Ayrshire College

Board of Management Report and Financial Statements

For the year ended 31 July 2021

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PERFORMANCE REPORT

Principal's Statement on Ayrshire College's Performance 2020-21

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

Over the last year, the collective talent and commitment of its students, staff and partners has enabled the College to continue to deliver its curriculum and support services despite the severe disruption to learning caused by the ongoing COVID-19 pandemic.

Investment in digital resources supported students to learn remotely in 2020-21. Continued investment in the College's infrastructure supported innovative practice across all curriculum and service teams.

The College engaged positively with individuals, communities and employers across Ayrshire in 2020-21 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 2021.

This Performance Report provides a detailed summary of the performance of the College during 2020-21 and how it measures and monitors its performance. The Report also includes the strategic issues and risks facing the College.

Legal Status

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

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

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

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

Ayrshire College Statement of Ambition 2030

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

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

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

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

Over the next three years Ayrshire College will:

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

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

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

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

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

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

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

The Refresh and Renew Plan provides the context for ambitions set out in other strategic documents, such as the updated Learning and Teaching Strategy 2021-24. The Refresh and Renew Plan also provides the overarching framework for the College's Outcome Agreement for 2020-21 agreed with the Scottish Funding Council (SFC).

SFC Outcome Agreement

In 2020-21, the College agreed an Outcome Agreement with the Scottish Funding Council for the period 2020-21. This Outcome Agreement focuses on the following three outcomes:

- Outcomes for students
- Outcomes for Economic Recovery and Social Renewal
- Responsive and Collaborative.

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

Performance of Ayrshire College in 2020-21

The College reviews its portfolio of courses on an annual basis. It is an evidence-based approach which uses national and regional labour market information. Courses no longer in demand, not achieving success or not related to skills are removed from the Curriculum Delivery Plan (CDP) for the following academic year. This annual process ensures that the College's portfolio of courses is aligned to national, regional and local policy objectives. The effectiveness of the College's curriculum planning arrangements can be evidenced by an internal audit conducted during 2020-21. The internal audit of the College's Curriculum Development Planning processes provided substantial assurance on the existing arrangements (the highest assurance rating) and identified no areas for improvement.

The College's progress on improving outcomes for students, against SFC priorities, was significantly impacted by the severe disruption to learning as a consequence of COVID-19. The College's strategic focus on reducing withdrawals and increasing success, during 2020-21 continued, but the impact of COVID-19 meant that achieving national ambitions for FE programmes, in particular, was undermined.

In 2020-21, the College exceeded the core activity target set by the SFC and delivered 125,463 credits (target 124,877 credits). This is the fifth 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 20-21, 58.2% of FE full-time students (2019-20 63.8%) and 71.7% of HE full-time students (2019-20 68.9%) completed their courses with a successful outcome.

Performance, with reference to successfully completed FE full-time programmes, has declined by 5.6%. This area of concern, which is the biggest single factor contributing to the decline in successful outcome rates, is further withdrawal which doubled to 24.3% - the highest that it has ever been in Ayrshire College. This corresponds with the evidence to suggest that Ayrshire College FE students struggled with the severe disruption to learning during Academic Year (AY) 2020-21 and the lack of opportunities for face-to-face learning. Although sector performance indicators are as yet are unavailable, Education Scotland's Remote Learning in Scotland's Colleges suggests that this will be reflected across the wider College sector.

Performance, with reference to successfully completed HE full-time programmes increased by 2.9%. At 71.6%, this is the first time that Ayrshire College has reported success above 70%. This is perhaps reflective of evidence to suggest that HE learners coped more successfully with the disruption to learning which resulted in the majority of learning being delivered remotely in AY 2020-21.

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

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

The College supports a high number of students living in the 10% most deprived postcode areas. In AY 2020-21, the volume of credits delivered to the 10% most deprived was 22,755 credits - 18.2% of the total delivery. The College aims to ensure that the percentage of students living in the 10% most deprived postcode areas is representative of the Ayrshire region in line with national targets.

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

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

SFC has set ambitious and stretching targets for all of Scotland's colleges to deliver successful outcomes for care experienced students, aiming for parity with their peers by 2020-21. In 2020-21, Ayrshire College had 638 care experienced students, with 62.7% (2019-20 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 2020-21 there has been a significant increase in the number of students declaring

a disability. In 2020-21 63.3% (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 2020-21, the College continued to invest significant time, working remotely, in enhancing existing private, public and third sector partnerships, as well as developing new ones. The College's partnership approach with universities also allows its students to gain access to degree programmes with advanced standing.

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

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

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

The College continues on its journey of improvement in 2021-22 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

The College's Campus Operations Steering group (COSG), originally set up to oversee the safe and effective reopening of Ayrshire College campuses in the summer of 2020, continued to meet regularly throughout AY 2020-21. The Steering Group, chaired by the Principal, includes the College's Senior Leadership Team, the Head of Health, Safety and Wellbeing, the Head of ICT, the Head of Marketing, Ayrshire College Student Association President and Vice-President, and representatives from the College's two recognised trade unions - EIS-FELA and Unison. This has ensured a partnership approach to resuming on-campus activities safely and effectively and in reviewing activities in line with the latest Scottish Government and Public Health guidance.

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 includes the most financially disadvantaged out of all the College's student cohort. 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.

Students studying with the College during AY 2020-21 faced significant disruption to their learning. The commencement of AY 2020-21 full-time programmes was delayed until 22 September 2020. This was in order to prioritise engagement with significant numbers of deferred students from AY 2019-20. The delayed start to the term also allowed for sufficient time for the required health and safety measures, which had come to the sector over the summer holiday period, to be implemented.

Students unfortunately only had four weeks of on-campus learning before the country moved to level three restrictions on 26 October 2020 which severely restricted student numbers on campus. Thereafter, From 23 November 2020, the College operated under level four restrictions which meant a very small number

of students could be on campus where their attendance was critical and where assessment could not be delayed.

All learning, teaching and assessment was moved completely online from 21 December 2020 (covering the second national lockdown period) until a phased return to campus, from 16 February 2021, for students in employment where the security of their employment and/or salary was contingent upon them gaining a qualification.

The vast majority of students continued to study exclusively online until 17 May 2021 when Ayrshire moved to level two of the Strategic Framework and colleges were asked to operate a blended learning delivery model. The move to level two meant that more students could return to campus and course teams were asked to make a judgement on the necessity for students to return based on the overriding principle of supporting as many as possible to successfully conclude their studies in AY 2020-21.

The College continued to work 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.

A number of activities were planned over the summer period to either facilitate completion of qualifications or to provide experiences that students would have ordinarily undertaken throughout a normal academic year. Examples include students undertaking a summer placement programme in the College's salon, a hospitality summer placement programme in the College's training restaurants, a supported learning summer transition programme and an early learning and childcare outdoor forest kindergarten placement experience.

Despite the challenges and significant disruption to learning, the vast majority of students who remained on courses were supported to successfully conclude their studies.

In preparation for the return of staff and students, the College implemented baseline measures 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 wearing of face coverings. These measures remained in place throughout AY 2020-21. In addition, lateral flow testing kits are available to staff and students and they are encouraged to undertake testing twice weekly. Drop-in vaccination clinics have taken place on all three campuses.

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 (£634,000) before non-recurring items. The deficit represents an adverse figure of (1%) of overall trading income. This compares to a deficit before non-recurring items in 2019-20 of (£1,557,000). After recording net non-recurring costs amounting to £467,000, the final deficit was (£1,101,000) for 2020-21. This is compared to a 2019-20 deficit of (£1,567,000).

The College, at July 2021, has £77,501,000 of net assets (excluding a pension liability of £20,543,000). At July 2020 the College had £48,207,000 of net assets (excluding a pension liability of £27,344,000). 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 2020-21, SFC provided 88.7% of the College's total operational revenue income (2019-20, 86.5%). Excluding specific funding to support the Unitary Charge for the NPD contract for the Kilmarnock campus, SFC revenue income totalled 79.4% of total income (2019-20 77.2%).

The cash balance of £8,201,000 shown in the Balance Sheet includes £3,617,000 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 2021 was £4,584,000.

The College received additional sustainability funding from SFC to compensate for the financial impact of COVID-19. The majority of this related to lost catering and trading income of c.£725,698. The College also claimed £380,357 from the Coronavirus Job Retention Scheme. In addition, to address the loss of projected income streams the College had to identify additional spend requirements to enable ongoing service delivery whilst supporting staff and students. This included purchasing essential PPE, deep cleaning products, and ICT equipment. It also included additional spend required to configure college estates to support social distancing and to protect staff and students. The mitigating actions to offset the loss of income and to enable additional spend due to COVID-19 were overseen at a strategic level by the Campus Operations Steering Group.

Statement of Comprehensive Income

The statement of comprehensive income shows a total deficit for the year to 31 July 2021 of £(1,101,000). This is compared to a deficit in 2019-20 of £(1,567,000).

There was one area of non-recurring expenditure which impacted the deficit in 2020-21. 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 £(634,000) and non-recurring items £(467,000).

- o   Recurring Items

The College recorded a deficit of £(634,000) which represents an adverse figure of approximately (1%) of overall trading income.

The recorded deficit of £(634,000) in 2020-21 comprises of the following elements:

• Operating position- surplus	£3,733,000
• Non-Government Capital Grant	£67,000
• FRS102- NPD/ PFI Capital income	£2,055,000
• Net Depreciation charge	£(2,835,000)
• FRS 102- Pension	£(3,654,000)

- o   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 deficit of £(467,000) in 2020-21 comprised the following elements:

• Exceptional restructuring costs	£467,000

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).

Table 1 – Adjusted operating position 2019-20 and 2020-21 – Detailing Recurring and Non-recurring Items for 2020-21

	Recurring £000	Non-recurring £000	2020-21 £000	2019-20 £000
Surplus /(deficit) after other gains and losses	(615)	(467)	(1,082)	(1,567)
(Loss) / gain on sale	(19)	-	(19)	-
Surplus / (deficit) before other gains and losses	**(634)**	**(467)**	**(1,101)**	**(1,567)**
Add back:				
Provision released			-	-
Depreciation (net of deferred capital grant release)	2,835		2,835	2,759
Exceptional non-restructuring costs (e.g. impairment	-		-	-
Non-cash pension adjustments	3,654		3,654	3,245
Donation to Arms-length Foundation	-		-	
Provision per 1 April 2014				
Deduct:				
Non-Government capital grants (e.g. ALF capital grant)	(67)		(67)	(209)
Exceptional income	-		-	-
Revenue funding allocated to loan repayments (NPD)	(1,355)		(1,355)	(1,280)
Additional revenue funding allocated by SFC	(700)		(700)	(700)
Sub-Total Revenue	**3,733**	**(467)**	**3,266**	**2,248**
Retention of sale proceeds to fund PFI Capital and Interest payments			-	-
CBP allocated to PFI loan repayments			(867)	(867)
Early retirees			(87)	(87)
Adjusted operating surplus / (deficit)			**2,312**	**1,294**

Underlying operating position 2019-20 and 2020-21

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

Table 2 – Adjusted operating position 2019-20 and 2020-21

	Note	2020-21 £000	2019-20 £000
Surplus (deficit) before other gains and losses		(1,101)	(1,567)
Add back:			
Depreciation (net of deferred capital grant release)		2,835	2,759
Exceptional non-restructuring costs (e.g. impairment)		-	-
Pension adjustments – Net Service cost		3,206	2,669
Pension adjustments – Net Interest cost		405	292
Pension adjustments – Early Retirement Provision		43	284
Retention of sale proceeds to fund PFI capital and interest payments		-	-
Provision released		-	-
Deduct:			
Non-Government capital grants (e.g. ALF capital grant)		(67)	(209)
CBP allocated to loan repayments and other capital items		(954)	(954)
NPD Income applied to reduce NPD Balance Sheet debt		(1,355)	(1,280)
Additional revenue funding allocated by SFC		(700)	(700)
Adjusted operating surplus / (deficit)		**2,312**	**1,294**

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 2019-20 and 2020-21

	2020-21 £000	2019-20 £000
Revenue		
Student support	-	-
2015-16 pay award	370	370
Other (give detail)	-	-
Total impact on operating position	**370**	**370**
Capital		
Loan repayments (PFI capital payment)	867	867
Early Retirees	87	87
Total Capital	**954**	**954**
Total cash budget for priorities spend	**1,324**	**1,324**

Reserves

The deficit brought forward on the income and expenditure reserve at 1 August 2020 was £(12,585,000). After the deficit for the year before non-recurring items of (£634,000), the non-recurring items noted above of £(467,000), 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 2021 is £(2,348,000).

<u>Capital Additions</u>

Tangible Fixed Asset additions in 2020-21 amounted to £626,000. This expenditure on the buildings of £8,000 relates mainly to small capital works. In addition, there was expenditure of £618,000 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	2020-21	2019-20
1	Recurring (Deficit)/Surplus as % of total trading income	(1.2%)	(3.0%)
2	Non SFC Income as % of Total Income	11.3%	14%
3	Credit activity target set by SFC for year to July 2021	124,877	124,943
4	Credit activity achieved in year to July 2021	125,463	125,751
5	Activity achieved against target	100.5%	100.6%
6	Current Assets: Current Liabilities	1.21:1	0.9:1
7	Gearing/debt	Nil	Nil
8	Days of recurring expenditure represented by period end cash	34	11

Treasury Management Policies and Objectives

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

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

Cash Flows

The College had a net increase in cash in 2020-21 of £4,289,000. 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. The College's main campuses are located in Ayr, Kilwinning and Kilmarnock. Other campuses are used to support specialist curriculum provision, such as the Nethermains Campus in Kilwinning which focuses on STEM curriculum.

Estates Development

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

Staff Report

In the 2020-21 staffing return to the SFC, it was reported that the College employed 707 full-time equivalent employees, of whom 428 were curriculum staff and 279 were service staff. This equates to a headcount of 884, comprising 553 female and 331 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 2020-21 for both curriculum and service staff.

Local Joint Negotiation Committees (LJNC) continued to be held during 2020-21 with both EIS-FELA and Unison.

Stakeholder Relationships

Ayrshire College has many stakeholders. These include:

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

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

Staff Involvement and Participation

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

Staff Development

A range of CPD activities took place during the 2020-21 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:

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

Equality and Inclusion

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

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

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

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

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

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

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

Ayrshire College is continuing to make good progress in mainstreaming equality. The College is able to demonstrate this by giving examples across six focus areas of the College. These six focus areas are as follows:

- Strategic vision, approach and governance arrangements
- Curriculum content and / or design
- Raising awareness
- Supporting student success
- Supporting staff success
- Partnership working.

Further information on the College's progress in mainstreaming equality, inclusion and diversity and its equality outcomes is set out in its Mainstreaming Equality 2019-2021 and Equality Outcomes 2021-2025 Report. This report is available on the College's website and can also be accessed through the following link:

Mainstreaming Equality 2019-2021 and Equality Outcomes 2021-2025 Report (ayrshire.ac.uk)

The College is already beginning to achieve actions set out in its Equality Outcomes 2021-2025 including the implementation of new online reporting tool, Report + Support, from October 2021. Report + Support is an alternative way in which College students and staff can report, including anonymously, an incident related to, for example, hate crime, racism, and gender-based violence. Moreover, a new 'Equality Matters' section on the College's Staff Learning Portal, with e-learning modules across all protected characteristics as well as on gender-based violence, has been launched to support staff knowledge and contribute to the further development of a safe and inclusive learning and working environment. The College has also introduced a new hate crime pledge this academic year 2021-2022 to underline its commitment and at present is working on a #WeAreAyrshire campaign to promote inclusion and celebrate the diversity of its students and staff.

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 2020-21 to promote the College's culture of health, safety and wellbeing. These developments built on the strong foundation of work undertaken by the College in prior years. The health, safety and wellbeing work of the College was adapted to ensure continued support to staff and students who were working and studying remotely. In addition, the College's Health, Safety and Wellbeing Team led on a range of initiatives to support staff and student mental health during the pandemic. For example, the College hosted wellbeing cafes and online sessions, promoted a range of online classes and online support material, as well a walking programme. For this last initiative the College was as shortlisted in the Scottish Walking Award, Walking Champion in Education, category.

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.

During 2020-21 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, particularly in relation to Covid-19. For example, lateral flow device testing kits were made available to all staff and students from May 2021. The initial uptake was positive in comparison to other Colleges in the sector. The Head of Health, Safety and Wellbeing also worked with NHS Ayrshire & Arran to arrange on-campus vaccination clinics where 248 staff and students attended over the first two weeks of academic year 21/22.

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

Student Involvement

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

Disclosure of Information to Auditors

The members of the Board of Management confirm that, so far as they are aware, there is no relevant audit information of which the College's auditors are unaware; 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

ACCOUNTABILITY REPORT

Corporate Governance Report

Statement of Board of Management's Responsibilities

Remuneration and Staff Report

CORPORATE GOVERNANCE REPORT

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

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

In the opinion of the Board of Management, the College has complied with the Scottish Public Finance Manual (SPFM) throughout the year ended 31 July 2021. 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 2021.

Board of Management

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

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

The Board of Management meets on a quarterly basis but may hold additional meetings as needs demand. Meeting papers and confirmed minutes of all Board of Management meetings, and the meetings of the Board's committees are available from the 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 2021 (Table 5).

Table 5 – Serving Board Members 2020-21

Board Member	Committees Served	Status of Appointment	Date of Appointment	Date of Resignation
Willie Mackie	• Business, Resources & Infrastructure • Performance, Review & Remuneration • Search & Nomination	Chair of Ayrshire College BOM Chair of Ayrshire Regional College BOM	01.08.13 03.03.14 Reappointed 03.03.18	
Elaine Anderson	• Learning & Teaching • Audit and Risk	Non-Executive Board Member	01.08.19	
Margaret Bryan	• Audit and Risk • Learning & Teaching	Non-Executive Board Member	01.08.16	24.09.20 (completed period of appointment)
Beth Clelland	• Learning & Teaching • Business, Resources & Infrastructure	Non-Executive Board Member	07.09.20	
Scott Cooley	• Business, Resources & Infrastructure	Non-Executive Board Member	01.08.19	
Steven Fegan	• Learning & Teaching • Business, Resources & Infrastructure	Elected Support Staff	25.09.20	
Stephen Graham	• Learning & Teaching • Audit and Risk	Non-Executive Board Member	01.08.19	
Lauren Howieson	• Learning & Teaching • Business Resources & Infrastructure	Elected Student Member	01.08.19	31.07.21 (completed period of appointment)
Mary McClung	• Learning & Teaching • Business Resources & Infrastructure	Non-Executive Board Member	01.08.19	
Janette Moore	• Learning & Teaching • Business Resources & Infrastructure	Elected Curriculum staff	05.10.20	
Fiona McQueen	• Business, Resources & Infrastructure • Learning and Teaching • Performance Review & Remuneration • Search & Nomination	Non-Executive Board Member	01.08.18	
Hazel Murphy	• Audit and Risk • Business, Resources & Infrastructure	Non-Executive Board Member	01.08.18	31.07.21
Steven Oliver	• Learning and Teaching	Elected Student Member	01.08.20	31.07.21 (completed period of appointment)
Sathish Srinivasan	• Learning & Teaching • Business Resources & Infrastructure	Non-Executive Board Member	07.09.20	22.05.21
Michael Stewart	• Learning & Teaching • Business Resources & Infrastructure	Non-Executive Board Member	01.08.19	
Alison Sutherland	• Learning and Teaching • Audit and Risk	Non-Executive Member	01.08.19	
Carol Turnbull	• Business, Resources & Infrastructure • Learning and Teaching	Principal Ex-Officio	01.03.19	

Board Member	Committees Served	Status of Appointment	Date of Appointment	Date of Resignation
Alan Walker	• Learning and Teaching • Business, Resources & Infrastructure • Performance, Review & Remuneration • Search & Nomination	Non-Executive Board Member	01.08.14 Reappointed from 01.08.17	24.09.20 (completed period of appointment)
Steven Wallace	• Learning & Teaching • Business, Resources & Infrastructure • Performance, Review & Remuneration • Search & Nomination	Non-Executive Board Member	01.08.18	
Matthew Wilson	• Learning & Teaching • Audit and Risk	Non-Executive Board Member	07.09.20	

Table 6 details the number of Board of Management meetings that took place during the individual members' time as a board member during 2020-21 and how many of these meetings that they were able to attend.

Table 6 – Board Members Attendance 2020-21

Board Member	Board Meetings held during appointment period	Board Meetings attended
Willie Mackie	4	4
Elaine Anderson	4	4
Beth Clelland	4	4
Margarette Bryan	1	1
Scott Cooley	4	2
Steven Fegan	4	3
Stephen Graham	4	4
Lauren Howieson	4	4
Mary McClung	4	4
Janette Moore	3	2
Fiona McQueen	4	3
Hazel Murphy	4	3
Steven Oliver	4	2
Sathish Srinivasan	3	1
Michael Stewart	4	4
Alison Sutherland	4	4
Carol Turnbull	4	4
Alan Walker	4	1
Steven Wallace	4	4
Matthew Wilson	4	4

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 2020-21 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 out with the non-executive category. These are the Chair (appointed by Scottish Ministers), the Principal (ex-officio), two elected student members and two elected staff members. These members are also expected to exercise impartiality of judgement and be free from any external influence or relationship that could materially interfere with the exercise of their independent judgement as board members.

Register of Interests

The 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's website.

Appointments to the Board of Management

The Board of Management consists of not less than 15, but not more than 18 persons, of which not less than half shall be drawn from persons engaged in industrial, commercial or employment matters or from the professions or persons with an interest in and the ability to contribute to the management of the College. This is in line with the provisions of The Post-16 Education (Scotland) Act 2013. The other Board members include the Board Chair, who is appointed by the Scottish Government, the Principal, a curriculum/teaching staff member, a support/service staff member and two student members.

