changes to the governance of the College<br>• whether the College's budgetary control system is timely and accurate<br>• whether and how the College has assessed their financial capacity and skills |
| Value for Money | Value for money concerns using resources effectively and continually improving services. | We have considered:<br>• the College's evidence of providing value for money<br>• the focus on improving value for money and the pace of change at the College. |

In 2019/20 we have also considered the following risk areas as they relate to the College:

- EU withdrawal
- Changing landscape of public financial management
- Dependency on key suppliers
- Openness and transparency

We do not consider that any of the above additional risk areas constitute a significant risk for the College at this point, but will continue to monitor.

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# 5. WIDER SCOPE
## FINANCIAL MANAGEMENT

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

**Our conclusion**
**Ayrshire College has effective arrangements, including budgetary control, that help Board Members scrutinise finances**.

**Financial performance**
FE/HE SORP position

| | 2019/20 £'000 | 2018/19 £'000 |
|---|---|---|
| Operating income | 51,380 | 53,952 |
| Staff costs | (36,197) | (34,833) |
| Operating expenditure | (16,750) | (20,471) |
| **Operating Deficit for the year (FE/HE SORP basis)** | **(1,567)** | **(1,352)** |

The above table shows the financial performance of the College for 2019/20 and 2018/19 under the FE/HE SORP. Despite a deficit being shown over both years:

- The College achieved its financial targets and spending was in line with the plan; and

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

Adjusted operating position

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

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# 5. WIDER SCOPE
## FINANCIAL MANAGEMENT (CONTINUED)

| | 2019/20 £'000 | 2018/19 £'000 |
|---|---|---|
| **(Deficit) before other gains and losses** | (1,567) | (1,352) |
| **Add back:** | | |
| - Depreciation (net of deferred capital grant release) | 2,759 | 2,713 |
| - Non-cash pension adjustment – Net Service Cost | 2,669 | 2,658 |
| - Non-cash pension adjustment – Net Interest Cost | 292 | 160 |
| - Non-cash pension adjustment – Early retirement provision | 284 | (308) |
| - Retention of sales proceeds to fund PFI | - | 1,050 |
| - Release of provision | - | (332) |
| **Deduct:** | | |
| - Non government capital grants from ACF | (209) | (618) |
| - Loan repayments (NPD) | (1,280) | (1,227) |
| - Loan repayments (PFI) | (700) | - |
| - CBP allocated to loan repayments and other capital items | (954) | (954) |
| **Adjusted operating surplus** | **1,294** | **1,790** |

The Accounts Direction issued by the SFC for 2019/20 required Colleges to submit the adjusted operating position calculation with draft accounts to the SFC for review before the accounts are signed off. This is in progress by the College at the time of writing.

The table above indicates 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.

| | 2019/20 £'000 | 2018/19 £'000 |
|---|---|---|
| Operating Deficit for the year (FE/HE SORP basis) | (1,567) | (1,352) |
| Add: Depreciation budget for government funded assets (net of deferred capital grant) for academic year | 2,760 | 2,713 |
| Operating Surplus on Central Government accounting basis | 1,193 | 1,361 |

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 reflects further adjustments that show an operating surplus. The College is currently considered to be operating sustainably within its funding allocation.

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12/08/2020 12:04:00

# 5. WIDER SCOPE
## FINANCIAL MANAGEMENT (CONTINUED)

**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 and attendance at committees. Overall, we consider that the Board of Management obtains regular and timely financial information that reflects the actual financial position.

We noted that there was a degree of fluctuation in budget reports over the year regarding the prediction of the final financial position. Movements in advance of Covid-19 however were generally favourable and so indicate a prudent budget and effective control system. Following the impact of Covid-19 forecasts were appropriately updated to reflect the changes to the financial environment and circumstances. Budgets and forecast were produced on a timely basis and considered by the appropriate committee. 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.

**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 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 arrangements in place to be satisfactory and identified no material misstatements resulting from fraud or irregularity.

**National Fraud Initiative**

The College participates in the National Fraud Initiative (NFI) exercise. Data was submitted in line with timescales and the Audit Committee have been informed of the exercise. No significant findings or issues arose from NFI during the 2019/20 audit process

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# 5. WIDER SCOPE
## 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, we consider that the College's ability to remain financially sustainable over their three year financial plan, 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 work and how we addressed the risk.

| | |
|---|---|
| **Financial Sustainability** | **Description of the risk**<br>A funding gap had previously been identified by the College principally as a result of the contractual PFI capital and interest payments of £1.4m per annum in respect of the Kilwinning Campus along with increasing staff costs as a result of National Bargaining. The College engaged in discussions with the SFC and a Financial Sustainability Plan was initiated in 2018/19. The SFC has also pledged support for a two year period (2019/20 and 2020/21) to help the College meet it's PFI payment in respect of Kilwinning Campus. The College had identified that there remained a continued financial sustainability risk with cash funds forecast to being exhausted during 2022/23.<br><br>The COVID-19 pandemic has resulted in the temporary cessation of operations of public sector organisations, including colleges, albeit some courses are now being taught remotely. As a result there is significant increased uncertainty around current and future revenue for colleges due to loss or partial loss of funding as a result of credit targets not being met and from a reduction in commercial activities. The College is able to partially able to mitigate this risk through cost saving measures, however as the Financial Sustainability Plan was still in its infancy, there is a risk that this will accelerate the exhaustion of cash funds. The financial plans set by the College in prior years will require to be re-set with new funding assumptions as and when they become clearer.<br><br>**How we addressed the risk**<br><br>We have addressed the risk by reviewing:<br>• The forecast financial position in the 5 year financial plans submitted to SFC<br>• The financial and resource implications of any voluntary severance scheme proposed to be run by the College;<br>• The College's achievement of requirements set by the SFC on receipt of funding;<br>• The alternative plans considered by the College to ensure a balanced budget is achieved;<br>• The financial reporting arrangements in place at the College.<br><br>**Wider scope conclusion**<br>The College has prepared a three year forecast in the current year which continues to highlight a future funding gap although the risk around cash resources extends to beyond the period being forecast. The College is in discussions with the SFC regarding future financial sustainability and has begun to identify where savings required in 2021/22 will be found.<br><br>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 without additional action by the College and / or additional funding from the SFC. As a result, there is a risk that the College will not remain financially sustainable in the three year forecasting period. |

Ayrshire College #184082
12/09/2020 12:04:00

# 5. WIDER SCOPE
## FINANCIAL SUSTAINABILITY (CONTINUED)

### Financial Planning

The College prepares a 5 year budget and forecast which forms the basis of the Financial Forecast Return (FFR) required to be submitted to the SFC annually. The 2020-21 FFR was prepared using the figures in a baseline budget approved by the board of Management in June 2020. In the current year, given the level of uncertainties relating to financial planning, the SFC has requested only a 3 year FFR which has been considered below. The College has continued to prepare a five year forecast for their own internal budget and forecast purposes.

| | Budget 2020/21 £'000 | Forecast 2021/22 £'000 | Forecast 2022/23 £'000 |
|---|---|---|---|
| FFR Submission operating surplus/(deficit) before other gains and losses* | (221) | 173 | (1,362) |

*This included the assumption that the College would achieve £1.1m of efficiency savings in 2020/21

In September 2020, the Board of Management approved an updated 2020-21 budget. This was developed taking consideration of known COVID-19 costs, a revised CDP, and the most up to date information available from SFC, the Scottish Government and other bodies. The College also revised its projections for future years to reflect this additional information and updated 2020-21 budget.

The updated budget includes assumptions about inflation in the short and medium term and highlights other financial stability risks. The College is very clear on the risks it faces to financial sustainability and the uncertainty of funding over the medium and long term, impact of national bargaining and funding PFI payments at the Kilwinning Campus.

A summary of the College's three year forecast is included in the table below.

| | Budget 2020/21 £'000 | Forecast 2021/22 £'000 | Forecast 2022/23 £'000 |
|---|---|---|---|
| Total Income | 51,997 | 51,777 | 50,726 |
| Staff costs | 35,265 | 35,940 | 36,645 |
| Total other expenditure | 17,367 | 17,250 | 17,379 |
| **Operating surplus/(deficit) before other gains and losses** | **(635)** | **(1,413)** | **(3,298)** |

In order to address the projected 2021-22 deficit the College will need to deliver efficiency savings of £1.4m. The need for savings of this scale were identified as being required as part of the FFR process and are now being taken forward. The College, following Board approval, has commenced a Voluntary Severance scheme in the 2020/21 year to help it achieve the required level of savings. If these savings are met the forecast indicates that the College will still be reporting an operating deficit in 2022/23 of approximately £1.9m. The College will need to deliver a further package of savings or increased income in order to address the challenges for 2022/23.

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# 5. WIDER SCOPE
## FINANCIAL SUSTAINABILITY (CONTINUED)

The impact of 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.

The original FFR reflected budgeted efficiency savings until 2021/22 that were within the bounds of the agreed Financial Sustainability Plan. The revised management budget and forecast takes into account the original and additional efficiency savings required if there is no additional income. Initial action has been taken by the College to achieve these savings and a voluntary severance programme for 2021 has recently been approved by the Board of Management.

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 the estimated net total backlog of maintenance and renewals cost is £163 million excluding contingencies, any related operational and management costs of the colleges, professional fees, VAT, optimism bias and inflation allowance. When taking these items into account, the resulting total gross estimated backlog is £363 million. 10% of these costs were defined as urgent, requiring action within the next year, with the majority of the costs requiring action within 3-5 years.

The Scottish Funding Council is working with the Scottish Government and Scottish Futures Trust to produce a framework for college sector estate development to manage competing demands for estate development.

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.

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# 5. WIDER SCOPE
## 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.

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

**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, 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 2020, the Board consisted of 16 members, 7 female (including the Principal) and 9 male. The Board continues to maintain a gender balance that meets with the objective of the Gender Representation on Public Boards (Scotland) Bill which was introduced by the Scottish Parliament in June 2017 with an implementation date of 2022.

The committees comprise of, and are chaired by Board members. The Principal is a member of the key committees 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.

**Covid -19 Governance arrangements**

Following the Government announcement of lockdown, the College suspended all face-to-face teaching from Wednesday 18 March and teaching and College operations were performed remotely for the remainder of the 2019/20 academic year.

Board and Committees continued to meet regularly during this period using appropriate virtual platforms. Only one meeting was required to be cancelled in this period, being the Audit Committee which had been scheduled for 17 March. To preserve appropriate governance arrangements certain items that were planned for review and approval at this meeting were instead considered at the following Board meeting.

Ongoing communication was made with students and staff via the College website with FAQ's created and updated on a daily basis and messages shared throughout social media platforms with links to the website. Free mental health support was available to students through the College's membership of 'Big White Wall' community with messages and links shared regularly.

The College re-opened to students on 22 September 2020 for the 2020/21 academic year on a blended learning delivery method for teaching. To help plan and support for reopening actions taken by the College include;

- Issuance of questionnaire to all students to identify to establish needs that may exist
- FAQ guide published on the College website and links shared throughout social media
- YouTube videos released for guidance around aspects such as online learning, ICT guidance, use of TEAMS and Office 365

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# 5. WIDER SCOPE
## GOVERNANCE AND TRANSPARENCY

**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 Committees throughout the year and have produced 8 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.

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# 5. WIDER SCOPE
## 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. A financial deficit was incurred in the year, this was following the impact of the Covid-19 lockdown. 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 2019/20 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 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.

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# 6. OUR FEES

**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 Committee in June 2020. Having completed our work for the 2019/20 financial year, we can confirm that our final fees are as follows:

| Area of work | Proposed fee 2019/20 | Final fee 2019/20 |
|---|---|---|
| Auditor remuneration | £29,890 | £29,890 |
| Pooled costs | £1,590 | £1,590 |
| Contribution to Audit Scotland costs | £1,520 | £1,520 |
| **Total Fee** | **£33,000** | **£33,000** |

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.

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12/09/2020 12:04:00

# 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 2020.

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 2020;
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 LLP act as Internal Auditors to the College. 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 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 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 have disclosed to you, all known irregularities, including fraud, involving existing management or employees of the College, 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.

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.

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# APPENDIX A
# DRAFT MANAGEMENT REPRESENTATION LETTER

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 we have carried out an assessment of the potential impact of the United Kingdom leaving the European Union, including the potential outcomes at the end of the Implementation Period, 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

Ayrshire College # 484082
12/09/2020 12:04:00

# APPENDIX B
# DRAFT AUDITOR'S REPORT

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

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 approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

**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 2020 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 and Expenditure, Statement of Changes in Reserves, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of 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 2020 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 of 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 five 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 board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

.

**Emphasis of Matter – Effect of the Covid-19 pandemic on the valuation of pension fund property assets**
We draw attention to Note 1(m) of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the College's share of Strathclyde Pension Fund's property assets. Our opinion is not modified in respect of this matter.

**Conclusions relating to going concern**
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the college has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Risks of material misstatement**
We have reported in a separate Annual Audit Report, which is available from the Audit Scotland website, the most significant assessed risks of material misstatement that we identified and our conclusions thereon.

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# APPENDIX B
# DRAFT AUDITOR'S REPORT

**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 deemed inappropriate.

**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 economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting 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. We therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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.

**Other information in the annual report and accounts**
The Board of Management is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the remuneration and staff report, and our auditor's report thereon. 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 matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with our audit of the financial statements in accordance with ISAs (UK), our responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

**Report 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.

Ayrshire College #484082
12/09/2020 12:04:00

# APPENDIX B
# DRAFT AUDITOR'S REPORT

**Responsibilities for regularity**
The Board of Management is responsible for ensuring the regularity of expenditure and income. 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.

**Report on other requirements**

**Opinions on matters prescribed by the Auditor General for Scotland**
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.

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; or
- there has been a failure to achieve a prescribed financial objective

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.

We have nothing to report in respect of these matters.

Lucy Nutley,
For and on behalf of Mazars LLP

100 Queen Street
Glasgow
G1 3DN

December 2020

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

Ayrshire College # 484082
12/09/2020 12:04:00

# 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
12/09/2020 12:04:00

CT/JN

December 2020

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 2020.

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 2020;

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.

DRAFT

Ayrshire College # 484082
12/09/2020 12:04:00

BDO LLP act as Internal Auditors to the College. 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 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 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 have disclosed to you, all known irregularities, including fraud, involving existing management or employees of the College, 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.

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.

DRAFT

Ayrshire College #484082
12/09/2020 13:04:00

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 we have carried out an assessment of the potential impact of the United Kingdom leaving the European Union, including the potential outcomes at the end of the Implementation Period, 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**
*(Willie Mackie)*

…… **Principal**
*(Carol Turnbull)*

DRAFT

Ayrshire College # 484082
12/09/2020 12:04:00

# AYRSHIRE COLLEGE

## INTERNAL AUDIT ANNUAL REPORT 2019 -20

**November 2020**

Ayrshire College # 484082
12/09/2020 12:04:00

BDO

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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 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.

Ayrshire College #4824082
12/09/2020 12:01:00

# 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 2019-20 Annual Internal Audit Plan approved by the Audit 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 2019-20 BDO LLP has reviewed and evaluated Ayrshire College's processes in the following areas:

- Corporate Governance
- Financial Controls
- GDPR – Data Protection
- FES Return
- Student Support Fund
- Business Continuity Management
- SFC Return
- School Community Provision
- Follow Up

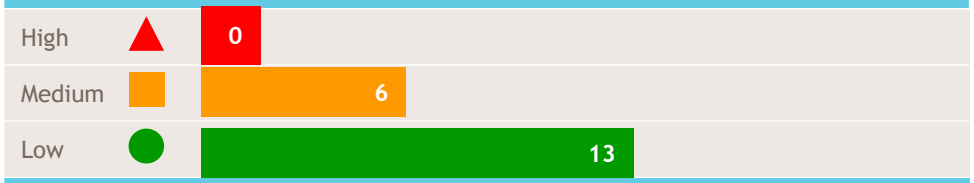
Ayrshire College # 484082
17/09/2020 12:04:00

# 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 eight completed reviews totalled 19.

## Summary of Recommendations (SEE APPENDIX I)




**Total number of recommendations: 19**

## 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 Committee is to agree reports with management and then present and discuss the matters arising at the Audit 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.

Ayrshire College # 484082
12/09/2020 12:04:00

# EXECUTIVE SUMMARY

## Relationship with external audit

All our final reports are available to the external auditors through the Audit 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 good level of commitment and effort in clearing as many outstanding recommendations as possible from previous audit reports.

We followed up 26 recommendations from 2018-19 and 2019-20. We note that 25 of these recommendations had been fully implemented, and 1 was partially implemented. There were a further 9 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 eight internal audit reviews and the follow up review have been reported to the Audit Committee throughout the year and have been discussed at length with consideration and scrutiny of management responses and timescales proposed. The only report that produced a 'Limited' Assurance rating was the GDPR – Data Protection Review as we found further work was required to address the medium risk findings in relation to implementing a ROPA compatible GDPR process which includes an action plan and audit schedule. We have since confirmed that the agreed actions for all of the findings had been addressed and implemented by October 2020.

Due to the Coronavirus restrictions that were placed on the College from March 2020, we were instructed by the Audit Committee not to undertake the planned review of Commercial Income. This has been postponed and will now take place as part of the 2020/21 Audit Plan.

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.

Ayrshire College # 484082
12/09/2020 12:04:00

# REVIEW OF 2019 - 20 WORK

| Reports Issued | Overall Report Conclusions - see appendix I | | | | |
|---|---|---|---|---|---|
| | ▲ | ■ | ● | Design | Operational Effectiveness |
| Student Support Fund | 0 | 0 | 0 | Substantial | Substantial |
| Corporate Governance | 0 | 0 | 4 | Substantial | Substantial |
| FES Return | 0 | 0 | 0 | Substantial | Substantial |
| GDPR – Data Protection | 0 | 4 | 1 | Moderate | Limited |
| Business Continuity Management | 0 | 1 | 3 | Moderate | Moderate |
| Financial Controls | 0 | 0 | 1 | Substantial | Substantial |
| School Community Provision | 0 | 1 | 2 | Moderate | Substantial |
| SFC Returns | 0 | 0 | 2 | Substantial | Substantial |

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# 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 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 2019-20. 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 2019-20;
- 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).

Ayrshire College # 484082
12/09/2020 12:04:00

## 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.

# PERFORMANCE AGAINST OPERATIONAL PLAN

| Visit | Date of visit | Proposed Audit | Planned Days | Actual Days | Status |
|---|---|---|---|---|---|
| 1 | August 2019 | Student Support Fund | 3 | 3 | Completed. |
| 2 | August 2019 | Corporate Governance | 5 | 5 | Completed. |
| 3 | September 2019 | FES Return | 5 | 5 | Completed. |
| 4 | November 2019 | Data Protection (GDPR) | 5 | 5 | Completed. |
| 5 | December 2019 | Business Continuity Management | 5 | 5 | Completed. |
| 6 | December 2019 | Financial Controls | 5 | 5 | Completed. |
| 7 | N/A | Commercial Income | 5 | N/A | This has been postponed to 20/21. |
| 8 | February 2020 | School Community provision | 5 | 5 | Completed. |
| 9 | April 2020 | SFC Returns | 5 | 5 | Completed. |
| 10 | September 2020 | Follow Up | 3 | 3 | Completed |

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# AUDIT PERFORMANCE

| AUDIT | COMPLETION OF FIELDWORK | DRAFT REPORT | FINAL MANAGEMENT RESPONSES | FINAL REPORT |
|---|---|---|---|---|
| Student Support Fund | 6th September 2019 | 24th September 2019 | 24th September 2019 | 24th September 2019 |
| Corporate Governance | 30th August 2019 | 11th September 2019 | 30th September 2019 | 1st October 2019 |
| FES Return | 12th September 2019 | 24th September 2019 | 1st October 2019 | 1st October 2019 |
| GDPR – Data Protection | 2 December 2019 | 6 December 2019 | 9 February 2020 | 10 February 2020 |
| Business Continuity Management | 6 December 2019 | 20 December 2019 | 14 January 2020 | 15 January 2020 |
| Financial Controls | 5 February 2020 | 13 February 2020 | 19 February 2020 | 20 February 2020 |
| School Community Provision | 17 February 2020 | 28 February 2020 | 7 April 2020 | 8 April 2020 |
| SFC Returns | 7 May 2020 | 22 May 2020 | 28 May 2020 | 29 May 2020 |
| Follow Up | 9th October 2020 | 23rd October 2020 | 12 November 2020 | 13 November 2020 |

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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.

# 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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12/09/2020 12:04:00

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12/09/2020 12:04:00

*(Paper 5.5)*

# Ayrshire College
# Audit Committee
# 2019-20 Annual Report

***24 November 2020***

Ayrshire College # 484082
12/09/2020 12:04:00

# AYRSHIRE COLLEGE

## 2019-20 AUDIT COMMITTEE INTERNAL ANNUAL REPORT

### 1. INTRODUCTION

The Audit Committee of the Board of Management of Ayrshire College presents their annual report in respect of the period 1 August 2019 to 31 July 2020.

### 2. COMMITTEE MEMBERSHIP

2.1 Board Members who served on the Audit Committee during 2019-20 were as follows:

- Gordon James (Chair)
- Hazel Murphy (Vice Chair)
- Margarette Bryan
- Elaine Anderson
- Scott Cooley
- Steve Graham
- Alison Sutherland

Mrs Hazel Murphy took over as Chair of the Audit Committee on 24 September 2020, its first meeting of 2020-21.

2.2 The Audit Committee met on three occasions during the 2019-20 period as follows:

- 17 September 2019
- 26 November 2019
- 9 June 2020

The meetings were attended as required by members of the Executive/Senior Management Team, the External Auditors and the Internal Auditors.

A meeting of the Audit Committee was scheduled for 17 March 2020 and papers were issued for this meeting. The Committee did not however meet, due to the COVID-19 pandemic.

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### 3. INTERNAL AUDIT

3.1 Internal Audit Services were provided throughout 2019-20 by:

BDO
4 Atlantic Quay
70 York Street
Glasgow
G2 8JX

3.2 2019-20 Internal Audit Assignments

The Audit Committee received six Internal Audit reports in respect of 2019-20 (12 months) covering the following operations of the College:

| | **Audit Areas Covered** |
|---|---|
| Report (1) | Corporate Governance |
| Report (2) | GDPR – Data Protection |
| Report (3) | Business Continuity Management |
| Report (4) | Financial Controls |
| Report (5) | School Community Provision |
| Report (6) | SFC Returns |

As was the position in previous years, the Scottish Funding Council (SFC) Returns audit above was carried out at the request of the Audit Committee to ensure that good governance was being undertaken in an identified area of risk.

3.3 The SFC Financial Memorandum and the Audit Committee's Terms of Reference state that the Internal Audit Service must produce an annual report addressed to the College's Board of Management and the Chief Executive which should also be considered by the Audit Committee.

The Internal Audit Annual Report for 2019-20 prepared by BDO was presented to the Audit Committee at its November 2020 meeting. The report detailed a number of areas including a statement of the internal audit cover achieved and a summary audit opinion on the College's control environment and systems of internal control.

The following opinion as noted by BDO is extracted from its 2019-20 Annual Report

*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.*

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3.4 In respect of Internal Audit, the Audit Committee is pleased to confirm to the Board of Management that it is satisfied that the areas audited and the standard of work carried out have been appropriate.

3.5 Based on the audit assignments completed during 2019-20 and the engagement with the Internal Auditors, the members of the Audit Committee believe that their responsibilities in respect of Internal Audit to the Board of Management have been satisfactorily discharged.

## 4. EXTERNAL AUDIT

4.1 2019-20 Financial Statements

Mazars presented its draft Annual Audit Report to the Board of Management of Ayrshire College and the Auditor General for Scotland for the year ended 31 July 2020 to the Audit Committee at its meeting on 24 November 2020.

The Mazars annual report, in line with governance arrangements, will be presented to the Board of Management at its meeting on 10 December 2020.

Mazars proposes to issue an unqualified opinion in relation to the 2019-20 Annual Financial Statements for Ayrshire College. Mazars' audit opinions are as follows:

**Opinion on financial statements**

*In our opinion the…financial statements:*

- *give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the college's affairs as at 31 July 2020 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).*

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**Opinion on regularity**

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

**Opinion on matters prescribed by the Auditor General for Scotland**

*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*

*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; or*

- *there has been a failure to achieve a prescribed financial objective.*

*We have nothing to report in respect of these matters.*

4.2 <u>2019-20 Academic Year Audits by BDO</u>

BDO, as Internal Auditors, have undertaken the following annual audits for Academic Year 2019-20, reporting to SFC or Students Awards Agency for Scotland ('SAAS')

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- *2019-20 Credits Audit*
- *2019-20 Student Support Funds Audits.*

These audits were satisfactory and the various BDO reports or copies of signed certification were presented to the Audit Committee at its meeting on 24 November 2020.

## 5. RISK MANAGEMENT

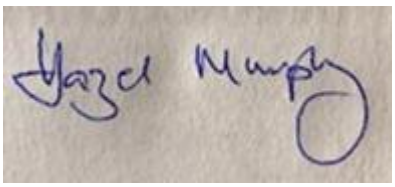
5.1 Risk Management has a high profile within Ayrshire College and the Risk Register is updated by the Executive Leadership Team on a quarterly basis and presented as a standing item to each Audit Committee meeting for review, discussion, amendment and approval. The most recent Risk Register for AY 2019-20 was the AY2019-20 High Level COVID-19 Risk Register presented to the Audit Committee on 9 June 2020 for its approval. The Risk Register is also a standing Agenda items for the Board of Management meetings. The AY2019-20 High Level COVID-19 Risk Register was approved by the Board of Management on 18 June 2020.

## 6. Other Matters

There are no other matters to report.

## 7. CONCLUSION

Based on the engagement with both Internal and External Auditors at each Audit Committee meeting, the Members of the Audit Committee believe their responsibilities to the Board of Management have been satisfactorily discharged for 2019-20 in relation to the matters contained within this report.



Mrs Hazel Murphy, Chair of Audit Committee
24 November 2020

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## Publication

Due to the commercially sensitive information, this paper will not be published on the College website.

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Ayrshire College

*(Paper 6)*

# Annual Health, Safety & Wellbeing Report

## August 2019 – July 2020

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12/09/2020 12:04:00

RAISING ASPIRATIONS/
INSPIRING ACHIEVEMENT/
INCREASING OPPORTUNITIES/

Ayrshire College is a registered Scottish charity. Reg No. SC021177

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# 1 Introduction

The Annual Health, Safety and Wellbeing Report provides a summary of the College's health and safety performance for the 2019/20 academic year.

This report provides an overview of the work carried out by and on behalf of Ayrshire College. It highlights key projects undertaken and issues considered over the past year.

The report also provides a summary of incident statistics for the period August 2019 - July 2020, based on the incident reports submitted to the Health, Safety and Wellbeing Team.