Any new appointments to the Board of Management are a matter for the consideration of the Board of Management as a whole. As such, there is a Search and Nomination Committee that is responsible for the selection and nomination of any new non-executive member for the Board of Management's consideration. The Search and Nomination Committee is also responsible on behalf of the Board for the process leading to the Appointment of the College Principal. The Board of Management has an induction programme in place and Board development activities were held during 2020-21.

Audit and Risk Committee

The Audit and Risk Committee consists of non-executive members from the Board of Management. The Chair of the Board of Management and Principal are not members of the Audit and Risk Committee. This Committee's responsibilities are to oversee the external and internal audit of the College and provide assurance to the Board that the requirements of the Code of Audit Practice published by Audit Scotland are observed. The Audit and Risk Committee has 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 Assistant Principals, 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.

Personal data-related incidents

SFC requires colleges to outline any significant lapses of data security that take place during the year. During 2020-21 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 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 and Risk Committee also receive regular reports from Internal Audit which include recommendations for improvement.

The College recognised that the actions required to be taken to mitigate the risks of COVID-19 have now become part of the new normal. Therefore, the College reverted its risk management arrangements to the system in place prior to the COVID-19 lockdown. This means risk extracts are created for the Board of Management, the Business, Resources and Infrastructure Committee and the Learning and Teaching Committee

On behalf of the Board of Management, the Audit and Risk Committee reviews the Board's risk management position and considers the arrangements to mitigate the 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 College Risk Register at the end of 2020-21 identified 15 strategic risks. The classification of these risks was as follows:

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

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. In addition, the College's Campus Operations Steering Group continued to oversee the College's response to COVID-19.

Brexit Risk Management

When considering its principal risks and uncertainties Ayrshire College recognised that there are specific risks arising from Brexit. Prior to the United Kingdom exiting the European Union the College had therefore established a separate Brexit risk register, setting out the specific risks arising from Brexit and the steps being taken to mitigate those risks within one overarching risk.

Ayrshire College recognises the uncertainty continues to surround the Brexit process. The risks and full impact of Brexit therefore cannot yet be quantified. To ensure appropriate oversight of the risks and impact of Brexit the College has established a Brexit Working Group. This Group is chaired by a member of the College's Strategic Leadership Team and includes senior staff from curriculum and service areas. The Group is responsible for ensuring the College continues to have strong planning and monitoring systems

in place to ensure it can respond effectively to changes in Brexit policies, legislation, and changes in local circumstances and local needs.

STATEMENT OF INTERNAL CONTROL

Scope of Responsibility

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

Purpose of the System of Internal Control

The College's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on ongoing processes designed to identify and prioritise the risks to the achievement of the College's policies, aims and objectives, to evaluate the likelihood of these risks being realised and the impact should they be realised, and to manage them effectively and economically.

Capacity to Handle Risk

The Board of Management has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. These key risks are identified and addressed within the risk register maintained by the College.

The Internal Control Framework

The College's system of internal control was in place for the duration of 2020-21 and continues to remain in place up to, and beyond, the date of approval of the College's financial statements. The College's internal control system is based on a framework of regular management information, administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

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

- Setting targets to measure financial and other performance.

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

The College's Internal Auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to Management and the Audit and Risk Committee.

Management is responsible for the implementation of agreed audit recommendations and the College's Internal Auditors undertake periodic follow-up reviews to ensure that such recommendations have been implemented. The Audit and Risk Committee considers detailed reports together with recommendations for the improvement of the College's systems of internal control and management's responses and implementation plans. It also receives and considers reports from SFC and other key agencies as they affect the College's business and monitors adherence to the regulatory requirements. No significant weaknesses were identified in the College's internal control framework during 2020-21.

Review of Effectiveness

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

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

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

Going Concern

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. For example, 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 also 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 2021-22.

After making appropriate enquiries, the Board of Management considers that the College has adequate resources to continue operations for AY 2021-22. 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 2020-21, particularly in the areas of corporate governance, engagement with students, and strategic partnership working in response to the on-going impact of the COVID-19 pandemic. The College's continued response to the pandemic, supported by the findings of relevant internal audit reports, demonstrates the robustness of its business continuity planning arrangements, the resilience of staff and students and the College's commitment to providing the best quality service to its learners and support to its staff.

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

W Mackie   *C Turnbull*
Chair   **Principal**

STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITIES

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

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

The Board of Management is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and 2005, the Statement of Recommended Practice on Accounting for Further and Higher Education, the 2018-19 Government Financial Reporting Manual (FReM) and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between SFC and the College's Board of Management, the Board of Management, through its designated office holder, is required to prepare financial statements for each financial period which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that period.

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

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

- Select suitable accounting policies and apply them consistently;

- Make judgements and estimates that are reasonable and prudent;

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

- Prepare financial statements on the going concern basis, unless it is inappropriate to presume that the College will continue in operation.

The Board of Management is satisfied that it has adequate resources to continue in operation for the foreseeable future and for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board of Management has taken reasonable steps to:

- Ensure that funds from the SFC are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;

- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;

- Safeguard the assets of the College and prevent and detect fraud;

- Secure the economical, efficient, and effective management of the College's resources and expenditure.

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

- Clear definitions of the responsibilities of, and the authority delegated to, managers across the College

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

- Regular reviews of key performance indicators and business risks and monthly reviews of financial results involving variance reporting and updates of forecast outturns

- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Management

- Comprehensive financial regulations, detailing financial controls and procedures, approved by the Business Resources and Infrastructure Committee, Audit and Risk Committee, and the Board of Management

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

REMUNERATION AND STAFF REPORT

Remuneration Policy

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

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

The remuneration of the Chair is set by Scottish Ministers as detailed in Note 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 Assistant Principals. The Committee takes account of any advice given by the SFC in the remuneration of the Principal and SLT, and takes account of any guidelines issued by the Scottish Government and/or UK Treasury. The Committee reports to the Board of Management on remuneration for senior staff.

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

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

Senior Management Remuneration Including Salary and Pension Costs

Salary Entitlements

In this section of the report the College has set out, in bands of £5,000, the remuneration of the College's executive management during 2020-21 (Table 7).

Table 7 – Remuneration of Senior Management 2020-21

Name	12 months ended 31 July 2021			12 months ended 31 July 2020		
	Salary* £000	Pension benefit £000	Total £000	Salary* £000	Pension benefit £000	Total £000
C Turnbull, Principal **	140-145	76	215-220	135-140	1,168	1,305–1,310
A Campbell, Vice Principal	100-105	30	130-135	95-100	94	195-200
M Breen, Vice Principal	100-105	40	140-145	110-115	80	190-195
J McKie, Vice Principal ***	95–100	35	130-135	110-115	57	165-170
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*

***   *J McKie retired on 30th June 2021*

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 2020-21.

The pension benefit figure included within Table 7 is derived by using a calculation set out by SFC in the 2020-21 accounts direction. The accounts direction states that:

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

Median Remuneration

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

The midpoint of the remuneration pay bands for the highest paid official in the organisation in financial year 2020-21 was £141,967 (2019-20, £137,250). This was 3.8 times (2019-20, 3.6 times) the median remuneration of the workforce which was £37,672 (2019-20, £37,737).

Accrued Pension Benefits

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

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

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

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for 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 2021 £000	Accrued lump sum at pension age at 31 July 2021 £000	Real increase in pension 1 August 2020 to 31 July 2021 £000	Real increase in lump sum 1 August 2020 to 31 July 2021 £000	CETV at 31 July 2021 £000	CETV at 31 July 2020 £000	Real increase in CETV £000
C Turnbull	SPF	65	107	5	4	1,237	1,131	106
A Campbell	STSS	28	54	2	1	390	357	33
M Breen	SPF	37	44	3	1	579	534	45
J McKie *	SPF	24	2	2	-	429	397	32

*   *J McKie retired at 30th June 2021 and the figures are as at that date.*

Cash Equivalent Transfer Value

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

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

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

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

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

Compensation for Loss of Office

No compensation payments were made for the loss of office during 2020-21.

25 members of staff left the College under a voluntary severance scheme. During 2020-21 the College made voluntary severance payments of £467,000.

Table 9 – Voluntary Severance Payments 2020-21

Exit Package Cost Band	Number of compulsory redundancies	Number of other departures agreed (including any voluntary redundancies	Total number of exit packages by cost band
<£10,000	-	6	6
£10,000 - £25,000	-	15	15
£25,000 - £50,000	-	4	4
£50,000 - £100,000	-	-	-
£100,000 - £150,000	-	-	-
£150,000 - £200,000	-	-	-
Total number of exit packages	-	25	25
Total cost (£)	-	£467,000	£467,000

Salaries and related costs for 2020-21 totalled £32,708,000 (Table 10).

Table 10 – Salaries and Related Costs 2020-21

	2020-21			2019-20
	Directly employed staff £000	Seconded and agency staff £000	Total £000	Total £000
Wages and salaries	25,297	18	25,315	25,366
Social security costs	2,446	-	2,446	2,440
Other pension costs	4,947	-	4,947	4,864
TOTAL	32,690	18	32,708	32,670
Average number of FTEs			707	721

In 2020-21, the College employed 553 females and 331 males. The College continues to promote trans and gender diverse inclusion but, no members of staff have identified themselves in this way. In the year ended 31 July 2021 staff turnover was 6.6%.

Sickness Absence

Total sickness absence during 2020-21 was 2.1%. Of this, 0.6% was due to short-term and 1.5% was long-term sickness absence (Table 11).

Table 11 – Sickness Absence

Sickness Absence Duration	2020-21	2019-20
Short-term	0.6%	1.6%
Long-term	1.5%	2.6%
Total	**2.1%**	**4.2%**

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 2021 is set out in the Tables 12 to 14.

Table 12 – Relevant Union Officials

Number of employees who were union officials during 2020-21	Employee number by FTE:
9.0	**1.2**

Table 13 – Percentage of Time Spent on Facility Time

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

Table 14 – Percentage of Pay Bill Spent on Facility Time

Total cost of facility time	**£55,474**
Total pay bill	**£32,851,271**
Percentage of total pay bill spent on facility time	**0.2%**

Total time spent on trade union activities as a percentage of total paid facility time hours during 2020-21 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

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

Report on the Audit of the Financial Statements

Opinion on Financial Statements

We have audited the financial statements in the annual report and accounts of Ayrshire College for the year ended 31 July 2021 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, and 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 2021 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 college. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter: Material valuation uncertainty

We draw attention to Note 1(m) of the financial statements, which discloses a material valuation uncertainty caused by Covid-19 declared in the valuation report for property. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the college's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of Material Misstatement

We report in a separate Annual Audit Report, available from the Audit Scotland website, the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Board of Management for the Financial Statements

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

In preparing the financial statements, the Board of Management is responsible for assessing the college's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 irregularities, including fraud, are instances of non-compliance with laws and regulations.

We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

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

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

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the

skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

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

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. In addition to our responsibilities to detect material misstatements in the financial statements in respect of irregularities, 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

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

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

Statutory other information

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

Our responsibility is to read all the statutory other information and, in doing so, consider whether the statutory 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this statutory other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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

Lucy Nutley
For and on behalf of Mazars LLP

Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HA

[Full Date]

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR TO 31 JULY 2021

	Note	Recurring	Non-recurring	Year ended 31 July 2021	Year ended 31 July 2020
				£000	£000
INCOME					
SFC grants	2	45,523	-	**45,523**	44,461
Tuition fees and education contracts	3	4,256	-	**4,256**	4,345
Other grants and contracts	4	82	-	**82**	307
Other income	5	1,450	-	**1,450**	2,265
Investment income	6	-	-	**-**	2
Total Income		51,311	-	**51,311**	51,380
EXPENDITURE					
Staff costs	7	36,772	-	**36,772**	36,197
Restructuring costs	7	-	467	**467**	10
Other operating expenses	9	8,183	-	**8,183**	9,499
Depreciation	12	3,734	-	**3,734**	3,985
Interest and other financial costs	10	3,237	-	**3,237**	3,256
Total Expenditure		51,926	467	**52,393**	52,947
Surplus/(deficit) before other gains/(losses)		(615)	(467)	**(1,082)**	(1,567)
Gain/(loss) on disposal of assets		(19)	-	**(19)**	-
Surplus/(deficit) before tax		**(634)**	**(467)**	**(1,101)**	(1,567)
Taxation	11	-	-	**-**	-
(Deficit) for the year		**(634)**	**(467)**	**(1,101)**	(1,567)
Unrealised surplus on revaluation of assets				**26,784**	-
Actuarial gain / (loss) in respect of pension schemes				**10,412**	(11,770)
Total Comprehensive Income for the year				**36,095**	(13,337)

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

STATEMENT OF CHANGES IN RESERVES

	Income and Expenditure Account £000	Restricted Reserves £000	Revaluation Reserve £000	Total £000
Balance at 31 July 2020	(12,585)	466	32,982	**20,863**
Surplus/(deficit) from the income and expenditure statement	(1,101)	-	-	**(1,101)**
Revaluation	-	-	26,784	**26,784**
Transfers from pension reserve to income and expenditure reserve	10,412	-	-	**10,412**
Transfers between revaluation and income and expenditure reserve – HC Depreciation	926	-	(926)	**-**
Total comprehensive income for the year	10,237	-	25,858	36,095
Balance at 31 July 2021	(2,348)	466	58,840	56,958

BALANCE SHEET AS AT 31 JULY 2021

	Note	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Fixed Assets			
Tangible fixed assets	12	**130,207**	106,554
Total fixed assets		**130,207**	106,554
Current Assets			
Stocks		**30**	30
Debtors	13	**3,539**	2,570
Cash and cash equivalents	18	**8,201**	3,912
Total current assets		**11,770**	6,512
Less: Creditors – amounts falling due within one year	14	**9,707**	7,188
Net current assets/(liabilities)		**2,063**	(676)
Total assets less current liabilities		**132,270**	105,878
Less: Creditors – amounts falling due after more than one year	15	**43,727**	46,272
Less: Deferred capital grants due to be released after one year	16	**9,021**	9,464
Provisions			
Early Retirement Provision	17	**1,430**	1,474
Other Provisions	17	**591**	461
Net Assets excluding pension liability		77,501	48,207
Net pension liability	20	**(20,543)**	(27,344)
NET ASSETS INCLUDING PENSION LIABILITY		56,958	20,863
Income and expenditure account excluding pension reserve	18	**18,195**	14,759
Pension reserve	18	**(20,543)**	(27,344)
		(2,348)	(12,585)
Restricted Reserves		**466**	466
Revaluation Reserve	18	**58,840**	32,982
TOTAL RESERVES		**56,958**	20,863

The financial statements on pages 39 to 67 were approved by the Board of Management and are signed on its behalf by:

W Mackie
Chair

C Turnbull
Principal

CASH FLOW STATEMENT FOR THE YEAR TO 31 JULY 2021

	Note	Year ended 31 July 2021	Year ended 31 July 2020
		£000	£000
Cash inflow from operating activities			
Surplus/(deficit) for the year		**(1,101)**	(1,567)
Adjustment for non-cash items			
Depreciation	12	**3,734**	3,985
Net (gain)/loss on disposal of fixed assets		**19**	-
Deferred capital grants released to income	16	**(899)**	(1,225)
(Increase)/decrease in stock		**-**	(9)
(Increase)/decrease in debtors	13	**(969)**	(542)
Increase/(decrease) in creditors	15	**2,286**	355
(Decrease)/increase in provisions	17	**86**	(196)
(Decrease)/increase in reserves		**-**	-
Net return on pension liability	20	**3,611**	2,961
Returns on investments and servicing of finance		**(405)**	(290)
Taxation		**-**	-
Cash flows from investing and financing activities			
Interest receivable – bank interest	6	**-**	(2)
Interest payable	10	**405**	292
PFI/NPD Capital Payments	15	**(2,415)**	(2,284)
Purchase of tangible fixed assets	12	**(626)**	(395)
Proceeds from sale of tangible fixed assets		**4**	-
Deferred Capital Grants Receipts	16	**559**	124
Increase/(decrease) in cash and cash equivalents in the year		**4,289**	1,207
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash and cash equivalents in the year		**4,289**	1,207
Net funds at 1 August 2020		**3,912**	2,705
Net funds at 31 July 2021		**8,201**	3,912

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 (£634,000) before non-recurring items, with an accumulated deficit on the income and expenditure reserve of (£2,348,000). At 31 July 2021, current assets of £11,770,000 included cash and bank balances of £8,201,000. Creditors falling due within one year were £9,707,000, with net current liabilities of £2,063,000.

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

b)   Basis of Accounting

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

c)   Recognition of income

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

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

d)   Grant Funding

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

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

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

e)   Maintenance of Premises

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

f)   Pension Schemes

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

g)   Tangible Fixed Assets

Private Finance Initiative (PFI) Assets

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

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

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

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

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

The annual cost of the service charge and finance cost are disclosed within Other Operating Expenses and Interest Payable notes 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).

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 2021, 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.

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.

- Material Value Uncertainty (MVU)

The College properties were revalued by Ryden as at 31 July 2021. The outbreak of the Novel Coronavirus on 11 March 2020 has impacted global financial markets with activity being impacted in many sectors. As at the valuation date, Ryden considers that it can attach less weight to previous market evidence for comparison purposes, to inform their opinions of value. The current response to the global pandemic means that the valuers are faced with an unprecedented set of circumstances on which to base a judgement. Ryden's valuation is, therefore, reported on the basis of 'material valuation uncertainty' as per VPGA 10 of the Royal Institute of Chartered Surveyors (RICS) Red Book Global.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather the declaration has been included to ensure transparency of the fact that, in the current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.

	Note	Year ended 31 July 2021	Year ended 31 July 2020
		£000	£000
2 SFC Grants			
FE recurrent grant (including fee waiver)		**36,272**	34,373
HE & FE childcare funds		**367**	711
Release of deferred capital grants		**828**	1,154
Maintenance grant		**684**	655
NPD UC Grant (include Capital)		**4,791**	4,774
Additional financial support		**700**	700
SFC Grants re National Bargaining		**-**	441
Other SFC Grants		**1,881**	1,653
Total		**45,523**	44,461
3 Tuition Fees and Education Contracts			
FE fees – UK		**361**	423
FE fees - EU		**-**	-
FE fees – non EU		**-**	-
HE fees		**2,477**	2,641
Education contracts		**1,259**	1,160
Other contracts		**159**	121
Total		**4,256**	4,345
4 Other Grant Income			
European funds		**-**	-
Grants from Ayrshire College Foundation – Capital		**11**	209
Grants from Ayrshire College Foundation - Revenue		**-**	27
Release of deferred capital grants	16	**71**	71
Total		**82**	307
5 Other Operating Income			
Catering		**9**	903
Other income generating activities		**677**	406
Other income – East Ayrshire Council discretionary support		**56**	-
Other income		**708**	956
Total		**1,450**	2,265
6 Investment Income			
Other interest receivable		**-**	2
Net return on pension asset/liability		**-**	-
Total		**-**	2

	Note	Year ended 31 July 2021	Year ended 31 July 2020
		£000	£000
7 Staff Costs			
Wages and salaries		**25,315**	25,366
Social security costs		**2,446**	2,440
Other pension costs		**4,947**	4,864
		32,708	32,670
FRS 102 pension adjustments		**3,206**	2,669
Job Evaluation		**858**	858
Total		**36,772**	36,197
Curriculum departments		**18,111**	18,153
Curriculum services		**5,232**	5,200
Administration and central services		**10,530**	9,944
Premises		**1,402**	1,339
Catering		**639**	703
Sub-total		**35,914**	35,339
Job Evaluation		**858**	858
		36,772	36,197
Non-recurring restructuring costs		**467**	10
Total		**37,239**	36,207

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

	2021 No.	2020 No.
Academic/teaching departments	**314**	318
Academic/teaching services	**114**	116
Administration and central services	**198**	203
Premises staff	**51**	51
Catering staff	**30**	33
Total	**707**	721

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

	2021 No.	2020 No.
£50,001 to £60,000 per annum	**20**	17
£60,001 to £70,000 per annum	**-**	-
£70,001 to £80,000 per annum	**2**	3
£80,001 to £90,000 per annum	**5**	4
£90,001 to £100,000 per annum	**1**	1
£100,001 to £110,000 per annum	**2**	-
£110,001 to £120,000 per annum	**-**	2
£120,001 to £130,000 per annum	**-**	-
£130,001 to £140,000 per annum	**-**	1
£140,001 to £150,000 per annum	**1**	-

8   Senior Post-holders' Emoluments

	Note	2021 No.	2020 No.
The number of senior post-holders, including the Principal was:		**4**	4

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Senior post-holders' emoluments are made up as follows:		
Salaries	**446**	461
Benefits in kind	**-**	-
Employers Pension contributions	**88**	92
Total Emoluments	**534**	553

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

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Salary	**140**	136
Bonus	**-**	-
Benefits in kind	**-**	-
	140	136
Employers Pension contributions	**27**	26

8 Senior Post-holders' Emoluments (continued)

In 2020-21 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:

2020-21: £27,560
2019-20: £27,560

This remuneration is not pensionable.

	Note	Year Ended 31 July 2021	Year Ended 31 July 2020
		£000	£000
9 Other Operating Expenses			
Teaching departments		1,585	1,550
Administration and central services		2,160	2,485
Kilwinning Campus PFI service charge		813	845
Hill Street NPD unitary charge		1,395	1,371
Other premises costs		1,851	2,021
Childcare costs		367	711
Catering costs		12	516
Total		8,183	9,499

	Year Ended 31 July 2021	Year Ended 31 July 2020
	£000	£000
Other operating expenses include:		
Auditors' remuneration		
- external audit of these financial statements	35	33
- internal audit services	29	28
- other services	-	-
Operating lease payments	97	102

	Note	Year Ended 31 July 2021	Year Ended 31 July 2020
		£000	£000
10 Interest Payable			
Kilwinning Campus PFI interest charge		**308**	365
Hill Street NPD interest charge		**2,524**	2,599
Pension finance costs	20	**405**	292
Total		**3,237**	3,256

11 Taxation

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

12 Tangible Fixed Assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	PFI Building £000	NPD Building £000	Equipment £000	Total £000
Cost or Valuation						
At 1 August 2020	35,952	1,005	19,728	53,955	7,067	**117,707**
Additions	8	-	-	-	618	**626**
Revaluation	5,405	-	3,859	9,352	-	**18,616**
Impairments	-	-	-	-	-	**-**
Disposals	-	-	-	-	(555)	**(555)**
At 31 July 2021	**41,365**	**1,005**	**23,587**	**63,307**	**7,130**	**136,394**
Depreciation						
At 1 August 2020	2,238	482	1,095	2,106	5,232	**11,153**
Provided during year	1,129	79	547	1,053	926	**3,734**
Write back re: revaluation	(3,367)	-	(1,642)	(3,159)	-	**(8,168)**
On disposals	-	-	-	-	(532)	**(532)**
At 31 July 2021	**-**	**561**	**-**	**-**	**5,626**	**6,187**
Net Book Value at 31 July 2021	**41,365**	**444**	**23,587**	**63,307**	**1,504**	**130,207**
Net Book Value at 31 July 2020	33,714	523	18,633	51,849	1,835	106,554
Inherited	26,364	14	13,336	19,126	-	58,840
Financed by capital grant	8,484	430	21	-	985	9,920
Other	6,517	-	10,230	44,181	519	61,447
At 31 July 2021	**41,365**	**444**	**23,587**	**63,307**	**1,504**	**130,207**

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

	Note	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
13 Debtors: Amounts falling due within one year			
Trade debtors – net of provision for doubtful debts		**315**	178
European funding		**-**	-
Other Debtors		**192**	74
Prepayments and accrued income		**3,032**	2,318
Amounts owed by the Scottish Funding Council		**-**	-
		3,539	2,570

	Note	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
14 Creditors: Amounts falling due within one year			
Bank loans and overdrafts		**-**	-
Trade creditors		**214**	164
Other taxation and social security		**649**	632
Other Creditors		**833**	875
Accruals and deferred income		**2,838**	1,899
PFI Capital payment < 1 year	15	**1,120**	1,060
NDP Capital payment < 1 year	15	**1,425**	1,355
Deferred Capital Grants to be released in <1 year	16	**899**	796
Amounts owed to Scottish Funding Council		**1,179**	209
Bursaries and Student Support Funds for future disbursements		**550**	198
		9,707	7,188

	Note	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
15 Creditors: Amounts falling due after one year			
Capital Element of Kilwinning PFI expenditure:			
At 1 August 2020		**5,477**	6,481
Capital payments in year		**(1,060)**	(1,004)
		4,417	5,477
Less amount due within one year	14	**(1,120)**	(1,060)
At 31 July 2021		**3,297**	4,417
Capital Element of Kilmarnock NPD expenditure:			
At 1 August 2020		**43,210**	44,490
Capital payments in year		**(1,355)**	(1,280)
		41,855	43,210
Less amount due within one year	14	**(1,425)**	(1,355)
At 31 July 2021		**40,430**	41,855
Total		**43,727**	46,272

16 Deferred Capital Grants

	SFC £000	Non SFC £000	Total £000
At 1 August 2020			
Land and Buildings	7,469	1,866	9,335
Equipment	925	-	925
	8,394	1,866	10,260
Grants Received in the Period			
Land and Buildings	8	-	8
Equipment	551	-	551
	559	-	559
Released to Income and Expenditure Account	(338)	(71)	(409)
Land and Buildings	(490)	-	(490)
Equipment			
	(828)	(71)	(899)
At 31 July 2021			
Land and Buildings	7,139	1,795	8,934
Equipment	986	-	986
	8,125	1,795	9,920
Split as follows:			
Due to be released in <1 year	828	71	899
Due to be released in >1 year	7,297	1,724	9,021
	8,125	1,795	9,920

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
17 Provisions for Liabilities and Charges		
Early Retirement Provision		
At 1 August 2020	**1,474**	1,277
Expenditure in the period	**(87)**	(87)
Release of provision	**43**	284
At 31 July 2021	**1,430**	1,474

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 (2019-20: 23). The pension liability has been revalued using SFC actuarial tables.

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Other Provisions		
At 1 August 2020	**461**	854
Expenditure in the period	**(70)**	(421)
Additional provision required in the period	**200**	28
At 31 July 2021	**591**	461

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 2021 £000	Year ended 31 July 2020 £000
18 Reserves		
Income & Expenditure Account		
At 1 August 2020	**14,759**	12,416
Surplus/(deficit) for the period	**(1,101)**	(1,567)
Disposal of properties in revaluation reserve	**-**	-
Transfer from revaluation reserve	**926**	949
Impairment of Properties	**-**	-
Transfer to/(from) pension scheme	**3,611**	2,961
At 31 July 2021	**18,195**	14,759

18 Reserves (continued)

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Pension Reserve		
At 1 August 2020	**(27,344)**	(12,613)
Current service cost	**(5,034)**	(4,716)
Impact of curtailments	**(3)**	(8)
Employer contributions	**1,805**	2,024
Contributions re unfunded benefits	**26**	31
Past service costs	**-**	-
Net return on pension scheme	**(405)**	(292)
Actuarial gain/(loss) in pension scheme	**10,412**	(11,770)
At 31 July 2021	**(20,543)**	(27,344)

Summary		
Income & expenditure account	**18,195**	14,759
Pensions reserve	**(20,543)**	(27,344)
At 31 July 2021	**(2,348)**	(12,585)

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Revaluation Reserve		
At 1 August 2020	**32,982**	33,931
Revaluation	**26,784**	-
Transfer to income & expenditure account in respect of Depreciation on revalued assets (include element re PFI capital reserve)	**(926)**	(949)
Disposal of properties	**-**	-
Impairment of properties	**-**	-
At 31 July 2021	**58,840**	32,982

19 Analysis of Changes in Cash and Cash Equivalents

	At 1 August 2020 £000	Cash Flows £000	Other Changes £000	At 31 July 2021 **£000**
Cash	3,912	4,289	-	**8,201**
Finance lease/hire purchase contracts	-	-	-	**-**
Total	3,912	4,289	-	**8,201**

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 2021 £000**	Year to 31 July 2020 £000
STSS: contributions paid	**3,116**	2,809
SPF: Contributions paid	**1,831**	2,055
FRS 102 charge to the Income & Expenditure Account	**3,206**	2,669
Total Pension Cost (Note 7)	**8,153**	7,533

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.

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 2021 was £1,831,000.

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 2021, 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 2021	At 31 July 2020
Rate of increase in salaries	3.6%	3.3%
Rate of increase for pensions in payment/inflation	2.9%	2.2%
Discount rate for liabilities	1.6%	1.4%
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 2021	At 31 July 2020
Current pensioners	Males	19.8	20.7
	Females	22.6	22.9
Future pensioners	Males	21.2	22.2
	Females	24.7	24.6

The approximate allocation of scheme assets is as follows:

	At 31 July 2021	At 31 July 2020
Equities	66%	63%
Bonds	24%	25%
Property	9%	11%
Cash	1%	1%
	100%	100%

The assets and the liabilities of the scheme were:

	At 31 July 2021 £000	At 31 July 2020 £000
Total Market Value of Assets	74,670	61,176
Present value of scheme liabilities:		
Funded	(94,722)	(87,914)
Unfunded	(491)	(606)
Surplus/(deficit) in the Scheme	(20,543)	(27,344)

20 Pensions and Similar Obligations (continued)

	Note	At 31 July 2021 £000	At 31 July 2020 £000
Employer service cost (net of employee contributions)		5,034	4,716
Past service cost		3	8
Total operating charge		5,037	4,724

		At 31 July 2021 £000	At 31 July 2020 £000
Analysis of pension finance income/(costs)			
Expected return on pension scheme assets		862	1,300
Interest on pension liabilities		(1,267)	(1,592)
Pension finance income/(costs)		(405)	(292)

	Note	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Movements on Pension Scheme Deficit			
Deficit in scheme at 1 August 2020		(27,344)	(12,613)
Movement in year:			
Current service charge		(5,034)	(4,716)
Losses/(gains) on curtailments		(3)	(8)
Contributions by members		1,805	2,024
Contributions in respect of unfunded benefits		26	31
Past service costs		-	-
Net return on pension assets		(405)	(292)
Actuarial gains/(losses)		10,412	(11,770)
(Deficit) in scheme at 31 July 2021	18	(20,543)	(27,344)

Asset and Liability Reconciliation

Reconciliation of Liabilities			
Liabilities at 1 August 2020	88,520	73,735
Service cost	5,034	4,716
Interest cost	1,267	1,592
Contributions by members	575	632
Actuarial (gain)/loss	1,359	8,997
Past service cost/(gain)	3	8
Losses/(gains) on curtailments	-	-
Estimated Unfunded Benefits Paid	(26)	(31)
Estimated Benefits Paid	(1,519)	(1,129)
Liabilities at 31 July 2021	95,213	88,520

20 Pensions and Similar Obligations (continued)

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Reconciliation of Assets		
Assets at 1 August 2020	**61,176**	61,122
Expected return on assets	**862**	1,300
Contribution by members	**575**	632
Contribution by employer	**1,805**	2,024
Contribution in respect of unfunded benefits	**26**	31
Other Experience	**(956)**	-
Actuarial (gain)/loss	**12,727**	(2,773)
Estimated unfunded benefits paid	**(26)**	(31)
Estimated benefits paid	**(1,519)**	(1,129)
Assets at 31 July 2021	**74,670**	61,176

Amounts for the current and previous accounting periods

Fair value of employer assets	**74,670**	61,176
Present value of defined benefit obligation	**(95,213)**	(88,520)
Surplus/(Deficit)	**(20,543)**	(27,344)

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 2021 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 2021 the College had two outstanding balances due to related parties and five balances due from related parties. These were as follows:

- Due to Scottish Qualifications Authority - £3,370
- Due to Skills Development Scotland - £1,880

- Due from South Ayrshire Council - £750
- Due from Colleges Scotland £17,138
- Due from Students Awards Agency Scotland - £29,385
- Due from University of Strathclyde - £36,815
- Due from Skills Development Scotland - £208,810

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 £5,400 Purchases nil
Mr S Wallace	Chief Financial Officer	University of Strathclyde	Sales £71,263 Purchases £nil

There were no transactions exceeding £5,000 with any other organisations associated with Board Members in 2020-21.

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.

22 FE Bursary and Other Student Support Funds

	FE Bursary	FE Hardship	EMA's	Other	Year ended 31 July 2021	Year ended 31 July 2020
	£000	£000	£000	£000	£000	£000
Balance brought forward	-	-	-	172	**172**	15
Allocation received in year	8,942	1,450	400	572	**11,364**	10,523
Interest						
	8,942	1,450	400	744	**11,536**	10,538
Expenditure	(7,152)	(1,450)	(400)	(364)	**(9,366)**	(10,351)
Repaid to SFC/SAAS	(1,790)	-	-	(49)	**(1,839)**	(15)
Repayable to SFC as clawback	-	-	-	-	**-**	-
College contribution to funds	-	-	-	-	**-**	-
Virements	-	-	-	-		-
Balance carried forward	-	-	-	331	**331**	172
Represented by:						
Repayable to SFC as clawback	-	-	-	113	**113**	9
Retained by College for students	-	-	-	218	**218**	163
	-	-	-	331	**331**	172

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 2021 £000	Year ended 31 July 2020 £000
Balance brought forward: August 2020	**25**	-
Allocation received in period	**796**	737
	821	737
Expenditure	**(367)**	(712)
Repayable to SFC as clawback	**(25)**	-
Repayable in year	**(210)**	-
Virements	**-**	-
Balance carried forward	**219**	25
Represented by:		
Net repayable to SFC as clawback	**219**	25
Retained by College for Students	**-**	-
	219	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.

24 Commitments under Operating Leases

As at 31 July 2021 the College had annual commitments under non-cancellable operating leases as set out below:

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Expiry within 1 year	-	-
Expiry within 2 to 5 years	-	-
Total	-	-

25 Capital Commitments

	Year ended 31 July 2021 £000's	Year ended 31 July 2020 £000
Contracted for at 31 July 2021	**50**	84

The amounts committed at 31 July 2021 relate to computer equipment which was ordered prior to 31 July 2021 but not delivered until after the year end.

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 2020-21 the Foundation agreed grant funding of £11,000 to the College in respect of Capital Works and educational projects.

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

27 PFI Contract and Kilwinning Campus

Payments remaining to be made under the PFI contract at 31 July 2021 are as follows:

	Payment for services	Reimbursement of Capital Expenditure	Interest	Total
	£000	£000	£000	£000
Payable in 2021-22				
Payable in 2020-21	846	1,120	249	2,215
Payable within 2 to 5 years	2,189	3,297	352	5,838
Payable within 6 to 10 years	-			
Total	**3,035**	**4,417**	**601**	**8,053**

	Year ended 31 July 2021	Year ended 31 July 2020
	£000	£000
Balance at start of year	**5,477**	6,481
Payments made in the year	**(1,060)**	(1,004)
Balance outstanding at end of the year	**4,417**	5,477

28 NPD Hill Street

Payments remaining to be made under the NPD contract at 31 July 2021 are as follows:

	Payment for services	Reimbursement of Capital Expenditure	Interest	Total
	£000	£000	£000	£000
Payable in 2021-22				
Payable in 2020-21	1,314	1,425	2,445	5,184
Payable within 2 to 5 years	5,791	6,019	8,931	20,741
Payable within 6 to 10 years	8,078	8,754	9,093,	25,925
Payable > 10 years	17,336	25,657	8,857	51,850
Total	**32,519**	**41,855**	**29,326**	**103,700**

	Year ended 31 July 2021	Year ended 31 July 2020
	£000	£000
Balance at start of year	**43,210**	44,490
Payments made in the year	**(1,355)**	(1,280)
Balance outstanding at end of the year	**41,855**	43,210

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 2021 (31 July 2020: £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.

	2020-21 £000	2019-20 £000
Surplus/(deficit) before other gains and losses (FE/HE SORP basis	**(1,101)**	(1,567)
Add back: Non-cash allocation for depreciation (net of deferred capital grant)	**2,835**	2,760
Operating surplus / (deficit) on Central Government accounting basis	**1,734**	1,193

Under the FE/HE SORP, the college recorded an operating deficit of (£1,101,000) for the year ended 31 July 2021. After taking account of the Government noncash budget, the college shows an "adjusted" surplus of £1,734,000 on a Central Government accounting basis.

<div align="right">**Appendix 1**</div>

Accounts Direction for Scotland's Colleges 2020-21

1.   It is the Scottish Funding Council's direction that institutions1 comply with the 2020 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 2020-21 (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 2021.

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 2021

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

Ayrshire College
Year ended 31 July 2021

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Contents

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

23 November 2021

Dear Members,

Annual Audit Report – Year ended 31 July 2021

We are pleased to present our Annual Audit Report for the year ended 31 July 2021. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented to the Audit Committee on 8 June 2021. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

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

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

Yours faithfully

Lucy Nutley

Lucy Nutley

For and on behalf of Mazars LLP

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 2021 and forms the basis for discussion at the Audit Committee meeting on 23 November 2021.

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

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

Status of our audit work

We have substantially completed our work on the financial statements and wider scope work for the year ended 31 July 2021. At the time of preparing this report the following matters remain outstanding:

Audit area	Status	Description of outstanding matters
Land and Buildings Valuation	🟢	Review and agreement of wording for the Emphasis of Matter to be included in our audit opinion arising from the valuation of the College's land and buildings between the audit team, Mazars independent partner and Audit Scotland
Cash and cash equivalents – bank confirmation	🟢	We are still waiting on receipt of the Bank of Scotland bank letter. We require to have third party confirmation of the bank balance to complete the audit.
Closure procedures and review	🟢	A final review of the Annual Report and Financial Statements will be completed on receipt of the final draft document. Standard audit completion procedures still require to be performed. 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 within the financial statements

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

Section 4 outlines the misstatements noted as part of our audit as at the time of issuing this report. To date we have not identified any misstatements through our audit work. 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.

Executive summary (continued)

Our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum on 08 June 2021. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Adding value through the audit

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

Materiality

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

We set materiality at the planning stage of the audit at £1,058,940 using a benchmark (2%) of total expenditure. Our final assessment of materiality, based on the draft financial statements is £1,047,860 using the same benchmark.

	Initial Threshold £'000	Final Threshold £'000
Overall materiality	1,058	1,047
Performance materiality	847	838
Trivial threshold for errors to be reported to the Audit Committee	32	31

Executive summary (continued)

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. This assessment has not changed during the audit process.

Misstatements

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

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.

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 £128m as at 31 July 2021.

In line with the requirements of the Government Financial Reporting Manual, the College has adopted a formal revaluation policy of an external valuation every five years, with a desktop, interim valuation performed during the five year period. As the full valuation was performed as at 31 July 2018, an interim valuation was carried out as at 31 July 2021.

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:

- Examining the professional qualifications of the valuer;

- Challenging and substantiating the assumptions and the appropriateness of the date of valuations used by the valuer;

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

- Assessing whether the report produced by the valuer has been appropriately reflected in the accounts;

- Reviewing the reconciliation between the College's asset register andgeneral ledger; and

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

Audit conclusion

An interim valuation of the College estate was performed as at 31 July 2021, by a professional external valuer. The estate was valued at £128m. This has been appropriate reflected in the financial statements.

The College's external valuer has included a material valuation uncertainty paragraph within their valuation report covering the College's land and buildings. Consequently, the College has included a disclosure reporting the material valuation uncertainty in the notes to the financial statements. In our view, this matter is fundamental to the users' understanding of the financial statements and as such we intend to include an 'Emphasis of Matter' paragraph in respect of this disclosure within our draft auditors report set out in Appendix B. This is not a modification of opinion.

Audit of the financial statements (continued)

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

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 and if clawback conditions apply to the funding.

The presumption is able to be rebutted, which we have done for the College's grant income, as it carries very low inherent risk of fraud or error in its recognition. However the risk does apply to non-grant income generated by the College.

How 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.

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.

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

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

Audit of the financial statements (continued)

Grouped assets accounting policy

Description of area of focus

During 2020-21 digital funding was made available to the College for the purchase of equipment to provide to students to enable and support remote learning that was required as a consequence of Covid-19. The College is required to account for this as capital funding as a term of the funding.

Any assets acquired using this funding, although distributed to students, are considered the property of the College and will be capitalised under a grouped asset accounting policy.

How we have addressed this area of management judgement

We have addressed the risk by:

- Considering the College's grouped asset accounting policy and whether this is consistent with the requirements of the digital funding provided.

- Enquiring with management as to how the College has satisfied itself that it has appropriate processes in place around the stewardship of the associated assets and what consideration of impairment has been made.

Audit conclusion

Satisfactory assurance has been gained in respect of the risk of Grouped assets accounting policy. We have no matters to report.

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 2020/21 and were appropriately tailored to the College's circumstances.

Draft financial statements were received from the College on 18 October 2021 at the start of audit fieldwork. The draft annual report was received during fieldwork on 2 November 2021. Both the 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

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

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.

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

In the prior year we provided one recommendation relating to the PFI contract. This has been followed up during this years' audit, see below.

Recommendation
The College's PFI contract for the Kilwinning Campus is due to expire on 14 August 2025. We recommended 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.

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.

Updated position
A paper was presented to the November Business, Resources and Infrastructure Committee (BRIC) on the options available to the College related to the termination of the Killwinning Campus PFI Agreement in 2025. The BRIC Committee agreed in principle to recommend that the Board of Management pursues the option to purchase, subject to a future business case being presented at the appropriate time, within the timeline set out in the contract. The Board of Management will consider this matter in December 2021.

Summary of Misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of £31k.

Adjusted misstatements

There were no adjusted misstatements identified during the course of the audit above the trivial threshold of £31k.

Unadjusted misstatements

There were no unadjusted misstatements identified during the course of the audit above the trivial threshold of £31k.

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 management;
- financial sustainability;
- governance and transparency; and
- value for money.

The table overleaf sets out the four dimensions of Wider Scope and our adopted approach.

Wider scope (continued)

Dimension	Description	Our approach
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: • the monitoring of the effectiveness of • internal control arrangements • the response to the COVID-19 pandemic and whether this has involved changes to the governance of the College • whether the College's budgetary control system is timely and accurate • whether and how the College has assessed their financial capacity and skills
Financial sustainability	Extending our work on the going concern assumption in the financial statements looking forward two to five years from the reporting date, reviewing, and assessing the college's arrangements for financial planning and affordable and sustainable service delivery	We have considered: • the financial planning system in place for short, medium and long term periods • the adequacy and accuracy of financial reporting arrangements • the reasonableness of affordability assumptions made in financial planning • the extent to which the financial planning assumptions have been updated and affected by the COVID-19 pandemic
Governance And Transparency	The Governance Statement sets out the internal control arrangements and governance framework in place for the year under review	We have considered: • The effectiveness of internal control arrangements • the appropriateness of disclosures made in the Governance Statement • whether the disclosure requirements of the Accounts Direction and the Code of Good Governance for Scotland's Colleges have been met
Value for Money	Value for money concerns using resources effectively andcontinually improving services.	We have considered: • the College's evidence of providing value for money • the focus on improving value for money and the pace of change at the College.

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 of Management members scrutinise finances.

Financial performance

FE/HE SORP position

	2020/21 £'000	2019/20 £'000
Operating income	51,311	51,380
Staff costs	(36,772)	(36,197)
Operating expenditure	(15,621)	(16,750)
(Loss) on disposal of assets	(19)	-
Operating Deficit for the year (FE/HE SORP basis)	**(1,101)**	**(1,567)**

The above table shows the financial performance of the College for 2020/21 and 2019/20 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;

- There were no significant changes to the reported position during the year; and

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

Adjusted operating position

The table above sets out the financial position in accordance with 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.