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.

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.

The College will also continue to promote wellbeing themes in partnership with NHS Ayrshire & Arran and other agencies.

# 2 Executive Summary

The Annual Report covers the period 1 August 2019 to 31 July 2020.

This report provides an overview for Board Members, the College leadership teams, managers and all staff of the actions taken to protect our staff, students, contractors, clients and members of the public over the past 12 months.

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 provides a benchmark for trend analysis for future years.

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# 3 Health and Safety Reporting and Monitoring

3.1 Regulation Action and Visits

During the reporting period, the College has consulted with representatives from Local Authorities, the Health and Safety Executive 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.

3.2 Planned Fire Drills

| Campus | Date |
|---|---|
| Kilwinning (evening class) | 17 September 2019 |
| Ayr – Riverside (evening class) | 03 September 2019 |
| Ayr – Dam Park (evening class) | 08 October 2019 |
| Kilmarnock (evening class) | 08 October 2019 |
| Kilmarnock (evening class) | 10 October 2019 |
| Nethermains | 30 October 2019 |

3.3 Unplanned Fire Drills (false alarms)

| Date | Campus | Details |
|---|---|---|
| 26 Aug 2019 | Irvine | Deodorant in school changing room activated detector head. |
| 27 Aug 2019 | Irvine | Deodorant in school changing room activated detector head. |
| 30 Aug 2019 | Kilmarnock | Science experiment activated detector head. |
| 05 Aug 2019 | Kilmarnock | Alarm activated at 01:24, cause unknown. |
| 12 Aug 2019 | Irvine | Alarm activated on fourth floor of school. |
| 16 Aug 2019 | Ayr - Riverside | Suspected cause – blow dryer possibly being held too close to Sally doll. |
| 07 Oct 2019 | Irvine | Sensor fault in school activated alarm. |
| 04 Nov 2019 | Ayr – Dam Park | Break glass call point accidentally activated by mop handle |
| 05 Nov 2019 | Kilwinning | Fire alarm activated after smoke emitted from a vehicle engine entered the building |
| 02 Dec 2019 | Ayr – Dam Park | Smoke/fumes from workshop activated nearby detector |
| 09 Dec 2019 | Ayr - Riverside | Suspected water ingress (level 3) |
| 09 Dec 2019 | Ayr – Riverside | Suspected water ingress (level 4) |
| 10 Dec 2019 | Ayr – Dam Park | Hot water tap jammed in the on position causing steam |
| 16 Jan 2020 | Ayr – Dam Park | Water ingress to detector in basement |
| 03 Feb 2020 | Irvine | Alarm activated in the school's music department. |
| 06 Mar 2020 | Kilmarnock | Steam from hot water activated detector in hospitality cleaning cupboard. |
| 03 Jun 2020 | Kilmarnock | Alarm activated by detector in the sprinkler pump room. No issues identified and the alarm was reset. |

No fire safety enforcement visits were undertaken during the reporting period, however, a number of operational crews did undertake familiarisation visits to our campuses.

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12/09/2020 12:04:00

## 4 Advice and Support

The primary health and safety advice resource for the College is through the Health, Safety and Wellbeing Manager and Advisors who provide specialist advice on all aspects of health, safety and wellbeing for both staff and students.

The Team's core activities involve:

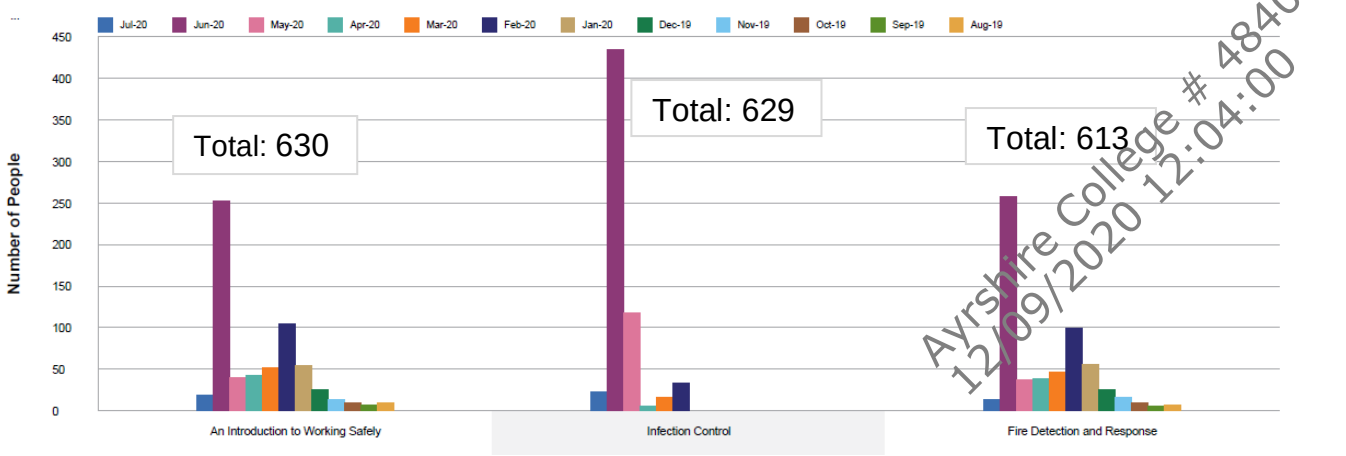
- Health and safety management audits
- Safety inspections
- Accident investigations
- Assessing new and proposed health and safety legislation and its impact on the College
- Consulting on health and safety policies and procedures
- Attending relevant meetings and committees
- Developing and circulating guidance on a variety of health and safety related subjects.
- Analysis of statistics and appropriate reports for committees, local safety and working groups
- Supporting risk assessment processes including person specific
- Liaising on first aid matters including first aider training
- Administration of the display screen equipment assessment process
- Administration of eye care vouchers
- Health and Safety training – Fire, Stress, Risk Assessment and Wellbeing topics
- Liaising with occupational health providers
- Liaising with enforcement organisations

## 5 Health and Safety Training

### 5.1 Online Training

Details of the 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. Due to Covid-19, the College included the infection control module as a mandatory unit for staff to complete.

***Table 1***

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In addition to the mandatory courses, a comprehensive suite of health and safety eLearning courses are also available to staff.

5.2 Bespoke Training

Training was delivered to a number of individuals who fulfil the role of Evening Duty Supervisor and Evacuation Controller. Due to Covid and staff working from home, the College directed staff to complete the Display Screen Equipment (DSE) Awareness course.

## 6 Audits

Seventeen health, safety and wellbeing audits and one health and safety tour were undertaken across the College during 2019 – 20. The audit programme was halted due to campus closure as a result of lockdown in March 20.

| Total No. of Actions | Completed Actions | Actions in Progress |
|---|---|---|
| 106 | 87 (82.1%) | 19 (17.9%) |

The main themes from across the Areas audited included:

- Departments to review and follow procedural documentation e.g. disposal of sharps.
- Confirmation items of equipment have been maintained and tested in line with statutory obligations.
- Line Managers to ensure mandatory health and safety training is completed by their teams.
- Review departmental risk and Control of Substances Hazardous to Health (CoSHH) assessments.
- Displaying of health and safety signage within departments, e.g. fire action notices, first aid information, and hazard signage etc.

Work will continue with the departments to ensure that the actions in progress are completed by their due date. The health, safety and wellbeing audit programme will be reinstated once Covid restrictions ease. The Team provided extensive advice and guidance to managers and teams in preparation for the new academic year.

## 7 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 Vice Principal – People or nominated deputy. Membership represents all work groups, including trade unions and student representation. The meeting dates were as follows:

- 10 December 2019
- The meetings scheduled for March and June were postponed due to the lockdown and the formation of the Return to Campus Operations Group and associated workstreams.

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The following covers the primary issues considered by the Health, Safety and Wellbeing Committee:

- Monitoring accident reports and investigations
- Planning for proposed Health and Safety legislative changes
- Reviewing the Health, Safety and Wellbeing Policy and subsequent procedures
- Reviewing the Health, Safety and Wellbeing Committee Constitution
- Monitoring Wellbeing and Safety initiatives across all College campuses
- Monitoring the actions arising from the Campus Safety Groups

During the year 2019-20, regular reports on Health, Safety and Wellbeing were received by the Executive Leadership Team. In addition, regular Health, Safety and Wellbeing reports were also received by the Business, Resources and Infrastructure Committee, across the Board Committee cycle as follows:

- 10 September 2019
- 19 November 2019
- 10 February 2020
- 02 June 2020

## 8 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.

Periodically, task groups are formed to address specific subjects and examples during the review period included graduations, staff wellbeing days and a range of work groups to support campus preparations in response to Covid.

## 9 Policies and Procedures

Health, Safety and Wellbeing procedures and guidance documents are reviewed and updated on a regular basis. The procedures reviewed within session 2019-20 include:

| Procedure Title |
|---|
| Health, Safety and Wellbeing Policy |
| Fire Safety Policy |
| Lifting Operations and Lifting Equipment |
| Working at Height |
| Provision and Use of Work Equipment |
| Lone Working |

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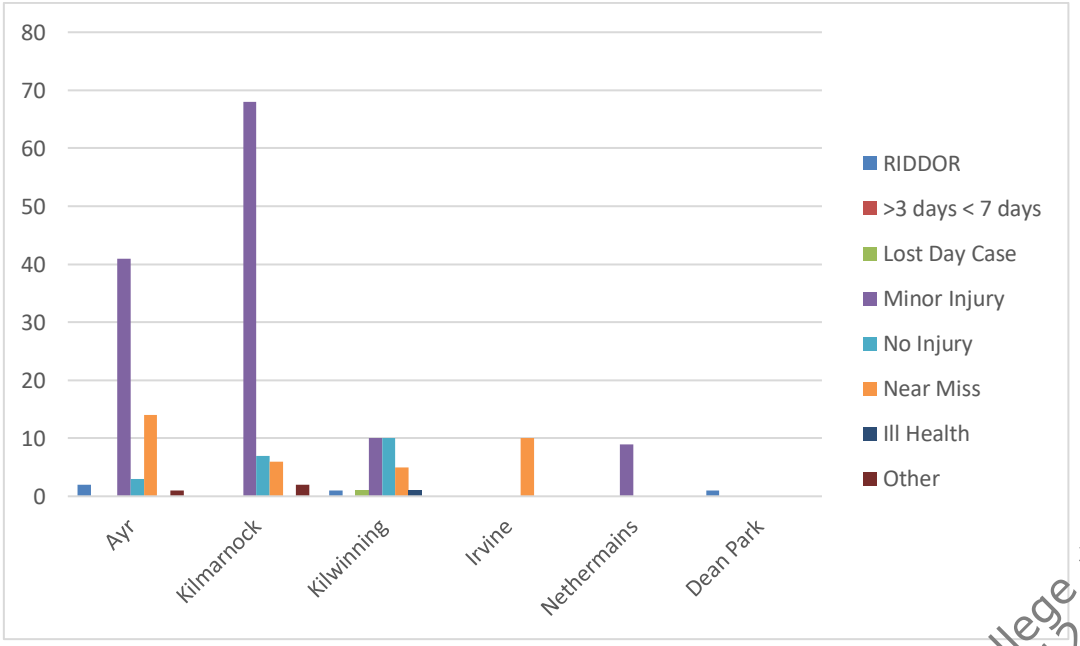
| |
|---|
| Noise |
| Manual Handling |
| Driving for College Business |
| Audits and Inspections |
| Legislation Tracker |
| Work at Height |
| Off Campus Activities |

## 10 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 Executive 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 192 accidents and incidents reported to the Health, Safety and Wellbeing team, details are shown in the following tables.

***Table 3: Incidents by Type and Campus August 2019 – July 2020***

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| Incidents | Ayr | Kilmarnock | Kilwinning | Irvine | Nethermains | Dean Park |
|---|---|---|---|---|---|---|
| RIDDOR | 2 | 0 | 1 | 0 | 0 | 1 |
| >3 days < 7 days | 0 | 0 | 0 | 0 | 0 | 0 |
| Lost Day Case | 0 | 0 | 1 | 0 | 0 | 0 |
| Minor Injury | 41 | 68 | 10 | 0 | 9 | 0 |
| No Injury | 3 | 7 | 10 | 0 | 0 | 0 |
| Near Miss | 14 | 6 | 5 | 10 | 0 | 0 |
| Ill Health | 0 | 0 | 1 | 0 | 0 | 0 |
| Other | 1 | 2 | 0 | 0 | 0 | 0 |
| Total | 61 | 83 | 28 | 10 | 9 | 1 |

The total number of incidents represents a 44.8% decrease in the number of incidents reported during 2018–19. The decrease is attributed to our campuses closing on 20 March 2020. Of the above statistics, seventeen members of staff and 87 students sustained a minor injury.

The Health, Safety and Wellbeing team continue to support areas by attending staff team meetings to promote good practice and raise awareness.

Department specific statistics by campus are provided in Appendix 1. Working with portable tools, e.g. hand tools and knives, and burns and scalds continue to cause the highest number of minor injuries and the HSW team are working with these Curriculum areas to reduce this figure.

The definitions of accident, near miss, dangerous occurrence and incident are set out at Appendix 2.

10.1 Sector Benchmarking

Eighteen colleges submitted returns to allow accident incident benchmarking of the sector to be undertaken. The College figures were slightly higher than the Sector average for staff total and staff injuries but lower for student total injuries per 1000. It is important to note that there is no single, uniform approach to recording health and safety data across the sector and this will be discussed at a future College Development Network (CDN) HSW Group meeting.

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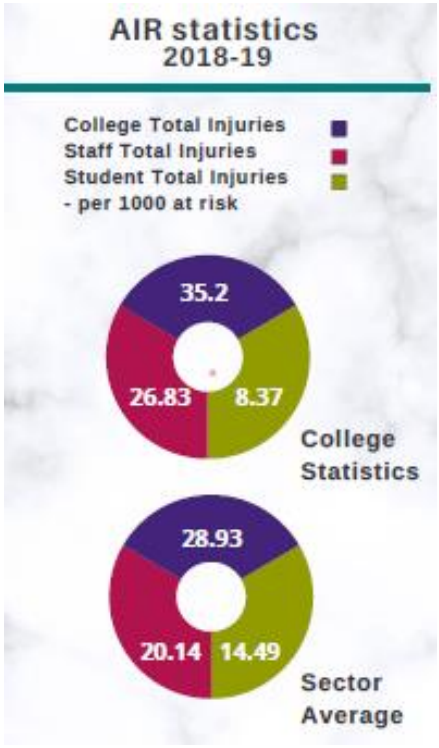


Appendix 3 provides the full return.

10.2 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.

| | | | |
|---|---|---|---|
| *Kilwinning Campus | September 2019 | Student | Slip / trip / fall |
| Chair leg collapsed and injured person (IP), struck their head on a desk. First aider attended and an ambulance was requested. Emergency paramedic advised that the wound required to be glued. IP transported to hospital for treatment. The chair was removed from use and all other chairs in the classroom were checked. The IP made a full recovery. | | | |
| *Dean Park | November 2019 | Student | Hit by moving, flying or falling object |
| Students were building a rustic fence. Two students were working on the same section of the fence. The student who was injured (the IP) was working directly below the other student who was inserting screws at the top of the fence. A piece of wood at the top of the fence split and fell towards the student at the lower level. A screw which was in the piece of wood punctured the IP's right hand.<br><br>Corrective action taken: instruction ensuring only one person working on each section of a fence. The IP made a full recovery. | | | |

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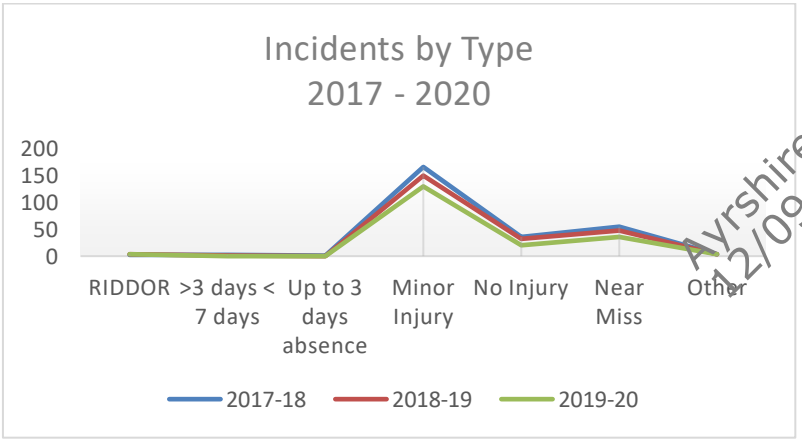
| | | | |
|---|---|---|---|
| Ayr Campus | January 2020 | Staff | Slip, trip, fall from same level |
| A member of staff slipped on mud while unloading furniture from a van. The injured person (IP) sustained an injury to his leg and arm. This was notifiable to the HSE due to the duration of absence from work.<br><br>Corrective actions identified:<br><br>Improve lighting in the skip area at the back of the Dam Park building, where the unloading was taking place.<br><br>Ensure the ground around the skips is regularly cleared of any wet leaves/mud/debris to minimise the risk of slips, trips & falls.<br><br>The vehicle that was used for the furniture removal included a tail gate, however, the tail lift was not used to unload the items. The use of the tail lift was not considered necessary. The safe system of work has been reviewed to ensure that appropriate methods are used when loading and unloading vehicles.<br>The member of staff (IP) made a full recovery. | | | |
| Ayr Campus | March 2020 | College | Report of a dangerous gas fitting |
| The College is currently refurbishing the Gas Training facility on Ayr Campus. The contractor engaged a sub-contractor to undertake part of the work; however, the sub-contractor did not have the correct qualifications to be working on non-domestic systems. Work immediately stopped and sub-contractor was asked to leave site. The contractor ensured that a qualified individual returned to the site and confirmed that the site had been made safe.<br><br>The College ensured that an individual with the relevant gas safe accreditations returned to the site and confirmed that the site had been made safe.<br>Full investigation undertaken and recommendations identified for implementation. The recommendations have been enacted by the College in preparation for when contracts can be resumed following Covid-19 lockdown.<br>F2508G2 report of a dangerous gas fitting submitted. | | | |

10.3 Trend Analysis

***Table 4: Incident trend by Type August 2017 – July 2020***

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| Incidents by Type | 2017-18 | 2018-19 | 2019-20 |
|---|---|---|---|
| RIDDOR | 2 | 3 | 4 |
| >3 days < 7 days | 2 | 1 | 0 |
| Up to 3 days absence | 1 | 0 | 0 |
| Minor Injury | 165 | 149 | 129 |
| No Injury | 36 | 32 | 20 |
| Near Miss | 55 | 47 | 35 |
| Other | 3 | 4 | 3 |

Since 2017-18, the number of incidents within the College annually, has reduced from 264 to 192 (27.3%).

## 11 Civil Action Claims

Three claims were closed during the reporting period.

| Person Involved | Injury | Current Position |
|---|---|---|
| Student | Slip, trip and fall | Settled out of court and now closed |
| Staff | Occupational Asthma | Settled out of court and now closed |
| Student | Slip, trip and fall | Closed with no payment issued. |

The College currently has no outstanding claims.

## 12 Health and Wellbeing

12.1 Occupational Hygiene

During the reporting period, occupational hygiene assessments were undertaken in the following areas:

- Air and noise monitoring assessments were completed for the Student Experience office in Ayr. The monitoring assessment indicated all temperature and humidity levels were within the guidance limits. The noise levels were such that they are unlikely to be considered a nuisance in an office environment. They are also significantly below any levels which would be considered to cause harm to unprotected hearing.

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- Internal noise assessment undertaken for music department in Ayr and recommendations provided. An external noise assessment will be arranged when full activities resume.
- Asbestos management survey was undertaken for the areas not accessed during the previous Ayr Campus – Dam Park building survey.
- A full re-inspection survey of known asbestos within the Dam Park building was completed in July 2020.

12.2 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, carry out medical health checks for new and existing staff and monitor the health of staff. They also assist in the management of short and long term absences. A total of 48 occupational health referrals were supported during the period.

12.3 Health Surveillance

In total, 37 staff received health surveillance in August 2019. In terms of outcomes, all individuals assessed were considered fit to continue in their role. A breakdown of the assessments undertaken is provided in the following table:

| Year | Month | Audiometry 1st | HAVS Initial Paper Screen (Tier 2) | Respiratory 1st | Skin 1st | Total |
|---|---|---|---|---|---|---|
| 2019 | Jun | 63 | 13 | 115 | 201 | **392** |
| | Aug | 11 | 4 | 29 | 41 | **85** |
| **Total** | | **74** | **17** | **144** | **242** | **477** |

Due to Covid, health surveillance moved to remote screening and this was undertaken in August 2020.

12.4 Staff Counselling

Staff counselling services provide confidential advice and support via telephone or through private consultation with staff. The College moved to a new provider, RAM Assist, and since February 2020 staff engagement with the service has comprised the following:

| Staff Engagement | |
|---|---|
| Telephone Counselling | 10 |
| Face to Face Counselling First Session | 1 |
| Face to Face Counselling Additional Session | 8 |
| Legal Advice | 1 |
| Telephone Appt First Session | 2 |
| Telephone Appt Additional Session | 7 |
| Web Site | 320 |

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12.5 Staff Support Programme and Wellbeing Activities

A programme of cross campus wellbeing events and campaigns was delivered:

| Yoga (All Main Campuses) | Throughout year |
|---|---|
| My Mental Health Matters | September/October 2019 |
| Promoting the Daily Mile | September 2019 |
| 12 Days of Christmas | December 2019 |
| College and Corporate Gym memberships promotion | January 2020 |
| Healthy Eating roadshow | February 2020 |
| Ayrshire College Walking Challenge | February 2020 |
| Row Britannia | February – March 2020 |
| Wellbeing Teams page (College wide) | March 2020 |
| No Smoking Day | March 2020 |
| National Walking week | May 2020 |
| Sun Awareness week | May 2020 |
| Virtual Staff Wellbeing day | June 2020 |

The College achieved the Healthy Working Lives silver award and is progressing towards the gold award, taking account of the Covid-19 pandemic. The College was shortlisted in the Ayrshire Chamber of Commerce Active Travel at Work Award. The HSW team continue to contribute to the NHS strategies for Tobacco Action Planning and Mental Health and Wellbeing Action Planning.

To aid staff's wellbeing during lockdown, a wellbeing Teams page was established which allowed staff to join and share resources with each other in order to promote wellbeing during this period.

The Staff Wellbeing Day was held virtually on 19 June. In the morning, staff were encouraged to participate in a range of virtual activities including fitness workouts, yoga, a cooking demonstration, baking competition and make-up tutorial. In the afternoon, staff were encouraged to 'get outside' and participate in a gratitude walk, cycle or run.

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## 13 Covid Arrangements

13.1 Supporting the Community during Covid-19

13.1.1 Protective Visors

The College used its two 3D printers to create 150 PPE vison headbands for NHS Ayrshire and Arran.

13.1.2 Hand Sanitiser and Personal Protective Equipment (PPE)

During the national lockdown period, the College donated hand sanitiser, and supplies of PPE equipment including masks, goggles, gloves and aprons to key community partners, (NHS, Police Scotland and local authorities) to support their work during the Coronavirus emergency.

13.1.3 Welfare

The College donated stocks of food from its training restaurants and catering outlets to food banks and other local charities. In addition, the College has made financial donations to local foodbanks in Ayrshire.

13.2 Preparing for Academic Year 20/21

The College overarching Covid-19 risk assessment was approved by the Return to Campus Operations Steering Group and is available to all staff. The risk assessment is reviewed fortnightly by the group. This risk assessment takes account of the guidance from Scottish Government, NHS and the Health and Safety Executive (HSE). In addition, the HSW team supported individual departments in undertaking their own departmental Covid risk assessments.

In preparation for campus re-opening, the College ordered freestanding and wall mounted hand sanitiser dispensers, 150 litres of hand sanitiser and 70,000 antibacterial wipes.

The Health, Safety and Wellbeing team have supported all of the workstreams associated with the Campus Operations Steering Group and liaised with Trade Unions on health and safety matters concerning Covid. The team led a short life working group as part of the CDN HSW group producing guidance on first aid and fire safety.

The HSW team have developed and supported the preparation of risk assessments and advised on all arrangements associated with the reopening of campuses including people flows, campus signage, room capacity, hygiene and cleaning regimes.

A homeworking Display Screen Equipment (DSE) form and guidance document was made available to all staff through the College's Safety Hub. The HSW team are currently reviewing the completed forms and providing feedback to the staff members and line managers.

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## 14 Future Direction

14.1 Strategy and Action Plans

All stakeholders are charged to give due care and consideration in their work to health and safety issues and our corporate vision. As part of their duties they must also take all reasonable care for themselves and others, use safe and healthy practices, report hazards and unsafe practices according to College procedures.

Further, they are also required to assist in the development of and take a full and active part in any health and safety initiatives in order to meet the health and safety

aims of the College. It is vital that health and safety implications must be considered when reaching decisions about other priorities e.g. procurement of new equipment. Health and safety must, therefore, be considered not as an add-on but, as an essential core factor in everything we do.

14.2 Specific Requirements

1 Suitably competent and trained staff will be appointed and supported by adequate training.

2 Control of health and safety risks will be achieved through the risk assessment process and the provision of information, regular communication, consultation and the cooperation of staff at all levels in the organisation to maintain safe and healthy working conditions, equipment and safe systems of work.

3 Procedures will be established following the risk assessment process and reviewed and revised to ensure that plant and equipment provided is maintained and safe for use by staff, students and others.

4 Accidents, incidents and 'near misses' will be recorded, investigated and the appropriate action taken to reduce the likelihood of their recurrence.

5 Regular monitoring will be carried out to measure our performance against the College's set objectives.

6 The Corporate Health and Safety Committee will oversee the functioning of the policy and reporting to the Board of Management.

7 The policy will be kept up to date and the way in which it has operated will be reviewed each year.

14.3 Objectives for Health and Safety Performance

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, outsourced health surveillance program for staff. Attain Healthy Working Lives (HWL) Gold Award and maintain HWL Bronze and Silver Awards.

5 Maintain support to staff and students - HSW Team continue to provide support, training and advice to all staff and students to enhance the H&S Culture.

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Maintain the Intranet portal content for all staff H&S materials including: procedures, responsible persons, forms, information.

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 particular arrangements in place with which to carry out the policy are reviewed on a regular basis.

7 Support the ongoing management of the College and its campuses during the Covid-19 pandemic.

**Jane McKie**
**Vice Principal People**

(Martin Hammond, Health, Safety and Wellbeing Manager)

3 November 2020

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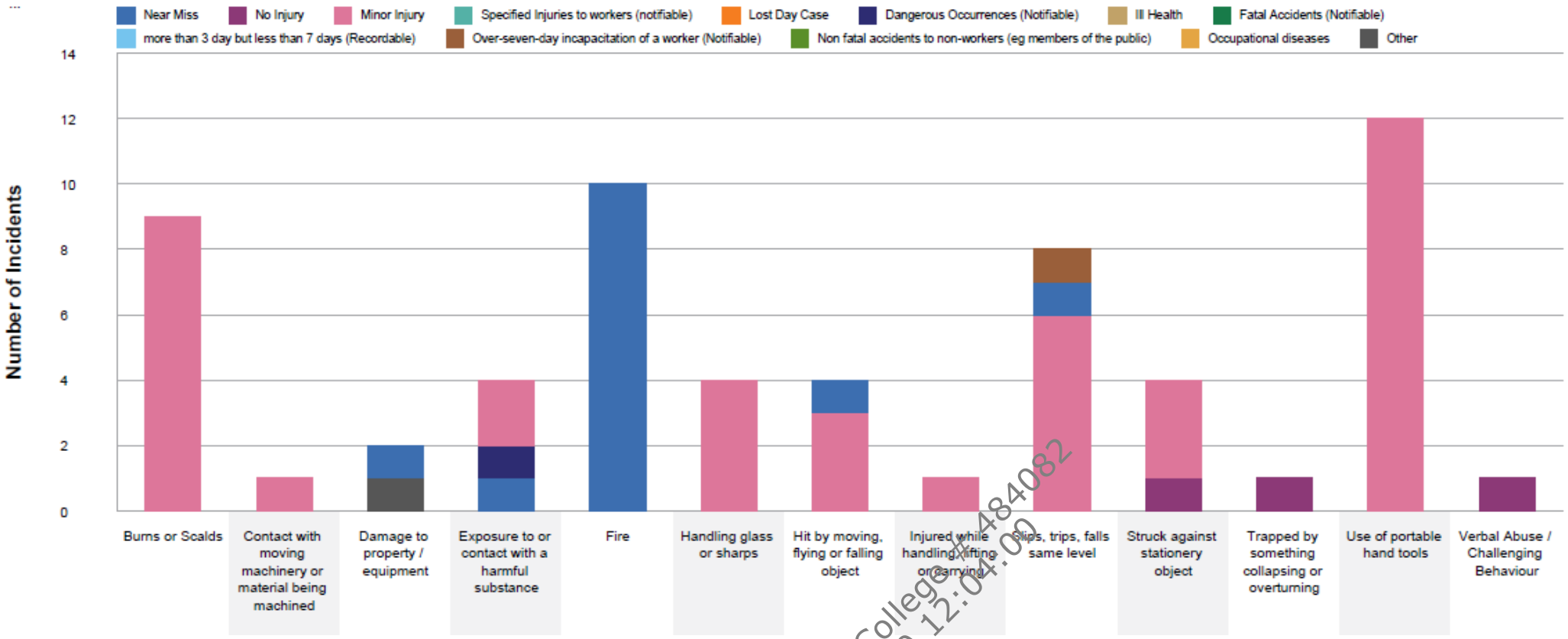
# Appendix 1
## Ayr Campus

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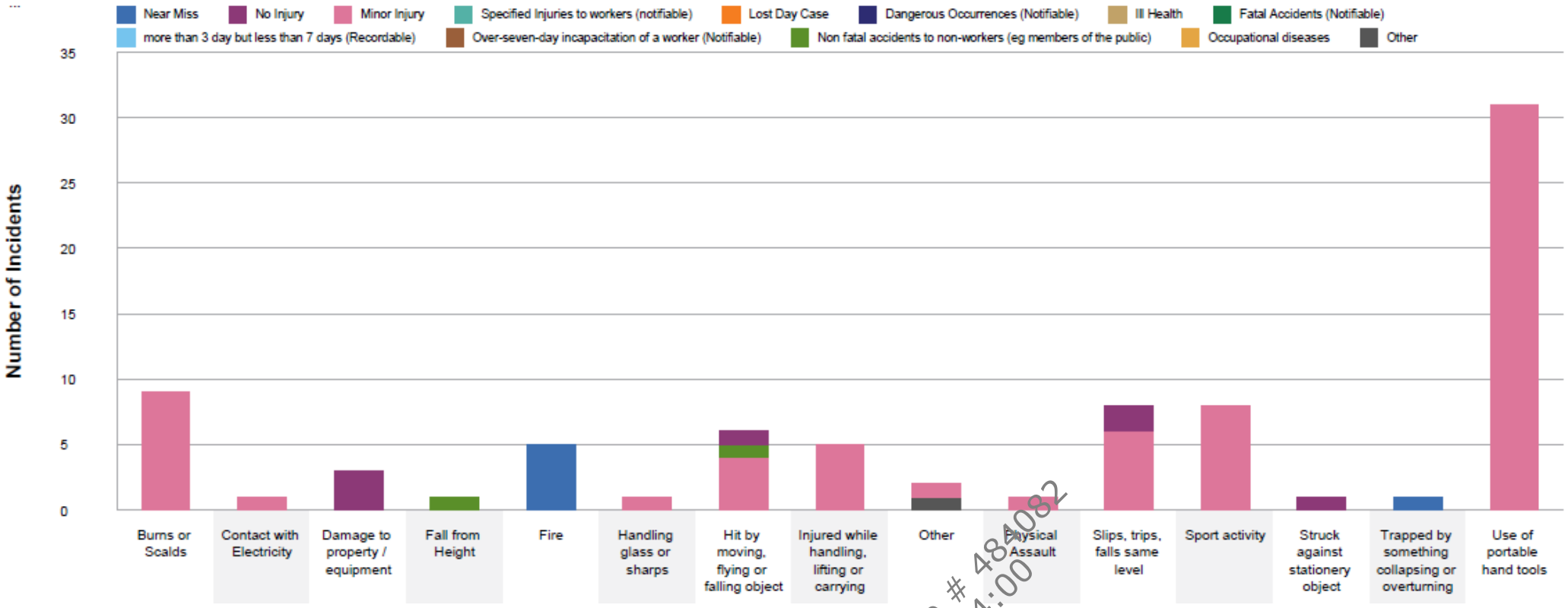
## Kilmarnock Campus incl. Dean Park

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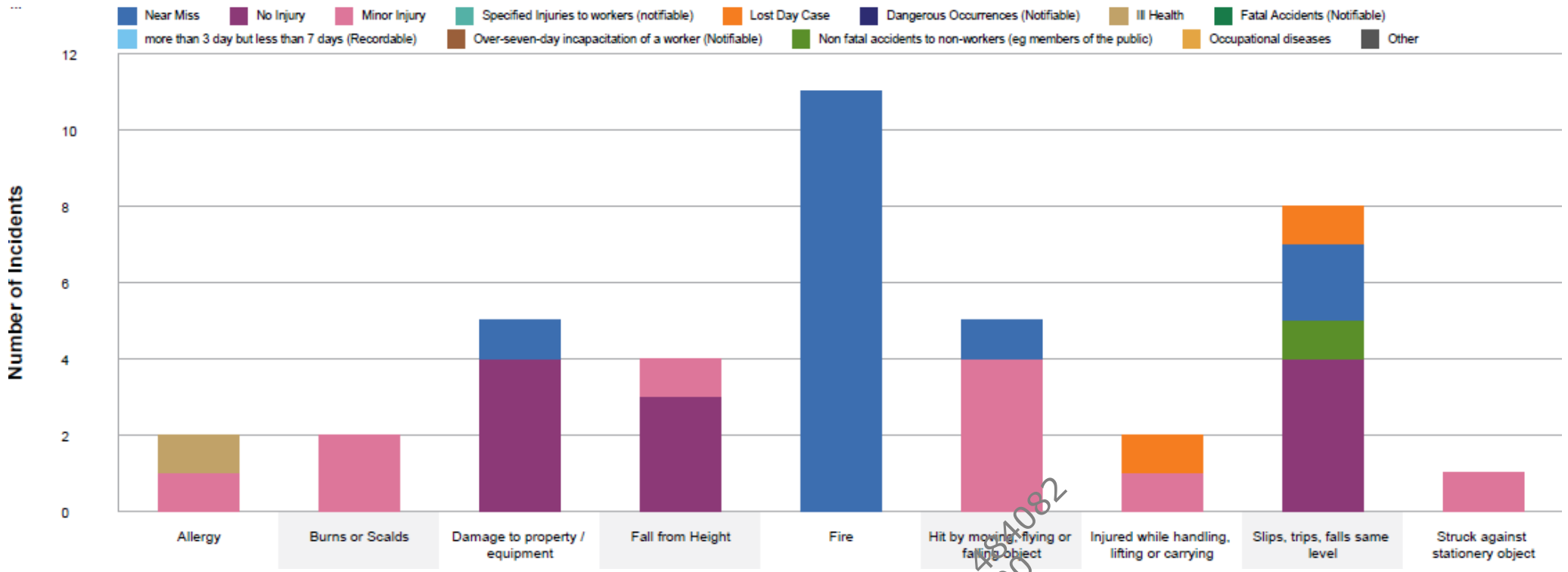
## Kilwinning Campus incl. Nethermains and Skills Centre of Excellence (Irvine)

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## 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.

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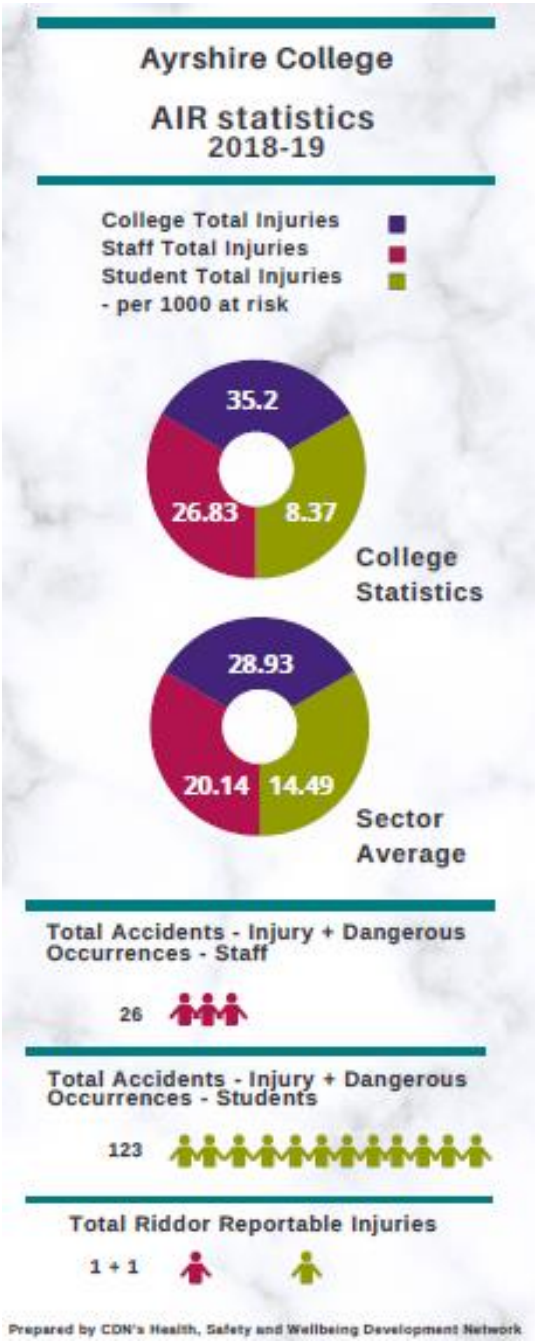
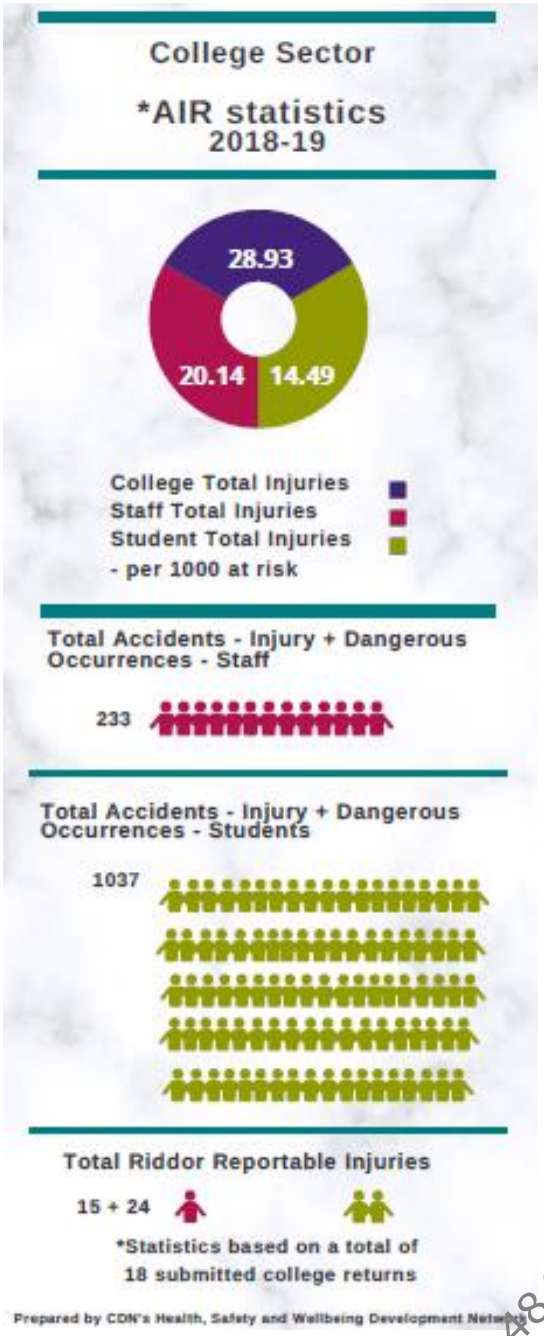
## Appendix 3

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# Annual Procurement Report

For the period:

1 August 2019 to 31 July 2020

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## Executive Summary

The Procurement Reform (Scotland) Act 2014 (PRA) requires any public organisation which has an estimated annual regulated spend of £5 million or more to develop a procurement strategy and then review it annually.[1] This requirement took effect from 31 December 2016. Organisations (including HE and FE colleges) required to develop and publish a procurement strategy were also required to publish an Annual Procurement Report, reflecting on the relevant reporting period of the procurement strategy.

This is the third Annual Procurement Report published by Ayrshire College and covers the period of 1 August 2019 to 31 July 2020. It address how the College has performed in achieving its stated outcomes and its procurement strategy[2]. This process of review and reporting identifies where adjustments to the procurement strategy are deemed necessary to ensure that the College is able to make improvements in its procurement performance and be in a position to respond to future economic, political and financial influences.

The development of the current and future procurement strategies are the outcome of consultation and discussion with internal and external stakeholders who have an interest in the College's approach to procurement and its impact. Stakeholder engagement also features in the annual assessments of the achievement of regulatory compliance, strategic objectives of the College, value for money [defined as the best balance of cost, quality and sustainability] and delivering the College's broader aims and objectives, in line with Scotland's National Outcomes. This process of annual review and reporting will continue to inform any adjustments to the procurement strategy deemed necessary to secure future performance improvements and to respond to the economic, political and financial influences to which the College may need to adjust.

Ayrshire College has analysed its third party expenditure and has identified that over the period covered by this report the following expenditure has occurred:

- EU regulated procurements [goods and services worth more than £189,330; works worth more than £4,733,252] [3]:-There were no such procurements completed[4] during the reporting period.

- Lower value regulated procurements' [goods and services worth more than £50,000, works worth more than £2 million]:- There were seven such procurements completed during the reporting period. These amounted to £480,103.

More detailed information on the regulated procurements, sorted into procurement categories, is provided in sections 1 and 2, Appendix 1 and in Annex A of this report.

Ayrshire College's total non-salary expenditure for 2019-20 was £12,092,960 (ex VAT) of which the total procurement expenditure, excluding NPD/PFI repayments, was £5,724,562 with £1,841,708 of regulated expenditure (recorded on the Contracts Register) and £3,882,854 of non-regulated spend.

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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] Ayrshire College Strategy
[3] Public contracts (EU) thresholds are revised every 2 years – next due on 01 /01/2022
[4] Completed when the award notice is published or where the procurement process otherwise comes to an end - covers contracts and framework agreements

Of the College's regulated procurement spend £1,731,064 (47%) went through collaborative Category A, B and C1 contracts and agreements.

Ayrshire College had 1,099 active suppliers on its purchase ledger and did business with 742 companies in the reporting period 2019-20. Of the 742 suppliers 24% were based in Ayrshire (27% in 2018-19). Ayrshire College continues to be committed to supporting local businesses. 31% of suppliers were based in the rest of Scotland (30% in 2018-19). Of the remaining suppliers, 44% were based in the rest of the UK, 0.9% in the European Union and 0.1% in the rest of the World.

77% of procurement spend was with SMEs. This was an increase of 1% from 2018-19. SMEs constituted 86% of the total of active suppliers and 10 SMEs featured in the award of regulated procurements.

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** 10 December 2020
**By** Ayrshire College Board of Management

**Signed**

**Position** Principal and Chief Executive

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## Section 1: Summary of Regulated Procurements Completed

Ayrshire College carries out all its procurements in an open and inclusive manner. Procurement objectives are aligned to the College's Strategic Plan, in particular the cross-cutting theme of "continuous improvement in everything we do"[5].

The details of regulated procurements completed during the reporting period are set out in **Appendix 1** with details summarised in **Annex A**. 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 EU 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 dates
- the category subject matter
- the name of the supplier
- estimated value of the contract – total 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
- SME / supported business

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[5] Ayrshire College Strategic Plan 2017-2020

## Section 2: Review of Regulated Procurement Compliance

Where appropriate, Ayrshire College has made use of national and sector collaborative contracts to deliver improved contract terms, supported contract and supplier management, sustainable procurement outcomes and value for money (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 EU Treaty Principles of equal treatment, non-discrimination, transparency, proportionality and mutual recognition.

Successful delivery of Ayrshire College's Procurement Strategy objectives is part of a shareholder valued, continual improvement process. The Scottish Government Procurement & Commercial Improvement Programme is a useful tool through which the College is assessed periodically, and which can provide valuable benchmarks indicating where improvements can be made, consulted over and the necessary actions planned.

The College was assessed by APUC, in 2016 and again in October 2019 and its score moved from bronze into the silver grade. The College works to continuously improve and enhance its existing arrangements. The College is aiming to achieve gold category standard in time for the next assessment due in 2021.

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. | The College as a member of APUC attends the procurement strategy groups for colleges. In this reporting year the College engaged with the University of West of Scotland (UWS) with regard to collaborative procurement opportunities. As many students in Health and Social Care move onto university after college, collaboration in the agreement for moving and handling training means that students do not need to undertake further training for their degree course. This resulted in a saving in cost and time for both institutions and students.<br><br>Market research and meetings with both current and potential suppliers ensures the engagement of the supply market in future procurements and help explains key initiatives such as the Scottish Government's Supplier Journey. The issue of a PIN for an on-line supplier event, attended by 65 potential providers gave the opportunity to explain and promote the benefits of public procurement processes, provide an overview of tender documents |

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| Procurement Strategy Objectives | Annual Report Commentary on Strategy Delivery/Compliance |
|---|---|
| | (including the ESPD) and explain how to submit a tender to providers who are often sole operators.<br><br>The College is an active member of Environmental Association for Universities and Colleges (EAUC) which supports HE and FE institutions across the UK and Ireland on environmental and sustainability issues. Across all departments 25 college staff are registered with EAUC. |
| 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 follow the guidelines set out in the Scottish Procurement Journey. This facilitates procurement best practice, transparency and consistency with other Scottish public sector organisations. It also assists with delivery of Ayrshire College Strategic Plan 2017-2020 goal of playing a central role in building a strong, vibrant and inclusive Ayrshire by engaging with local businesses to participate in procurement through direct engagement, advertising opportunities on PCS, use of PCS Quick Quotes, and where appropriate lotting in tenders for the college's requirements.<br><br>As required in the procurement journey, for regulated spend categories and commodities strategies are developed and agreed in consultation with the key budget holders, managers, end users and suppliers in order to deliver innovation, to improve skills and competencies and to identify the most appropriate procurement routes to market that will deliver best value outcomes. In this reporting year, this would be the issue of a dynamic purchasing system for associate training provision. This procurement route was decided upon after consulting with relevant stakeholders. These included other colleges, the Ayrshire Chamber of Commerce and Industry, internal stakeholders and engaging with current and potential training providers. |
| To promote the delivery of value for money through good procurement practice such as adoption of the Scottish Government Procurement Journey and increased spend through regulated procurement and use of procurement collaboration opportunities. | To ensure value for money is delivered for all regulated and lower value procurements, the College's Procurement function works with users, budget holders and other stakeholders impacted by the procurement. Careful consideration is given to the balance of quality between whole life costs and sustainability.<br><br>Working with key departments to manage major contract and carry out supplier performance assessment helps to ensure that the balance of price and quality is provided throughout the life of a contract procurement. A review of the continued need for the contract and the performance of a contract is carried out before any contract is extended or re-tendered. |

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| Procurement Strategy Objectives | Annual Report Commentary on Strategy Delivery/Compliance |
|---|---|
| | On-going monthly analysis of spend is carried out to identify aggregation opportunities. For example, this could be through joint purchasing with other departments internally and also what can be sourced through the use of local, regional and national framework agreements. This is reported on quarterly within the College and reported to APUC annually<br><br>The use of tools such as APUC's Contract Uptake aids the review of spend through collaborative frameworks and contracts. In 2019-20 Ayrshire College used collaborative contracts for 63% of its purchases. These meant that the College benefited from improved contract terms, contract and supplier management, sustainable procurement outcomes and the best balance of cost, quality and sustainability.<br><br>During the reporting period, it is estimated that savings via Cat C contract were £37,706 and savings through framework agreements were £152,994. |
| To seek out professional development opportunities to enrich and enhance experience and capability of procurement within the College | Performance reviews of Procurement are carried out quarterly. In addition, continuous professional procurement development training events are attended where required. These can be HE/FE events organised by APUC or EAUC as well as wider public sector such as Procurex. E-learning resources such as on-line courses and webinars are also used to further develop procurement knowledge and capability.<br><br>Internal training of staff with procurement and purchasing responsibilities is in place with additional guidance available on the College's intranet for reference. In 2019-20 this has been enhanced with the adoption and roll-out of training for budget holders and users on the College's electronic purchase to pay system. |
| To work with key suppliers to ensure continued value, managed performance and minimise risk throughout the life of contracts for the benefit of stakeholders and students. | Contract and supplier management guidance, scorecards and meeting notes templates have been introduced for use with identified key suppliers and contracts. Key performance indicators are adopted from the relevant frameworks for call off contracts and added to regulated Category C contracts as applicable for use in scoring and managing performance of the contract and supplier.<br><br>A contract risk register is maintained to prioritise contracts and to identify the frequency that the contracts need reviewed. |
| To develop sound and useful procurement management information in order to measure and improve procurement, | Regular analysis of expenditure is carried out to provide management information. Data from the College's finance system is analysed on a quarterly basis. In addition, the College uses annual spend data from the APUC Hub, information form the Hunter database and internal discussions regarding budget planning to inform future procurement |

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| Procurement Strategy Objectives | Annual Report Commentary on Strategy Delivery/Compliance |
|---|---|
| contract management and supplier performance; in support of corporate planning which is conducted through a fair and transparent process. | activities. General Ledger data can be queried down to invoice level with provides a greater understanding of spend. In turn this allows expenditure to be consolidated and cost efficiencies to be sought.<br><br>As mentioned, a College contract and supplier management toolkit is being implemented with contracts identified as key to the College's operations. The toolkit is aimed at measuring contract and supplier performance for use in managing the effectiveness of the contract and the relationship with the contractor. Scorecard and meeting notes templates to be used in conjunction with the KPIs incorporated into the contract. Communicating the results internally and with the supplier will improve procurement and supplier performance. The focus going forward is to have the contract and supplier management toolkit put into effect proportionately across all regulated procurements. |
| To embed sound ethical, social and environmental policies within the College's procurement function and to comply with relevant Scottish, UK and EU legislation in performance of the sustainable procurement duty. | The College's procurement process ensure its regulated procurement comply with its sustainable procurement duties by considering environmental, social and economic issues and benefits is made, where appropriate, on a contract-by-contract basis during the planning stage utilising tools including the sustainability test and the life cycle impact assessment as part of the contract strategy.<br><br>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, such as sourcing clothing for students sports kit, tenderers were 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.<br><br>Ayrshire College complies with its duties under the Modern Slavery Act by seeking to only to contract with suppliers that comply with all appropriate and relevant legislation. and has published its own Modern Slavery Act Statement.<br><br>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 considers the fair work practices of suppliers in its procurements, including application of the living wage.<br><br>Although the College has not awarded a contract over £4m in the reporting period it does consider what Community Benefits can, on a proportionate basis, be included in regulated procurements. The Scottish Government supported business framework is always |

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| Procurement Strategy Objectives | Annual Report Commentary on Strategy Delivery/Compliance |
|---|---|
| | considered when sourcing relevant goods and Third sector bodies and supported businesses are always considered for relevant procurement activities. |

## Other areas of the college's sustainable procurement duties not covered above:

- **Promoting Compliance with the Health and Safety at Work Act 1974**
  Ayrshire College is a Healthy Working Lives accredited organisation. The College is committed to contracting only with suppliers that comply with Health and Safety legislation. All contractors carrying out works for the College must have Site Safety In Procurement (SSIP) certification. This also applies to all sub-contractors.

- **Procurement of Fairly and Ethically Traded Goods and Services**
  The College considers including the relevant standards and labels, as appropriate, in all its procurement activity and uses only fair trade beverage products in its catering and hospitality operations.

- **The provision of food and improving the health, wellbeing and education of communities in the College's area, and the promotion of the highest standards of animal welfare**
  The College is through its Catering and Hospitality Food Supply framework sourcing foodstuffs to the highest standard of production and animal welfare.

  The Catering and Hospitality management are working with suppliers to continue to identify innovations that can be adopted by the College to improve the health and wellbeing of students and staff.

- **Payment terms**
  The College recognises the importance of paying suppliers promptly once goods or services have been delivered. Standard payment terms are within 30 days of the date of receipt of a valid invoice although in exception circumstances, these payment terms may be reduced. In the Year 2019-20 88% of the 9,362 invoices received were paid within 30 days. Invoice payment runs used to be monthly. The College has however changed to weekly payment runs. This ensures that on average invoices were paid within 28 days.

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## Section 3: Community Benefit Summary

For every procurement over £4m, Ayrshire College considers how it can improve the economic, social or environmental wellbeing of its area through inclusion of community benefit clauses. These clauses assist with achieving sustainability in contracts activity. For example this can include targeted recruitment and training, small business and social enterprise development and community engagement. Where possible, relevant, proportionate, and where they are considered not to have a negative impact on the delivery of value for money, such clauses may be included by the College in regulated procurements valued at below £4m.