Wider scope

Financial management (continued)

	2020/21 £'000	2019/20 £'000
(Deficit) before other gains and losses	(1,101)	(1,567)
Add back:		
- Depreciation (net of deferred capital grant release)	2,835	2,759
- Non-cash pension adjustment – Net Service Cost	3,206	2,669
- Non-cash pension adjustment – Net Interest Cost	405	292
- Non-cash pension adjustment – Early Retirement Provision	43	284
Deduct:		
- Non-government capital grants from ACF	(67)	(209)
- Loan repayments (NPD)	(954)	(1,280)
- Loan repayments (PFI)	(1,355)	(700)
- CBP allocated to loan repayments and other capital items	(700)	(954)
SFC Declared adjusted operating surplus / (deficit)	**2,312**	**1,790**

The Accounts Direction issued by the SFC for 2020/21 required Colleges to submit the adjusted operating position calculation with draft accounts to the SFC for review before the accounts are signed off. SFC have confirmed they are satisfied with the Adjusted Operating Position calculation reported to them.

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

2020-21 has been a challenging year for the college sector and Ayrshire College. The College incurred additional costs due to the impact of Covid-19 and planned income streams were adversely affected. The College was however able to make savings in projected expenditure due to changes in service delivery and also received additional funding support from the SFC and through the Coronavirus Job Retention Scheme.

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.

Wider scope

Financial management (continued)

	2020/21 £'000	2019/20 £'000
Operating Deficit for the year (FE/HE SORP basis)	(1,101)	(1,567)
Add: Depreciation budget for government funded assets (net of deferred capital grant) for academic year	2,835	2,760
Operating Surplus on Central Government accounting basis	1,734	1,193

The table above shows a surplus when the impact of the depreciation budget is taken as the only adjusting factor to the financial position. The operating position table at the top of the page also shows an operating surplus for 2020/21. The College is currently considered to be operating sustainability within its funding allocation.

Budgetary process

We have reviewed and considered the budgetary processes and controls and budget monitoring arrangements in place at the College. Our work consisted of a review of budget monitoring reports and committee papers 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 note that budget reports were produced on a timely basis and considered by the appropriate committee throughout the year. Budget reports and forecasts were appropriately updated based on prudent assumptions, there was considered no unreasonable movements throughout the quarterly forecasts and budgets considering the impact of actual and potential Covid-19 lockdowns throughout the year. Following the impact of Covid-19 forecasts were appropriately updated to reflect the changes to the financial environment and circumstances. 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.

Wider scope

Financial management (Continued)

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 2020/21 audit process. The College met all deadlines set by the NFI and investigated potential matches in a timely manner.

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 the medium to longer term, without significant additional funding or cost cutting, remains a significant risk.

Identified significant risks to our wider scope work

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

Wider scope

Financial sustainability (continued)

Financial Sustainability

Description of the risk

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 its 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.

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 this cost impact was not known at the point the Financial Sustainability Plan was agreed, there is a risk that the College is not financially sustainable in the medium term, without additional funding or cost cutting.

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.

How we addressed the risk

We have addressed the risk by:

- Reviewing the forecast financial position in the three-year financial plans submitted to SFC;
- Reviewing the financial and resource implications of any voluntary severance scheme run by the College;
- Reviewing alternative plans being considered by the College to ensure a balanced budget is achieved;
- Reviewing the financial reporting arrangements in place at the College;
- Considering how management have considered the longer term implications of the COVID-19 outbreak: and
- Considering progress made by the College as the expiration of the Kilwinning Campus PFI contract approaches

Wider scope

Financial sustainability (continued)

Wider scope conclusion

In 2019, the College agreed a Financial Savings Plan (FSP) with the SFC, which whilst giving the College additional funding, set targets for savings to be met over 2019/20 and 2020/21. These targets have been met and in some cases exceeded, providing a better than expected position at the start of this year's FFR.

During 2020/21, the College has prepared a three-year forecast which highlights a future funding gap. The College has taken steps to identify areas where savings can be made to mitigate the funding gap in the FFR. Given the level of sector wide uncertainties around future funding and of the general economic environment that has arisen following Covid-19, there is a risk the timing of the future funding gap could be accelerated, or made greater without the plans identified by the College being fully implemented and / or additional funding not being made available from the SFC.

We also note that should a decision be made to retain the Kilwinning Campus at the end of the PFI contract, there will be a final payment required that will have to be funded – either through additional SFC funding or further cost cutting measures than have already been planned. As a result, we consider that there remains a risk that the College will not remain financially sustainable in medium to longer term.

Wider scope

Financial sustainability (continued)

Financial Planning

The College would normally prepare 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 2021. In the prior year, given the level of uncertainties relating to financial planning, the SFC requested only a 3-year FFR, this approach has been adopted again in the current year due to these uncertainties continuing.

SFC's FFR Call for Information set out a number of key assumptions which were to be used by colleges in their FFR. The resulting income and expenditure movements resulting from the assumptions detailed above between the 2021-22 budget and the 2022-23 forecast and 2023-24 forecasts are summarised in the table below.

	2022/23 Cash Movements £'000	2023/24 Cash Movements £'000
Opening Balance	248	(1,261)
Income Movements	(1,236)	749
Expenditure Movements	(273)	(592)
Closing Balance	**(1,261)**	**(1,104)**

In order to address the cash deficits, the College has proposed efficiency savings, mainly relating to staff savings, within the FFR for 2022/23 of £1,262k, which will be maintained into 2023/24. If these savings are met, the forecasts indicate that the College will report a surplus over the next 3 years.

A summary of the College's three year forecast, including the proposed efficiency savings, is included in the table below.

Wider scope

Financial sustainability (continued)

	Forecast 2021/22 £'000	Forecast 2022/23 £'000	Forecast 2023/24 £'000
Total Income	54,667	52,507	53,526
Staff costs	(35,924)	(35,891)	(36,319)
Total other expenditure	(17,557)	(16,548)	(16,696)
Operating surplus/(deficit) before other gains and losses	**1,186**	**68**	**241**
Total Depreciation	2,690	2,690	2,690
Non-Government capital grants	(1,000)	0	0
Loan Repayments	(954)	(954)	(954)
NPD payments	(1,425)	(1,490)	(1,490)
Adjusted Operating Result	**497**	**314**	**537**

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.

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

Wider scope

Financial sustainability (continued)

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.

Kilwinning Campus PFI Contract

The College's PFI contract for the Kilwinning Campus is due to expire on 14 August 2025. Well in advance of the expiry, during 2019/20 the College obtained legal advice to understand any obligations and actions that should be taken in relation to the expiry. The legal advice sets out that the College has three options at the end of the contract; make a final payment to purchase the campus, extend the term of the PFI contract or exit the contract with no asset. There has been no firm decision made by the Board of Management as to what action the College will take in 2025, although decision papers are being submitted to the Business, Resources and Infrastructure Committee in November 2021.

When a firm decision is made by the College as to what option will be taken, the financial implications of the choice will have to be factored into the College's future financial plans. Should the decision be to make a final payment on the contract to purchase the campus and continue providing services from the Kilwinning Campus, without additional funding, or further cost cutting than is already planned the College's financial sustainability could be put at risk

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 of Management. We consider the additional governance arrangements made by the College to deal with the impact of COVID-19 to be appropriate.

Governance arrangements

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

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

During the year ended 31 July 2021, the Board consisted of 20 members, 10 female (including the Principal) and 10 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 key committees' membership comprises of, and are chaired by Board members, with each also containing the Principal, with the exception of the Audit Committee. In addition, the Chair of the Board is also not permitted to be a member of the Audit Committee. Appropriate College officers attend committees and present reports as required.

Wider scope

Governance and transparency (continued)

Covid-19 Governance arrangements

Following the Government announcement of the initial lockdown in 2020, 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.

Since the first restriction were introduced, Board and Committees have continued to meet on their original schedule during this period using virtual platforms. The College's Campus Operations Steering group (COSG), originally set up to oversee the safe and effective reopening of Ayrshire College campuses in the summer of 2020, has continued to meet regularly throughout the year. This has ensured the approach to resuming on-campus activities has been safe and activities have been undertaken in line with the latest Scottish Government and Public Health guidance.

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 ona blended learning delivery method for teaching. To help plan and support for reopening actions taken by the College include;

• Issue of questionnaire to all students to identify to establish needs that may exist

• Introduction of safety measures, such as one way systems to facilitate safe traffic flow

• 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 Microsoft Teams and Office 365

Lockdowns occurred throughout 2020/21 and the threat of imminent lockdowns remained throughout. The College was set up to deal with these effectively due to their blended learning approach being operational from the prior year.

We have reviewed the College's Covid-19 Governance arrangements and conclude that there is evidence of appropriate governance arrangements in this regard.

Wider scope

Governance and transparency (continued)

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 9 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.

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, highlighting the continued financial difficulties the College faces. 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 2020/21 budget there is clear evidence that the College understands cost drivers and is in control of costs as far as can be reasonably expected given the circumstances of the year.

Regularity

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

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

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

Our fee

Fees for work as the College's appointed auditor

We reported our proposed fees for the delivery of our work in our Audit Strategy Memorandum, presented to the Audit Committee on 08 June 2021. Having completed our work for the 2020/21 financial year, we can confirm that our final fees are as follows:

Area of work	Proposed fee 2020/21	Final fee 2020/21
Auditor remuneration	£31,440	£32,440
Pooled costs	£1,850	£1,850
Contribution to Audit Scotland costs	£1,210	£1,210
Total Fee	**£34,500**	**£35,500**

The audit of the valuation of land and buildings is subject to a high level of scrutiny from our regulators, which has resulted in us having to perform higher levels of work to ensure we are meeting the expectations of our regulators. In addition, due to the land and building valuation as at 31 July 2021 including a Material Valuation Uncertainty clause, we have incurred additional costs in our audit and reporting. An additional £1,000 will be charged for this work.

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

Appendix A

Draft Management Representation letter

Dear Sirs

LETTER OF REPRESENTATION

We confirm to the best of our knowledge and belief the following representations given to you in connection with your audit of the College's accounts for the period ended 31 July 2021.

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 2021;

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

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

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

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

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

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

Appendix A

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

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

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

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

Appendix A

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

Appendix B

Draft Audit 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

Reporting on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Ayrshire College for the year ended 31 July 2021 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 comprisethe Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, and 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 theScottish Funding Council of the state of the College's affairs as at 31 July 2021 and of its deficit for the year then ended;

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

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

Basis for opinion

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

Appendix B

Emphasis of Matter: Material valuation uncertainty

We draw attention to Note 1(m) of the financial statements, which discloses a material valuation uncertainty caused by Covid-19 declared in the valuation report for property. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the college's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of material misstatement

We report in a separate Annual Audit Report, available from the Audit Scotland website, the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Board of Management for the financial statements

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

In preparing the financial statements, the Board of Management is responsible for assessing the college's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 irregularities, including fraud, are instances of non-compliance with laws and regulations.

We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

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

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

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

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

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

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Reporting on other requirements

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

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

Statutory other information

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

Appendix B

Our responsibility is to read all the statutory other information and, in doing so, consider whether the statutory 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this statutory other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

- the information given in the Performance Report for the financial yearfor which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordancewith 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 yearfor 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 andStaff Report are not in agreement with the accounting records; or

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Appendix B

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 otherpurpose. 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

Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HA

[Full date]

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

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.

CT/JN

November 2021

Ayrshire College

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 2021.

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 2021;

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

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

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

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

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

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

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

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

Letter of Representation

November 2021

2

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

The College has no liabilities or contingent liabilities other than those disclosed in the accounts.
All claims in connection with litigation that have been, or are expected to be, received have been properly accrued for in the financial statements

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

The College has had at no time during the year any arrangement, transaction or agreement to provide credit facilities (including loans, quasi-loans or credit transactions) for the Board of Management nor to guarantee or provide security for such matters.
We confirm that we have disclosed to you all related party transactions relevant to the College and that we are not aware of any further related party matters that require disclosure in order to comply with the requirements of charities legislation, the Statement of Recommended Practice for Further and Higher Education accounts or accounting standards.

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

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

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

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.

Letter of Representation

November 2021

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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)

AYRSHIRE COLLEGE

INTERNAL AUDIT ANNUAL REPORT 2020-21

NOVEMBER 2021

IDEAS | PEOPLE | TRUST

BDO

CONTENTS

Restrictions of use

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

EXECUTIVE SUMMARY

Background

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

Responsibilities

BDO LLP has been appointed as internal auditors to Ayrshire College to provide the Board of Management (via the Audit 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.

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 2020-21 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 2020-21 BDO LLP has reviewed and evaluated Ayrshire College's processes in the following areas:

• FES Return	• Staff Recruitment & Selection
• Student Support Fund	• IT Services Provision
• Partnership Working	• Curriculum Planning
• Financial Controls	• Commercial Income Generating Programmes
• Coronavirus Job Retention Scheme	• Follow Up

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 nine completed reviews totalled 15.

Summary of Recommendations (SEE APPENDIX I)

High ▲	0	
Medium ■	4	
Low ●	11	

Total number of recommendations: 15

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.

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 14 recommendations from 2020-21 and prior years. We note that 12 of these recommendations had been fully implemented, and 2 were partially implemented. There were a further 10 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 nine 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.

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.

REVIEW OF 2020 - 21 WORK

Reports Issued	Overall Report Conclusions – see appendix I				
	▲	🟧	🟢	Design	Operational Effectiveness
FES Return	0	0	0	Substantial	Substantial
Student Support Fund	0	0	0	Substantial	Substantial
Partnership Working	0	0	0	Substantial	Substantial
Financial Controls	0	1	1	Substantial	Substantial
Coronavirus Job Retention Scheme Grant Claims	0	1	1	Moderate	Moderate
Staff Recruitment & Selection	0	0	4	Moderate	Moderate
IT Services Provision	0	1	2	Moderate	Moderate
Curriculum Planning	0	0	0	Substantial	Substantial
Commercial Income Generating Programmes	0	1	3	Moderate	Moderate

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 2020-21. 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 2020-21;

- Any follow-up action taken in respect of audits from previous periods for these audit areas;

- Whether any significant recommendations have not been accepted by management and the consequent risks;

- The effects of any significant changes in the organisation's objectives or systems;

- The requirements of the Public Sector Internal Audit Standards; and

- Any limitations which may have been placed on the scope of internal audit (no restrictions were placed on our work).

Conclusion

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

- The risk management activities and controls in the areas which we examined were found to be suitably designed to achieve the specific risk management, control and governance arrangements.

- Based on our verification reviews and sample testing, the risk management, control and governance arrangements were operating with sufficient effectiveness to provide reasonable, but not absolute assurance that the related risk management, control, value for money and governance objectives were achieved by the end of the period under review.

PERFORMANCE AGAINST OPERATIONAL PLAN

Visit	Date of visit	Proposed Audit	Planned Days	Actual Days	Status
1	September 2020	Student Support Fund	3	3	Completed.
2	September 2020	FES Return	5	5	Completed.
3	November 2020	Partnership Working	5	5	Completed.
4	December 2020	Financial Controls	5	5	Completed.
5	May 2021	Commercial Income	5	5	Completed.
6	June 2021	Curriculum Planning	5	5	Completed.
7	March 2021	Staff recruitment & selection	5	5	Completed.
8	March 2021	IT Strategy	5	5	Completed.
9	February 2021	Coronavirus Job Retention Scheme	5	5	Completed.
10	September 2021	Follow Up	3	3	Completed.

AUDIT PERFORMANCE

AUDIT	COMPLETION OF FIELDWORK	DRAFT REPORT	FINAL MANAGEMENT RESPONSES	FINAL REPORT
FES Return	7th October 2020	23rd October 2020	16th November 2020	16th November 2020
Student Support Fund	11th September 2020	30th September 2020	1st November 2020	2nd November 2020
Partnership Working	10 December 2020	18 December 2020	27 January 2021	27 January 2021
Financial Controls	18 December 2020	20 January 2020	3 March 2021	4 March 2021
Coronavirus Job Retention Scheme	5 February 2021	12 February 2021	25 February 2021	25 February 2021
Staff Recruitment & Retention	18 March 2021	26 March 2021	13 May 2021	13 May 2021
IT Services Provision	22 April 2021	5 May 2021	21 May 2021	21 May 2021
Curriculum Planning	1 July 2021	5 July 2021	12 July 2021	13 July 2021
Commercial Income Generating Programmes	10 June 2021	16 June 2021	10 August 2021	10 August 2021
Follow-up	1 October 2021	14 October 2021	10 November 2021	11 November 2021

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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BOARD OF MANAGEMENT
ACTION TRACKER

COMMITTEE: Board of Management Meeting, 8 December 2021   *(Paper 2a)*

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

The Board also notes SFC's intention to introduce a revised college funding model with effect from academic year 2022-23. |

DATE RAISED	ACTION No	ACTION	DUE DATE	OWNER	STATUS*	COMMENTS
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	Closed	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.
23.09.21	BOM35: A01	BoM Terms of Reference to be amended to record one scheduled off-campus meeting per annum.	24.09.21	Board Secretary		UPDATE: In terms of the Action Tracker, action number 2 (12.12.19), it was suggested that the BoM Terms of Reference should record that an off-campus meeting will be scheduled on an annual basis, and this was agreed. This action will therefore be closed from the action tracker.

* Not Started; In Progress/Ongoing; Completed

Ayrshire College *(Paper 3)*

Board of Management Meeting

8 December 2021

Subject:	Student Association Report
Purpose:	To update Board Members 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

Following a successful election, the Student President and Student Vice President took up their positions on the 1 July 2021 and have been involved in a range of induction and training activity both within the College and with external partners such as NUS, sparqs and the College Development Network. A good working partnership has been established between the officers and the Student Association advisor and the officers continue to build their networks with other College teams and key staff members. We have recruited student officers into various positions and hope to develop their capacity to assist in the decision making within the Student Association as part of an Advisory Board.

2. Current Situation

The Student Association continues to deliver a majority of its support and activities remotely and are encouraged by the increase in student engagement. We are focussing on student feedback activities and delivering a range of clubs and societies aimed at supporting students' wellbeing and those which encouraging a sense of college community and belonging.

3. Association Activity

Virtual Fresher's

The Ayrshire College Virtual Freshers took place between 6 and 10 September 2021. Included in the week-long event were social drop-ins, an online social event each night which included quizzes, DJ night, live music night and gaming night. There was also a quiz each day to highlight the work of the Mental Health, Alcohol and Drugs and Campus Police Officer liaison officers. As well as this we also recruited for clubs and societies and promoted all College support services, the new Report and Support Tool and free sanitary wear.

Your Voice Matters

Now that class ambassadors have been recruited, we are arranging the Class Ambassador training which will take place during various sessions from the 10 – 19 November. We require each Ambassador to attend one session of their choice. Details of all sessions and links will be sent to Ambassadors on the 4 November. The sessions

will include how to deliver a focus group, introducing them to the fist focus group questionnaire and how to deal with student feedback throughout the year.

Clubs and Societies

The Student Association are facilitating a range of clubs and society with student membership:

LGBTQI+ Students Group

The club is led by the LGBTQI+ Students Officer, Connor McPike, and co facilitated by the Student President. The group has an online chat forum and meets every Friday evening as an online social group. The club recently held a Halloween Party online with prizes for games and activities.

Gaming Society

The Gaming Society is hosted by the Student Vice president on the Discord platform and is for both beginners and experienced gamers. The club has various channels of different interests, supporting students with different gaming interests.

Care Experienced Students Forum

The forum is facilitated by the Student Association Advisor and provides an online space where our care experienced students can chat, share experience, information and, as a priority group, act as a consultation panel. We officially launched the group during National Care Experience week from the 25 to the 29 October. Members of the group came together as a Focus Group and the Head of Student Experience and Student Association Advisor gathered important information about their experience as an Ayrshire College Students and the application and induction processes. The group will meet come together for a second meeting with the Student Funding Team and Vice Principal, Anne Campbell, next week.

Student Carers Forum

The Student Carers Forum is an online space where our student carers can come together to share experience and share information and resources. The group will also act as consultations panel and will looking at a review of the Going Further for Student Carers award upon the first anniversary of Ayrshire College obtaining the award in January 2022.

Youth Action Group

The group is co-facilitated by the STAR Centre and the Ayrshire College Women's officer, Nicola Smith. The group is looking at raising awareness of gender inequality across all aspects of life. The group will be representing Ayrshire College at the Reclaim the Night Marches taking place on the 7 December in each of the three local authority areas.

Wear It On Your Sleeve

Ayrshire College Students Association are always trying to find new ways to engage with students. Through our Men's Mental Health Campaign 'Wear It On Your Sleeve' we are now hosting Men's Mental Health Walks, where we encourage men living with

or without mental health problems. We understand mental health affects everyone but as the statistics show, in Scotland there is a definite increase in male suicide rates and there are less networks in place to support men suffering with mental health problems. We are currently recruiting for our Walks which are there to help open discussion around mental health with the aim to offer support to our male students.

We also have an MS Teams Channels which are available to all students, whether they are having trouble managing their own mental health or want to help and support someone who is having a hard time, any student with an interest is encouraged to join.

There are three channels available to students:

Let's Talk About Mental Health

One to One Chat and Support

Men's Mental Health Walking Group

The group is facilitated by Student Vice President with advisory support from the Mental Health Liaison Officer.

Make it Your Own Project

The Student Association Advisor is working with Impact Arts in Irvine to make final preparations to launch the Make it Your Own Project which helps young Care Experienced people sustain their tenancies by giving them a budget to undertake their own interior design activities. The project will be open to any Care Experienced students from Kilmarnock or Ayr Campuses. Kilwinning Campus students will have access to the project which is based in Irvine.

Periods R Pants

In October we invited our students to try various sustainable and reusable sanitary products and hosted three days of events to hand out goody bags of period pants, period cups, washable pads and biodegradable disposal options.

The events were well attended and the feedback we received about the products was very encouraging. Many students were delighted to get the opportunity to stock up free of charge and try alternatives that you may not necessarily have tried otherwise.