The College's policy on identifying community benefit requirements is, in consultation with stakeholders, 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.

Where applicable, as part of the tendering process, suppliers are invited to describe their approach to delivering community benefits or achieving social value through a contract. Relevant community benefits include:

- providing 'upskilling' 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,
- curriculum support and sponsorship initiatives,
- to minimise environmental impacts, for example impacts associated with vehicle movements and/or associated emissions and impacts on protected areas, buildings or sites.

During the period 1 August 2019 to 31 July 2020 Ayrshire College did not award any contracts over the £4 million regulated procurement contract threshold.

Community benefits were generated by other contracts awarded below the £4 million threshold during the reporting period. These included the following two examples:

- support from the Scottish Government contractor for washroom solutions and sanitary products, Hey Girl, for period poverty campaign with free product, information and presentations
- Architects Services contractor based in the Ayrshire area, actively involved in several local projects such as the Fullarton Connexions community group and a member of North Ayrshire Skate Group providing new outdoor leisure facilities for Stevenston, Kilwinning, Irvine and Largs.

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## Section 4: Supported Business Summary

For all procurements, Ayrshire College assesses each as to whether the goods required or service provision could be fulfilled by a Supported Business, whilst remaining compliant with EU and Scottish Procurement Legislation and ensuring value for money for the College. The Supported Business register published by Ready for Business is used to check for potential providers.

In the period 1 August 2019 to 31 July 2020 Ayrshire College did not reserve any contracts for supported businesses. During this period £370 of spend was however placed with a local supported business for laundry services and £11,785 with the supported business contracted under the Government Period Poverty scheme.

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## Section 5: Future Regulated Procurements Summary

Ayrshire College ensures it achieves best value for money in its procurements through competition by promoting optimal participation in its procurement processes. 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 4.**

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 4 should be viewed with this caveat in mind.

The information provided in the list of Future Regulated Procurements in Appendix 4 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.

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## Appendix 1: List of Regulated Procurements (Compliant and Non-Compliant) Completed in Reporting Period 1 August 2019 to 31 July 2020

### 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 |
|---|---|---|---|---|---|---|---|---|
| Foundation Apprenticeship Students Transport Framework | Ayr Premier Taxis; B & G Contracts Ltd; Bennetts of Kilwinning; McGhees Taxis; Neils Private Hire; Sam Prow Taxis | 01/08/2019 | C | 18/08/2019 | 18/06/2020 | £50,000 | micro/ small | no |
| Supply & Delivery of Specialist PCs | Overclockers UK Ltd | 15/08/2019 | C | 15/08/2019 | 31/01/2020 | £54,570 | small | no |
| Supply, Installation and Support of Health and Safety Management system | BCD Safety & Business Support Ltd t/a Effective Software Ltd | 15/10/2019 | C | 15/10/2019 | 14/10/2020 | £50,400 | medium | no |
| Architects Services for Kilwinning New Build | Thomson Hunter Architects Ltd | 15/08/2019 | C | 21/05/2020 | 20/11/2021 | £66,800 | micro | no |
| Provision of ICT Security Professional Services | Barrier Networks Ltd | 11/10/2019 | C | 11/10/2019 | 10/10/2022 | £60,000 | medium | no |
| Legal Services- People Matters | Anderson Strathern | 04/05/2020 | B | 04/05/2020 | 03/05/2022 | £60,000 | large | no |

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**Non-Compliant**

| Category Subject | Supplier name | Date of Award | Owner: Cat A/B or C? | Start Date | End Date | Value over contract period | Compliance issue | Proposed Solution |
|---|---|---|---|---|---|---|---|---|
| Copying and Printing Provision 2020 Interim Extension | Ricoh UK Ltd | 01/04/2020 | C | 01/04/2020 | 31/03/2021 | £166,000 | No formal tender or mini-tender under a framework agreement carried out | The one year interim contract was due to the Covid-19 lockdown not allowing access to the Colleges buildings for potential tenderers and also for removal and replacement of mfds. Intention is to have carried out a mini-tender under the Scottish Government Cat A framework before 1 April 2021. |

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## Appendix 2 - List of Regulated Procurements with Community Benefit Requirements Fulfilled

No regulated procurements were awarded with community benefits by Ayrshire College during the reporting year 1 August 2019- 31 August 2020

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## Appendix 3 - List of Regulated Procurements placed with Supported Businesses

No regulated procurements were awarded to supported business by Ayrshire College during the reporting year 1 August 2019- 31 August 2020

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## Appendix 4: List of Regulated Procurements Planned to Commence in the Next Two F/Ys 20/21 and 21/22

| 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 (£) |
|---|---|---|---|---|---|---|---|
| Supply of Staff Compliance Course Training E- Learning & LMS Platform | C | re-let | 06/08/2020 | 05/10/2020 | 05/11/2020 | 05/11/2023 | 62,640 |
| Supply, Install, Support and Maintain HR and Payroll System | B | extended | 08/08/2020 | 07/10/2020 | 07/11/2020 | 07/11/2023 | 68,500 |
| Supply and Support of Software Licences- Citrix | A | re-let | 07/09/2020 | 06/11/2020 | 01/10/2020 | 01/10/2021 | 74,426 |
| Kilwinning New Build | C | new | 01/12/2020 | 11/01/2021 | 25/01/2021 | 30/04/2021 | 870,000 |
| Provision of Legal Services- General | B | extended | 19/12/2020 | 17/02/2021 | 20/03/2021 | 19/03/2024 | 56,700 |
| Provision, Support & Maintenance of Curriculum Timetabling System | C | re-let | 20/12/2020 | 18/02/2021 | 21/03/2021 | 20/03/2024 | 52,000 |
| Supply and Delivery of Biomass Pellets | C | re-let | 25/12/2020 | 23/02/2021 | 26/03/2021 | 25/03/2024 | 278,700 |
| Grounds Maintenance for Ayr, Irvine & Kilmarnock Campuses | C | re-let | 31/12/2020 | 01/03/2021 | 01/04/2021 | 31/03/2024 | 60,000 |
| Ayrshire College Inter-site WAN Connectivity | B | extended | 25/01/2021 | 26/03/2021 | 26/04/2021 | 25/04/2024 | 175,000 |
| Student VLE Platform Hosting | B | re-let | 10/02/2021 | 11/04/2021 | 12/05/2021 | 11/05/2024 | 50,150 |
| Internal Audit | B | extended | 01/04/2021 | 31/05/2021 | 01/07/2021 | 30/06/2024 | 66,240 |
| Supply of Printing & Copying Machines | A | re-let | 01/04/2021 | 31/05/2021 | 01/07/2021 | 30/06/2024 | 166,000 |
| Supply of Hot Beverage Machines & Products | B | re-let | 09/04/2021 | 09/06/2021 | 09/08/2021 | 08/08/2025 | 85,000 |

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| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Provision of IT System Support and Professional Services | C | re-let | 18/04/2021 | 17/06/2021 | 18/07/2021 | 17/07/2024 | 125,000 |
| Supply of Fresh, Chilled, Frozen and Ambient Foods to Ayrshire College | B | re-let | 02/05/2021 | 01/07/2021 | 01/08/2021 | 31/07/2024 | 800,000 |
| Non-life Insurance for Ayrshire College | B | extended | 02/05/2021 | 01/07/2021 | 01/08/2021 | 31/07/2024 | 530,000 |
| Waste Collection Services | B | re-let | 17/05/2021 | 16/07/2021 | 16/08/2021 | 15/08/2024 | 225,000 |
| Finance System Support and Maintenance | B | re-let | 23/11/2021 | 22/01/2022 | 22/02/2022 | 21/02/2025 | 82,902 |
| Legal Services- People Matters | B | extended | 02/02/2022 | 03/04/2022 | 04/05/2022 | 03/05/2025 | 60,000 |
| Maintenance and Support of Telephone System | B | re-let | 12/04/2022 | 11/06/2022 | 12/07/2022 | 11/07/2025 | 114,376 |

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**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 | 01/08/19 to 31/07/20 |
| 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 | 7 |
| b) Total value of regulated contracts awarded within the report period | £480,103 |
| c) Total number of unique suppliers awarded a place on a regulated contract awarded during the period | 12 |
| i) how many of these unique suppliers are SMEs | 10 |
| 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 | 6 |
| b) Number of regulated contracts awarded within the period that did not comply with your Procurement Strategy | 1 |

**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 |

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| **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. | 2 |
| 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. | 9,362 |
| b) Percentage of invoices paid on time during the period ("On time" means within the time period set out in the contract terms.) | 88% |
| c) Number of regulated contracts awarded during the period containing a contract term requiring the prompt payment of invoices in public contract supply chains. | 7 |
| d) Number of concerns raised by sub-contractors about the timely payment of invoices within the supply chain of public contracts. | 0 |

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**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: | £12,155 |
| i) spend within the reporting year on regulated contracts | 0 |
| ii) spend within the reporting year on non-regulated contracts | £12,155 |

**8. Spend and Savings Summary**

| | |
|---|---|
| a) Total procurement spend for the period covered by the annual procurement report. | £10,560,095 |
| b) Total procurement spend with SMEs during the period covered by the annual procurement report. | £9,331,060 |
| c) Total procurement spend with Third sector bodies during the period covered by the report. | £35,127 |
| d) Percentage of total procurement spend through collaborative contracts. | 47% |
| 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 | £152,994 |
| i) delivered cash savings for Cat A contracts | £22,989 |
| ii) delivered cash savings for Cat B contracts | £92,299 |
| iii) delivered cash savings for Cat C contracts | £37,706 |
| g) Total non-cash savings value for the period covered by the annual procurement report | £64,624 |

**9. Future regulated procurements**

| | |
|---|---|
| a) Total number of regulated procurements expected to commence in the next two financial years | 21 |
| b) Total estimated value of regulated procurements expected to commence in the next two financial years | £4,480,360 |

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## Glossary of Terms

**A, B, C and C1 Contracts** (Who buys what?)

| | |
|---|---|
| Category A | Collaborative Contracts available to all public bodies<br>• Scottish Procurement |
| Category B | Collaborative Contracts available to public bodies within a specific sector<br>• Scottish Procurement<br>• APUC<br>• Scotland Excel<br>• 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 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 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

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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.

**EU regulated procurements** are those whose values require that they are conducted in compliance with the Public Contracts (Scotland) Regulations 2015 and the Procurement Reform (Scotland) Act 2014.

**Flexible Framework** Self-Assessment Tool (FFSAT) enables measurement against various aspects of sustainable procurement.

**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.

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**College Dashboard** - is 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

**OJEU thresholds** OJEU is the Official Journal of the European Union, the gazette of record for the European Union. Around 2500 new notices are advertised every week - these include invitations to tender, prior information notices, qualification systems and contract award notices. The European public contracts directive (2014/24/EU) applies to public authorities and the following thresholds will apply to procurement carried out whose value equals or exceeds specific thresholds. The present thresholds are (net of VAT): - for Supply, Services and Design Contracts, £189,330, for Works Contracts £4,733,252. Public contracts (EU) thresholds are revised every 2 years – this is next due on 01/01/2022.

**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 (Public Contracts Scotland)** is the national advertising portal used to advertise all public sector goods, services or works contract opportunities.

**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.

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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.

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**Ayrshire College** *(Paper 8)*

**Board of Management Meeting**

**10 December 2020**

| | |
|---|---|
| **Subject:** | Extension to Strategic Plan 2017-20 |
| **Purpose:** | To seek Board of Management approval to extend the Ayrshire College Strategic Plan 2017-20 for one further year to July 2021 |
| **Recommendation:** | Members of the Board of Management approve an extension to Ayrshire College Strategic Plan to July 2021 |

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## 1. Background

The Ayrshire College Strategic Plan 2017-20 was due to come to a finish at the end of July 2020. In January 2020 the Principal, Carol Turnbull, along with Director of Curriculum, Elaine Hutton, began a series of interactive workshops with staff, students and stakeholders across all campuses. A workshop was also held with the Board of Management on 30 January 2020 as part of a Board Development Session.

It was intended that a draft Statement of Ambition would be developed, based on the feedback received from these workshops, for further consultation and refinement during the period March-May 2020, with final approval being sought from the Board in June 2020.

## 2. Current Situation

### Coronavirus

As Members are aware, the College was required to close its campus buildings and move all services online from Monday 23 March 2020. Since that date the College has been forced to adopt and implement emergency measures in order to comply with UK and Scottish Government and Public Health guidelines. The health, safety and well-being of staff and students has been a priority throughout this period whilst staff have endeavoured to provide the highest quality learning experience possible for our students.

The impact of Covid-19 on the local, national and global economy is as yet unknown but it is recognised that recovery will be slow and is likely to take a number of years. Colleges will be central to that economic recovery and Ayrshire College, along with other colleges in the Sector, has responded by developing and offering a range of programmes aimed at enhancing employability skills, transition training for those needing to retrain into different sectors as well as bespoke and specific training for businesses.

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As the restrictions due to measures taken to mitigate the spread of the virus continue to impact on the economy, it is not yet clear what the College's strategic priorities in terms of supporting the local economy should be. College Management need to continue to work with key partners in order to identify and articulate what the individual and collective response should be.

**SFC Review of Higher and Further Education Provision**
In addition, the Scottish Government commissioned a review of Further and Higher Education to ensure a cohesive and sustainable tertiary education system for the future. Phase 1 of this review has been completed but it is anticipated that the final report will not be available until Spring/Summer 2021. It is likely, however, that this report will have significant implications for colleges in terms of the business model and, potentially, colleges' core purpose.

Furthermore, colleges have now received, from SFC, guidance for completing their interim Outcome and Impact Frameworks for AY 2020-21. SFC will publish guidance on the arrangements for more detailed Outcome and Impact Frameworks for AY 2020-22 in March 2021, with final sign off being completed by June 2021. It makes sense to align the Ayrshire College Statement of Ambition with the requirements of the new Outcome and Impact Frameworks.

**Brexit**
The implications from Brexit are still unclear and it is not known at this time what impact this will have on the country, the region and on the College. Further consultation with key local stakeholders is required over the coming months in order to identify the priorities for Ayrshire and the role of the College in supporting these.

## 3 Proposals

It is proposed to extend the current Strategic Plan until July 2021 for the reasons outlined above. This extension would provide the Board of Management and the Senior Leadership Team with the opportunity to consider emerging priorities and key strategic objectives and ensure these are aligned with and enhance those of the College's key strategic partners. The proposal includes a further development day for the Board of Management and Senior Leadership Team in April 2021 when key partners would be invited to contribute and assist in shaping the Statement of Ambition from August 2021 onwards.

## 4. Resource Implications

There are no resource implications.

## 5. Risks

No risks have been identified.

## 6. Equality and Diversity Impact Assessment

Not required.

## 7 Conclusion

Members are asked to approve an extension to the Strategic Plan 2017-20 until July 2021, for the reasons outlined above.

**Carol Turnbull**
**Principal & CEO**

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**December 2020**

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Ayrshire College

# Strategic Plan
## 2017-2020

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Raising Aspirations
Inspiring Achievement
Increasing Opportunities

"I was accepted into second year of BSc Sports Coaching and Development at UWS after an amazing year at Ayrshire College which I will never forget."

**Kayleigh Haggo**
HNC Sports Coaching

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# Foreword

## Our strategic plan 2017-20 signals the next stage in the development of Ayrshire College.

Over the last four years, the collective talent and commitment of our students, staff and partners has enabled us to grow and improve our performance and student outcomes.

The implementation and delivery of our ambitious Strategic Plan and Outcome Agreement for 2014-17 provided the foundation to build upon our successes, and gain a strong reputation inspired by our vision of Raising Aspirations, Inspiring Achievement, Increasing Opportunities.

The dedication, passion and professionalism of our staff, and the enthusiasm and commitment of our students is evident in all aspects of college life. This, combined with the engagement and support of our employers and stakeholders, is the cornerstone of our ambitious plans for 2017-20.

The college is recognised locally, regionally and nationally as an organisation which makes a positive difference to the lives of our students, to our community, to Ayrshire's economy and to Scotland.

This plan presents the basis of our future ambitions as we continue to drive forward, pushing boundaries and embracing opportunities.

We will continue to be proactive to changes in the external environment and flexible in our approach to the delivery of learning and services to support our students.

**Willie Mackie**
Chair of the Board of Management

**Heather Dunk**
Principal and Chief Executive

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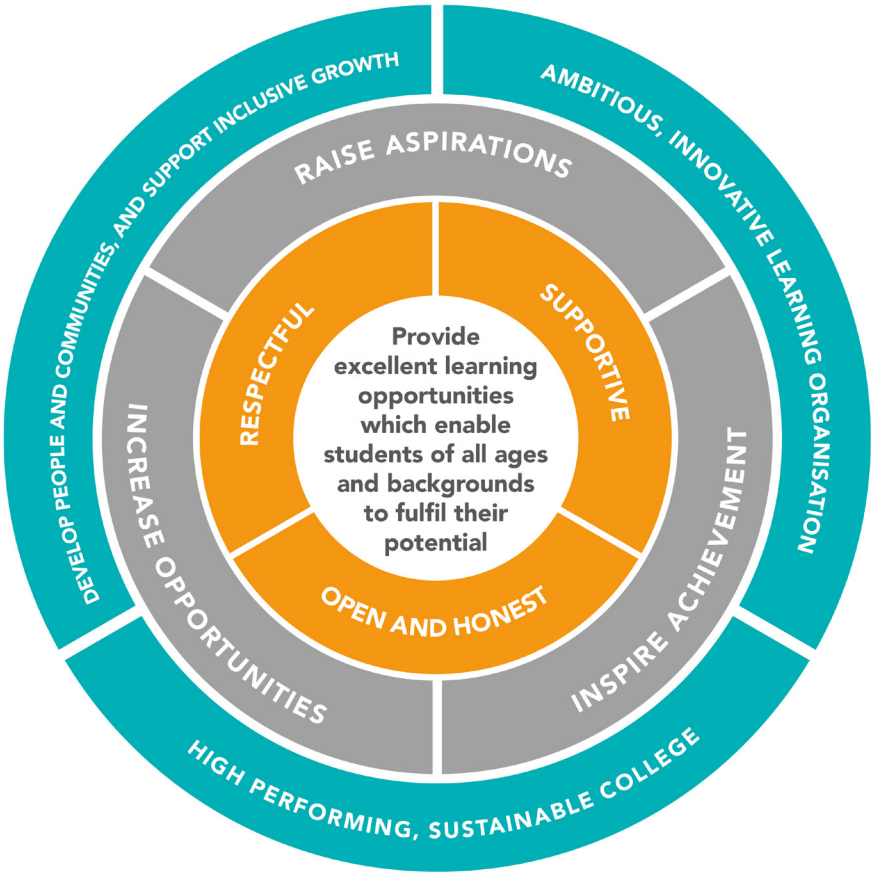
# Our Strategic Wheel

Our Strategic Wheel demonstrates that our values, vision and strategic goals are all centred around our mission **to provide excellent learning opportunities which enable students of all ages and backgrounds to fulfil their potential.**

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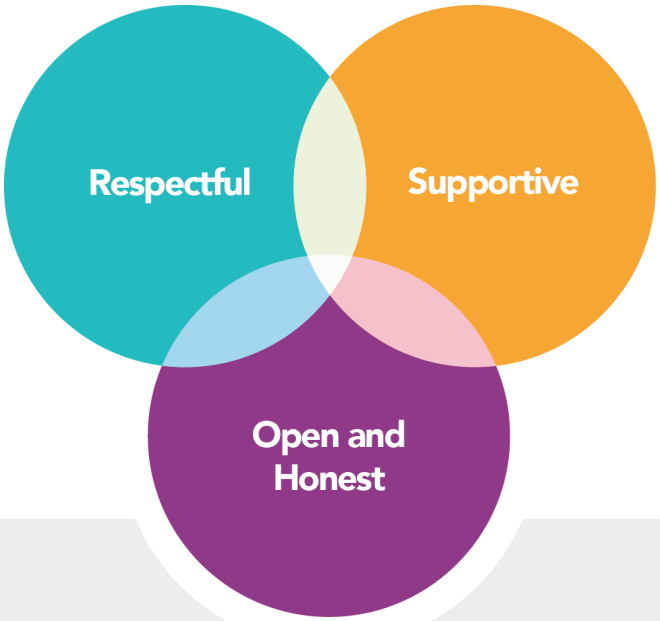
## Our Vision

Our vision is to **raise aspirations, inspire achievement and increase opportunities.** We will work with partners to fulfil this vision for individuals, communities and the regional economy.

## Our Culture and Our Values

Our students and staff have identified the values which will drive the college over the next three years. They want everyone in the college to be **respectful, supportive, and open and honest.**




Each of our strategic goals is underpinned by three cross-cutting themes which will influence how we implement the objectives set out in this Strategic Plan. These cross-cutting themes are:

### CROSS-CUTTING THEMES

- **Continuous improvement in everything we do**
- **Advancing equality of opportunity and promoting diversity**
- **Developing and empowering our people**

Our values and cross-cutting themes underpin everything we do. They provide the foundations which will be instrumental in achieving our mission, vision and strategic goals.

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## Strategic Goals

Our strategic goals for 2017-20 are:

**1** To be an ambitious, innovative and inclusive learning and skills organisation in which students and staff thrive

**2** To develop people and communities, and support inclusive growth, through high quality learning and skills

**3** To be a high-performing, sustainable college recognised for excellence and integrity

# Scottish Funding Council Outcomes

This strategic plan provides the overarching framework for the College's Outcome Agreement for 2017-20, agreed with the Scottish Funding Council, which focuses on the following outcomes:

**Learning is accessible and diverse, attracting and providing more equal opportunities for people of all ages, and from all communities and backgrounds**

**An outstanding system of learning, where all students are progressing successfully and benefiting from a world-class learning experience, in the hands of expert lecturers delivered in modern facilities**

**Well prepared and skilled students progressing into jobs with the ability, ideas, and ambition to make a difference to the economy**

**High-performing, sustainable institutions with modern, transparent and accountable governance arrangements**

This Strategic Plan will provide the context for ambitions set out in other College strategies such as learning and teaching.

# Our External Environment

**BY BEING BOLD IN OUR AMBITIONS FOR THE REGION'S PEOPLE, COMMUNITIES AND ECONOMY, AND INNOVATIVE IN THE SOLUTIONS WE PROVIDE, THE COLLEGE WILL PLAY A CENTRAL ROLE IN BUILDING A STRONG, VIBRANT AND INCLUSIVE AYRSHIRE.**

The Ayrshire Growth Deal, which will be considered by the Scottish and UK governments in 2017, has the potential to be a game changer for inclusive growth in Ayrshire's economy. If approved, it presents an exciting future for our students and the employers we work with.

We will continue to meet the skills requirements of existing, new and growing companies in Ayrshire. Our work with schools, local authorities, employers, universities and national agencies will help to achieve the Scottish Government's ambitions on youth employment, attainment and access to higher education; improved productivity of the workforce; and the creation of more sustainable businesses.

Developments in digital technology will affect all sectors of the economy, requiring employers, as well as current and future employees, to adapt how they work. The college will play a critical role in supporting Ayrshire's digital future by ensuring that all students develop the skills to take advantage of opportunities.

Regionalisation is likely to remain high on the political agenda, in particular in relation to economic development and education. The outcomes of consultations on governance arrangements in schools and the review of enterprise and skills agencies could have far-reaching consequences for schools, local authorities and national agencies. These changes will require the college to be agile as we work with national and local partners to ensure that people, communities and the economy in Ayrshire grow and develop through skills.

The wider political situation in Scotland, the UK and Europe over the next three years will create uncertainty for the college and our partners, for example as the impact of BREXIT becomes clearer and new arrangements for welfare are implemented. Such changes will present challenges for the individuals, communities and employers we serve. It is vital that our ability to provide the best possible support is not hindered by financial constraints facing the wider public sector in Scotland.

**THE NEXT THREE YEARS WILL PRESENT SIGNIFICANT ECONOMIC, POLITICAL AND FINANCIAL UNCERTAINTY IN THE EXTERNAL ENVIRONMENT FACING THE COLLEGES AND OUR PARTNERS. THERE IS ALSO TREMENDOUS POTENTIAL FOR THE REGION IF THE PROPOSALS CONTAINED WITHIN THE AYRSHIRE GROWTH DEAL ARE SUPPORTED BY GOVERNMENT.**

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# Goal 1: To be an ambitious, innovative and inclusive learning organisation in which students and staff thrive

The period leading to and following regionalisation in the college sector was one of seismic change. The next three years will allow the college to consolidate the progress we have made since regionalisation to further enhance the experience of our students and staff. We will deliver innovation and excellence by being an ambitious and innovative learning organisation.

## To achieve this goal, we will:

1. Invest in staff development to attract, recruit and retain high quality people to ensure high quality student experiences
2. Ensure that students access the right course at the right level so that they progress successfully to further learning or employment
3. Enable our students to achieve the qualifications necessary for their chosen career, as well as core skills for succeeding and coping with inevitable changes in life and work
4. Maintain a supportive culture in which innovation thrives, business intelligence informs decisions and ideas turn into action
5. Ensure that our students, the workforce of the present and the future, are proficient in current and emerging digital technologies
6. Inspire enterprise in our students through effective engagement with entrepreneurial initiatives at school, college and university, and those led by external partners
7. Increase our agility, flexibility and resilience to be able to adapt to external political, economic and social changes
8. Recognise and celebrate the successes of our students and staff, sharing these achievements with the wider community to raise aspirations and inspire achievement

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## We will know we have been successful when:

- Increasing numbers of staff take part in professional development
- A higher proportion of students select the right course for them, achieve their qualifications and develop core skills for success
- More students participate in enterprise activities
- Innovation is embraced by staff and students across the college, and recognised by partners and employers
- More students are able to continue on their learning journey with advanced standing on entry to higher education
- Staff are recognised widely as industry experts within their specialist field
- Our opinions are sought and actioned by those leading and influencing the college sector

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# Goal 2: To develop people and communities, and support inclusive growth through learning and skills

There has been good progress in Ayrshire's labour market over the past four years with reduced unemployment, improved positive school leaver destinations and signs of improvement in the economy. However, some industry sectors continue to face uncertainty and long-term unemployment persists in some communities across the region.

Working in partnership with community planning partners and employers, we will raise the aspirations of people and communities by helping them to realise their potential through high quality learning and skills.

## To achieve this goal, we will:

1. Support inclusive economic growth, particularly in industry sectors important in the region and those identified as being central to the ambitions of the Ayrshire Growth Deal
2. Work with partners to develop skills plans for key sectors in Ayrshire and ensure that our provision aligns with economic and employment growth opportunities
3. Maintain a demand-led curriculum that supports both current and future skills needs of employers and communities
4. Help businesses in Ayrshire to be more productive by providing training in business improvement techniques, innovation and emerging digital technologies
5. Increase innovation and enterprise amongst our students, helping them connect with new and emerging technologies as well as developments in industry and universities
6. Maximise our engagement and partnerships with employers to enhance our students' learning through work experience, volunteering and live projects
7. Engage proactively in the localities identified by community planning partnerships to strive to enhance the employment prospects of those furthest from the labour market
8. Create and embed vocational pathways for senior phase pupils to support industry sectors agreed with partners

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## We will know we have been successful when:

- Decisions about education and skills provision in Ayrshire are influenced by our skills plans for industry sectors
- The number of students with a work experience opportunity increases
- The proportion of students from SIMD10 areas across Ayrshire increases
- A higher number of our students initiate new business enterprises
- Employer feedback tells us that our students add value to their business and services

# Goal 3: To be a high-performing, sustainable college recognised for excellence and integrity

In the most challenging of circumstances facing the college sector over the past four years we achieved robust governance, sound financial performance, and implemented significant developments in our infrastructure.

We will build on this progress to be a high-performing, sustainable college recognised for excellence, integrity and high quality learning.

**To achieve this goal, we will:**

1. Build upon improving levels of student success to be the most improved college in relation to student retention, attainment and positive destinations
2. Maintain a safe and healthy learning and working environment which supports wellbeing of staff and students
3. Invest in modern, inspiring learning spaces to enhance the student experience and contribute to their success
4. Deliver an information infrastructure to meet the developing needs of an innovative, collaborative, intelligence-led organisation
5. Implement an ambitious and sustainable technology investment plan which supports staff and student needs
6. Deliver continued financial security and long-term sustainability through effective management of our resources
7. Operate best practice in governance
8. Embed environmental sustainability in the curriculum and across the college, and fulfil our corporate responsibilities by contributing to sustainable development

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## We will know we have been successful when:

- A higher proportion of students complete their course successfully and fewer withdraw from courses
- Our carbon footprint is reduced
- We have embedded continuous improvement techniques across the college
- Our good governance practices are widely acknowledged as amongst the best in the public sector

# Policy drivers

## *National policy drivers*

Government Economic Strategy

A Blueprint for Fairness

Developing the Young Workforce

Putting Learners at the Centre - Delivering our Ambitions for Post-16 Education

Empowering Teachers, Parents and Communities to Deliver Excellence and Equity for our Children

Realising Scotland's full potential in a digital world: a digital strategy for Scotland

## *Regional policy drivers*

Ayrshire Growth Deal

Regional Skills Assessment 2016

Ayrshire College Outcome Agreement 2017-20

Ayrshire College Gender Action Plan

Ayrshire College HR Strategy

Ayrshire College Staff Governance Standard

Ayrshire College Equality Outcomes

## *Local policy drivers*

East Ayrshire Community Planning Partnership

East Ayrshire invests

North Ayrshire Community Planning Partnership

North Ayrshire economic strategy

South Ayrshire Community Planning Partnership

## *Skill Investment Plans*

Chemical sciences sector

Construction sector

Creative industries sector

Early learning and childcare sector

Energy sector

Engineering and advanced manufacturing sector

Financial sector

Food and drink sector

ICT and digital technologies sector

Life sciences sector

Tourism sector

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"More men are becoming interested in care than ever before, which is really encouraging as it's a career that can suit both males and females. It's a really challenging job where every day is different."

**Martin Ure**
Access to Nursing

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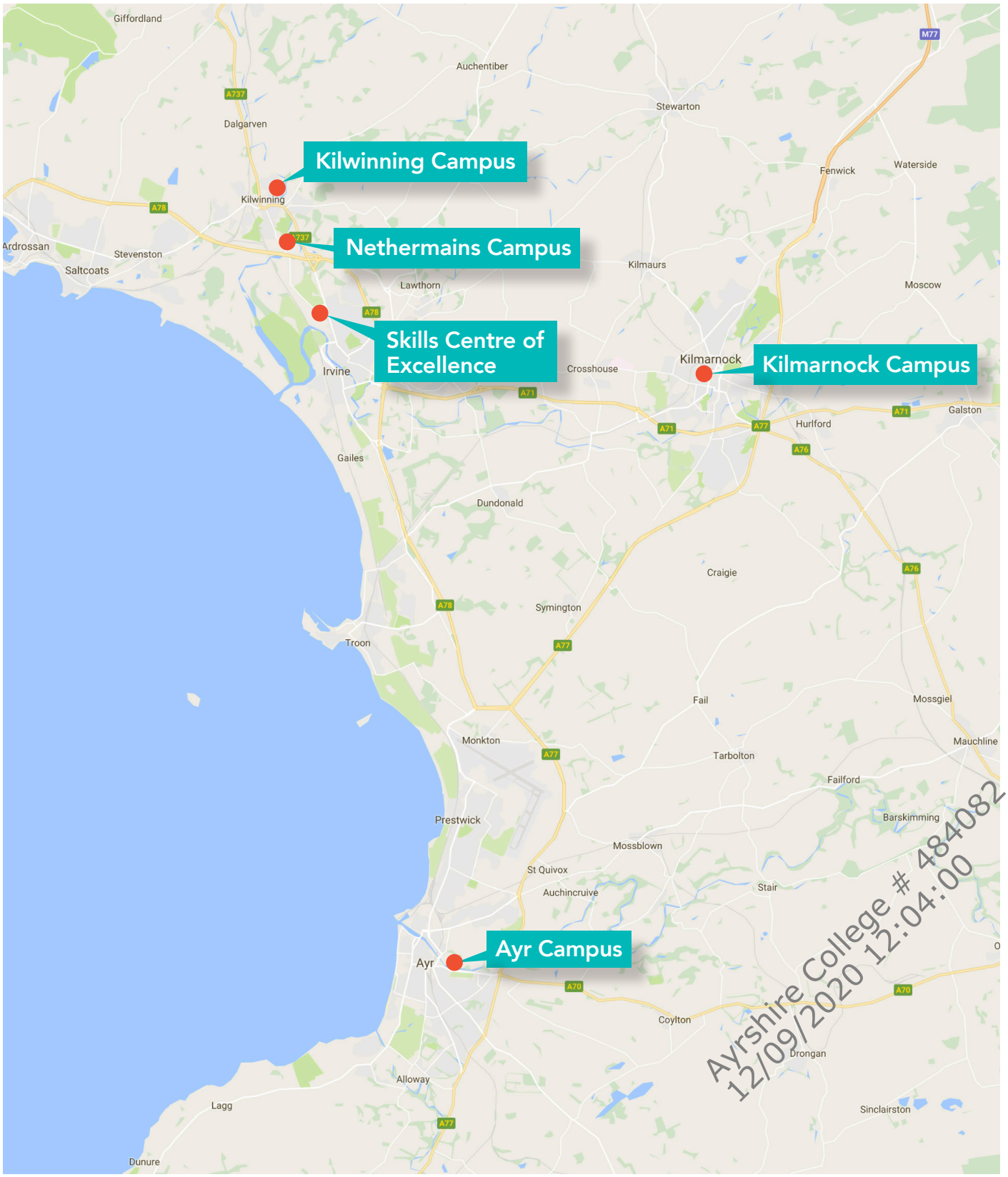
# Ayrshire College Campus Map



"I knew what I wanted to do when I left school. I wanted an engineering apprenticeship which I've now completed at Spirit Aerosystems. I learn better through hands-on experience, so the combination of learning on the job and completing my HND at Ayrshire College suited me perfectly."

**Anna Manson**
HND Aircraft Engineering

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Ayrshire College


**AYR CAMPUS**
DAM PARK
AYR
KA8 0EU

TEL: 0300 303 0303

**KILMARNOCK CAMPUS**
HILL STREET
KILMARNOCK
KA1 3HY

TEL: 0300 303 0303

**KILWINNING CAMPUS**
LAUCHLAN WAY
KILWINNING
KA13 6DE

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**Minute of the Learning & Teaching Committee Meeting**
**Held via Video Conference using Zoom,**
**On Thursday 3 September 2020**

**Present:** Fiona McQueen (Chair) *(Paper 10.1)*
Lauren Howieson
Mary McClung
Steven Oliver
Mike Stewart
Alison Sutherland
Carol Turnbull
Steven Wallace

**In attendance:** Brendan Ferguson (Board Secretary)
Yvonne Melvin (Board Administrative Officer)
Anne Campbell (Vice Principal – Curriculum)
Jane McKie (Vice Principal – People)
Elaine Hutton (Director of Curriculum)
Julie Maxwell (Director of Curriculum)
Gavin Murray (Director of Curriculum)
James Thomson (Director of Finance & Student Funding)

**1 Welcome and Declarations of Interest**

The Chair welcomed everyone to the meeting, in particular, the new Student Vice-President Steven Oliver.

There were no declarations of Interest.

**2 Apologies**

Apologies were received from Committee members Alan Walker, Elaine Anderson, Margarette Bryan and Steve Graham and from ELT member Michael Breen.

**3 Minutes of the Previous Meeting held on 28 May 2020** *(Paper 1) (C/P)*

The minutes were approved as a correct record.

Proposed: Steven Wallace
Seconded: Mike Stewart

There were no matters arising.

**Action Tracker** *(Paper 1a)*

The Chair introduced Paper 1a.

All outstanding actions had been completed to May 2020.

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**4 Student Association Report** *(Paper 2) (P)*

L Howieson introduced Paper 2 and took the Committee through it as presented. The Committee was reminded that, due to the imposition of Covid-19 restrictions, the 2020 Student Association elections were conducted online, with campaigning and polling taking place from 1 to 5 June 2020. The online student elections were

carried out successfully and Student President, Lauren Howieson and Student Vice President, Steven Oliver, officially took up their positions on 1 July 2020.

It was noted that, as a result of the challenges imposed by the COVID-19 restrictions, the focus for the year ahead would be student engagement, with student mental health and wellbeing as a priority. L Howieson highlighted that the ACSA was currently exploring ways to create a virtual Student Association which would be fit for purpose and enable the Student Association to support and represent students effectively.

S Oliver highlighted that the Student Association was working closely with the Marketing team to relay to students the message of COVID-19 Awareness, including the wearing of face coverings whilst on-campus and individual and collective cultural behaviour when off-campus. It was noted that the possibility of asking a local celebrity to endorse and reinforce this message was being explored.

S Oliver also updated the Committee on this year's Fresher's Event. The Committee was advised that, due to COVID-19 restrictions, the Student Association were planning an alternative event using the Wakelet platform, which would allow students access to discounts and live social events, such as quizzes, live music and online chats. It was noted that a link to the Fresher's Wakelet would be circulated to all students at the start of the new academic year.

The Committee noted that S Oliver would be taking the Wear It On Your Sleeve campaign forward this year and was currently exploring options and ideas on how this years' campaign could work best for individual curriculum areas. It was noted that a re-launch of the campaign was planned during My Mental Health Matters Month, scheduled to take place from 10 September to 10 October.

The Committee recognised the importance of the Wear It On Your Sleeve campaign and members were keen to be involved. L Howieson thanked members for their offer and advised that further communication would be circulated to the Committee.

**The Committee noted and welcomed the above report.**

**5 Terms of Reference and 2020-21 Work Plan** *(Paper 3) (P)*

The Board Secretary took the Committee through Paper 3 as presented. The use of colour coding in the 2020-21 Work Plan was highlighted and it was explained that this was due to a number of reports potentially being delayed/unavailable as a result of the COVID-19 restrictions.

**The Committee noted and approved the Terms of Reference and the 2020-21 Work Plan.**

**6 Covid-19 Update** *(Paper 4) (P)*

A Campbell introduced Paper 4 and took the Committee through it as presented. The Committee was reminded that specific guidance for the College sector in Phase 3 of the Scottish Government's Route Map came into effect on 29 June 2020. It was advised that updated guidance was expected in line with recent announcements.

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The Committee was informed that the main focus, for now, was supporting those students deferred in AY2019-20 to complete their studies, which was being undertaken in line with guidance received from the various awarding bodies.

A Campbell also highlighted to the Committee that Course Teams had used professional judgement and SQA Guidance to estimate grades and bands for students who had been due to sit their exams with the College in AY2019-20. All authorised estimates were submitted to SQA on 29 May 2020. Following review of the grades by SQA, a number of candidates' certificated results were downgraded from the estimate submitted by the College. This decision, however, had subsequently been reversed nationally, as widely reported, and the College estimated grades for candidates were accepted. It was noted that the affected candidates would receive replacement certificates from SQA on 8 September 2020. It was also highlighted that, following the announcement of an independent review by the Deputy First Minister, A Campbell had been invited to join a group of colleagues to provide feedback on behalf of the College sector.

The Committee was reminded that the school/college partnership programmes were scheduled to commence week beginning 24 August 2020. In support of the safe return of schools, the Scottish Government had asked colleges to provide the mitigation practices that had been agreed with Local Authority partners in order to minimise risk of transmission of Covid-19 through school pupils attending college. It was noted that, in reviewing those practices, the Executive Team took the difficult decision to postpone the commencement of school/college programmes until 31 August and were currently awaiting further guidance from Scottish Government on the matter.

A Campbell also advised that the Principal and Vice-Principal Curriculum now represent the views of the College on various strategic fora. The Committee noted that the College was well-represented at strategic level both locally and nationally and this, in turn, would ensure that that future curriculum planning was informed by both regional and national requirements.

Further discussions took place during which questions were asked and satisfactory responses provided. In response to one query, confirmation was provided that the College would actively take part in the Scottish Government's Test, Protect and Trace initiative and that all communication plans had been agreed in line with the College Business Continuity Plan.

**The Committee noted the content of Paper 4 and commended the work of the College and the commitment of staff to the students during this difficult and unprecedented time.**

**7 2019-20 External Verification Report** *(Paper 5) (P)*

A Campbell introduced Paper 5 and noted that the College had expected to participate in 86 external verification activities in 2019-20 (compared to 92 in 2018-19) as follows:

- 14 SQA visits (62 in whole of 2018-19)
- 2 SQA postal/central verifications (14 in whole of 2018-19)
- 8 visits from other Awarding Bodies (16 in whole of 2018-19)

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Members were advised that, post 20 March, four external verification activities had been completed remotely and that 58 planned activities had been cancelled/postponed due to the closure of campuses in response to the Covid-19 emergency.

Of the 28 external verifications which were carried out, 26 were successful at the first visit while on two occasions some minor further actions were required. The actions were completed quickly and the external verification reports updated to a successful outcome. The Committee was asked to note the positive feedback received.

**The Committee noted the contents of Paper 5 and welcomed the positive feedback received.**

**8 2019-20 Credit Position Report – Final Position for Audit** *(Paper 6) (P)*

A Campbell introduced Paper 6, confirming that the College had exceeded its credit target by 719 credits. The Committee noted this very positive position.

**The Committee noted Paper 6 and commended the College on the positive 2019-20 credit position reported.**

**9 2019-20 Student Support Funds – Final Position at July 2020** *(Paper 7) (P)*

J Thomson took the Committee through Paper 7, advising of a small underspend in the 2019-20 Student Support Funds of c£25,000, which would be carried forward to AY2020-21. The overspend in FE Discretionary Funds and SFC Bursary were also highlighted. The Committee was advised that this was due to the additional financial assistance provided to students during the current period of Covid-19 restrictions.

**The Committee noted Paper 7 and commended the College and its Finance Team for the support provided to students during the Covid-19 pandemic.**

**10 Apprenticeship and Work Based Learning Report** *(Paper 8) (P)*

G Murray introduced Paper 8 and took the Committee through it in detail. The Committee noted that the impact of Covid-19 meant that the College fell short of its Modern Apprenticeship target. However, it was also noted that the College had exceeded the Sub-Contracted Modern Apprenticeships target.

The Committee was advised that, despite the ongoing COVID-19 situation, the College had received a positive level of enquiries in Engineering, which it hoped would translate into new starts at a level close to the contracted volume. In addition, it was noted that the College would continue to work with employers and partners to promote apprenticeships to industry and young people to maximise recruitment in 2020-21 and minimise the impact of COVID-19 to the skills pipeline. A discussion followed during which a number of questions were asked and satisfactory responses received

**The Committee noted the contents of Paper 8 and commended the ongoing work in the area of Apprenticeships and Work Based Learning being undertaken by the College in difficult circumstances**

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**11 Risk Register – Learning and Teaching Extract at May 2020** *(Verbal) (R)*

J Thomson provided a verbal update. The Committee was reminded that, as agreed by members at the meeting in June 2020, the normal committee extract from the Corporate Risk Register had been temporarily suspended in place of an overarching COVID-19 Risk Register during the Coronavirus pandemic and the consequent restrictions imposed. It was proposed that this continue during this cycle of Committee meetings and that a paper be provided for consideration by the Audit Committee outlining the actions taken by the College to mitigate the risks which, if approved, would then be presented to the Board at its scheduled meeting on 24 September 2020.

Discussion followed during which it was agreed that the above proposal represented an appropriate way to proceed and agreeing the continued suspension of the Committee's risk extract.

**The Committee thanked J Thomson for the update and approved the above proposal.**

Received for Information

**12 2020-23 Gender Action Plan** *(Paper 9) (P)*

**13 SFC Credit Guidance for Colleges AY 2020-21** *(Paper 10) (P)*

**14 Date of Next Meeting:** Thursday 12 November 2020 at 4.00pm

*(C/P) Confirmed minutes will be published*
*(P) Papers will be published on the College website*
*(R) Papers will not be published for reasons of commercial sensitivity or for reasons of personal data confidentiality*

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12/09/2020 12:04:00

**Minute of the Business, Resources and Infrastructure Committee Meeting**
**Held via Video Conference Using Zoom**
**On Tuesday 8 September 2020**

**Present:** Steven Wallace (Chair) *(Paper 10.2)*
Willie Mackie (Vice Chair)
Scott Cooley
Lauren Howieson
Mary McClung
Mike Stewart
Carol Turnbull (Principal)
Alan Walker

**In attendance:** Brendan Ferguson (Board Secretary)
Yvonne Melvin (Board Administrative Officer)
Michael Breen (Vice Principal – Finance)
Anne Campbell (Vice Principal – Curriculum)
Jane McKie (Vice Principal – People)
James Thomson (Director of Finance, Student Funding and Estates)
David Davidson (Director of HR and Organisational Development
Liz Walker (Head of Financial Services)
Nuala Boyle (Head of Business Growth) – *Item 15 Only*

**1 Welcome and Declarations of Interest**

The Chair welcomed everyone to the meeting.

There were no declarations of interest.

**2 Apologies**

Apologies were received from Fiona McQueen.

**3 Minutes of the Previous Meeting held on 2 June 2020** *(Paper 1) (P)*

The minutes were approved as a correct record.

Proposed: Mike Stewart
Seconded: Willie Mackie

**Action Tracker** *(Paper 1a) (P)*

**Action 4 -** The Committee agreed this would now be a standard agenda item and that the commentary should be updated to reflect this.

**Action 9 -** The Committee agreed this be marked as Completed.

**Action 16 -** The Committee noted that this would be covered in the main agenda.

**Action 4 -** The Committee agreed this be marked as Completed.

**Action 24 -** The Committee noted that this would be covered in the main agenda.

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**4 Matters Arising**

There were no matters arising not covered in the main agenda.

**5 Terms of Reference and 2020-21 Work Plan** *(Paper 2) (P)*

The Board Secretary took the Committee through Paper 2 as presented, advising there were no changes to report from AY2019-20. In response to a query, the Committee agreed that the Cashflow Projections report should be returned to the 2020-21 Work Plan as a standing agenda item in light of the current Covid-19 related uncertainties.

**The Committee noted and approved the Terms of Reference and the 2020-21 Work Plan subject to the addition noted above.**

**6 2020-21 Budgets for the academic year ending 31 July 2021** *(Verbal) (R)*

M Breen provided a verbal update. The Committee was reminded that in June 2020 due to significant uncertainty related the Covid-19 pandemic, members agreed to accept and approve a 'business as usual' baseline budget, in the first instance, pending the provision of further funding information and which would be updated at the next scheduled Committee meeting in September 2020.

In order to permit the maximum amount of time to prepare an updated budget based in the most recent information available, it was now proposed that an extraordinary meeting of the Business, Resources and Infrastructure Committee be held on 24 September 2020, at which the updated 2020-21 Budgets for the academic year ending 31 July 2021 would be presented to members for consideration, prior to the scheduled Board meeting later on the same date. M Breen advised that this would allow the time required to refine the budgets in line with most recent information.

The Chair advised that he had discussed the proposal prior to the Committee meeting and agreed with the logic for delaying the updated 2020-21 Budgets. The Committee unanimously agreed this position.

**The Committee approved the proposal and looked forward to receiving the presentation of an updated 2020-21 budget at an Extraordinary BRIC Meeting to be held on 24 September 2020.**

**7 2019-20 Management Accounts to July 2020-Version 1** *(Paper 3) (P)*

J Thomson introduced Paper 3 and took the Committee through V1 as presented, reminding members that this represented the trading position as at the end of the 2019-20 academic year. The next meeting of the Committee in November 2020 would receive the draft Audited Accounts in the required statutory format for consideration and thereafter advise the Audit Committee and the Board.

The operating surplus in excess of budget was highlighted to the Committee and members' attention was drawn to Table 1 and Diagram 1 for graphical information. J Thomson then took members through the variances and position to date in detail, highlighting that the figures presented were broadly in line with year-end projections as previously reported to the Committee. Discussion

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followed during which questions were asked and satisfactory responses received.

The Committee welcomed the content of Paper 3, noting the positive position and level of comfort offered by V1 of the 2019-20 Management Accounts to July 2020.

**The Committee approved the 2019-20 Management Accounts for the period ended 31 July 2020 as presented.**

**8 HR and Staff Learning and Development Report** *(Paper 5) (P)*

D Davidson took the Committee through the content of Paper 5 in detail, advising that the HR Team had been required to review and revise the College's recruitment and selection process in light of the COVID-19 restrictions. As a result, a new remote process had been developed and was considered to be working well.

The Committee noted the content of Paper 5 and welcomed the decrease in reported short-term sickness absence for the period, as compared to the previous year. It was also highlighted that there had been no confirmed cases of Covid-19 reported by staff during the period covered by the Report. It was noted that overall there had been a sharp decrease in sickness absence and that HR staff would continue to work with and support managers and staff.. D Davidson advised members that the staff survey had been issued to all staff and the overall feedback had been positive.

D Davidson then updated the Committee on the Investors in People (IiP) review and re-accreditation process, which began in November 2019, with the recommendations received in January 2020. D Davidson advised that work on the provision of an action plan resultant on the recommendations had unfortunately been halted by the Covid-19 lockdown. It was the intention to resume this work before the end of 2020. Once completed, further information on the background relationship to HR Strategy, challenges, benefits, and, where appropriate, a cost benefit analysis of Investors in People would be provided to the Committee.

**The Committee noted and welcomed the content of Paper 5.**

*Action: Following completion of the Action Plan resultant on the IiP Review recommendations, the Committee be provided at its March 2021 meeting with information as detailed in the above minute and under Item 16 of the BRIC Action Tracker.*

**9 Equality and Inclusion & Health, Safety and Wellbeing Report** *(Paper 6) (P)*

J McKie introduced Paper 6 and took the Committee through the report as presented. It was highlighted that the College overarching Covid-19 risk assessment was approved by the Return to Campus Operations Steering Group and took account of the guidance from Scottish Government, NHS and the Health and Safety Executive (HSE). J McKie further highlighted the work undertaken by the Health, Safety and Wellbeing team in developing and supporting the preparations of risk assessments, as outlined in paragraph 1.6, in its efforts to re-open campuses safely and in accordance with the UK and

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Scottish Government guidelines. J McKie commended the hard work undertaken by the HSW Team, noting that it had been key to supporting the safe re-opening of campuses.

The Committee noted Paper 6 and commended J McKie and the Health, Safety and Wellbeing Team on their response to the current situation, in particular, the work undertaken to support students and staff during the period of lockdown and their detailed preparations for the safe reopening of the campuses. W Mackie, in his capacity as Chair of the Board of Management, proposed that communication be issued to the HSW Team directly from the Board to acknowledge and thank the team for their hard work.

**The Committee noted and welcomed the content of Paper 6**

*Action: Communication to acknowledge and thank the HSW team for their support and hard work during this period of uncertainty to be drafted on behalf of the Board and Board Chair.*

**10 Complaints Report (Fourth Quarter)** *(Paper 7) (P)*

J McKie introduced Paper 7 and advised that the report covered the period from May 2020 to July 2020. The Committee noted that the number of complaints received was relatively on par with that of the same period in AY2019-20 and that a number of the categories were attributable to the impact of COVID-19.

Several questions were asked and satisfactory responses received.

**The Committee noted Paper 7.**

**11 2019-20 Student Support Funds Final Position as at July 2020** *(Paper 8) (P)*

J Thomson introduced Paper 8, noting the final position of the College as a favourable variance of c£25,000 against the budgeted position. In response to a question it was explained that the allocation of Bursaries and HE Discretionary Funding had been prioritised to provide additional financial support to students adversely impacted by Covid-19. J Thomson also advised that there were no significant issues to report in relation to EMA and SAAS funds.

**The Committee noted Paper 8 and its content and welcomed the College's prioritisation of students adversely impacted by the Covid-19 restrictions.**

**12 2020-21 SFC Capital Expenditure position at August 2020** *(Paper 9) (P)*

M Breen introduced Paper 9, advising the Committee of two circulars received from the Scottish Funding Council in respect of additional Capital funding available to the college sector to support economic recovery in FY 2020-21 and to support additional digital provision in AY 2020-21. It was noted that, in light of additional funding being made available, the Capital Projects and Budgets were revised to better reflect the ring funded additional allocations made, while maintaining the same strategic priorities already approved by both this Committee and the Board of Management.

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M Breen then directed members' attention to the revised capital programme as set out in Table 2 of the Paper, noting the main changes highlighted for ease of reference. The Committee noted that the revisions were in-keeping with the agreed principals and strategic objectives previously agreed.

**The Committee noted and welcomed Paper 9 and the revisions contained therein.**

**13 Date of Next Meeting –** Tuesday 17 November 2020

(*C/P) Confirmed minutes will be published on College Website*

*(P) – Paper will be published on the College Website*

*(R) – Paper is reserved, because it contains data or information of a personal nature, which is restricted by legislation, or because it contains commercially sensitive information, and will not be published on the College Website*

**Reserved Items on the next Page.**

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Ayrshire College # 484082
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**Minute of the Audit Committee Meeting**
**Held on Tuesday 15 September 2020**
**Via Video Conference using Zoom**

Ayrshire College

**Present:** Hazel Murphy (Chair) *(Paper 10.3)*
Elaine Anderson
Margarette Bryan
Scott Cooley

**In attendance:** Yvonne Melvin (Board Administrative Officer)
Michael Breen (Vice Principal - Finance)
Anne Campbell (Vice Principal – Curriculum)
Jane McKie (Vice Principal – People)
James Thomson (Director of Finance, Student Funding & Estates)
Tony Barrie (BDO – Internal Auditors)
Claire Robertson (BDO – Internal Auditors)
Joanne Buchanan (Mazars – External Auditors)
Suzie Graham (Mazars – External Auditors)

## 1 Welcome and Declarations of Interest

The Chair welcomed everyone to the meeting.