We still have some supplies of these products left and are offering a goody bag to any student who missed the events.

Lead & Change

The Student President took part in NUS UK Lead and Change training which took place online on the 26 and 27 October. The Training bolstered the training the Student Received from NUS Scotland, providing a UK perspective with regards to the student movement and student issues. This training is to allow incoming sabbatical officers the opportunity to network and develop the skills they will need for the year ahead, help officers identify what they need to achieve their manifesto goals and share knowledge skills and enthusiasm to help them thrive in their roles.

Free Soup and Porridge

The Student Association, with support from Assistant Principal, Elaine Hutton, are submitting an application to Student Mental Health Fund for funding for free soup and porridge for the 2021/22 academic session. The Panel has agreed in principle and once formally agreed this will be fast tracked to ensure students can access this as soon as possible.

Future Activity

16 Days of Action

The Student Association are working with the Equality and Inclusion Advisor and the Campus Liaison Officer to deliver the Fearless Glasgow suite of resources throughout the 16 Days of Action which takes place from the 25 November.

Activities will include promoting the Report and Support Tool, the White Ribbon Campaign and supporting an Ayrshire College Student Delegation at each of the Reclaim the Night events across Ayrshire. We will be hosting banner making sessions within the campuses prior to the events which take place on the 7 December. The banners will become part of a 16 Days of Action Online Exhibition which we will use to launch an Ayrshire College Students' Association Instagram page. The Instagram page will compliment our already existing accounts of Twitter, Facebook, and Discord.

Ayrshire College's Got Talent

We are organising an online talent competition, called Ayrshire College's Got Talent. This will take place over December, and we will invite students to demonstrate their talent by creating a Tik Tok of themselves and submitting it for a panel of judges to decide the winner. The Tik Toks will be available as a first round for students to shortlist for the final panel. There will be a prize for the winner who will be announced before the Winter break.

Student Hygiene Packs

As a development to our care pack project the Student Association will now be working with supported learning students at Kilwinning Campus to put together a bag of free hygiene products for students. We are in the process of arranging a session with the students to plan the project and assign tasks. This is in response to a request from the supported learning curriculum area to make these products available to their students and we have looked at developing this to include the students themselves to promote ownership and reduce the stigma of receiving these products which will be available to all students.

4. **Proposals**

   N/A

5. **Risks**

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

6. Equality Impact Assessment

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

7. Conclusion

ACSA will continue to work alongside staff in order to best support and encourage students and make the 2021/22 session, despite the unprecedented challenges it brings, both enjoyable and successful for students.

Ellie Jamieson
Student President
December 2021

Publication
This paper will be published on the College website

Ayrshire College   *(Paper 4)*

Board of Management

8 December 2021

Subject:	Interim Board and Committee Structure
Purpose:	To present proposals to implement an interim Board and Committee structure
Recommendation:	The Board is requested to approve the implementation of the interim structure and appointments as detailed in Section 4/Appendix 1.

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1. Background

The appointment to the position of Chair of Ayrshire College is a Ministerial appointment to the Board of a Public Body and as such the appointment process is overseen by the Scottish Government Public Appointments Team.

Board Members are aware that the tenure of Willie Mackie as Chair of Ayrshire College will conclude on 4 March 2022. The Public Appointments Team has therefore commenced the process to recruit to this important position.

2. Current situation

The Public Appointments Team representatives met with the Principal, Senior Independent Member (Mike Stewart) and the Board Governance Advisor on 14 September 2021 to discuss the overall appointment approach including the publicity and outreach strategy and to advise the College of the timelines to advert.

The timelines to advert advised by the Public Appointments Team were as follows:

5 November 2021	Post advertised
3 December 2021	Closing date for applications
11-13 January 2022	Interviews
3 February 2022	Final submission to Minister
18 February 2022	Minister's decision
03 March 2022	Chair commenced in post

A College working group was established to develop a corresponding project plan to support implementation of the internal process requirements; including, for example, Ayrshire College website page for advert and corresponding materials: Videos by Chair and Principal, social medial programme, and a College Open Evening. The majority of the required project plan tasks are in place.

3. Current challenges

The College has now been advised by the Public Appointments Team that the original appointment timelines will be delayed until the New Year. A key factor in this delay is a request from the Minister to identify an additional public appointments

panel member with local knowledge and experience. It is therefore highly unlikely that a new Chair will be appointed prior to Willie Mackie remitting post.

The Board is also aware that the Principal has indicated her intention to retire with effect from 31 May 2022.   In discussion with the Chair, the Principal had agreed this date specifically to accommodate the recruitment process for the new Chair; with the consideration that a new Chair would be in post and would therefore be part of the recruitment process for the Principal/Chief Executive. It was considered that this approach would be a significant contributing factor that candidates would take into account when applying for the position of Principal/Chief Executive.

Further to the above, it has been agreed that the Principal will extend her retirement date to 31 August 2022 (section 4, bullet point 7).

However, the Board is also asked to note that there is no option available for the current Chair to extend his term of office beyond 4 March 2021.

4. Proposals

In order to mitigate the risks to the College as related to the current challenges outlined, to ensure continuity of leadership of the Board and its Committees, to safeguard the reputation of the College and in alignment with Ayrshire College Responsibilities and Standing Orders (section 2.7), it is proposed to implement an Interim Board of Management and Committee structure, effective 7 March 2022. The proposed interim structure is outlined in Appendix 1 with interim positions highlighted in blue.

Appointment of Interim Chair
- Fiona McQueen, currently Vice-Chair, appointed as Interim Chair (in compliance with Ayrshire College Responsibilities and Standing Orders (section 2.7).

Appointment of Interim Vice Chair
- Steven Wallace appointed as Interim Vice Chair.
- The Board is asked to note that this appointment would normally require an election process (Ayrshire College Responsibilities and Standing Orders (section 2.7).
- The Board is requested to approve that this step is excluded given that it is an interim measure.

Performance, Review and Remuneration Committee
- Steven Wallace appointed as Interim Chair replacing Fiona McQueen (note: the Chair of the Board of Management cannot act in this capacity (Code of Good Governance for Scotland's Colleges: C21).
- This appointment will be enacted only if there is a requirement for this Committee to meet during the interim appointment period.

Search and Nomination Committee
- Fiona McQueen appointed as Interim Chair as per Ayrshire College Responsibilities and Standing Orders (section 3.6).
- Alison Sutherland appointed as interim member in capacity as interim Chair of LTQ Committee.

Business, Resources, and Infrastructure Committee
- Fiona McQueen temporarily steps down as a member of the above committee.

Learning, Teaching and Quality (LTQ) Committee
- Fiona McQueen temporarily steps down as Chair of the above committee.
- Alison Sutherland appointed as interim Chair of the LTQ Committee.

Post of Principal/Chief Executive: Extension of retirement timeline
- The Chair, as per the authority of the Standing Orders – Scheme of Delegation Section 4.4., has confirmed an extension to the retirement of the Principal to 31 August 2022.
- It is therefore anticipated that a new Chair will be in post, or an appointment made, and this person can be involved in the recruitment process for the post of Principal/Chief Executive.
- The Chair will provide an update on his discussions with the Principal in his report to the Board.

5. Consultation

The current Chair, Vice Chair, Senior Independent Member, the Principal and concerned Board Members have been consulted and are in agreement with the proposals outlined.

6. Resource implications

There are no additional associated financial implications although there may be an increased impact on the time commitments required from current Board Members.

7. Risks

There is a risk that the Chair will have remitted post prior to the appointment of a successor because of a delay in Public Appointment recruitment timelines resulting in a possible adverse impact on the governance and leadership of the College.

- The key significant risks are outlined in the proposals identified under Section 4 of this paper. It is proposed that, if approved for implementation, the interim measures will effectively mitigate the level of risk.
- The College is ready to proceed with all internal process requirements as soon as notification of new timelines are advised by the Public Appointments Team.

8. Equality Impact Assessment

Not applicable.

9. Conclusion

It is proposed that the interim arrangements remain in place until the confirmed appointment of a new Chair. The Board will be informed of when the Public Appointments Team have advised the College of updated timelines for the appointment process for the Chair.

Pauline Donald
Board Governance Advisor
December 2021

Board of Management Interim Committee Structure
AY 2021-22

Fiona McQueen
Chair

Steven Wallace
Vice Chair

Mike Stewart
Senior Independent Member

Chairs Group

Chairs Group

Audit and Risk Committee	**Business, Resources & Infrastructure Committee**	**Learning, Teaching and Quality Committee**	**Performance, Review and Remuneration Committee**	**Search and Nomination Committee**
Steven Wallace (Chair)	Mike Stewart (Chair)	~~Fiona McQueen (Chair)~~	**Steven Wallace (Chair)**	**Fiona McQueen (Chair)**
Steve Graham (Vice Chair)	Matthew Wilson (Vice Chair)	**Alison Sutherland (Chair)**	Fiona McQueen	Mike Stewart
Elaine Anderson	Norman Bone	Elaine Anderson	Mike Stewart	Steven Wallace
Alison Sutherland	Beth Clelland	Beth Clelland	Alison Sutherland	**Alison Sutherland**
Matthew Wilson	Steven Fegan	Steven Fegan		+
	Ellie Jamieson	Steve Graham		1 External Member
	~~Willie Mackie~~	Ellie Jamieson		
	Mary McClung	Mary McClung		
	~~Fiona McQueen~~	Janette Moore		
	Janette Moore	Sharon Morrow		
	Gillian Murray (co-optee)	Gordon Neil (co-optee)		
	Carol Turnbull	Steven Oliver		
		Mike Stewart		
		Carol Turnbull		
		Steven Wallace		

Annual Health, Safety & Wellbeing Report

August 2020 – July 2021

Contents

1 Introduction

The Annual Health, Safety and Wellbeing Report provides a summary of the College's health and safety performance for the 2020/21 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 2020 - July 2021, 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, particularly in relation to Covid-19.

The report also summarises the work that is currently planned for the future period. To meet these aims, the College will continue to align its health and safety activities to changes taking place within the sector and nationally and also to continue to support post pandemic recovery.

The College will 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 2020 to 31 July 2021.

This report provides an overview for Board Members, 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 ongoing trend analysis to enable year-on-year comparison.

3 Health and Safety Reporting and Monitoring

3.1 Regulation Action and Visits

During the reporting period, the College has consulted with representatives from Local Authorities, the Health and Safety Executive, Scottish Government, NHS Ayrshire and Arran and Scottish Fire and Rescue on a range of statutory and reporting matters.

In accordance with the requirements of The Fire (Scotland) Act 2005 and the associated Fire Safety (Scotland) Regulations 2006, the following evacuations were recorded as fire drills.

3.2   Planned Fire Drills

The Corporate Health, Safety and Wellbeing Committee agreed that planned fire drills should not take place due to the COVID-19 restrictions at the time. This was designed to minimise large groups of people from different households coming together unnecessarily. Fire drills will be reinstated for academic year 2021-22.

3.3   Unplanned Fire Alarms

Date	Campus	Details
18/08/20	Ayr	Alarm was activated during the night by a fire that was located above the suspended ceiling in the male toilet on the ground floor link corridor of the Dam Park building. The fire was caused by an electrical fault in the air intake fan. The fire extinguished itself, however, Scottish Fire & Rescue attended. The only damage sustained was cosmetic with no impact on the integrity of the building.
26/08/20	Ayr	A maintenance contractor was working on the gas deep fat fryer in the refectory kitchen. A small amount of residual oil was in the bottom of the fryer which created smoke during testing and activated the detection system. Evacuation undertaken and Scottish Fire & Rescue attended. Moving forward, the kitchen zone of the alarm system will be isolated whilst work is being undertaken to avoid any further incidents.
20/10/20	Kilwinning	Faulty detector head activated in the electrical plant room, resulting in full evacuation. Evacuation undertaken and Scottish Fire & Rescue attended.
28/04/2021	Ayr	Campus Assistants sweeping within basement of Dam Park building generated dust which activated a nearby detector. Evacuation undertaken and Scottish Fire & Rescue attended. Advised to dampen down dust in future to minimise the risk of a false activation.
12/05/2021	Kilmarnock	Fire alarm was triggered whilst chemical fogging a room. Evacuation undertaken and Scottish Fire & Rescue attended.

Date	Campus	Details
14/06/2021	Kilmarnock	Burnt out solenoid valve in water regeneration tank was faulty and triggered the fire alarm. Evacuation undertaken and Scottish Fire & Rescue attended.
07/07/2021	Kilwinning	Dust in ceiling panels outside room 2.10 was disturbed by building works, which triggered the fire alarm. Evacuation undertaken and Scottish Fire & Rescue attended.

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

The College received a joint proactive visit from the HSE and East Ayrshire Council Environmental Health Officer as part of the Covid-19 spot checks of the sector. The visit involved an observation of hair and beauty therapy classrooms, to consider how the College was managing practical activities. The visit also focused on measures implemented by the College to mitigate the risk of Covid-19. The Inspectors were satisfied with the arrangements in place.

4   Advice and Support

The primary health and safety advice resource for the College is through the Head of Health, Safety and Wellbeing 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 range 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 and health surveillance providers
- Liaising with enforcement organisations

5   Health and Safety Training

5.1   <u>Online Training</u>

Details of mandatory health and safety course completions: An Introduction to Working Safely and Fire Detection and Response, during the reporting period are shown below in Table 1. Due to Covid-19, the College included the Infection Control and Display Screen Equipment (DSE) Awareness modules as mandatory units for staff to complete.

Table 1

Legend: Jul-21, Jun-21, May-21, Apr-21, Mar-21, Feb-21, Jan-21, Dec-20, Nov-20, Oct-20, Sep-20, Aug-20

Total: 309 (An Introduction to Working Safely)
Total: 291 (Fire Detection and Response)
Total:151 (Infection Control)
Total: 364 (DSE Aware)
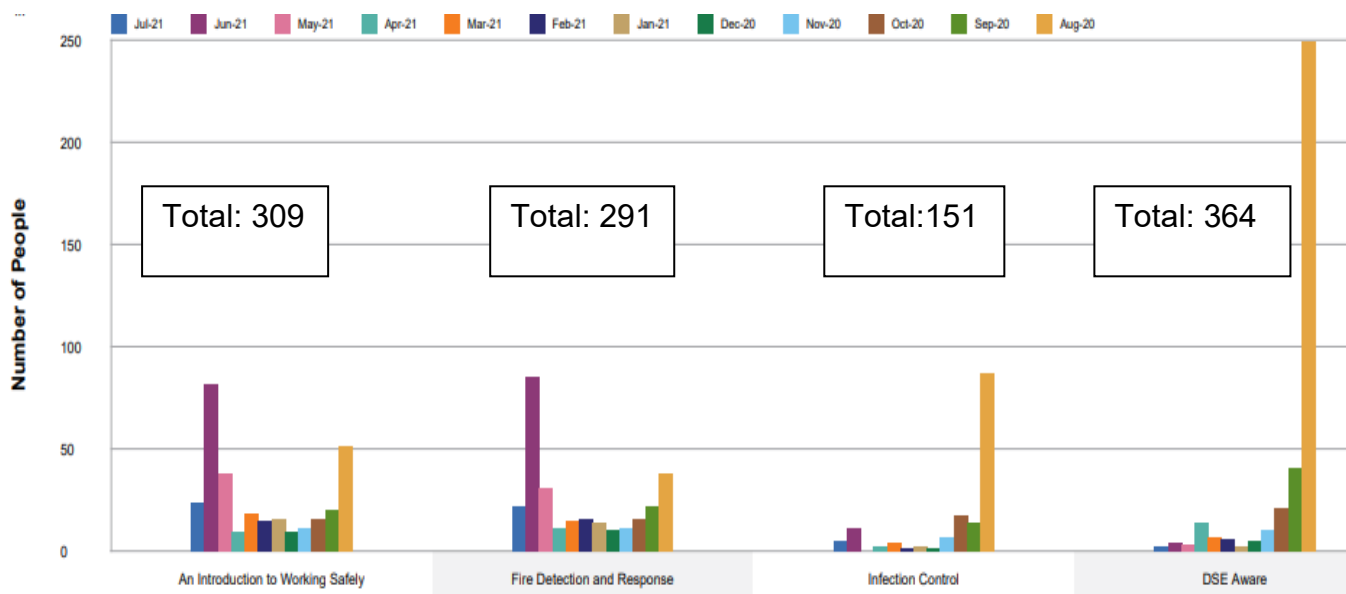
In addition to the mandatory courses, a comprehensive suite of health and safety eLearning courses are also available to staff.

5.2   <u>Bespoke Training</u>

Training was delivered to a number of staff who operate the electric pallet stacker truck in the Kilmarnock Campus.

Staff also took the opportunity to complete the various health, safety and wellbeing modules available from the College's Staff Learning Portal.

6   Audits

The internal health, safety and wellbeing programme was postponed due to the COVID-19 restrictions. This will resume in academic year 2021-22. The Team provided extensive and detailed advice and guidance to managers and teams in preparation for the new academic year, taking account of Covid-19 restrictions.

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 Assistant Principal – Human Resources and Organisational Development or nominated deputy. Membership

represents all work groups, including trade unions and student representation. The meeting dates were as follows:

- 10 September 2020
- The meeting scheduled for January was postponed due to the lockdown.
- 08 June 2021

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 2020-21, regular reports on Health, Safety and Wellbeing were received by the Senior 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:

- 08 September 2020
- 17 November 2020
- 09 March 2021
- 01 June 2021

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.

A range of work groups to support campus preparations in response to Covid-19 were supported and also significant activity focusing on staff wellbeing.

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 2020-21 include:

Procedure Title
Off Campus Activities
Provision of Workplace Equipment
Working at Height
Management of Radioactive Substances
Control of Vibration at Work

Health Surveillance
First Aid
Display Screen Equipment
Driving for College Business
Lone Working
Lifting Operations and Lifting Equipment
Control of Substances Hazardous to Health

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 52 accidents and incidents reported to the Health, Safety and Wellbeing team, details are shown in the following tables.

Table 2: Incidents by Type and Campus August 2020 – July 2021
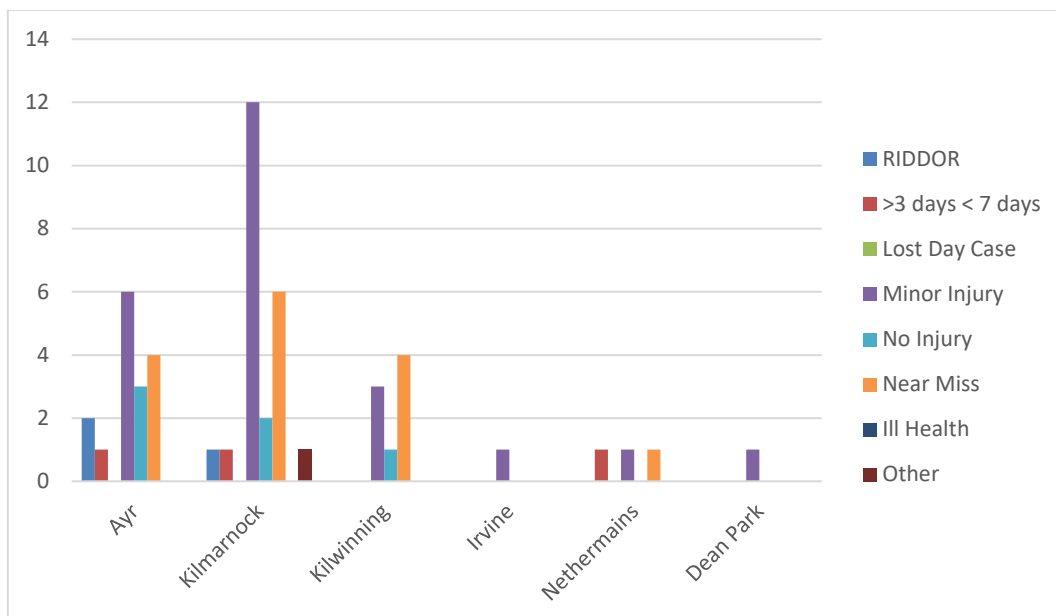
	Ayr	Kilmarnock	Kilwinning	Irvine	Nethermains	Dean Park
RIDDOR	2	1	0	0	0	0
>3 days < 7 days	1	1	0	0	1	0
Lost Day Case		0	0	0	0	0
Minor Injury	6	12	3	1	1	1
No Injury	3	2	1	0	0	0
Near Miss	4	6	4	0	1	0
Ill Health	0	0	0	0	0	0
Other	0	1	0	0	0	0
Total	16	23	8	1	3	1

The total number of incidents represents a 72.9% decrease in the number of incidents reported during 2019-20. The decrease is attributed to the physical mitigations in place which resulted in classes being smaller and also the remote delivery of learning and teaching. Of the above statistics, six members of staff, 21 students, three school pupils, and one member of the public sustained a minor injury.

The Health, Safety and Wellbeing team continue to support areas by attending staff team meetings to promote good practice, raise awareness and ensure that learning takes place following incidents.

Incident classification 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.

a. Sector Benchmarking

Eleven colleges submitted returns to allow accident incident benchmarking of the sector to be undertaken. The College figures were slightly higher than the Sector average across the categories. Although a full sector return would have been welcomed, data was provided by a diverse range of colleges of differing sizes, regions and demographics. It is also important to note that there is no agreed methodology in place for recording or reporting the data.