There were no declarations of interest.

## 2 Apologies

Apologies were received from Committee members Steve Graham and Alison Sutherland, and from Board Secretary Brendan Ferguson.

There were no declarations of interest.

## 3 Minutes of the Previous Meeting held on 9 June 2020 *(Paper 1)* C/P

Page 2, Item 5 (ii), Line 7 – wording to be amended to state "These lessons would be *automatically* incorporated into the 2020/21 review of the Document for approval by the Audit Committee"

Page 3, Item 5 (v), Line 11 – wording to be amended to state "A Campbell advised that all Awarding Bodies have their own arrangements for ensuring Centre compliance with Quality Assurance"

Page 3, Item 5 (v), Line 29 – action to be amended to state "BDO to scope out the proposal, including the objectives for such a review, and provide feedback at the next meeting of the Committee"

The minutes were approved as a correct record, subject to the above amendments.

Proposed: Elaine Anderson
Seconded: Scott Cooley

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**Audit Action Tracker** *(Paper 1A) (P)*

**Action 1** The Committee agreed this would be dealt with on the main agenda.

**Action 2** The Committee agreed this would remain on the Action Tracker.

## 4 Matters Arising

There were no matters arising not dealt with on the Agenda.

## 5 Audit Committee Terms of Reference and 2020-21 Workplan *(Paper 2) (P)*

In the absence of the Board Secretary, H Murphy introduced Paper 2 as presented. It was noted that the name of the Audit Committee and its terms of reference were reviewed in light of the amended Treasury and Scottish Government guidance. The proposed amendments were designed to ensure that the importance of the role of the Committee, in relation to monitoring Corporate Risk Management and advising the Board accordingly, were clear, unambiguous and fully in line with Government guidance.

**The Terms of Reference were approved as presented.**

**The 2020-21 Committee Workplan was approved subject to the inclusion in the cycle of a Committee meeting with the Auditors without the presence of Management.**

## 6 Internal Audit - BDO

### i. Internal Audit Report 2019-20 – Financial Controls *(Paper 3) (P)*

T Barrie took the Committee through Paper 3, its conclusions and recommendations, explaining the findings reached. In summary, T Barrie concluded that the review identified several elements of good practice, with only one recommendation identified, designed to ensure further clarity in future audit trails.

This was discussed in further detail by the Committee and a number of questions of clarification were asked and answered satisfactorily.

**The Committee approved the Report and its recommendations.**

### ii. Internal Audit Report 2019-20 – SFC Returns *(Paper 4) (P)*

T Barrie took the Committee through the conclusions and recommendations of Paper 4 and explained the findings reached. In summary, T Barrie concluded that the review identified areas of good practice, with a number of recommendations identified to further enhance the operational effectiveness of the MYR processes. T Barrie also advised that the mid-year FFR had been submitted to SFC by the revised submission deadline date of 20 April 2020.

J Thomson highlighted to the Committee that there were no issues to report in respect of the Colleges submissions to SFC and that the recommendations identified would, once implemented, further assist with future audits.

**The Committee approved the Report and its recommendations.**

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**iii. Internal Audit Terms of Reference – COVID-19 - Health & Safety** *(Paper 5) (P)*

T Barrie introduced Paper 5 as presented, advising that the purpose of this review would be to gain assurance that health & safety arrangements adopted for the re-opening of campuses were suitable in ensuring the safety of staff and students. It was noted that this internal audit, if agreed, would use the agreed five days to review provision, in the light of Government Guidelines, as the College emerged from Covid-19 restrictions.

A discussion followed during which the Committee was reminded that there was no immediate requirement to use the additional 5 days outlined in the 2020-21 Audit Plan and that the College was currently using individual Risk Assessments for each area to ensure fluidity in the Colleges reaction to changes to the sector as a result of COVID-19 both locally and nationally. It was agreed that the fluid nature of the COVID-19 situation would ultimately result in the internal audit providing a retrospective report of limited value.

**The Committee agreed that it would not be the best use of the Internal Auditor time to produce the proposed Report.**

**iv. Internal Audit Terms of Reference – COVID-19 - Quality & Assessment** *(Paper 6) (P)*

T Barrie introduced Paper 6 as presented, advising that the purpose of this review would be to provide both Management and the Committee with assurance over the arrangements and controls in place to assess and grade students throughout the period affected by Covid-19, to ensure the process was fair for students, that students would not be unfairly advantaged or disadvantaged, and that the process was compliant with the requirements of Awarding Bodies. It was noted that this internal audit, if agreed, would use the agreed five days to review provision, in the light of Government Guidelines, as the College emerged from Covid-19 restrictions.

A discussion followed during which A Campbell assured that Committee that guidance and requirements of Awarding Bodies had already evolved in response to the situation and that the limitations imposed by COVID-19 would not affect the assessment of students.

**The Committee agreed that it would not be the best use of the Internal Auditor time to produce the proposed Report.**

**The Committee also agreed that alternative uses of the additional 5 days in the 2020-21 Audit plan should be discussed at future Committee meetings and should be used to incorporate and respond to changes in the COVID-19 situation.**

*Action: Alternative uses of the agreed five days to review provision, in the light of Government Guidelines, as the College emerged from Covid-19 restrictions in the 2020-21 Audit plan to be discussed at future Committee meetings.*

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**v. Internal Audit 2019-20 – Progress Report** at September 2020 *(Paper 7) (P)*

T Barrie introduced Paper 7 and directed members to the summary on page 4 of the document that listed the audits completed. It was noted that a follow-up report would be provided at the Committee's meeting in November 2020 and that the above report was in line with the expectations of the 2019-20 Internal Audit Plan as approved by the Committee

**The Committee noted and approved the content of the Progress Report to date.**

**7 External Audit – Mazars**

**i. External Audit 2020-21 - Progress Report at September 2020** *(Paper 8) (P)*

J Buchanan (Mazars) introduced Paper 8, highlighting that it was the intention of the Auditor General for Scotland and the Accounts Commission for Scotland to extend the current audit appointments by one year due to the impact of the COVID-19 pandemic. J Buchanan then took the Committee through the sections of the Report as presented, setting out the progress made and what further work was planned prior to consideration by the December 2020 meeting of the Board. It was noted that the actions of the College during the COVID-19 lockdown and subsequent re-opening of campuses would be considered as part of the wider scope of work on governance. It was also noted that final audit fieldwork would be undertaken remotely in line with Government guidelines at the time and that no issues were foreseen. The Committee considered the progress made against the approved timeline and were content that the Audit was progressing as expected, with planning complete and fieldwork expected to be completed by October 2020. No significant issues had arisen to date.

The Committee discussed the Report further and a number of questions asked were given satisfactory responses.

**The Committee noted and approved the content of the Paper 8.**

**8 Audit Scotland Report – COVID-19 Guide for Audit and Risk Committees** *(Paper 9) (P)*

The Chair introduced Paper 9 for information and to give members further advise on the role and expectations of the Audit & Risk Committee during the COVID-19 pandemic.

**The Committee noted and welcomed Paper 9.**

**9 Internal Audit Rolling Action Plan as at 18 August 2020 (Standing Report)** *(Paper 10) (P)*

J Thomson introduced Paper 10, advising that a total of 2 audit recommendations had been actioned in the period. It was noted that the remaining outstanding action was in relation to the recommendation that that the Audit Committee meets with the External and Internal Auditors without management present on an annual basis. The Committee was reminded that this was scheduled to take place at the March 2020 Audit Committee, which was cancelled due to the COVID-19 pandemic.

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The Committee discussed the outstanding action further. It was agreed that, to coincide with the timings of the various Audit Reports during the academic year, the Audit Committee would be best placed to meet with the External and Internal Auditors without management present annually at their November meeting.

**The Committee noted and welcomed Paper 10.**

*Action: The Audit Committee is to meet with the External and Internal Auditors without management present at the November 2020 meeting.*

**10 BDO - Rethinking the Audit Committee; Areas for Considerations Sept 2020** *(Paper 12) (P)*

**11 Date of Next Meeting –** Tuesday 24 November 2020 at 4pm

*P - Papers will be published on the College Website*

*R - Papers will not be published for reasons of commercial confidentiality or for reasons associated with data protection legislation*

*A/P - Already published on the College Website*

*C/P - Confirmed minutes will be published on the College Website*

**Reserved Items on the next page.**

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Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

# Guidance for Interim Outcome Agreements for Colleges and Universities AY 2020-21

Ayrshire College # 484082
12/09/2020 12:04:00

**SFC Guidance**

**Issue Date: 1 December 2020**

## Guidance for Interim Outcome Agreements for Colleges and Universities AY 2020-21

Issue date: 1 December 2020

Reference:

Summary: This guidance outlines the steps required to ensure an agreement is in place between SFC and each university, college or college region during this emergency period which captures, at a high level, contributions, impact and outcomes and provides assurance on use of allocated funding in AY 2020-21.

FAO: Principals and Chairs of Scotland's colleges and universities and regional strategic bodies

Further information:
**Contact:** Linda McLeod
**Job title:** Deputy Director
**Department:** Access, Learning and Outcomes
**Tel:** 0131 313 6694
**Email:** lmcleod@sfc.ac.uk

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Comhairle Maoineachaidh na h-Alba

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## Guidance for Interim Outcome Agreements for Colleges and Universities AY 2020-21

### Foreword

1. This guidance outlines the steps required to ensure an interim agreement is in place between SFC and each university[1], college or college region which captures, at a high level, contributions, impact and outcomes, and provides assurance on use of allocated funding in AY 2020-21. It follows the recent publication of the report from the first phase of the SFC Review of Coherent Provision and Sustainability[2].

2. We recognise that colleges and universities are working under emergency conditions as they continue to respond to the COVID crisis, deliver a blended learning approach, ensure the well-being of students and staff, and deliver an education-led economic recovery for Scotland. Through this approach to the interim Outcome Agreements we are taking steps to support all our institutions during extraordinary times.

3. We worked with sector representatives during phase one of SFC's Review of Coherent Provision to jointly establish and agree an ***Outcome and Impact Framework*** for this year. A key message we heard was for a more meaningful, outcome focused, streamlined approach to accountability and reporting in future. We will pursue these discussions during phase two of the review.

4. The Framework for the interim Outcome Agreements for AY2020-21 seeks to:

   - Focus on the delivery of outcomes and impact for students.
   - Ensure colleges and universities outline their contributions to a more focused set of priority issues.
   - Promote and reflect individual and collective responses to recovery with narrative on commitments, deliverables, and expected impact.
   - Ensure transparency and clear accountability for public funding.

5. This Framework represents a commitment to realign priorities with what will be needed to support economic recovery, to support those already in the education system (at schools, colleges and universities) during the crisis period, those who may need upskilling or reskilling opportunities and those who may

[1] We are using University in the guidance to refer to all institutions in the university sector.

[2] http://www.sfc.ac.uk/web/FILES/corporatepublications_sfccp052020/Review_of_Coherent_Provision_and_Sustainability_Phase_1_Report.pdf

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be looking to re-enter employment. At the same time we expect colleges and universities to continue to widen access, deliver high quality research and ensure a high quality learning experience for all students that will in most cases be different in shape, structure and mode to previous years.

6. We are particularly aware of the need to maintain volumes of provision this year when the economy will be in a recovery period, to allow students to continue to access the learning and employability skills that will ensure a pathway to employment when jobs become available, or a route back into employment for those who may now be out of work, or returning to work, through upskilling or reskilling. At the same time SFC seeks to promote and support a diverse and sustainable education sector.

**Arrangements for AY 2020-21 at a glance**

- Introduces a new Outcome and Impact Framework which aims to capture – at a high level – deliverables, impact and outcomes, and to give assurance on the use of allocated funding in AY 2020-21.
- Seeks contributions to a re-focused set of priorities, with an emphasis on continuing to safeguard student health and wellbeing, and support an education-led economic recovery for Scotland.
- Signals a move away from excessive reporting, particularly if the information is available elsewhere.
- Reflects an ongoing commitment to fair access and transitions; quality learning and teaching; student engagement; equalities and inclusion; and impactful research and innovation.
- A focus on maintaining baselines where this is possible.
- SFC will issue a bespoke measures table to each institution with AY 2018-19 baselines.
- Enables institutions to demonstrate their impact in terms that are relevant to their particular situation and mission.
- Is no more than 15 pages in length.

**Discuss with your Outcome Agreement Manager**

7. Institutions should liaise with their dedicated Outcome Agreement Manager on any issues or requests for flexibility in responding to deadlines. Contact details are available on our website.

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**Key dates**

| SFC Outcome and Impact Framework AY 2020-21 | | |
|---|---|---|
| | **What is required** | **Purpose** |
| **20 January 2021** | Self-evaluation for AY 2019-20 submitted – outlining impact of COVID-19 on delivery and targets.<br>Refer to Annex A for details.<br>**Requires sign-off by Board/ Senior Executive Group or similar. If the date proves difficult discuss with your Outcome Manager.** | Provides SFC with data and commentary on impact of COVID-19 on delivery in AY 2019-20 and notes implications for AY 2020-21. We will factor this in to future discussions for AY 2021-22.<br>SFC to report to SFC Board in spring 2021. |
| **29 January 2021** | Interim Outcome Agreement for AY 2020-21 submitted.<br>**Requires sign-off by Board/ Senior Executive Group or similar. If the date proves difficult discuss with your Outcome Manager.**<br>Refer to Annex B for Universities Technical Guidance and Annex C for Colleges Technical Guidance | Provides SFC with line of accountability for use of funding in AY 2020-21.<br>SFC to report to SFC Board in spring 2021. |
| From here, dates are provisional as they will be influenced by the outcome of phase two of the SFC Review. We will provide an update early in 2021. | | |
| **March 2021** | **Interim Outcome Agreements published** | |
| **March 2021** | Interim reporting in-year on delivery in AY 2020-21. | Provides a look at ongoing impact of the pandemic and an update on changing provision and new starts. SFC to report to SFC Board in April 2021 |
| **March 2021** | SFC publishes Outcome and Impact Framework for AY 2021-22. | Setting our Framework and priorities for AY 2021-22. |
| **May 2021** | Draft Outcome and Impact Agreement for AY 2021-22 submitted. | Opportunity for feedback and amendments. |
| **June 2021** | Final Outcome and Impact Agreement for AY 2021-22 submitted. | Confirms institutional plans and commitments for AY 2021-22. |

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| | | |
|---|---|---|
| **July 2021** | Outcome and Impact Agreement - final sign off. | Sign off and reporting to SFC Board in summer 2021. |
| **July 2021** | Outcome and Impact Agreements for AY 2021-22 published. | Sharing of information for planning purposes. |
| **Autumn 2021** | **Impact Reports for AY 2020-21 submitted and published.** | SFC will prepare an insight and performance report in autumn 2021. This will cover national and sectoral achievements and areas for improvement, based on contributions, performance data, case studies and impact statements. |

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**Arrangements for AY 2020-21**

***Shorter outcome agreements focused on key priorities and commitments***

8. SFC is aware of the competing demands that are impacting on institutions and want to ensure the Outcome Agreement reporting requirement is a proportionate request. We have therefore restricted the key policy priorities we expect to be covered in the interim OA for this year.

9. We are seeking an ongoing commitment/statement of intent from colleges and universities to deliver on key sector priorities and outcomes for students, for research, for economic recovery and social renewal and for responsive and collaborative institutions. The priority list is pared back and includes:

    - Fair access and transitions.
    - Quality learning and teaching.
    - Learning with impact – students are equipped and ready to take up appropriate employment in the future.
    - Student participation and engagement in their educational experience.
    - Equalities and inclusion.
    - High quality research and innovation.
    - Meeting future skills needs, including upskilling and reskilling.
    - Responding to the climate emergency.

***Appropriate measures to assess impact***

10. The SFC Outcome and Impact Framework refers to the expectations and the national measures related to each priority outcome.

11. For colleges the national measures are:

    - Activity - Credits delivered (Core / ESF / Core + ESF).
    - Widening Access -Volume and proportion of Credits delivered to learners in the most deprived 10% postcode areas (SIMD10).
    - The volume and proportion of Credits delivered to care-experienced learners.
    - Senior Phase - number of senior phase age pupils studying vocational qualifications delivered by colleges.

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- Achievement - proportion of enrolled students successfully achieving a recognised qualification (FT & PT).
- Articulation - the number and proportion of successful learners who have achieved HNC or HND qualifications articulating to degree level courses with advanced standing.
- In work/destination - the number and proportion of full-time college qualifiers in work, training and/or further study 3-6 months after qualifying.
- Satisfaction – using the SSES Survey - the percentage of students overall, satisfied with their college experience.

12. For Universities the national measures are:

- Total number of Scottish domiciled undergraduate entrants.
- The number and proportion of Scotland-domiciled learners articulating from college to degree level courses with advanced standing.
- The number and proportion of Scotland-domiciled full-time first degree entrants from the 20% most deprived postcodes.
- The number and proportion of Scotland-domiciled undergraduate entrants that are care-experienced.
- The number and proportion of full-time first year Scotland-domiciled undergraduate entrants returning to study in year two.
- The difference (+/-) from the individual institution benchmark figure for students satisfied with the overall quality of their course of study in the National Student Survey.
- The number and proportion of Scotland-domiciled graduates entering positive destinations.
- The number and proportion of Scotland-domiciled full-time first degree graduates entering professional occupations.
- The number of Scotland-domiciled qualifiers at undergraduate level.

13. Our approach in this year recognises the extraordinary circumstances we are operating within. To support institutions we have pared back the national measures and focused on key priorities. Nevertheless recognising the current situation means there may be other matters where we will require additional statements of intent around your commitments, and occasionally separate reporting, but we will give you appropriate notice of requirements throughout the year. For example reporting on the use of the Flexible Workforce

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Development Fund or the Upskilling allocations.

14. Outcome Agreement Managers will issue a national measures table to each college, college region and university with key data, including AY 2018-19 baselines. We will also issue updated tables to include AY 2019-20 baselines early in 2021. Only those national measures outlined will continue to be a priority however. SFC will, as a matter of course, continue to monitor all performance measures we currently have in addition to those identified as priority.

15. The Technical guidance is attached at Annex B and provides updates on the measures relevant for this year.

***No target setting for AY 2020-21***

16. We confirmed earlier in the year that SFC would not require targets for this emergency year, in recognising the likely impact of the pandemic.

17. We are still asking for a commitment from colleges and universities to maintain, wherever possible, the levels of performance as in the AY 2018-19 baselines.

***Contribution to economic recovery and social renewal***

18. **The other sections in the Framework** invite a narrative that both describes the contribution colleges and universities will make to support economic recovery and social renewal in AY 2020-21 and the expected impact of these contributions.

19. This emergency year will require flexibility and applied ways of learning, so students can access opportunities at a time that suits them and to lay strong foundations for moving into the job market when this opens up. There also needs to be a focus on upskilling and reskilling to allow routes to new and changing industries and jobs as they emerge.

20. We also want to know how colleges and universities are responding to ensure the health and well-being of students and staff as they progress through this challenging year.

21. In responding to this section of the Framework we expect a brief narrative in your Outcome Agreement summarising how you have responded to the immediate challenges of the current emergency. Specifically we would like to better understand your commitments and contribution to economic recovery. We request a short, focused response in line with your own institution's particular mission, strategy, and context responding to the points below, alongside any other relevant information. We are particularly interested in new collaborative and innovative approaches you have developed during the period since March 2020. We have prepared a set of prompt questions to guide

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responses in this section.

**Prompt questions**

22. Use the following as a guide:

    - Which stakeholders are you working with to ensure that course provision remains responsive to shifting needs of employers/industry?
    - What specific needs employers/industry have identified, both short-term and longer-term, and how you are adapting or shifting your provision in response? (with particular reference to courses starting in January/February)
    - Which groups, or issues, are you particularly seeking to respond to e.g. those recently becoming unemployed, young people entering the workplace for the first time, those who have previously been furthest from the job market, upskilling, reskilling, retraining?
    - How you are managing the work-based learning and practical aspects of course provision and ensuring students are prepared for the workplace given ongoing constraints during this year.
    - How are you maintaining the quality of the student learning experience and how are you monitoring student engagement with their programme of study with the college or university?

***Self-evaluation reports on delivery of AY 2019-20 Outcome Agreement commitments including impact of COVID-19***

23. In a normal year, colleges and universities would submit an annual self-evaluation report to the SFC by the end of October. This year Universities had a submission date of 30 October 2020, while colleges paused this work as it was embedded within the Quality Framework requirements.

24. We recognise that these self-evaluation reports provide helpful information to SFC and to the SFC Board and we have, therefore, decided to ask both colleges and universities to submit a self-evaluation report this year.

25. The date for submitting self-evaluations is now 20 January 2021. We can also apply further flexibility to these timelines if needed. These requests should be routed via your Outcome Agreement Manager. We expect that you will have already prepared this information for internal reporting requirements and we will also be flexible with regard to the format of these reports.

26. Annex A describes the self-evaluation reporting requirements for colleges and for universities.

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## Outcome and Impact Framework AY 2020-21

| **Outcomes for Students** | | |
|---|---|---|
| **Outcome** | **Expectations** | **Measures and indicators of success** |
| **Fair access and transitions**<br><br>Education is accessible to students from all backgrounds and students are supported through successful pathways. | • People from deprived areas are supported to have fair access.<br><br>• People with experience of care are supported to have fair access.<br><br>• Prior learning is taken into account in the student's journey.<br><br>• Transitions and pathways for students are supported and signposted.<br><br>• Institutions work with schools and local communities to support successful pathways for students.<br><br>• This work is equality impact assessed. | **Core national measures for universities:**<br>• Total number of Scottish Domiciled Undergraduate Entrants.<br><br>• Scottish domiciled FT first degree entrants from SIMD20 (i.e. the COWA measure).<br><br>• No. of SDUEs with care experience.<br><br>• Articulation.<br><br>**Core national measures for colleges:**<br>• Credits delivered.<br><br>• Proportion of credits delivered to SIMD10.<br><br>• Proportion of credits delivered to care-experienced students.<br><br>• DYW.<br><br>• Articulation. |

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| | | |
|---|---|---|
| **Quality, learning, teaching and participation**<br><br>Students get a high-quality, safe and supportive learning experience that enables them to succeed in their studies and they find it easy to participate and engage in their educational experience. | • People have the necessary meta skills and attributes to succeed.<br><br>• There is quality online and repurposed blended learning.<br><br>• Students are supported in their mental health and wellbeing.<br><br>• Students have their voice heard and valued, and influence their educational experience. | **Core national measures for universities:**<br>• Retention.<br><br>• No. of Scottish domiciled qualifiers at undergraduate level.<br><br>• National Student Survey.<br><br>**Core national measures for colleges:**<br>• Success FE (FT & PT), HE (FT & PT).<br><br>• Student Satisfaction and Engagement Survey. |
| **Learning with impact**<br><br>Students are equipped to flourish in employment, further study and to lead fulfilling lives. | • Analysis and engagement: There is a good understanding of the needs of business and industry; and Scotland's economic recovery needs.<br><br>• Delivering the right skills: There is a pipeline of appropriately skilled people for the labour market.<br><br>• There is appropriate provision to help people upskill and reskill. | **Core national measures for universities:**<br>• Graduate Outcomes (Scottish Domiciled qualifiers in positive destinations, and FT Scottish-domiciled qualifiers employed at 'professional' level).<br><br>**Core national measures for colleges:**<br>• College Leaver Destinations. |

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| | | |
|---|---|---|
| **Equalities and inclusion**<br><br>Institutions ensure through effective equality impact assessment that the needs of the diverse student body are considered in every aspect of the student experience. | • All students are supported to achieve their full potential. | • Colleges and universities comply with relevant legislation and commit to prioritising action to tackle inequalities.<br><br>• Measurable equality outcomes are set (April 2021).<br><br>• Equality Impact Assessments are published.<br><br>• Action is taken to improve management information (protected characteristic data) with regard to equalities priorities (e.g. harassment, mental health). |
| | | • Universities to explore how *protected* characteristics impact on core measures. |
| | | • Colleges to explore how protected characteristics impact on core measures. |

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| Outcomes for Research | | |
|---|---|---|
| **Outcome** | **Expectations** | **Measures and indicators of success** |
| **Research excellence** | • Institutions produce excellent research outputs.<br>• The research impact reaches beyond academia.<br>• The research environment supports excellence and impact. | • Case studies showing use of SFC research funding to achieve/ work towards greater excellence but with additional emphasis on sustainability/ resilience of HEI's research base; and on contribution to broader recovery. These will be requested at the end of the academic year and will contribute to impact reporting. |
| **Research Sustainability (incorporates Collaboration)** Institutions ensure they protect their world-leading research programmes against the impact of COVID-19. | • The research environment supports excellence and impact.<br>• Institutions implement the researcher development concordant.<br>• Support for PhD students, who are the pipeline of talent for future research and who have been adversely affected by the instability created by the pandemic. | • SFC will receive regular reporting from each university on the use of their allocation of the one-off £75 million increase in funding to help secure the jobs and training needed to support ongoing and future research work. |

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| Outcomes for Economic Recovery and Social Renewal | | |
|---|---|---|
| **Outcome** | **Expectations** | **Measures and indicators of success** |
| **Responsive institutions**<br>Institutions are responsive to employer and industry needs and to current and future skills requirements. | • Institutions use labour market intelligence to align provision.<br>• Institutions play their part in upskilling and reskilling the existing workforce.<br>• Institutions help find pathways for people without work to study and move into employment. | • Successful utilisation of funding such as Flexible Workforce Development Fund (colleges) and Upskilling Funding (universities) and others that become available. Separate reporting is in place for AY2020-21. |
| **Work-ready**<br>Work-ready graduates are ready to meet employer needs: Students are equipped to take up employment and succeed when the job market opens up. | • There is a pipeline of technically skilled people for key industries where skills gaps identified.<br>• This recognises that the job market will be severely impacted by COVID-19. | • Students find suitable work and thrive when the jobs become available.<br>• Results from CLD survey.<br>• Results from University Graduate Outcomes |
| **Innovation** | • Institutions are focussing and prioritising their knowledge exchange and innovation activity on Scotland's recovery. | • Universities submit an updated UIF plan with their Outcome Agreement. |

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| Responsive and Collaborative | | |
|---|---|---|
| **Outcome** | **Expectations** | **Measures and indicators of success** |
| **Public health emergency:** Institutions are responsive, have assurance mechanisms in place to comply with guidance, communicate well with students, staff and communities, and remedy situations as they arise. | • Institutions take steps to ensure the health and well-being and best interests of their students during the emergency period.<br>• Appropriate mental health support is available. | • Limited on campus provision.<br>• Blended learning.<br>• Restricted blended learning. |
| **Collaboration:** There is active collaboration with other institutions. | • Institutions find new ways of working together to support coherent, sustainable provision, research and financially viable institutions in Scotland. | • Specific details of new collaborative arrangements, or plans for collaboration, and what they will achieve in terms of impact for all stakeholders. |
| **Climate emergency:** Institutions take urgent action to help reduce or halt climate change, avoid irreversible damage, and support environmental sustainability measures. | • Colleges and universities demonstrate innovative approaches in their response to the climate emergency. Evidence of transformative leadership and the empowerment of sector communities, building capacity | • Institutions take urgent action to help reduce or halt climate change, avoid irreversible damage, and support environmental sustainability measures. |

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| | | |
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| | in institutional structures across the sectors, developing a place-based response to the climate emergency. | |

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# Guidance for Interim Outcome Agreements for Colleges and Universities AY 2020-21: Annex A

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**SFC Guidance**

**Issue Date: 1 December 2020**

# Guidance for Interim Outcome Agreements for Colleges and Universities AY 2020-21 - Annex A: Self-evaluation report for AY 2019-20

Issue date: 1 December 2020

Reference: SFC/GD/25/2020

Summary: This guidance outlines the steps required to ensure an agreement is in place between SFC and each university, college or college region during this emergency period which captures, at a high level, contributions, impact and outcomes and provides assurance on use of allocated funding in AY 2020-21. This annex provides information on the self-evaluation reporting requirement for AY2019-20.

FAO: Principals and Chairs of Scotland's colleges and universities and regional strategic bodies

Further information:
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## Guidance for Interim Outcome Agreements for Colleges and Universities AY 2020-21

## Annex A: Self-evaluation report for AY 2019-20

### Introduction

1. In a normal year universities would submit an annual self-evaluation report; and colleges would submit an Evaluative Report and Enhancement Plan (EREP) as part of the Quality Framework for Colleges; at the end of October. This allows institutions to reflect and report on successful delivery of commitments, targets and milestones and also quality of provision (for colleges) for the previous academic year.

2. Earlier this year SFC agreed with Education Scotland that EREPs would not be required during the emergency period prompted by the COVID-19 pandemic and revised arrangements would be considered. Universities have been awaiting confirmation of arrangements for self-evaluation reporting for AY 2019-20.

3. This guidance confirms details of the request for a self-evaluation report. SFC is now seeking to understand the scale of the impact of the pandemic on progress and expected delivery against targets for both colleges and universities in AY 2019-20.

4. We are anxious not to place additional burdens on institutions still working under crisis conditions and therefore we will apply flexibility in terms of format and timing. For example, we will accept a report already prepared for internal purposes that covers the data requested; we will also consider some adjustment to the submission deadline if required.

### What?

5. A brief factual report comprising:

   - Reflection on your available statistical/performance data for AY 2019-20. This recognises that, for the year in question, audited statistical data will not yet be available and that we will rely on institutions' own data at this point in time.

   - Qualitative and quantitative progress, including specific reference to published milestones/commitments in the Outcome Agreement for AY 2019-20 agreed with SFC and signed in June 2019 and the impact that the COVID-19 pandemic has had on achievement of these milestones and commitments.

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- Reporting on the assessed impact of lockdown from March 2020 on the remaining part of the academic year and key issues arising.
- Reporting on early mitigations in place to address challenges moving into this year, AY 2020-21.

6. The report should be no more than 6 pages.

7. The report should be signed off by the Principal or head of institution on behalf of the governing body. If the timelines set make this difficult you should discuss with your Outcome Agreement Manager/contact.

8. **Universities** should refer to SFC's National Performance Measures for AY 2019-20 as outlined in the Guidance for the development of University Outcome Agreements: 2019-20 and focus on reporting against the key priorities outlined including:

   - Access to Higher Education.
   - High Quality, Efficient and Effective Learning.
   - Right Learning, Right Place.
   - A Developed Workforce.
   - Internationally Competitive Research Base.
   - Greater innovation in the economy.
   - Sustainable Institutions.

9. **Colleges** should refer to SFC's National Performance Measures for AY 2019-20 as outlined in the Guidance for the development of College Outcome Agreements 2019-20 and focus on reporting against the key priorities outlined including:

   - High quality, effective and effective learning and teaching.
   - An outstanding system of learning that is accessible and diverse.
   - Includes delivery by colleges for senior phase age pupils studying vocational qualifications.
   - Where students succeed and flourish in employment and further study.
   - Ensures greater innovation and collaboration with employers to deliver for the economy.
   - Sustainable institutions.

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**Why?**

10. Provides colleges and universities with an opportunity to identify highlights and challenges from the preceding year, recognising that audited data will not be available but institutions will have prepared their submissions.

11. SFC recognises that delivery will have been seriously impacted by COVID-19 and it is important to capture and reflect the scale of this impact at an early point through both quantitative and qualitative data. This will help SFC plan for the remaining part of this year and into AY 2021-22. SFC will report to its Board in spring 2021.

12. This evaluation will sit alongside periodic in-year data and statistical collections carried out by SFC that reflect progress and performance.

**When?**

13. The self-evaluation report is due by 20 January 2021.

**Further information**

14. Contact your Outcome Agreement Manager for further information. Details available on the SFC website at: Access, Learning and Outcomes.

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# Guidance for Interim Outcome Agreements for Colleges and Universities AY 2020-21 Annex B

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**SFC Guidance**

**Issue Date: 1 December 2020**

**Guidance for Interim Outcome Agreements for Colleges and Universities AY 2020-21**
**Annex B: University Technical Guidance on SFC's measures of progress**

Issue date: 1 December 2020

Reference: SFC/GD/25/2020

Summary: This guidance outlines the steps required to ensure an agreement is in place between SFC and each university, college or college region during this emergency period which captures, at a high level, contributions, impact and outcomes and provides assurance on use of allocated funding in AY 2020-21.

FAO: Principals and Chairs of Scotland's universities

Further information:
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## Guidance for Interim Outcome Agreements for Colleges and Universities AY 2020-21

## Annex B: University Technical Guidance on SFC's measures of progress

### Introduction

1. This Technical Guidance provides the definitions for each of the measures listed in the main Guidance document.

2. This is an update to the previous Technical Guidance for 2020-21 issued in Summer 2019. This guidance reflects the priority measures of progress for the emergency COVID-19 pandemic period, restricting key measures for both the College and University sectors.

3. SFC clearly indicated that we will not require targets for this emergency year; however we do expect institutions to commit to maintain, wherever possible, the institutional/ sectoral baselines as appropriate. SFC will issue a national measures table to each institution reflecting the condensed Outcome and Impact Framework with 2018-19 being the baseline year, where data are available.

4. SFC will, as a matter of course, continue to monitor all performance measures we currently have in addition to those identified as priority and will be happy to discuss areas of concern with institutions.

5. For each measure the document provides:

| | | |
|---|---|---|
| **Aim:** The SFC's strategic aim under which this measure falls | | |
| **Measure:** The number and description of the measure | | |
| **Table:** | If the figure corresponding to this measure is available in a published table this gives the title of the relevant table. | |
| **Numerator** | If the measure is a proportion these specify the numerators and denominators to be used in the calculation. | |
| **Denominator** | | |
| **Data** | This provides further information on the data source used to calculate the measure. | |
| **Term** | **Definition/Description** | **Notes** |
| A term used that requires further detail | A definition or description of the term. | Further information on the term e.g. HESA codes |

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| Outcome Agreement measures of progress: REVISIONS for 2020-21 | | | | |
|---|---|---|---|---|
| **2020-21 Outcome Agreement Measures** | | **2020-21 Outcomes and Impact Framework measures** | | **Revision made** |
| Measure A | Total number of Scotland-domiciled undergraduate entrants. | | | |
| Measure B | The number and proportion of Scotland-domiciled learners articulating from college to degree level courses with advanced standing. | | | No change |
| Measure C | The number and proportion of Scotland-domiciled full-time first degree entrants from the 20% most deprived postcodes. | | | No change |
| Measure D | The number and proportion of Scotland-domiciled undergraduate entrants that are care-experienced | | | No change |
| Measure E | The number and proportion of **full-time** first year Scotland-domiciled undergraduate entrants returning to study in year two | | | No change |
| Measure F | The difference (+/-) from the individual institution benchmark figure for students satisfied with the overall quality of their course of study in the National Student Survey | | | No change |
| Measure G1 | The number and proportion of Scotland-domiciled graduates entering positive destinations | | | Previous DLHE-related measure updated to reflect Graduate Outcomes survey |
| Measure G2 | The number and proportion of Scotland-domiciled full-time first degree graduates entering professional occupations | | | |
| Measure H | The number of Scotland-domiciled qualifiers at undergraduate level | | | **New measure** |

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## General Notes

### HESA definitions

6. In this document where HESA fields have been used, the fields and descriptions have been taken from the Field List and details have been documented in the most current HESA Student data collection documentation available at the time of writing this guidance i.e. **Student Record 2019-20**

7. Full details of the field list and HESA definitions are available on the HESA website. Information on the HESA derived fields used in this guidance will be available on the above webpage under **Derived field specifications.**

### Standard Population

8. The SFC dataset used to produce tables for Outcome Agreements previously used an SFC adjusted CORE files to exclude students not counted in our own standard population. This has now changed so that SFC reporting on Outcome Agreement measures uses the HESA standard population, defined as XPSR01 = 1.

### Undergraduate level

9. For Measures A,B,D,E,G and H, Undergraduate is defined as a student undertaking a first degree or an HNC/HND/Diploma/Certificate of Higher Education, using the following codes:

   - **Undergraduate -** First degree (**XLEV501**=3) AND Selected Sub-degree: HNC/D or Certificate or Diploma of HE (**COURSEAIM** in 'C20','C30','J20','J26','J30').
   - This definition covers courses with **COURSEAIM** in:
     C20, C30 H00, H11, H16, H18, H22, H23, H50,
     I00, I11, I16 J20, J26, J30 M22, M26, M28.
   - **XLEV501** is a HESA derived field.

### Institutional Datasets

10. SFC can provide a dataset of your own institution's students included within the SFC Undergraduate Level population in order to allow institutions to easily match their students in the OA population. For further details please contact: Stephen Riddell, Senior Policy/Analysis Officer, sriddell@sfc.ac.uk

### Metric for measures

11. HESA's Student Records use the term '**instance**' to describe a student's engagement within an institution. A student may enrol on more than one course and therefore have more than one instance. It is instances that are used

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here. This approach is consistent with that of HESA. It is **instances** that are used in the count of the numerator and denominator population for **Measures A, B, C, D, E and H.**

12. The measures will therefore count all student instances: young, mature, full-time and part-time (unless explicitly stated, e.g. **Measure E**), providing the student instance fulfils the criteria as outlined in the definition for the numerator and denominator.

**Scottish Index of Multiple Deprivation**

13. The Scottish Index of Multiple Deprivation (SIMD) is provided by the Scottish Government (SG). Postcode files linking postcodes to SIMD rank are available on the National Records of Scotland (NRS) website via NRS Postcode Extracts in the Geography web page. Using the student postcode (HESA field**: POSTCODE**) a student is matched to a datazone and then to a SIMD rank. The ranks are divided into quintiles.

14. Aspirations set for 2020-21 will be based on **SIMD 2016** and will follow the Scottish Government standard method of calculating quintiles (rather than a separate SFC population weighted method as used previously). Whilst the Scottish Government have since released SIMD 2020, SFC will not be adopting this iteration of the SIMD until the 2021-22 academic year.

15. In this guidance MD20 = Quintile 1 and MD40 = Quintile 1 + Quintile 2.

16. Details on the SIMD 2016 ranks are detailed below.

| **SIMD 2016**<br>**Quintiles split the datazones into 5 groups, each containing 20% of Scotland's population** | | |
|---|---|---|
| | **SIMD2016 Rank** | |
| | **From** | **To** |
| 1 - 20% most deprived | 1 | 1,395 |
| 2 | 1,396 | 2,790 |
| 3 | 2,791 | 4,185 |
| 4 | 4,186 | 5,580 |
| 5 - 20 % least deprived | 5,581 | 6,976 |

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## Scottish Government strategic priority

**To provide the best student experience, seamlessly connected for learners of all backgrounds**

| **Measure A: The number of Scotland-domiciled undergraduate entrants** | | |
|---|---|---|
| **Denominator** | The number of Scotland-domiciled undergraduate entrants. | |
| **Data** | HESA Standard Population | |
| **Term** | **Definition/Description** | **Notes** |
| **Denominator (for each protected characteristic)** | **All** Scotland-domiciled undergraduate entrant students in the HESA Standard Population. | HESA Standard Population: XPSR01 = 1 |
| **Numerator** | **All** Scotland-domiciled undergraduate entrant students in 2020-21 | |
| **Scotland-domiciled** | Scotland-domiciled as recorded on HESA. | Scotland-domiciled - **XDOMHM01 =** 2<br>**XDOMHM01** is a HESA derived field. |
| **Undergraduate** | Any student undertaking an undergraduate course. | See **Undergraduate level** in **General Notes** section |
| **Entrant** | An entrant is a student deemed to have started their instance in the academic year. A student may have previously attended the institution but is still considered an entrant if they are starting a new instance. | Entrant - **START DATE OF INSTANCE (COMDATE) IS AFTER OR EQUAL TO '01AUGXXXX'** |

| **Measure B: The number and proportion of Scotland-domiciled learners articulating from college to degree level courses with advanced standing** | |
|---|---|
| **Table** | HN Scotland-domiciled student entry from Scotland's colleges to Scotland's HEIs: HEI summary table. |
| **Numerator**<br><br>**Denominator** | The number of Scotland-domiciled HN entrants from Scottish colleges to undergraduate programmes with **advanced standing**.<br>The number of Scotland-domiciled HN entrants from Scottish colleges to undergraduate programmes, irrespective of year of programme. |
| **Data** | National Articulation Database (compiled from data supplied via FES, HESA, SQA). Data definitions can be found in Annex 1 of the 'Articulation from Scottish Colleges to Scottish Universities 2017-18' report. |
| **Term** | **Definition/Description** |
| **Advanced Standing** | Articulation is defined as a student gaining entry into second year of a degree with a Higher National Certificate (HNC) gained at college, or into third year with a Higher National Diploma (HND) gained at college in the previous three academic years. |

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| **Measure C: The number and proportion of Scotland-domiciled full-time first degree entrants from the 20% most deprived postcodes (COWA)** | | |
|---|---|---|
| **Numerator** | The number of Scotland-domiciled full-time first degree entrants from the 20% most deprived SIMD areas. | |
| **Denominator** | The total number of Scotland-domiciled full-time first degree entrants (**excluding those with no known/matching postcode**). | |
| **Data** | HESA Standard Population | |
| **Term** | **Definition/Description** | **Notes** |
| **Denominator** | **All** Scotland-domiciled full-time first degree entrant students in the HESA Standard Population. | HESA Standard Population: XPSR01 = 1 |
| **Numerator** | **All** Scotland-domiciled undergraduate entrant students (excluding those as above) with a valid postcode from an SIMD 20 area. | **SIMD20** - The 20% most deprived areas<br>See **Scottish Index of Multiple Deprivation** in section **General Notes.** |
| **Scotland-domiciled** | Scotland-domiciled as recorded on HESA. | Scotland-domiciled - **XDOMHM01 =** 2<br>**XDOMHM01** is a HESA derived field. |
| **Full-time first degree** | Any student undertaking a full-time first degree course. | Full-time: **XMODE01** in (1,2)<br>First degree: **XLEV501** = 3<br><br>XMODE01 and XLEV501 are HESA derived fields. |
| **Entrant** | An entrant is a student deemed to have started their instance in the academic year. A student may have previously attended the institution but is still considered an entrant if they are starting a new instance. | Entrant - **START DATE OF INSTANCE (COMDATE) IS AFTER OR EQUAL TO '01AUGXXXX'** |

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| **Measure D: The number and proportion of Scotland-domiciled undergraduate entrants that are care-experienced** | | |
|---|---|---|
| **Numerator** | The number of Scotland-domiciled undergraduate entrants that are care-experienced. | |
| **Denominator** | The number of Scotland-domiciled undergraduate entrants. | |
| **Data** | HESA Standard Population | |
| **Term** | **Definition/Description** | **Notes** |
| **Denominator (for each protected characteristic)** | **All** Scotland-domiciled undergraduate entrant students in the HESA Standard Population. | HESA Standard Population: XPSR01 = 1 |
| **Numerator** | **All** Scotland-domiciled undergraduate entrant students (excluding those as above) in each protected characteristic category. | |
| | Care-experienced students | **From 2013-14:**<br>Care-experienced in Scotland - **CARELEAVER = 02**<br>Care-experienced in the rest of UK - **CARELEAVER = 03**<br>UCAS defined care leaver - **CARELEAVER = 04** |
| **Scotland-domiciled** | Scotland-domiciled as recorded on HESA. | Scotland-domiciled - **XDOMHM01 =** 2<br>**XDOMHM01** is a HESA derived field. |
| **Undergraduate** | Any student undertaking an undergraduate course. | See **Undergraduate level** in **General Notes** section |
| **Entrant** | An entrant is a student deemed to have started their instance in the academic year. A student may have previously attended the institution but is still considered an entrant if they are starting a new instance. | Entrant - **START DATE OF INSTANCE** (**COMDATE**) **IS AFTER OR EQUAL TO '01AUGXXXX'** |

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| Measure E: The number and proportion of full-time first year Scotland-domiciled undergraduate entrants returning to study in year two | | |
|---|---|---|
| **Numerator** | The number of Scotland-domiciled full-time undergraduate entrants who are continuing in higher education or have qualified after their first year (in each group of interest). | |
| **Denominator** | The total number of Scotland-domiciled full-time undergraduate entrants in PIT3 population (with duplicates removed). | |
| **Data** | The SFC dataset (PIT3) used to produce these tables comes from the HESA **t3_underlyingdata_XX_XX** dataset, used to create their PIs on non-continuation rates (Table T3). ***This measure only reports on full-time students.***<br><br>Information on the HESA PIs is available on their website: **Performance Indicators in Higher Education in the UK. Non-continuation rates (including projected outcomes) (tables T3, T4, T5).**<br>SFC links the PIT3 dataset to the AYCOR dataset to obtain information on gender, age, disability and ethnicity. | |
| **Denominator** | Scotland-domiciled full-time undergraduate entrants in PIT3 population, with one record per student instance, i.e. duplicate records relating to the same student instance but relating to the different subject(s) of course aim are removed. | See section **Population (applicable to T1, T2, T3, T4, T5, T6, T7)** in**:** **Definition of Terms** |
| **Numerator** | The number of Scotland-domiciled full-time undergraduate entrants who are continuing or who qualified at the same HEI. | See section **Non-continuation data (applicable to T3, T4, T5)** in: **Definition of Terms**<br>The field **T3_MARKER** is used to select:<br>Continuing student - **T3_MARKER = 1,2**<br>Non-continuing student - **T3_MARKER = 3** |
| **Full-time** | The PIT3 dataset is restricted to full-time students. | See section **Mode of study (applicable to tables T1, T2, T3, T4, T5, T6)** in: **Definition of Terms** |
| **Under- graduate** | Any student undertaking an undergraduate course. | See **Undergraduate level** in **General Notes** section |
| **Scotland-domiciled** | Scotland-domiciled as recorded on HESA. | Scotland-domiciled - **XDOMHM01** = 2<br>**XDOMHM01** is a HESA derived field. |
| **Entrant** | An entrant is a student deemed to have started their instance in the academic year. A student may have previously attended the institution but is still considered an entrant if they are starting a new instance. | See section **Entrants (applicable to T1, T2, T3a-T3d, T4)** in: **Definition of Terms** |

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**Scottish Government strategic priority**

**To provide high quality learning in a system where institutions work in partnership and demonstrate the highest standards of governance and financial accountability**

| **Measure F: The difference (+/-) from the individual institution's benchmark figure for students satisfied with the overall quality of their course of study in the National Student Survey** | | |
|---|---|---|
| **Table** | 'Q27 institutions (benchmarked)'. | |
| **Data** | Table available in **'2020 National Student Survey summary data'** in the **National Student Survey** section of the **OfS** website:<br><br>https://www.officeforstudents.org.uk/advice-and-guidance/student-information-and-data/national-student-survey-nss/get-the-nss-data/ | |
| **Term** | **Definition/Description** | **Notes** |
| **The difference (+/-) between the actual and benchmarked figure** | The difference (+/-) between the actual and benchmarked figure for **taught** students. | Question 27 in the NSS asks 'Overall, I am satisfied with the quality of the course'. Percentage scores are for respondents who 'definitely' or 'mostly' agreed with this question in the NSS. The full NSS results for 2020, and previous years' surveys, are available on the OfS website. |
| | OfS has produced benchmarks for each UK institution for this question that take into account each HEI's mix of students making for a more reliable and robust comparison between institutions.<br><br>Taught figures show satisfaction for students against the institution at which they spent the majority of their first year, as opposed to the 'Registered' figures which show students against the institution that they are registered with and may differ from the institution providing the teaching.<br><br>There is no separate data for the Open University Scotland, as all UK OU students were included in a single return. | |

Ayrshire College #4810832
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| **Measure G1: The number and proportion of Scotland-domiciled undergraduates entering positive destinations** | | |
|---|---|---|
| **Numerator** | The number of Scotland-domiciled full-time first degree respondents who are working in a professional occupation | |
| **Denominator** | The total number of Scotland-domiciled respondents to the DLHE survey that are economically active (including those who are due to start work and unemployed) | |
| **Data** | The SFC dataset used to produce this table is derived Graduate Outcomes survey data provided by HESA. | |
| **Term** | **Definition/Description** | **Notes** |
| **Target Population** | All Scotland-domiciled undergraduate students, counted within the Graduate Outcomes Target population | HESA Graduate Outcomes Target Population:<br>XACTIVITY in (1,2,3,4,5,6,7,8,9,10,11,12).<br>XACTIVITY is a HESA derived field which provides the Graduate Outcomes activity of the respondent. |
| **Scotland-domiciled** | Scotland-domiciled as recorded on HESA. | Scotland-domiciled - **XDOMHM01 =** 2<br>**XDOMHM01** is a HESA derived field. |
| **Undergraduate** | Any student obtaining an undergraduate qualification | Undergraduate is defined as a student achieving a first degree or an HNC/HND/Diploma/Certificate of Higher Education, using the following codes:<br>• **Undergraduate -** First degree (**XQLEV501**=3) AND Selected Sub-degree: HNC/D or Certificate or Diploma of HE (**XQOBTN01** in 'C20','C30','J20','J26','J30').<br>• This definition covers qualifications obtained with **XQOBTN01** in: C20, C30 H00, H11, H16, H18, H22, H23, H50, I00, I11, I16 J20, J26, J30M22, M26, M28.<br>**XQLEV501** is a HESA derived field. |
| **Denominator** | From **target population** those with Graduate Outcomes activity coded as:<br>1. Full-time employment<br>2. Part-time employment<br>3. Unknown pattern of employment<br>4. Voluntary or unpaid work<br>5. Employment and further study<br>6. Full-time further study<br>7. Part-time further study<br>8. Unknown pattern of further study. | Graduate Outcomes Activity – XACTIVITY.<br>**XACTIVITY** is a HESA derived field. |

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| | | |
|---|---|---|
| | 10. Unemployed and due to start work.<br>11. Unemployed and due to start further study.<br>12. Unemployment.<br><br>Students coded below are excluded:<br>9. Other, including travel, caring for someone or retired.<br>99. Not in publication population<br>If XACTIVITY is blank then – missing/no response. | |
| **Numerator** | From **target population** those with Graduate Outcomes activity coded as:<br>1, Full-time employment<br>2. Part-time employment<br>3. Unknown pattern of employment<br>4. Voluntary or unpaid work<br>5. Employment and further study<br>6. Full-time further study<br>7. Part-time further study<br>8. Unknown pattern of further study.<br>10. Unemployed and due to start work.<br>11. Unemployed and due to start further study. | Graduate Outcomes Activity – XACTIVITY.<br>**XACTIVITY** is a HESA derived field. |

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| **Measure G2: The number and proportion of Scotland-domiciled undergraduates entering positive destinations** | | |
|---|---|---|
| **Numerator** | The number of Scotland-domiciled full-time first degree respondents who are working in a professional occupation | |
| **Denominator** | The total number of Scotland-domiciled respondents to the Graduate Outcomes survey that are economically active (including those who are due to start work and unemployed) | |
| **Data** | The SFC dataset used to produce this table is derived from the Graduate Outcomes survey data provided by HESA. | |
| **Term** | **Definition/Description** | **Notes** |
| **Target Population** | **All** Scotland-domiciled undergraduate qualifiers in the Graduate Outcomes target population | HESA Graduate Outcomes Target Population: XACTIVITY in (1,2,3,4,5,6,7,8,9,10,11,12). XACTIVITY is a HESA derived field which provides the Graduate Outcomes activity of the respondent. |
| **Scotland-domiciled** | Scotland-domiciled as recorded on HESA. | Scotland-domiciled - **XDOMHM01 =** 2<br>**XDOMHM01** is a HESA derived field. |
| **Full-time first degree** | Any student undertaking a full-time first degree course. | Full-time: **XMODE01** in (1,2)<br>First degree: **XLEV501** = 3<br><br>XMODE01 and XLEV501 are HESA derived fields. |
| **Denominator** | From **target population** those with Graduate Outcomes activity coded as:<br>1. Full-time employment<br>2. Part-time employment<br>3. Unknown pattern of employment<br>4. Voluntary or unpaid work<br>5. Employment and further study<br>10. Unemployed and due to start work<br><br>Students coded below are excluded:<br>6. Full-time further study<br>7. Part-time further study<br>8. Unknown pattern of further study<br>9. Other, including travel, caring for someone or retired<br>11. Unemployed and due to start further study.<br>12. Unemployed<br>99. Not in publication population<br>If XACTIVITY is blank then – missing/no response | Graduate Outcomes Activity – XACTIVITY.<br>**XACTIVITY** is a HESA derived field. |

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| | | |
|---|---|---|
| **Numerator** | From Target population those with Standard Occupational Classification coded as:<br><br>1 - Managers, directors and senior officials<br>2 - Professional occupations 3 - Associate professional and technical occupations | Standard Occupational Classification – XEMP2010SOC1. This is a HESA derived field. |

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| Measure H: The number of Scotland-domiciled undergraduate qualifiers | | |
|---|---|---|
| **Denominator** | The number of Scotland-domiciled undergraduate qualifiers. | |
| **Data** | HESA Standard Qualifier Population | |
| **Term** | **Definition/Description** | **Notes** |
| **Denominator (for each protected characteristic)** | **All** Scotland-domiciled students in the HESA Standard Population achieving a qualification at undergraduate level. | HESA Standard Qualifier Population: XPQUAL01 = 1 |
| **Scotland-domiciled** | Scotland-domiciled as recorded on HESA. | Scotland-domiciled - **XDOMHM01 =** 2<br>**XDOMHM01** is a HESA derived field. |
| **Undergraduate** | Any student achieving an undergraduate qualification. | Undergraduate is defined as a student achieving a first degree or an HNC/HND/Diploma/Certificate of Higher Education, using the following codes:<br>• **Undergraduate -** First degree (**XQLEV501**=3) AND Selected Sub-degree: HNC/D or Certificate or Diploma of HE (**XQOBTN01** in 'C20','C30','J20','J26','J30').<br>• This definition covers qualifications obtained with **XQOBTN01** in: C20, C30 H00, H11, H16, H18, H22, H23, H50, I00, I11, I16 J20, J26, J30 M22, M26, M28.<br>• **XQLEV501** is a HESA derived field. |

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## Annex: SFC University Sector National Measures Template

1. We ask that institutions share their ambitions towards the above priorities over the 2020-21 academic session and provide milestones and aspirations for each of the national measures. A data template, populated with available data up to academic year 2018-19, will be sent to institutions on release of this guidance.