Ayrshire College
AIR statistics
2019-20

College Total Injuries
Staff Total Injuries
Student Total Injuries
- per 1000 at risk

College Statistics

8.47
20.39 7.48

Sector Average

8.0
14.93 3.31
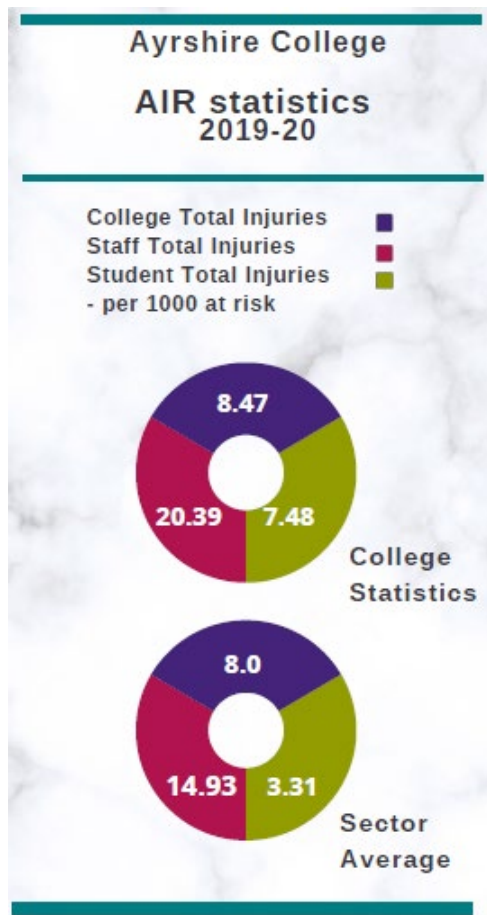
Appendix 3 provides the full return.

b.   RIDDOR Reporting

There were 3 incidents reported to the Health and Safety Executive under RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences) detailed in the following table.

Ayr Campus	Oct 2020	College	Handling Glass or Sharps
This accident was RIDDOR reportable due to an absence from work for more than 7 days. A member of the Hospitality team was removing a new blade from its box to attach to a food processor. The member of staff pulled on the blade to release it from the packaging which resulted in a cut finger. The member of staff attended A&E for stitches, which were removed after 7 days. The message was re-enforced with the team that care must be taken when handling any new blades, knives etc.			
Ayr Campus	Apr 2020	College	Fall from Height
This accident was RIDDOR reportable due to an absence from work for more than 7 days. A member of the Estates team fell when leaving the Dam Park building injuring his ribs and hand. No defects found and staff member stated he forgot to remove his reading glasses.			
Kilmarnock Campus	May 2021	College	Slips Trips and Falls
Whilst felling a tree at the Craigengillan estate, a student was readjusting his footing when he slipped injuring his left knee. The student sat out the activity for a period			

and was driven home by another student. Later that evening, the pain worsened and the student attended A&E where he received an x-ray and his knee was strapped. The student returned to class the following day, however, received a call from the hospital advising that a small fracture had been identified on his left knee and, therefore, returned for further treatment.

Students reminded of safety practice when adjusting position at height.

c. Trend Analysis

Table 3: Incident trend by Type August 2018 – July 2021
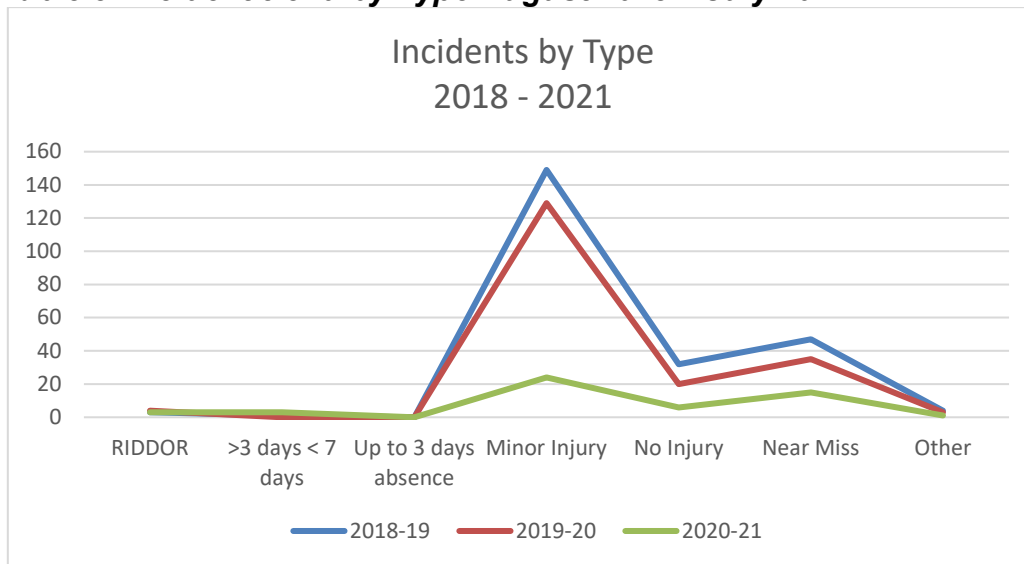
Incidents by Type	2018-19	2019-20	2020-21
RIDDOR	3	4	3
>3 days < 7 days	1	0	3
Up to 3 days absence	0	0	0
Minor Injury	149	129	24
No Injury	32	20	6
Near Miss	47	35	15
Other	4	3	1
Total	236	191	52

Since 2018-19, the number of incidents within the College annually, has reduced from 236 to 52 (78%).

11   Civil Action Claims

Zero claims closed during the reporting period. One employee liability claim remains open.

Person Involved	Injury	Current Position
Staff	Injury to shoulder	Open

12   Health and Wellbeing

a.   <u>Occupational Hygiene</u>

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

- Vibration assessment of portable tools, 261 in total, undertaken at Ayr Campus.

b.   <u>Occupational Health</u>

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 42 occupational health referrals were supported during the period.

<u>Health Surveillance</u>

In total, 212 staff received health surveillance throughout the reporting period. This was completed via remote screening, i.e. staff involved completed health questionnaire(s) and submitted this to Salus Occupational Health and Safety for review. Any issues identified were followed up by Salus which may have included a telephone call or face-to-face appointment.

c.   <u>Staff Counselling</u>

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

Staff Engagement	
Telephone Counselling	6
Face to Face Counselling first session	3
Face to Face Counselling two sessions	2
Face to Face Counselling six sessions	1
Legal Advice	1
Telephone Appt first session	5
Telephone Appt additional session	10
Web Site	127

12.5   Staff Support Programme and Wellbeing Activities

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

My Mental Health Matters	September/October 2020
12 Days of Christmas	December 2019
January Fitness Challenge	January 2021
Ayrshire College Walking Challenge	February 2021
Cycle to Work scheme	March – April 2021
Wellbeing Teams page (College wide)	March 2020
Mental Health Awareness week	May 2021
National Walking month	May 2021
Launch of PAM Life	June 2021
A range of digital promotional materials focussing on wellbeing topics such as work-life balance and pillars of wellbeing	Throughout reporting period
Virtual Staff Wellbeing day	June 2020

The College continues to hold the Healthy Working Lives silver award and is progressing towards the gold award, taking account of the disruption arising from the Covid-19 pandemic. The College was shortlisted in the Scottish Walking Award, Walking Champion in Education, category. 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 Staff Wellbeing Teams page was established which allowed staff to share resources with each other in order to promote wellbeing during this period.

The HSW team were extensively involved in the design and analysis of the Staff Survey. This involved reviewing trends and actions to take forward to support staff wellbeing.

The Cycle to Work scheme was made available to staff, which led to eleven members of staff purchasing bicycles.

The Staff Wellbeing Day was held virtually on 25 June. Staff were encouraged to participate in an activity outside and away from their desk / home work station.

The College procured a wellbeing App "PAM Life", which can also be accessed online. The resource was introduced in June 2021 to coincide with the Staff Wellbeing day. The App provides staff with access to a range of information and support on wellbeing, nutrition and fitness.

13   Covid Arrangements

The Health, Safety and Wellbeing team attended the Campus Operations Steering Group (COSG) and supported all associated workstreams.

A homeworking Display Screen Equipment (DSE) guidance document was made available to all staff. In excess of 634 initial assessments, and approximately 70 revised assessments, have been reviewed by the HSW team.

NHS Ayrshire & Arran opened a testing pathway for College staff who returned to working regularly on campus. In circumstances where staff experienced symptoms, a completed referral form was submitted to NHS Ayrshire & Arran and the staff member was contacted to attend at either Crosshouse or Ayr Hospitals for a Covid test. The results were received by the member of staff within 24 hours. This arrangement came to an end in December 2020 and staff now access testing via the national testing centres.

Throughout the reporting period, the Head of Health, Safety and Wellbeing attended weekly Covid-19 Regional Education meetings which were supported and facilitated by NHS Ayrshire and Arran. This partnership has been highly successful in enabling effective communication and flow of information across the constituent organisations, on all aspects of the Covid-19 pandemic. A process was also established where members of College Senior Management supported a weekend rota to enable NHS Ayrshire & Arran contact tracing involving staff or students who had received positive Covid-19 test results.

The Head of Health, Safety and Wellbeing collated and submitted a weekly return to the Scottish Government confirming the number of positive and self-isolating staff and students. This ceased in June 2021 and did not recommence in the new academic year.

Lateral Flow Device (LFD) testing kits were made available to all staff and students from May 2021. The initial uptake was positive in comparison to other Colleges in the sector.

The Head of Health, Safety and Wellbeing worked with NHS Ayrshire & Arran to arrange on-campus vaccination clinics where 248 staff and students attended over the first two weeks of academic year 21/22.

14   Future Direction

a.   <u>Strategy and Action Plans</u>

All stakeholders are charged to give due care and consideration in their work to health and safety issues and the Colleges Statement of Ambition. 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 all activities of the College.

b.   <u>Specific Requirements</u>

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 performance against the College's set objectives.

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

7   The policy will be regularly reviewed to reflect best practice and the changing requirements of the College.

c.   <u>Objectives for Health and Safety Performance</u>

1   H&S Policy - Review and revise H&S Policy. This is the cornerstone document for Health, Safety & Wellbeing (HSW) Management with objectives set for continued improvements to enhance the HSW culture. The policy will be available for all staff to access via the College intranet portal.

2 H&S Management Support Software – Continue to maintain and develop the Ayrshire College Safety Hub to support the management of all HSW requirements across the campuses.

3 H&S Training – Deliver specific H&S training to College Managers and staff.

4 Occupational Health - Ensure continued or enhanced provision of Occupational Health support to staff for the purpose of statutory health surveillance, health monitoring, counselling and general support. Deliver appropriate health and wellbeing events across the campuses. Maintain and enhance as necessary the College's health surveillance program for staff. 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 Health and Safety Culture. Maintain the Intranet portal content for all staff materials and resources including: procedures, forms, information and guidance.

6 Monitoring and Review – Monitor all aspects of the H&S Management system of the College via proactive and reactive approaches including accident/incident reporting and investigation and inspections, surveys and audits. The allocation of responsibilities for health and safety matters and the 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.

David Davidson
Assistant Principal
Human Resources and Organisational Development
November 2021

(Martin Hammond, Head of Health, Safety and Wellbeing)

Ayr Campus

Number of Incidents (y-axis: 0, 1, 2, 3, 4)

Legend:
- Near Miss
- No Injury
- Minor Injury
- Specified Injuries to workers (notifiable)
- Lost Day Case
- Dangerous Occurrences (Notifiable)
- Ill Health
- Fatal Accidents (Notifiable)
- more than 3 day but less than 7 days (Recordable)
- Over-seven-day incapacitation of a worker (Notifiable)
- Non fatal accidents to non-workers (eg members of the public)
- Occupational diseases
- Other

Categories (x-axis):
- Burns or Scalds
- Damage to property / equipment
- Fall from Height
- Fire
- Handling glass or sharps
- Hit by moving, flying or falling object
- Ill Health
- Injured while handling, lifting or carrying
- Use of portable hand tools

Kilmarnock Campus incl. Dean Park
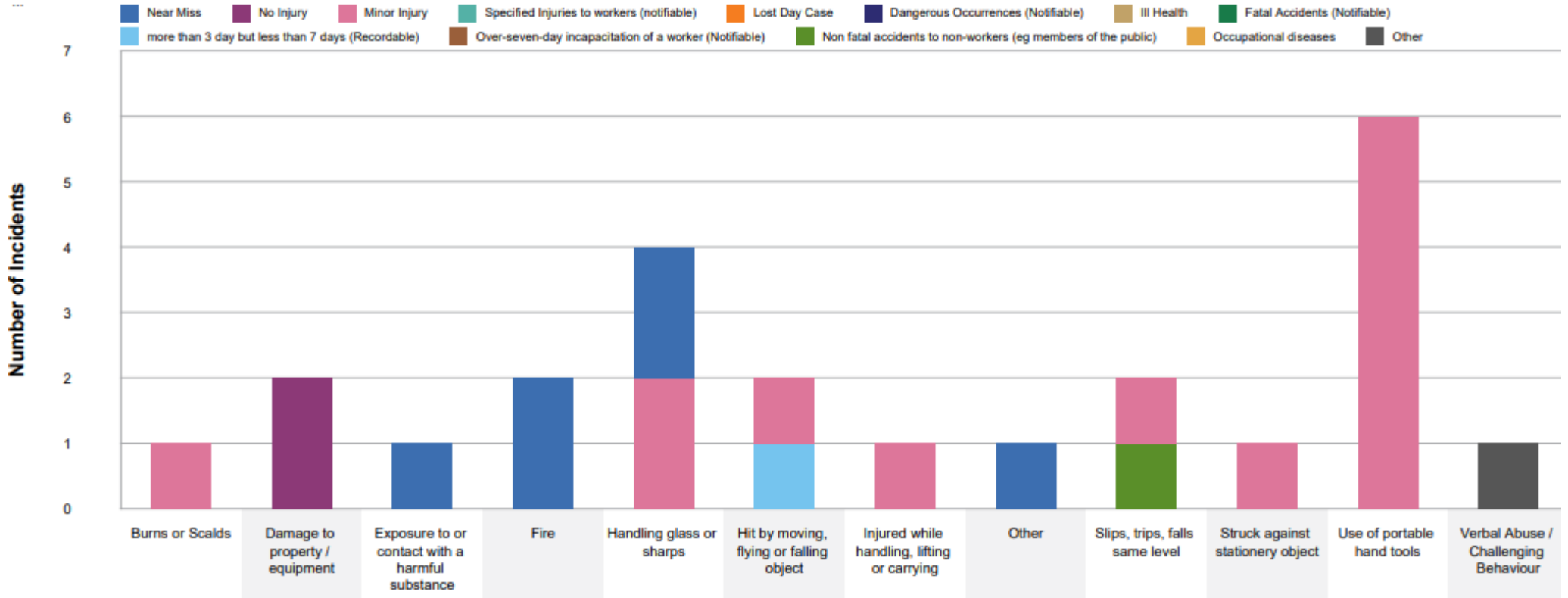
Kilwinning Campus incl. Nethermains and Skills Centre of Excellence (Irvine)

Legend:
- Near Miss
- No Injury
- Minor Injury
- Specified Injuries to workers (notifiable)
- Lost Day Case
- Dangerous Occurrences (Notifiable)
- Ill Health
- Fatal Accidents (Notifiable)
- more than 3 day but less than 7 days (Recordable)
- Over-seven-day incapacitation of a worker (Notifiable)
- Non fatal accidents to non-workers (eg members of the public)
- Occupational diseases
- Other

Y-axis: Number of Incidents

Categories:
- Exposure to or contact with a harmful substance
- Fall from Height
- Fire
- Handling glass or sharps
- Slips, trips, falls same level
- Struck against stationery object
- Use of portable hand tools

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:

<u>An accident</u>

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.

<u>Near miss</u>

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.

<u>Dangerous occurrence</u>

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.

<u>Environmental incidents and miscellaneous incidents</u>

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.

Appendix 3

Ayrshire College AIR statistics 2019-20

College Total Injuries
Staff Total Injuries
Student Total Injuries
- per 1000 at risk

8.47
20.39 7.48
College Statistics

8.0
14.93 3.31
Sector Average

Total Accidents - Injury + Dangerous Occurrences + Occupational Diseases - Staff
23

Total Accidents - Injury + Dangerous Occurrences + Occupational Diseases - Students
97

Total Riddor Reportable Injuries
3 (1+2)

Prepared by CDN's Health, Safety and Wellbeing Development Network

College Sector *AIR statistics 2019-20

8.0
14.93 3.31

College Total Injuries
Staff Total Injuries
Student Total Injuries
- per 1000 at risk

Total Accidents - Injury + Dangerous Occurrences - Staff
83

Total Accidents - Injury + Dangerous Occurrences - Students
424

Total Riddor Reportable Injuries
8 + 11

*Statistics based on a total of 11 submitted college returns

Prepared by CDN's Health, Safety and Wellbeing Development Network

Ayrshire College

Annual Procurement Report

For the period:
1 August 2020 to 31 July 2021

The Annual Procurement Report 2020-21 was reviewed by the BRIC Committee on 16 November 2021 and recommended to the Board of Management for its approval.

Contents

Executive Summary

The Procurement Reform (Scotland) Act 2014 (PRA) requires any public organisation which has an estimated annual regulated[1] spend of £5 million or more to develop a procurement strategy and then review it annually. 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, the fourth Annual Procurement Report published by Ayrshire College, covers the period of 1 August 2020 to 31 July 2021. It addresses how the College has performed in its procurement activities and on delivery of its procurement strategy and wider aims and objectives.

In line with Scotland's National Outcomes, this process of review and reporting identifies where adjustments to the procurement activity is 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, social and environmental influences.

The Covid pandemic continued to have an affect on the College's operations with the re-closure of its campuses but successful delivery of the curriculum has continued with staff and students being able to access the equipment and the systems and services needed to virtual and/or on-campus learning as relevant.

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[2] regulated procurements [goods and services worth more than £189,330; works worth more than £4,733,252]:-There were **two** such procurements completed[3] during the reporting period, with the total contract value of £593,867.

- Lower value regulated procurements' [goods and services worth more than £50,000, works worth more than £2 million]:- There were **four** such procurements completed during the reporting period. These amounted to £237,189.

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

Ayrshire College's total non-salary expenditure for 2020-21 was £11,317,777 (ex VAT) of which the core procurement expenditure, excluding NPD/PFI repayments, was £3,531,790 with £1,469,024 of regulated expenditure (recorded on the Contracts Register) and £2,062,766 of non-regulated spend.

Of the College's regulated procurement spend £1,502,448 (44%) went through collaborative Category A, B and C1 contracts and agreements. The fall in collaborative spend can be attributed to a reduction in general activity due to COVID

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[1] Regulated' procurements are those with an estimated value equal to or greater than £50k (≥ £12,500 per annum over a four-year contract period excluding VAT) for goods & services or £2,000,000 excluding VAT for a public works contract.

[2] Public contracts (EU) thresholds are revised every 2 years – next due on 01 /01/2022. With the UK's exit from the EU on 01/01/2021 these thresholds will continue to apply to existing and future requirements that include whole or partial EU Grant funding.

[3] Deemed completed when the award notice is published or where the procurement process otherwise comes to an end – this assumption covers contracts and framework agreement

Ayrshire College had 1,005 active suppliers on its purchase ledger and did business with 625 companies in the reporting period 2020-21, down from 742 in 2019-20 directly due to Covid19. Ayrshire College continues to be committed to supporting local businesses and recognises that by spending with local businesses our requirements for goods and services can enhance lives and bring social benefits beyond the actual amount spent. For this reason, engaging with and buying from local suppliers, wherever possible, remains a key element of our procurement strategy. 229 suppliers (23%) were based in Ayrshire, a slight fall on the previous year (24% in 2019-21) with 30% of suppliers based in the rest of Scotland.

Of the remaining suppliers, 44% were based in the rest of the UK, 2% in the European Union and 1% in the rest of the World. These figures are similar to the previous year with the College committed to working with suppliers to form good supportive relationships especially during the Covid crisis.

SMEs constituted 83% of the total of active suppliers and 55% of procurement spend was with SMEs. This is an increase of 12% from 2019-20.

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**
  - **Section 6: Current and Future Challenges and Risks**

Report Approved: 8 December 2021
By: Ayrshire College Board of Management

Signed: …………………………………………….

        Carol Turnbull

Position: Principal and Chief Executive

Section 1: Summary of Regulated Procurements Completed

Ayrshire College continues carries out all its procurements in an open and inclusive manner. The College's procurement objectives are aligned to the College's Strategic Plan and Objectives, in particular the ambition to be an inspirational place of learning which will be achieved "*through strong collaboration and partnership working*"[4] .

The details of regulated procurements completed during the reporting period are set out in **Appendix 1** 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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[4] Ayrshire College Statement of Ambition 2030

Section 2: Review of Regulated Procurement Compliance

Where appropriate, Ayrshire College has made use of national and sector collaborative contracts put in place by Scottish Public Sector Procurement and APUC, 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.

Procurement activities at Ayrshire College are subject to regular, independent review against the Scottish Government Procurement & Commercial Improvement Programme (PCIP). The PCIP is a useful tool through which the University and College sector is periodically assessed and which can provide valuable benchmarks by which necessary improvements might be identified, consulted over, planned and implemented. To deliver continuous improvement across all aspects of the procurement process and against the procurement strategy objectives is part of a customer valued, continual improvement process (CIP) that seeks incremental improvements to process and outcomes over time.