2. This table will be re-issued to institutions in January, updated to include available data for AY 2019-20. This will allow institutions to revise aspirations, if needs be. At this point, SFC will also issue a 'summary' version showing the sector's progress against the national measures.

3. SFC require institutions to submit both versions of their data with the final OA: the former for analysis of individual projections and for aggregation at sector level; and the latter which will be published as part of their final Outcome Agreements.

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Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

# Guidance for Interim Outcome Agreements for Colleges and Universities AY 2020-21 Annex C

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**SFC Guidance**

**Issue Date: 1 December 2020**

**Guidance for Interim Outcome Agreements for Colleges and Universities AY 2020-21**
**Annex C: College Technical Guidance on SFC's measures of progress**

Issue date: 1 December 2020

Reference: SFC/GD/25/2020

Summary: This guidance outlines the steps required to ensure an agreement is in place between SFC and each university, college or college region during this emergency period which captures, at a high level, contributions, impact and outcomes and provides assurance on use of allocated funding in AY 2020-21.

FAO: Principals and Chairs of Scotland's colleges and regional strategic bodies

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Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

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## Guidance for Interim Outcome Agreements for Colleges and Universities AY 2020-21

## Annex C: College Technical Guidance on SFC's measures of progress

### Introduction

1. This Technical Guidance provides the definitions for each of the measures listed in the *Outcome and Impact framework (AY 2020-21).*

2. This is an update to the previous Technical Guidance for 2020-21 issued in Summer 2019. This guidance reflects the priority measures of progress for the emergency COVID-19 pandemic period, restricting key measures for both the College and University sectors.

3. SFC has clearly indicated that we will not require targets for this emergency year, however we do expect institutions to commit to maintain, wherever possible, the institutional/regional/sectoral baselines as appropriate. SFC will issue a national measures table to each institution reflecting this condensed Outcome and Impact Framework with 2018-19 being the baseline year, where data are available.

4. SFC will, as a matter of course, continue to monitor all performance measures we currently have in addition to those identified as priority and will be happy to discuss areas of concern with institutions.

5. For each measure the document provides:

<table>
<tr><td colspan="3">Aim: The Scottish Funding Council's strategic aim under which this measure falls</td></tr>
<tr><td colspan="3">Measure: The number and description of the measure</td></tr>
<tr><td>Table:</td><td colspan="2">Provides an overview and coverage of the measure</td></tr>
<tr><td>Numerator</td><td colspan="2" rowspan="2">If the measure is a proportion these specify the numerators and denominators to be used in the calculation</td></tr>
<tr><td>Denominator</td></tr>
<tr><td>Data</td><td colspan="2">This provides further information on the data source used to calculate the measure.</td></tr>
<tr><td>Term</td><td>Definition / Description</td><td>Notes</td></tr>
<tr><td>A term used that requires further detail</td><td>A definition or description of the term</td><td>Further information on the term e.g. code list in FES guidance</td></tr>
</table>

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| Outcome Agreement measures of progress: Revised for 2020-21 Emergency Period | |
|---|---|
| Measure A | Credits delivered ( all) |
| Measure B | Volume and proportion of Credits delivered to learners in the most deprived 10% postcode areas (SIMD10) |
| Measure C | The volume and proportion of Credits delivered to care-experienced learners |
| Measure D | Number of senior phase age pupils studying vocational qualifications delivered by colleges |
| Measure E | Proportion of enrolled students successfully achieving a recognised qualification (FT & PT) |
| Measure F | The number and proportion of successful learners who have achieved HNC or HND qualifications articulating to degree level courses with advanced standing |
| Measure G | The number and proportion of full-time college qualifiers in work, training and/or further study 3-6 months after qualifying |
| Measure H | SSES Survey - The percentage of students Overall, satisfied with their college experience |

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## General Notes - Definition of the metrics used in the measures

### Credits

6. A credit gives a measure of the volume of activity delivered. One credit is equivalent to 40 hours of learning.

7. The eligibility criteria to determine whether credits can be claimed for a student and/or course is set out in the Credit Guidance: 2020-21 student activity data guidance for colleges.

### Enrolment

8. This figure is the number of student enrolments as recorded on the FES 2 return. A student enrolling on more than one course / programme will have more than one enrolment.

### Scottish Index of Multiple Deprivation

9. The Scottish Index of Multiple Deprivation (SIMD) is provided by the Scottish Government.

10. Postcode files linking postcodes to SIMD rank are available on the National Records of Scotland (NRS) website via NRS Postcode Extracts in the Geography web page.

11. Using the student postcode (FES field: pcode) a student is matched to a datazone and then to a SIMD rank. The ranks are divided into deciles.

12. Aspirations set from 2017-18 onwards will be based on SIMD 2016 and will follow the Scottish Government standard method of calculating deciles (rather than a separate SFC population weighted method). Whilst the Scottish Government have since released SIMD 2020, SFC will not be adopting this iteration of the SIMD until the 2021-22 academic year.

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13. Details on the SIMD 2016 ranks are detailed below:

| **Scottish Government – Deciles split the datazones into 10 groups, each containing 10% of Scotland's datazones** | | |
|---|---|---|
| | **SIMD2016 Rank** | |
| | **From** | **To** |
| 1 - 10% most deprived | 1 | 697 |
| 2 | 698 | 1,395 |
| 3 | 1,396 | 2,092 |
| 4 | 2,093 | 2,790 |
| 5 | 2,791 | 3,488 |
| 6 | 3,489 | 4,185 |
| 7 | 4,186 | 4,883 |
| 8 | 4,884 | 5,580 |
| 9 | 5,581 | 6,278 |
| 10 - 10 % least deprived | 6,279 | 6,976 |

14. Senior Phase Vocational Pathways (SPVP) Measure D looks at senior phase school pupils studying vocational qualifications and Foundation Apprenticeships, at SCQF Level 5 and above, delivered by colleges. Without taking away from this focus, a wider view of all SPVP activity will be reflected in analysis relating to these measures. This is intended to show the full picture of SPVP activity across the sector, specifically activity lower than SCQF level 5.

**FES Quarterly Return Deadlines 2020-21**

15. The deadlines for the quarterly data returns are as follows:

| | |
|---|---|
| Data Return 1 | 6 November 2020 |
| Data Return 2 | 5 February 2021 |
| Data Return 3 | 2 July 2021 |
| Data Return 4 | 1 October 2021 |

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## Measures

**A more equal society because learning is accessible and diverse, attracting and providing more equal opportunities for people of all ages, and from all communities and backgrounds**

| **Measure A** | **Credits delivered** |
|---|---|
| **Description** | The total volume of Credits delivered by the region.<br>Only students who are eligible for credits are included. |
| **Data** | FES Data |
| **Term** | **Definition / Description** |
| **Eligible for Credits** | Activity for which the course is eligible for Credits. |
| **Extracting data for measure** | Include all students where CREDITS GREATER THAN 0 |

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| Measure B | Volume and Proportion of Credits delivered to learners in the most deprived 10% postcode areas (SIMD10) | |
|---|---|---|
| **Description** | This measure reports on the volume of all activity measured as Credits, delivered to those Scottish-domiciled students from Scottish Index of Multiple Deprivation 10% most deprived datazones (SIMD10), and this volume as a proportion of the total Credits delivered.<br><br>Only students for whom Credits are claimed are included in Credit figure. | |
| **Numerator** | The volume of Credits delivered to students from SIMD10 | |
| **Denominator** | The total volume of Credits delivered by the Region | |
| **Data** | FES Data<br>National Records of Scotland (NRS) Mid-Year Population Estimates<br>Scottish Index of Multiple Deprivation | |
| **Term** | **Definition / Description** | **Notes** |
| **SIMD** | The 10% most deprived datazones, based on SIMD 2016 | See Scottish Index of Multiple Deprivation in General Notes |
| **Scottish-domiciled** | Scottish-domiciled students if the students home local authority, as derived using the postcode provided on FES 2 return, is in Scotland. Students with an invalid or missing postcode are included in the "No matching Scottish postcode" figure. | Postcode is valid AND derived home location (domicile of student) is in Scotland |
| **Extracting data for measure** | Include students where CREDITS GREATER THAN 0 AND postcode of home location is valid AND in SIMD 10% Most Deprived decile AND derived home location (domicile of student) is in: | |

| | | | |
|---|---|---|---|
| Aberdeen City | 100 | Midlothian | 290 |
| Aberdeenshire | 110 | Moray | 300 |
| Angus | 120 | North Ayrshire | 310 |
| Argyll & Bute | 130 | North Lanarkshire | 320 |
| Clackmannanshire | 150 | Orkney Islands | 330 |
| Dumfries and Galloway | 170 | Perth and Kinross | 340 |
| Dundee City | 180 | Renfrewshire | 350 |
| East Ayrshire | 190 | Scottish Borders | 355 |
| East Dunbartonshire | 200 | Shetland Islands | 360 |
| East Lothian | 210 | South Ayrshire | 370 |
| East Renfrewshire | 220 | South Lanarkshire | 380 |
| Edinburgh, City of | 230 | Stirling | 390 |
| Falkirk | 240 | West Dunbartonshire | 395 |
| Fife | 250 | West Lothian | 400 |
| Glasgow City | 260 | Na h-Eileanan (Western Isles or Outer Hebrides) | 235 |
| Highland | 270 | | |
| Inverclyde | 280 | | |

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| Measure C | Volume and Proportion of Credits delivered to care-experienced students | |
|---|---|---|
| **Description** | This measure reports on the volume of all activity measured as Credits, delivered to care-experienced learners), and this volume as a proportion of the total Credits delivered.<br><br>Only students for whom Credits are claimed are included in Credit figure. | |
| **Numerator** | The volume of Credits delivered to care-experienced learners. | |
| **Denominator** | The total volume of Credits delivered by the Region | |
| **Data** | FES Data | |
| **Term** | **Definition / Description** | **Notes** |
| **Care-experienced** | As coded in FES 2: Care-experienced student - code list Y Care-experienced (previously categorised as care leavers and looked after children). The term care-experienced refers to anyone who has been or is currently in care or from a looked-after background at any stage of their life, no matter how short, including adopted children who were previously looked-after. This care may have been provided in one of many different settings such as in residential care, foster care, kinship care or looked after at home with a supervision requirement. | |
| **Extracting data for measure** | Include students where CREDITS GREATER THAN 0 AND who fulfil the criteria for the Care-experienced category as stated in the FES Guidance. | |

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| Measure D | Number of senior phase age pupils studying vocational qualifications delivered by colleges | |
|---|---|---|
| **Description** | This measure reports on the total number of senior phase school pupils studying vocational qualifications and foundation apprenticeships delivered by colleges. | |
| **Measure** | Total number of students enrolled on these qualifications | |
| **Data** | FES Data | |
| **Term** | **Definition / Description** | |
| **SCQF** | There are 12 SCQF (Scottish Credit and Qualifications Framework) levels which provide an indication of the complexity of qualifications and learning programmes. Further details on how programmes are allocated an SCQF level can be found at the SCQF website.<br><br>Not all programmes offered by colleges are accredited with an SCQF level. | SCQF level recorded in FES2 - SCQF level |
| **Vocational Qualifications** | For the purposes of this measure, the following qualifications are defined as vocational:<br>• Higher National Qualifications (codes DC,DD)<br>• National Certificates (code 33)<br>• Scottish / National Vocational Qualifications (codes 28 & 31)<br>• SQA National Progression Awards (code 35)<br>• SQA Skills for Work Awards (code 36)<br>• Foundation Level Apprenticeship (code 40) | The 2019-20 FES 2 guidance contains an update to the Qualification Aim field (code list O) |
| **School Year** | S4<br>S5 (includes FT winter leavers)<br>S6 | As coded in FES 2 return: category of student - code list G |
| **Students** | Enrolment total includes all students returned on FES | |
| **Extracting data for measure** | Include all students where the SCQF level is 5 and above AND their school year is between S4 and S6 AND the qualification aim is one of the following vocational qualification: include winter leavers<br>Higher National Qualifications (codes DC,DD)<br>National Certificates (code 33)<br>Scottish / National Vocational Qualifications (codes 28 & 31)<br>SQA National Progression Awards (code 35)<br>SQA Skills for Work Awards (code 36)<br>Foundation Level Apprenticeship (code 40) | |

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| Measure E (a) | Proportion of enrolled students successfully achieving a recognised qualification (FT & PT) | |
|---|---|---|
| **Description** | The number of enrolments completed successfully for each category of duration of programme, for FE and HE as a proportion of the total number of enrolments (completed successful, completed partial success, further withdrawal, early withdrawal) for each category of duration of programme, for FE and HE. | |
| **Numerator** | The total number of enrolments completed successfully for each level of study and duration of programme. | |
| **Denominator** | The total number of enrolments for recognised qualifications for each level of study and duration of programme. | |
| **Data** | FES Data<br>Further information on the SFC Performance Indicators can be found on the Student and staff performance indicators for Scotland's further education colleges section of the SFC website. | |
| **Term** | **Definition / Description** | **Notes** |
| **Completed Successful** | The student has successfully completed the course year | Using the following codes in FES 2-Student record outcome:<br>"8" Completed programme / course, student assessed and successful<br>"18" Student has progressed to the next year and has achieved 70% of credits undertaken<br>"20" Student has achieved 70% of credits undertaken but has chosen not to progress to the next year<br>"22" Student completed first year of an HND but has chosen to leave with an HNC<br>"25" Student is on an interim year of a multi-year VQ programme and is on-track and is still participating in the college programme |
| **Total enrolments** | Completed Successful (see above ) + Partial success + Further withdrawal + Early Withdrawal<br>Partial success- The student completed the programme but did not gain the qualification<br>Further withdrawal- The student attended after the funding | Using the following codes in FES 2-Student record outcome:<br>**Partial success**<br>"7" Completed programme / course, student assessed but not successful<br>"17" Student has progressed to the next year but did not gain 70% of credits undertaken<br>**Further withdrawal**<br>"2" Withdrawn from programme / course and commenced employment<br>"3" Withdrawn from programme / course |

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| | qualifying date but withdrew from their studies before the programme ended<br>Early withdrawal- The student has withdrawn from the programme before the funding qualifying date | and now studying in an HEI<br>"4" Withdrawn from programme / course and destination unknown<br>"5" Transferred to another programme / course within the college<br>"10" Withdrawn from programme / course and now studying elsewhere (not an HEI) |
| **Recognised Qualification** | | Using the following code in FES 1 return:<br>All programmes not coded as Qualification Aim = "PB" |
| **Duration of programme** | Duration of programme in hours: for the purposes of OA reporting the hours of duration of programme are grouped as follows.<br>**Full-time**<br>**Part-time:**<br>320 hours but not full-time<br>160 to 320 hours<br>80 to 160 hours<br>40 to 80 hours<br>10 to 40 hours<br>under 10 hours | |
| **Higher Education (HE)**<br>**Further Education (FE)** | Advanced programme<br><br>Non-advanced programme | Coded in **FES 1 return: Advanced / Non-advanced programme** as:<br>Advanced (HE) = 1, non-advanced (FE) = 2 |
| **Extracting data for measure** | Information on the data required to construct the PIs is available in the College PI Technical Guidance available on the SFC website: | |

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| Measure F | **The number and proportion of successful learners who have achieved HNC or HND qualifications articulating to degree level courses with advanced standing** |
|---|---|
| **Description** | HN Scottish-domiciled student entry from Scotland's colleges to Scotland's HEIs: HN leaver analysis & HEI advanced standing summary table. |
| **Numerator** | The number of Scottish-domiciled HN entrants from college to undergraduate programmes with advanced standing. |
| **Denominator** | Scottish-domiciled HN leavers from college in previous year. |
| **Data** | National Articulation Database (compiled from data supplied via FES, HESA, SQA). Please see Annex 1 of the 'Articulation from Scottish Colleges to Scottish Universities 2017-18' report for data definitions. |
| **Term** | **Definition / Description** |
| **Advanced Standing** | Articulation with Advanced Standing is defined as a student gaining entry into second year of a degree with a Higher National Certificate (HNC) gained at college, or into third year with a Higher National Diploma (HND) gained at college in the previous three academic years. |
| **Extracting data for measure** | Data for this measure is derived from the National Articulation Database and is available from SFC on request. |

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| Measure G | The number and proportion of full-time college qualifiers in work, training and/or further study 3-6 months after qualifying | |
|---|---|---|
| **Description** | This measure reports on the number and proportion of full-time qualifiers (excluding senior phase school pupils) who are in positive destinations<br>3-6 months after they qualify. Separate figures are calculated for Further and Higher Education level course qualifiers. | |
| **Numerator** | Number students in a positive destination. | |
| **Denominator** | Number of student with confirmed destinations. | |
| **Data** | This data is returned on the College Leaver Destinations (CLD) return. Further details are available in the College Data Collections section of the SFC website. | |
| **Term** | **Definition / Description** | **Notes** |
| **Full-time** | Any student who undertakes 15 Credits or more, on a single course, in a single academic year (including spanning courses) should be considered full-time. In addition HNC students undertaking 12 Credits in a single year should also be considered full-time. | Coded in **FES 1 return: Mode of attendance of programme – code list G** and **FES 2: Mode of attendance of student – code list E** as:<br>“05” Short full-time,"17" - Full-Time and “18” previously met old full-time criteria |
| **Qualifier** | The student has successfully completed the course | Using the following codes in **FES 2-Student record outcome:**<br>"8" Completed programme / course, student assessed and successful or "22" Student completed first year of an HND but has chosen to leave with an HNC |
| **HE Level**<br><br>**FE Level** | Student was on an HE level programme<br>Student was on an FE level programme | Coded in **FES 1 return: Advanced / Non-advanced programme** as:<br>Advanced (HE) = 1, non-advanced (FE) = 2 |
| **Positive destination** | Destination is counted as a positive destination if "Primary Classification" as recorded on CLD return is in:<br>• Working full-time (including self-employed / freelance, voluntary or other unpaid work, developing a professional portfolio / creative practice or on an internship).<br>• Working part-time (including self-employed / freelance, voluntary or other unpaid work, developing a professional portfolio / creative practice or on an internship).<br>• Engaged in full-time further study, training or research. | |

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| | • Engaged in part-time further study, training or research.<br>• Due to start a job by 31 March (in following year). |
| **Confirmed destination** | Destination is counted as a confirmed destination if "Primary Classification" as recorded on CLD return is not "Unconfirmed" |

| **Measure H** | **SSES Survey - The percentage of students Overall, satisfied with their college experience** |
|---|---|
| **Description** | This measure reports on the proportion of students overall, satisfied with their college experience. |
| **Numerator** | Number of students that 'strongly agree' or 'agree' that they are; Overall, satisfied with their college experience. |
| **Denominator** | Total number of responses. |
| **Data** | This data is returned on the College Student Satisfaction and Engagement Survey (SSES) return. Further details are available in the latest SSES Guidance on the SFC website. |

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**Annex**

## SFC College Sector National Measures Template

1. We ask that institutions share their ambitions towards the above priorities over the 2020-21 academic session and provide milestones and aspirations for each of the national measures. A data template, populated with available data up to academic year 2018-19, will be sent to institutions on release of this guidance.

2. This table will be re-issued to institutions in January, updated to include available data for AY 2019-20. This will allow institutions to revise aspirations, if needs be. At this point, SFC will also issue a 'summary' version showing the sector's progress against the national measures.

3. SFC require institutions to submit both versions of their data with the final OA: the former for analysis of individual projections and for aggregation at sector level; and the latter which will be published as part of their final Outcome Agreements.

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Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

**01 December 2020**

**Dear Principal**

**Guidance on steps to complete the Outcome Agreement cycle for AY2020-21**

I am writing to provide you with an update and further reassurance on the steps we will take to complete the Outcome Agreement cycle for AY2020-21, and the associated deadlines. This follows the publication in October of our report from Phase One of the SFC Review of Coherent Provision and Sustainability.

***Revised submission date for interim Outcome Agreements***

We have taken account of the significant developments over the last few weeks, including the First Minster's announcement of a move to Tier 4 in eleven council areas, recognising the additional pressures that this places on you and your staff. As a result, we have reviewed the previous deadlines set for Interim Outcome Agreements and Self Evaluation Reports, revising the submission dates for these to end of January 2021.

The Interim Outcome Agreement Guidance is issued alongside this letter and confirms the revised deadlines. As always, SFC Outcome Agreement Managers are committed to providing ongoing support to you and your senior colleagues as you complete the process for AY2020-21.

In revisiting these deadlines, we have worked closely with colleges and universities to understand the current challenges and constraints across learning, teaching and research during the ongoing emergency period.

We are grateful to all colleagues who have engaged with us and are aware of the level of commitment and resource that has been required to continue to adapt to the current operating environment and protect the safety and well-being of students and staff.

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As we go forward, know that we greatly appreciate your engagement on priority issues, to help ensure we can continue to respond – together – to the challenges and opportunities facing our education and skills system.

I trust that this information is useful. Please do continue to communicate regularly and share any concerns or issues with us at the earliest point.

Once again, thank you for everything you are doing to support students, staff and our communities in these challenging times. Thank you also for the important work which is underway within our colleges and universities to make a firm commitment – and an impressive contribution – to Scotland's future economic recovery.

**James Dunphy**
Director of Access, Learning and Outcomes

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## Rapid Impact Assessment

A Rapid Impact Assessment should be a first step in the policy/strategy making process. It directs the development of the action required and shapes the assessment areas. If the policymaking team do not know the answers, further evidence and insight should be sought. **If** an organisation does not have established links to representative of faith groups, or organisations that advocate on behalf of different groups sharing a protected characteristic **it should** a) take steps to create such a network and b) access networks and sources of evidence and insight used by other public bodies.

**Interim Outcome Agreements for AY2020-21 based on SFC Outcomes and Impact Framework**

**Which protected characteristic groups will be affected by this strategy/aim/outcome/policy?**

This strategic guidance could affect all groups below, and specifically looks to promote outcomes for groups listed. We will ensure all institutions have equality impact assessed their Outcome Agreement and have a commitment to advance equality and diversity in relation to specific outcomes where appropriate.

Our Interim Guidance sets out the SFC's strategic priorities and ambitions for the sector, links to our Strategic Framework and Scottish Government priorities. We are mindful of the intersect between policies and priorities, and will monitor their impact to ensure there are no unintended consequences.

This strategic guidance pulls together policy priorities from across the SFC, which have undergone separate EIA assessments and this EIA represents the aggregation of these assessments. Any new policies have an early review date, and all existing policies have regular reviews as standard practice.

- Minority ethnic people (Including gypsy/traveller, refugee, showpeople, asylum seekers, individual ethnicties grouped within BME).
- Women & Men.
- Transgender, Non-Binary.
- Members of different religious/faith groups (Diet / days of worship / physical contact/dress).
- Disabled people (physical/mental health, neurodiversity, long term conditions: Cancer/Crohns/MS/Rheumotoid Arthritis etc).
- Older people/younger people/children.
- Lesbian, Gay, Bisexual , …

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| • SIMD 20.<br>• Homeless.<br>• Care-experienced.<br>• Estranged students.<br>• People involved /previously involved in criminal justice system.<br>• Academic staff.<br>• Support staff.<br>• Management staff .<br>• International staff.<br><br>Any other groups? | |
| The strategic guidance looks to positively impact the areas below and address any inequalities in outcomes and experience by protected characteristics.<br><br>• Access to education.<br>• Attainment.<br>• Positive destinations.<br>• Health & Wellbeing.<br>• Promotion / Development.<br>• Research activity. | **What positive impacts will there be?**<br>Improved access to education, rates of attainment and positive destinations.<br><br>**What negative impacts will there be?**<br>None<br><br>**Which groups will be affected?**<br>Potential for all groups above as listed. |
| **Will the activity have an impact on the social environment? Yes**<br><br>• Social status.<br>• Income.<br>• Social/family support & networks.<br>• Stress / health / wellbeing.<br>• Employment.<br>• Work placements.<br>• Volunteering. | The strategic guidance directs institutions to consider how they can increase participation levels of disadvantaged groups and under-represented groups by protected characteristic.<br><br>While on their programmes the guidance directs institutions to support the student experience and progression of staff and students, including increasing work placements, support for health and wellbeing. The same issues around health and well-being also apply to staff. |
| **Will the proposal have any impact on:**<br><br>**Discrimination?** Yes | **Here we should think about how our awareness raising / messaging could impact on these key areas.** |

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| **Equality of opportunity** Yes<br><br>**Relations between groups?** Yes | There is also an expectation that action is taken to improve management information (protected characteristic data) with regard to equalities priorities (eg mental health and gender based violence). |
| **Will the proposal have an impact on the physical environment, for example will there be impacts on:**<br><br>• **Living conditions? Yes**<br>• **Working conditions? Yes**<br>• **Study space? Yes**<br>• **Pollution/climate change? Yes**<br>• **Public safety? Yes** | **Here we can think about how our work links to other strategic objectives or policy areas. (These may not be the main driver for our policy/strategy)**<br><br>The guidance links to other policies SFC is promoting including Public Health, Fair Work and Climate Change. |
| **Will the proposal affect access to and experience of services? Yes**<br><br>• Health care<br>• Transport<br>• Social Services<br>• Housing services<br>• Helplines – eg Rape crisis / Citizens advice<br>• Justice<br>• Faith<br><br>**Will the current provision of services affect your planned activity, e.g. infrequent bus service, health care information only available in English?** | **Here we want to identify external factors that might inhibit or support our policy.**<br><br>SFC is working with partners to support our guidance, including Universities and Colleges, Universities Scotland, Colleges Scotland, Students Associations, third sector bodies and staff unions. |

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