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 engagement with internal and external stakeholders and suppliers is key in building the understanding of the needs and requirements which in turn reinforces the value of our procurement activities. Supplier engagement meetings are used as a means to explain and promote the benefits of public procurement processes and to define the college's requirements.
	Although the Covid pandemic meant that no meetings could take place in person, the use of virtual events such as the supplier engagement event in May for potential food providers and the induction event for Associate Trainers in January were both well attended and the feedback was that more attended because they did not have to travel, ticking the environmental objectives at the same time. This method of meetings will continue.
	The college contributes to sector contracting plans, providing feedback on frameworks both national and sector when requested. Procurement is part of the work-stream coordinating procurement efforts on a regional basis with the 3 Ayrshire councils and other local organisations as part of the Ayrshire Wealth Building, Ayrshire Growth Deal (Ayrshire Growth

Procurement Strategy Objectives	Annual Report Commentary on Strategy Delivery/Compliance
	Deal-Community Wealth Building), to deliver local collaborative contracts.
	The college actively engages with other bodies through HE and FE specific events, Scottish public-sector events and training events including those of the Environmental Association for Universities and Colleges (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 directly follow the guidelines set out in the Scottish Procurement Journey and Procurement is proactive in supporting Ayrshire College's new strategic objectives published in the Ayrshire College's Statement of Ambition 2030.
	Optimal procurement strategies are developed and agreed through consultation with key stakeholders, end users and suppliers. This intelligence gathering approach is also used to deliver innovation, to improve skills and competencies in securing the most appropriate procurement routes to market that yield best value outcomes consistent with the guidelines set out in the Scottish Procurement Journey.
	Procurement activities follow the guidelines set out in the Procurement Journey. This helps to manage the expectations of stakeholders, customers and suppliers alike and facilitates best practice and consistency with what other organisations do across the Scottish public sector.
	The college did not award any contract over £4m in the reporting period, however it does consider the impact and how it can improve the economic, social or environmental wellbeing of its area through inclusion of community benefit clauses in its regulated procurements. Where possible and proportionate, such clauses may be included in procurements below £4m.
	Care is taken to ensure that procurement activities support the College's strategic objectives such as ' Work with partners, including businesses, to co-create and deliver a portfolio of learning and skills that is relevant, dynamic, flexible, and responsive to employer and industry needs, to current and future skills requirements and contributes to social and economic recovery' by engaging with local companies through direct contact and advertising opportunities on Public Contracts Scotland (PCS) and PCS Quick Quotes.
To promote the delivery of value for money through good procurement practice and optimal 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. Careful consideration is given to the balance of quality between the relevant technical and quality criteria, whole life costs and sustainability.
	Working with key departments to manage strategic contracts and carry out supplier performance assessments helps to ensure that the balance

Procurement Strategy Objectives	Annual Report Commentary on Strategy Delivery/Compliance
	of price and quality is provided throughout the life of the contract. A review of the continued need for the contract and the performance of the contractor is carried out before any contract is extended or re-tendered. On-going monthly analysis of spend is carried out to identify aggregation opportunities, such as joint purchasing with other departments internally and also what can be sourced through the use of local, regional and national framework agreements. The monthly review of spend allows non-regulated purchasing to be addressed early to eliminate unnecessary or duplicate spend, increase the value benefits of aggregated purchasing, reduce the cost of procurement and ensure compliance with procurement regulations. Procurement has the responsibility of reviewing and approving all new supplier requests to prevent duplication; off-contract spend and minimise the potential for fraud. APUC's Contract Uptake aids the review of spend through collaborative frameworks and contracts. In 2020-21 Ayrshire College used collaborative contracts for 44% 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. During the reporting period, it is estimated that savings via Cat C contract were £3,355 and savings through framework agreements were £246,265.
To seek out professional development opportunities to enrich and enhance experience and capability of procurement practitioners and to work with the supply chains to ensure continued value, managed performance and minimal risk throughout the life of contracts for the benefit of customers and students.	Performance reviews of the shared service procurement staff is carried out quarterly and e-learning resources such as HE/FE on-line courses and webinars organised by APUC, EAUC or the wider public sector such as Procurex are used to further develop procurement knowledge and capability. In addition, continuous professional procurement development training events are attended where required and training records are kept up to date. Internal training of staff with procurement and purchasing responsibilities is ongoing with additional guidance available on the College's intranet for reference. The continued roll-out of the College's electronic purchase to pay system and the training for budget holders and users has provided the opportunity to refresh staff's procurement knowledge relevant to their position and role. Depending on the identified risk of a contract, based on the spend, the performance of the supplier and the market, formal supplier meetings are held over the life of regulated contracts. These meetings provide an opportunity for all parties to discuss performance, provide feedback, agree contract variations, and plan for future activities. Contract

Procurement Strategy Objectives	Annual Report Commentary on Strategy Delivery/Compliance
	management guidance, performance scorecard and meeting agenda and minute templates is employed as a key tool to ensure that contract leads are equipped to realise the benefits over the life of a contract.
To develop sound and useful procurement management information in order to measure and improve procurement, contract management and supplier performance; in support of corporate planning which is conducted through a fair and transparent process.	Regular analysis of expenditure is carried out to provide management information. Data from the College's finance system is analysed on monthly and quarterly basis and a quarterly report with a similar format to the annual procurement report is presented to the senior leadership team. Other sources of spend data include contractors, APUC hub and the Hunter database. Internal discussions regarding budget and capital planning inform future procurement activity. General Ledger data can be queried down to invoice level which means expenditure to be consolidated and cost efficiencies sought. The college's procurement policy and procedures internal governance require that before a regulated procurement can take place, an initiation document needs to be accompanied by a strategy, risk analysis and sustainability test to be authorised. This ensures that the proposed spend has been approved and budgeted for and that the procurement route, alternative solutions, benefits, total costs, added value and sustainability have all been considered. The college's contract and supplier management toolkit is for use with key contracts to measure and manage the effectiveness of the contract. Working with contractors to obtain the management information allows key performance indicators to be scored and sharing the results with the contractor helps to develop a relationship. The aim is for the contract and supplier management toolkit to be used 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 and UK legislation in performance of the sustainable procurement duty.	The College's procurement processes ensures all 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. The College procurement process and sign off arrangements are consistent with the guidelines set out in the Procurement Journey and that have met the objectives and obligations set out in its own procurement policy and procedures and financial scheme of delegation. The College promotes compliance by contractors and sub-contractors with the Health and Safety at Work etc. Act 1974 (c.37) and any provision made under that Act with the relevant contractors being Site Safety in Procurement (SSIP) scheme members. 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

Procurement Strategy Objectives	Annual Report Commentary on Strategy Delivery/Compliance
	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. As well as this, 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 which is reviewed and updated annually.

The College, as a Living Wage accredited employer, recognises the value of a well-motivated and dedicated workforce both in its own organisation and in those of its suppliers. Where relevant and proportionate, the College considers the fair work practices of suppliers in its procurements, including application of the living wage.

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 considered when sourcing relevant goods and Third sector bodies and supported businesses are always considered for relevant procurement activities. |

Section 3: Community Benefit Summary

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

During the period 1 August 2020 to 31 July 2021 Ayrshire College did not award any contracts over the £4 million regulated procurement contract threshold and with campuses closed for a major part of the year and students learning being provided remotely there were no benefits or value on a local basis and the social value and community benefits from frameworks is recorded in the relevant organisations annual report.

Section 4: Supported Business Summary

The college reviews each procurement to determine whether it could be fulfilled by a Supported Business, whilst remaining compliant with EU and Scottish Procurement Legislation and ensuring value for money for the college (using the only Supported Business register currently available and published by Ready for Business).

In the period 1 August 2020 to 31 July 2021 Ayrshire College did not reserve any contracts for supported businesses, however during this period a total of £18,200 of spend was placed with the supported business contracted under the Government Period Poverty scheme.

Section 5: Future Regulated Procurements Summary

Ayrshire College is keen to encourage competition by promoting optimal participation in its procurement process and achieve better value for money in its procurements. One method of achieving this is to give notice to suppliers of tendering opportunities that are expected to commence over the next two financial years after the period covered by this report. This list of projected individual regulated procurement exercises is outlined in **Appendix 2**.

In preparing this forward projection of anticipated regulated procurements, it is difficult to be precise about providing details of actual requirements. Over a forecast period of two years it is very probable that circumstances and priorities will change so the list of projected individual regulated procurement exercises outlined in Appendix 2 should be viewed with this caveat in mind.

The information provided in Appendix 2- list of Future Regulated Procurements covers:

- the subject matter of the anticipated regulated procurement
- whether it is a new, extended or re-let procurement
- the expected contract notice publication date
- expected award date
- expected start and end date
- the estimated value of the contract
- contract category A, B, C or C1.

Section 6: Other Areas for Consideration-External Challenges and Risks

1.   COVID 19

Risk

The college Procurement Manager has been working with APUC to minimise supply risks as a result of the COVID19 pandemic. All key and high-risk suppliers have been contacted for feedback on how the coronavirus is impacting their supply chain and the contingency plans they have put in place. This kept up-to-date and relevant information circulated to contract leads.

Supporting Suppliers

In line with the Scottish Government guidance (SPPN5/2020) which provides specific COVID19 direction on supplier relief, making best use of resources and relaxation of Procurement regulations for recovery and transition from COVID lockdown and staff furlough, the college was able to suspend the waste management service and the washroom service during lockdown with the suspended period being added to the end of the contract.

Supporting staff and students

At the start of the pandemic lockdown and on-going into the academic year 2021-21, the College, like all education establishments faced the issue of trying to support students without access to IT equipment to continue their studies at home.

In March 2020, the Campus Operations Steering Group was set up with several work-streams including the Learning & Teaching and Student Engagement Workstream which procurement was part of. The group, had the remit amongst others, to investigate the most timely and compliant route to access ICT equipment for those identified as in need. As demand was great from all sectors, not least the NHS, getting ICT equipment was not without challenges, however working with the National Framework suppliers and college student support staff we were able to secure the mobile devices and connectivity solutions and get them delivered to students at home quickly.

The college staff were not affected by any issues with access to supplies of PPE, with the college working with framework and local suppliers to ensure screens, sanitiser and other PPE equipment was always available.

Impact on spend and looking to the future

One area where the level of spend changed due to the enforced campus lockdowns was energy consumption with a 9% decrease in gas, electricity and biomass consumption and although with the opening of campuses for the academic year 2021-22, it is planned that these savings in carbon can be continued and reported on in the college's Public Bodies Climate Change Duties Report later in the year.

2.   BREXIT

Given the impact of Covid19, the effects of Brexit are only beginning to be known such as the shortage of staff in low paid employment and HGV drivers. Using the regular brexit supply chain reports from APUC on the risks to the supply of goods and services and staffing, Procurement disseminates the information to assess the risk locally. There is no current high level risk to the College.

Appendix 1: List of Regulated Procurements (Compliant and Non-Compliant) Completed in Reporting Period 1 August 2020 to 31 July 2021

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
Students Record System Support and Maintenance	ESS Ltd- formerly Capita	01/08/2020	B	01/08/2020	31/07/2023	£391,550	large	no
Microsoft Campus Agreement 2020	Phoenix Software Ltd	04/08/2020	B	23/08/2020	22/08/2023	£202,367	large	no
Supply of Sandwiches	The Sandwich Factory (GB) Ltd	04/09/2020	C	04/09/2020	03/09/2021	£55,000	small	no
Supply and Support of Citrix Licences	Insight Direct (UK) Ltd	23/09/2020	B	01/10/2020	30/09/2021	£62,022	medium	no
Student Psychological Assessments	UPEEL Ltd	02/10/2020	C	01/10/2021	01/10/2023	£52,500	small	no
ICT Additional Server Storage Solution	DTP Group	07/04/2021	C	07/04/2021	06/04/2024	£67,667	small	no

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	01/04/2021	C	01/04/2021	30/06/2022	£76,942	Extension of the interim non-compliant 2020 contract.	The interim contract was extended due to the Covid-19 pandemic continuing beyond the end of the original end date. A replacement contract will be carried out via a mini-tender under the Scottish Government Cat A framework in early 2022.

Appendix 2: List of Regulated Procurements planned to commence in next two Financial Years, 2021/22 & 2022/23

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
Finance System Support and Maintenance	B	Re-let	25/10/2021	23/01/2022	22/02/2022	21/02/2024	69,083
Health & Safety Management Software System	C	Re-let	17/11/2021	13/12/2021	06/01/2022	05/01/2024	35,000
Kilwinning New Hub Building Construction	C	New	01/11/2021	29/11/2021	01/12/2021	30/04/2022	870,000
Health Surveillance Service	B	Re-let	08/11/2021	06/02/2022	08/03/2022	07/03/2023	27,500
Provision of Legal Services- General to Ayrshire College	B	Re-let	20/11/2021	18/02/2022	20/03/2022	19/03/2024	27,083
Supply and Delivery of Biomass Pellets	C	Re-let	26/11/2021	24/02/2022	26/03/2022	25/03/2025	232,250
Ayrshire College Inter-site WAN Connectivity	B	Extension	27/12/2021	27/03/2022	26/04/2022	25/04/2023	145,833
Legal Services- People Matters	B	Extension	04/01/2022	04/04/2022	04/05/2022	03/05/2023	40,330
Internal Audit	B	Extension	03/03/2022	01/06/2022	01/07/2022	30/06/2023	55,200
Copying and Printing 2020 Interim Extension	A	Re-let	03/03/2022	01/06/2022	01/07/2022	30/06/2025	138,400
Water Quality Management Service	B	Re-let	04/03/2022	02/06/2022	02/07/2022	01/07/2024	50,000
Maintenance and Support of Telephone System	B	Re-let	14/03/2022	12/06/2022	12/07/2022	11/07/2025	95,317
Provision of IT System Support and Professional Services	C	Extension	20/03/2022	18/06/2022	18/07/2022	17/07/2023	104,167
Non-life Insurance for Ayrshire College	B	Extension	03/04/2022	02/06/2022	01/08/2022	31/07/2023	441,667
Supply and Support of Citrix Licences	B	Re-let	03/06/2022	01/09/2022	01/10/2022	30/09/2023	187,500
VEEAM Sfotware Support and Maintenance	C	Re-let	03/06/2022	01/09/2022	01/10/2022	30/09/2024	45,734
Provision of ICT Security Professional Services	C	Extension	13/06/2022	11/09/2022	11/10/2022	10/10/2023	50,000
Suppy of On-line Student e-Portfolio Assessment Platform	C	Re-let	14/06/2022	12/09/2022	12/10/2022	11/10/2023	48,985
Student Psychological Assessments	C	Re-let	05/07/2022	03/10/2022	02/11/2022	01/10/2024	52,500
Supply of Staff Compliance Course Training E- Learning & LMS Platform	C	Re-let	08/07/2022	06/10/2022	05/11/2022	04/11/2024	52,200
Supply, Install, Support and Maintain HR and Payroll System	C	Re-let	12/07/2022	10/10/2022	09/11/2022	08/11/2027	116,667
Employee Counselling Service	B	Re-let	22/09/2022	21/12/2022	20/01/2023	19/01/2025	16,667
Training Management Software System	C	Extension	03/11/2022	01/02/2023	03/03/2023	02/03/2024	31,454
Grounds Maintenance and Winter Gritting Service	C	Extension	23/12/2022	23/03/2023	22/04/2023	21/04/2024	38,333
Moodle Hosting and Support	C	Extension	12/01/2023	12/04/2023	12/05/2023	11/05/2024	32,300
Students Record System Support and Maintenance	B	Extension	03/04/2023	02/07/2023	01/08/2023	31/07/2024	168,067

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	01/08/20 to 31/07/21
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	£908,048
c) Total number of unique suppliers awarded a place on a regulated contract awarded during the period	7
i) how many of these unique suppliers are SMEs	4
ii) how many of these unique suppliers how many are Third sector bodies	0
3. Review of Regulated Procurements Compliance	
a) Number of regulated contracts awarded within the period that complied with your Procurement Strategy	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	0

Key Contract Information on community benefit requirements imposed as part of a regulated procurement that were fulfilled during the period:

d) Number of Jobs Filled by Priority Groups *(Each contracting authority sets its own priority groups)*	0
e) Number of Apprenticeships Filled by Priority Groups	0
f) Number of Work Placements for Priority Groups	0
g) Number of Qualifications Achieved Through Training by Priority Groups	0
h) Total Value of contracts sub-contracted to SMEs	0
i) Total Value of contracts sub-contracted to Social Enterprises	0
j) Total Value of contracts sub-contracted to Supported Businesses	0
k) Other community benefit(s) fulfilled	0

5. Fair Work and the real Living Wage

a) Number of regulated contracts awarded during the period that have included a scored Fair Work criterion.	0
b) Number of unique suppliers who have committed to pay the real Living Wage in the delivery of a regulated contract awarded during the period.	5
c) Number of unique suppliers who are accredited Living Wage employers and were awarded a regulated contract awarded during the period.	2
d) Number of unique suppliers who have signed up to the Scottish Business Pledge and were awarded a regulated contract awarded during the period.	0

6. Payment performance

a) Number of valid invoices received during the reporting period.	6,123
b) Percentage of invoices paid on time during the period ("On time" means within the time period set out in the contract terms.)	53%
c) Number of regulated contracts awarded during the period containing a contract term requiring the prompt payment of invoices in public contract supply chains.	6
d) Number of concerns raised by sub-contractors about the timely payment of invoices within the supply chain of public contracts.	0

7. Supported Businesses Summary

a) Total number of regulated contracts awarded to supported businesses during the period	0
b) Total spend with supported businesses during the period covered by the report, including:	£18,765
i) spend within the reporting year on regulated contracts	£18,200
ii) spend within the reporting year on non-regulated contracts	£565

8. Spend and Savings Summary

a) Total procurement spend for the period covered by the annual procurement report.	£4,872,631
b) Total procurement spend with SMEs during the period covered by the annual procurement report.	£2,246,988
c) Total procurement spend with Third sector bodies during the period covered by the report.	£30,466
d) Percentage of total procurement spend through collaborative contracts.	44%
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	£249,620
i) delivered cash savings for Cat A contracts	£37,528
ii) delivered cash savings for Cat B contracts	£208,737
iii) delivered cash savings for Cat C contracts	£3,355
g) Total non-cash savings value for the period covered by the annual procurement report	£0

9. Future regulated procurements

a) Total number of regulated procurements expected to commence in the next two financial years	29
b) Total estimated value of regulated procurements expected to commence in the next two financial years	£2,222,896

Glossary of Terms

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

Category A	Collaborative Contracts available to all public bodies • Scottish Procurement
Category B	Collaborative Contracts available to public bodies within a specific sector • Scottish Procurement • APUC • Scotland Excel • NHS National Procurement
Category C	Local Contracts for use by individual public bodies
Category C1	Local or regional collaborations between public bodies

APUC- Advanced Procurement for Universities and Colleges (APUC Ltd Reg. No. SC314764)

APUC's 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

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.

College Dashboard - the area within the APUC Buyers Portal being developed by the APUC eSolutions team providing easy access to Colleges' key management reporting data being

recorded centrally through **Hunter**. The dashboard currently hosts key regulatory procurement information on Contracts Registers, forward contracting plans, expenditure reporting and Annual Procurement Report Data. The list of reports is planned to expand to cover savings and Procurement & Commercial Improvement Programme dashboard data.

Lotting - the Public Contracts (Scotland) Regulations 2015 encourage the use of lots (regulation 47), to promote competitiveness and to facilitate the involvement of SMEs in the public procurement market, by considering the appropriateness of dividing contracts into lots to smaller contracts

Output Specification requirements are set out in terms of what you want to achieve, leaving the tenderers to decide on how they will deliver those requirements. This can lead to innovation by the tenderers. The services detailed in the output specification should be capable of objective assessment so that the performance of the supplier can be accurately monitored.

Prioritisation - the Sustainable Public Procurement Prioritisation Tool which is a tool to aid all procuring organisations across the Scottish Public Sector designed to bring a standard structured approach to the assessment of spend categories.

Procurement Journey is public procurement toolkit with guidance and templates on the procurement process to facilitate a standardised approach to the market and contract and supplier management.

Procurement & Commercial Improvement Programme replaced the previous Procurement Capability Assessment (PCA) and focuses on the policies and procedures driving procurement performance and more importantly, the results they deliver.

Procurement 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

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.

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.

Board of Management

Date: 11 November 2021

Subject: Key points report: Learning Teaching and Quality Committee
                        Meeting, 11 November 2021

Report from: Fiona McQueen, Chair, Learning, Teaching and Quality Committee

Purpose of the report:
- To provide the Board with a summary of significant items considered by the Learning, Teaching and Quality Committee meeting in advance of the approved minutes being submitted to the next Board meeting.

Recommendation:
The Board is asked to receive and note the report and review any areas escalated by the Committee to the Board.

The Committee considered, noted or approved the following:

1. **Draft National Outcome and Impact Framework (Outcome Agreement) 2021-22 and 2020-21 Self-Evaluation Report**
   - the Outcome Agreement captures, at a high level, contributions, impact and outcomes and provides assurance on the use of allocated funding.
   - the quality and comprehensiveness of both reports was acknowledged.
   - the National Outcome and Impact Framework 2021-22 was recommended for approval by the Board (8 December 2021).

2. **Draft 2022-23 Curriculum Delivery Plan**
   - the strategic context and the criteria considered in the development of the CDP.
   - a presentation on the approach that each Head considers when developing the CDP for their respective areas was received from Cameron Bell, Head of Learning and Skills, Construction and Trades.
   - the 2022-23 Curriculum Delivery Plan was approved.

3. **Curriculum Audit 2021-22**
   - an audit around the student voice as part of the 2021-22 audit programme was approved.

4. **2020-21 Student Satisfaction and Engagement Report**
   - all colleges are required by the Scottish Funding Council (SFC) to conduct an annual student satisfaction and engagement survey.
   - the high response rate from students, the positive and negative responses received, the direct insight into the student experience and the efforts and commitment from students and staff throughout a significantly challenging academic year was acknowledged.

Fiona McQueen, Chair,
Learning, Teaching and Quality Committee

Board of Management

Date: 8 December 2021

Subject: Key points report: Business, Resources and Infrastructure
                   Committee Meeting, 16 November 2021

Report from: Mike Stewart, Chair

Purpose of the report:
- To provide the Board with a summary of significant items considered by the Business, Resource and Infrastructure Committee meeting in advance of the approved minutes being submitted to the next Board meeting.

Recommendation:
The Board is asked to receive and note the report and review any areas escalated by the Committee to the Board.

The Committee considered a significant agenda and noted/approved the following:

1. **SFC 5 Year Financial Forecast Return (FFR)**
   o a detailed report and supporting presentation provided the Committee with assurance that effective mitigation plans are in place to deliver the financial position as projected over the medium-term period including assessment of strategies and actions required.
   o the FFR was recommended for approval by the Board on 8 December 2021.

2. **Statutory Accounts to July 2021 (Before Audit Finalisation)**
   o the positive position presented was commended. The accounts were recommended for approval through the Audit and Risk Committee (23 November) and thereafter to the Board on 8 December 2021.

3. **Kilwinning campus PFI agreement**
   o agreed in principle to recommend that the Board of Management pursues the option to purchase, subject to a future business case being presented at the appropriate time within the timeline set out in the contract. This item will be considered at the Board Meeting on 8 December 2021.

4. **Strategic Allocation of College Cash Balances as at 31 July 2021**
   o proposed strategic allocations of cash reserves were discussed with agreement to recommend for approval by the Board on 8 December 2021.

5. **ICT Investment Proposal**
   o a five-year ICT infrastructure proposal was presented and approved.

- o funding for investment proposals for 2021-22 have been identified.
- o six priority areas where future funds could be required were presented together with a supporting investment proposal for 2022-26.

6. Kilmarnock Campus Glazing Report
- o following a verbal position report at the meeting, the Committee received a written update circulated on 29 November 2021.
- o the committee approved submission of a written report to the Board Meeting on 8 December 2021.

7. 2020-21 Health, Safety and Wellbeing Annual Report
- o The above report was considered and commended for approval by the Board on 8 December 2021.

**Mike Stewart, Chair,
Business, Resources and Infrastructure Committee**

Date: 8 December 2021

Subject: Key points report: Audit and Risk Committee Meeting, 23 November 2021

Report from: Steven Wallace, Chair, Audit and Risk Committee

Purpose of the report:
- To provide the Board with a summary of significant items considered by the Audit and Risk Committee meeting in advance of the approved minutes being submitted to the next Board meeting.

Recommendation:
The Board is asked to receive and note the key points outlined, and review any areas escalated by the Committee to the Board.

The Committee considered, noted or approved the following:

1. **Presentation: The role of the Audit (internal audit and external audit)**
   At the request of the Committee (Action ARC33: A01 refers), the Assistant Principal – Finance, Student Funding & Estates provided an informative presentation on the role of the audit functions (internal and external audit); the added value role of both as well as the key contribution to the governance and internal control processes was noted.

2. **2020-21 Financial Statements to July 2021**
   The External Auditors presented the suite of documents related to the 2020-21 Financial Statements incorporating the Board of Management report and Financial Statement, Annual Audit Report and the Letter of Representation.   The Committee commended the work of those involved to achieve an exemplary set of accounts and recommended approval to the Board on 8 December 2021 and signature by the Chair and Principal.

3. **Annual Audit Report to the BoM and Auditor General**
   Noted that the auditors propose to issue an unqualified opinion in relation to the 2020-21 Financial Statements for Ayrshire College. This report details the auditors' findings and conclusions. The Committee recommended approval to the Board on 8 December 2021.

4. **Annual Private meeting with Auditors and Members**
   As per the Committee Terms of Reference, the annual private meeting between the Committee Members and Auditors was held.   Substantial assurance on the relationships and engagement between the College and the Auditors was received.

Steven Wallace
Chair
Audit and Risk Committee

**Annual Complaints Report
2020/2021**

Ayrshire
College

Total Issues Received

156 issues were received. The chart on the right shows the number of issues received each month, split by the type of issue.

149 complaints were received, 12 of these were withdrawn. 7 issues were recorded as cannot directly assist.

Of the 7 recorded as cannot directly assist, 2 complaints were about the conduct of a member of staff noted on Facebook as being employed but we had no record of them being an employee. 1 about result records from James Watt College pre-merger, 1 from students who were unhappy with SQA. 1 anonymous complaint from a member of the public about a survey they had carried out about learning and teaching but there was not enough information to investigate, 1 from a student about a first aid course that had not gone ahead but been paid for, however, this was not run by the College and an anonymous complaint about a lack of communication from lecturers, strike action and server issues affecting learning and the student securing a place at university. Unfortunately, not enough information was provided to enable the complaint to be investigated.

The charts below show the total issues received each month by campus and the total issues received split by campus and type of issue.

Issues received, split by month and type of issue
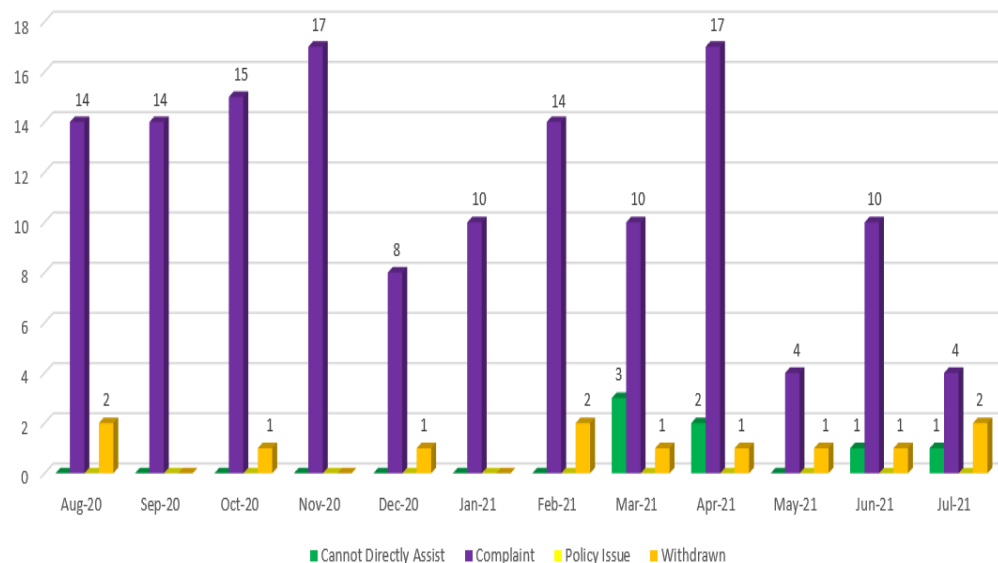
Issues received, split by month and campus
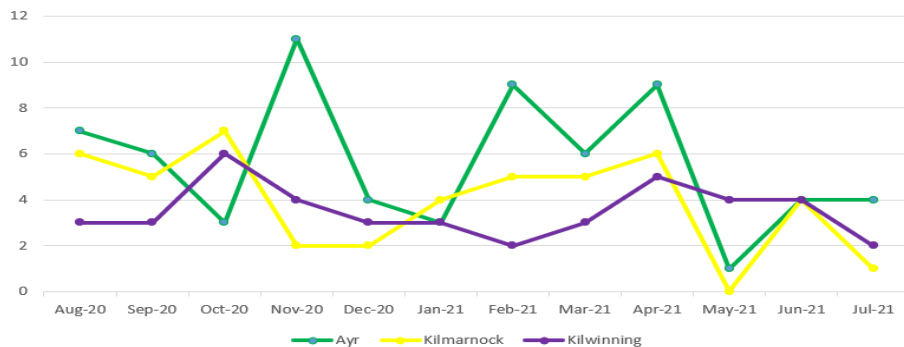
Issues received, split by campus and type of issue

2

Complaints Received

Complaints received, split by stage

- Stage 1
- Stage 2
- Escalated from stage 1 to 2
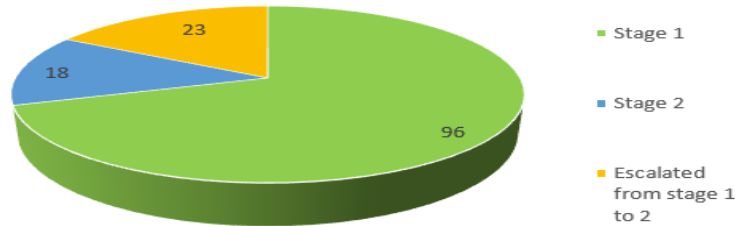
149 complaints were received, 12 of these were withdrawn.

The chart on the left shows the remaining 137 complaints received, split by stage.

96 out of 137 complaints received were dealt with at stage 1, which equates to 70% of complaints.

Stage 1 – SPSO set timescale is 5 working days and extended timescale is 10 working days
Stage 2 – SPSO set timescale is 20 working days and extended timescale is 40 working days
Escalated from stage 1 – 2 - SPSO set timescale is 20 working days and extended timescale is 40 working days

77% of complaints were closed within the SPSO set timescale.

Complaints received, split by stage and timescale closed in

- Closed within set timescale
- Closed within extended timescale
- Not closed within extended timescale
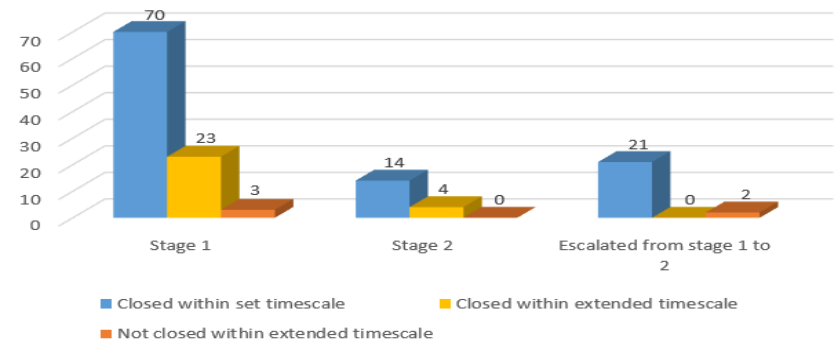
Complaints received, split by outcome as a percentage

- Not upheld
- Partially upheld
- Upheld
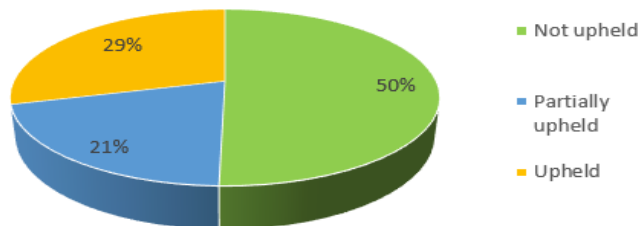
Of the 137 complaints received, 29% of complaints were upheld, with a further 21% partially upheld. This combines to 68 out of 137 complaints.

3

Complaints Comparison

COMPLAINTS HANDLING PROCEDURE INDICATORS	Q1		Q2		Q3		Q4		YTD		2019/2020	
1.0 **Total number of complaints received & complaints received per 100 population**												
1.1 Number of complaints Received	43		35		41		18		137		186	
1.2/1a College Population and Number of Complaints received per 100 population	8299	0.5	8070	0.4	8381	0.5	8915	0.2	8915	1.5	9937	1.9
2.0 **Number of complaints closed at each stage and as a % of all complaints closed**												
2.1/2a Number of complaints closed at Stage 1 and % of total closed	32	74.4%	25	71.4%	26	63.4%	13	72.2%	96	70.1%	151	81.2%
2.2/2b Number of complaints closed at Stage 2 and % of total closed	3	7.0%	6	17.1%	6	14.6%	3	16.7%	18	13.1%	22	11.8%
2.3/2c Number of complaints closed after Escalation and % of total closed	8	18.6%	4	11.4%	9	22.0%	2	11.1%	23	16.8%	13	7.0%
2.4 Open	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
3.0 **Number of complaints upheld, partially upheld and not upheld at each stage and as a % of complaints closed at that stage**												
3.0 **Stage 1**												
3.1/3a Number and % of complaints upheld at Stage 1	18	56.2%	13	52.0%	7	26.9%	5	38.5%	43	44.8%	82	54.3%
3.3/3c Number and % of complaints not upheld at Stage 1	14	43.7%	12	48.0%	19	73.1%	8	61.5%	53	55.2%	69	45.7%
3.0 **Stage2**												
3.4/3d Number and % of complaints upheld at Stage 2	1	33.3%	4	66.7%	4	66.7%	2	66.7%	11	61.1%	16	72.7%
3.6/3f Number and % of complaints not upheld at Stage 2	2	66.7%	2	33.3%	2	33.3%	0	0.0%	7	38.9%	6	27.3%
3.0 **Escalated**												
3.7/3g Number and % of complaints upheld after Escalation	4	50.0%	0	0.0%	9	100.0%	1	50.0%	14	60.9%	6	46.2%
3.9/3i Number and % of complaints not upheld after Escalation	4	50.0%	4	100.0%	0	0.0%	1	50.0%	9	39.1%	7	53.8%
4.0 **Total working days and average time in working days to close complaints at each stage**												
4.1/4a Total working days and average time in working days to close complaints at Stage 1	161	5.0	120	4.8	139	5.3	73	5.6	493	5.1	547	3.6
4.2 Total working days and average time in working days to close complaints at Stage 2	56	18.7	148	24.7	134	22.3	69	23.0	407	22.6	606	27.5
4b Escalation	273	34.1	80	20.0	60	6.7	34	17.0	447	19.4	238	18.3
5.0 **Number and % of complaints closed within set timecales (S1=5 workings days; S2=20 working days ; Escalated = 20 working days)**												
5.1/5a Number and % of Stage 1 complaints closed within 5 working days	23	71.9%	19	76.0%	20	76.9%	8	61.5%	70	72.9%	128	84.8%
5.2/5b Number and % of Stage 1 complaints not closed with 5 working days	9	28.1%	6	24.0%	6	23.1%	5	38.5%	26	27.1%	23	15.2%
5.3/5c Number and % of Stage 2 complaints closed within 20 working days	3	100.0%	4	66.7%	5	83.3%	2	66.7%	14	77.8%	10	45.5%
5.4/5d Number and % of Stage 2 complaints not closed within 20 working days	0	0.0%	2	33.3%	1	16.7%	1	33.3%	4	22.2%	12	54.5%
5.5/5e Number and % of Escalated complaints closed within 20 working days	6	75.0%	4	100.0%	9	100.0%	2	100.0%	21	91.3%	12	92.3%
5.6/5f Number and % of Escalated complaints not closed within 20 working days	2	25.0%	0	0.0%	0	0.0%	0	0.0%	2	8.7%	1	7.7%
6.0 **Number and % of complaints closed at each stage where extensions have been authorised**												
6.1/6a Number and % of Stage 1 complaints closed within 10 working days (extension)	8	88.9%	5	83.3%	5	83.3%	5	100.0%	23	88.5%	18	78.3%
6.2/6b Number and % of Stage 1 complaints not closed within 10 working days (extension)	1	11.1%	1	16.7%	1	16.7%	0	0.0%	3	11.5%	5	21.7%
6.3/6c Number and % of Stage 2 complaints closed within 40 working days (extension)	0	0.0%	2	100.0%	1	100.0%	1	100.0%	4	100.0%	11	91.7%
6.4/6d Number and % of Stage 2 complaints not closed within 40 working days (extension)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	8.3%
6.5/6e Number and % of Escalated complaints closed within 40 working days (extension)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
6.6/6f Number and % of Escalated complaints not closed within 40 working days (extension)	2	100.0%	0	0.0%	0	0.0%	0	0.0%	2	100.0%	1	100.0%

- 137 complaints received, a decrease of 26% from 2019/2020. However, if you remove complaints about parking, this is a decrease of 7% from 2019/2020.

- 70% of complaints were handled at stage 1 in 2020/2021, compared to 81% for 2019/2020.

- 77% of complaints were closed within the target timescale, compared to 81% in 2019/2020.

- 96% of complaints were closed within the extended timescale in 2020/2021, 96% of complaints were also closed within the extended timescale in 2019/2020.

4

Complaints – Sub-category

The chart below shows the complaints received, split by sub-category and outcome.

Complaints recevied, split by sub-category and outcome
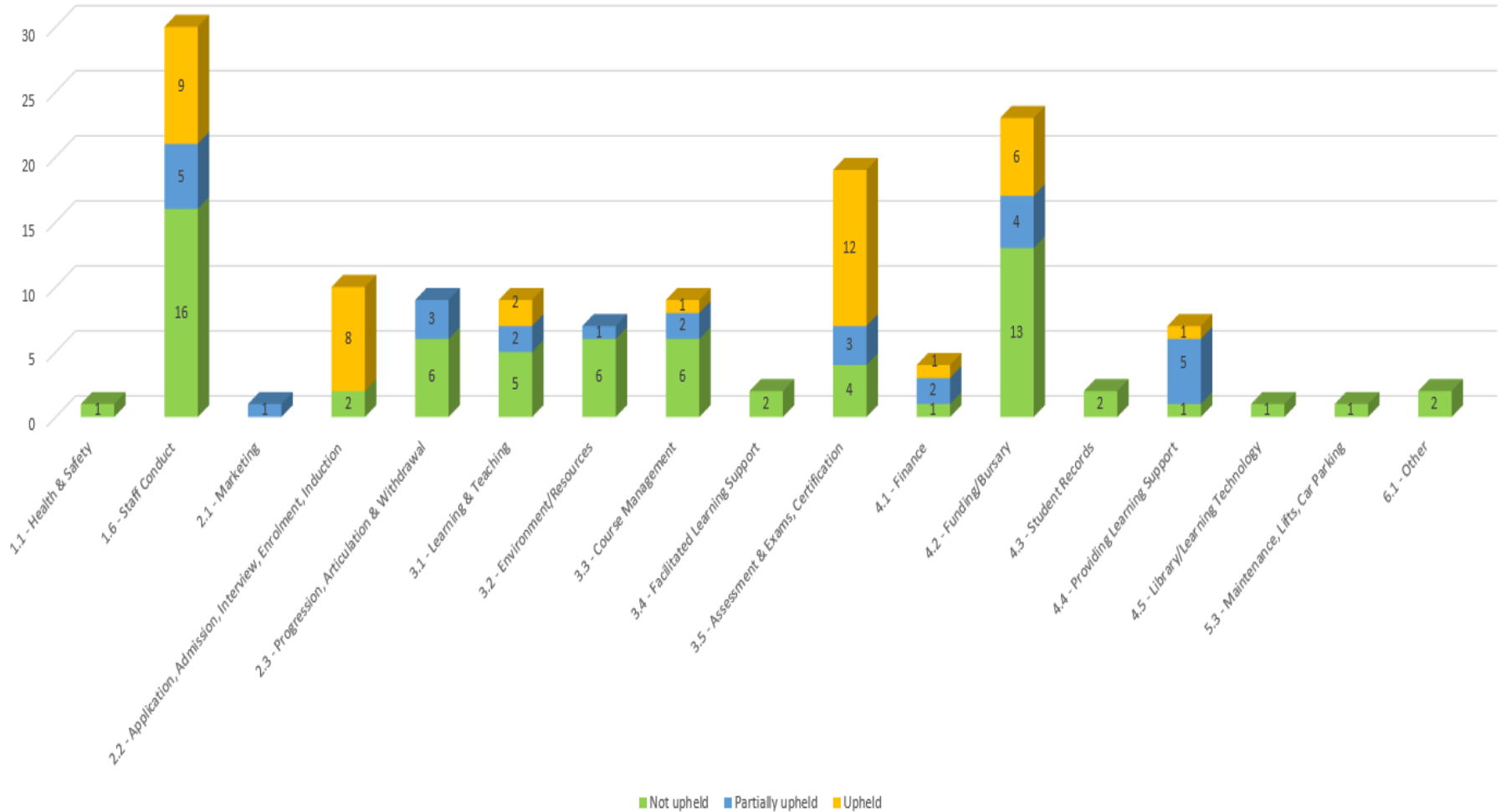
Complaints – Sub-category

Noted below are the reasons for complaint in each of the top 4 sub-categories:

Staff Conduct
- Lack of response to emails/not receiving callbacks
- Lack of support provided
- Attitude and behaviour of staff member, seem uninterested and unsupportive
- Treatment of students by staff member, allegation of bullying
- Unhappy with timescales given by lecturer to sit an assessment
- Incorrect notes provided, not available, length of time to respond to queries, attitude of staff member
- Unhappy with feedback, the way this was given and attitude of staff member
- Incorrect information provided, feels being lied to
- Member of staff unhelpful when asked questions and wastes class time discussing strike action
- Unhappy provided with incorrect information
- Member of staff unsupportive, lack of materials provided, not taking current situation into account, not working with other lecturers
- Unhappy placed on hold for 3 hours
- Asked to submit work already submitted and to submit more work 2 days before the end of year, no feedback given

Funding/Bursary
- Funding not in place at the start of the academic year and payments placed on hold
- Unhappy with the information requested to assess bursary application
- Unhappy information continually being requested to assess application
- Cannot speak with Student Funding team
- Not received bursary and submitted information requested
- Unhappy discretionary funding not paid until September and delay in receiving timetable affecting ability to apply for childcare funding
- Payments placed on hold
- Unhappy with the amount received and information provided about funding available
- Unhappy not awarded a bursary or additional hardship payments
- Attendance not authorised so did not receive full bursary payment, not offered a place on next level of course

Assessment & Exams, Certification
- Not certificated for the course completed
- Unable to defer course and complete at a later date
- Portfolio submitted but not assessed and trades test cancelled, affecting pay rise with employer
- Unhappy having to do the Graded Unit project and feel it's not required
- Not told in 2012/2013 that had not passed all units and did not achieve HNC qualification
- Unhappy being told now need to sit exam, lack of communication around this, having to come to campus to sit exam, taught incorrect course, not received feedback
- Unhappy not awarded HND in 2006 but told at the time they had passed
- Unhappy not completed the course, as not passed an assessment and not able to progress
- Told passed the assessment and then told after external verification that not passed the assessment, course unorganised and kept getting told to redo work submitted
- Did not receive the correct certificate and had been chasing this with no response

Application, Admission, Interview, Enrolment, Induction
- Incorrectly told had a place on a course
- Not offered a place on chosen course
- Did not receive any information about induction or course structure
- No response received following interview
- Asked to attend for interview but received no further information, given place and paid fees but no course information provided
- Unhappy received interview invitation but no other correspondence and unable to get this resolved
- Cannot access online account and check status of application
- Invited for an interview and then told would not be offered a place before the interview took place due to previous issue with a complaint and a disciplinary

*Pages 20-22 show all the categories and sub-categories available

Complaints – Sub-category Comparison

The chart below shows the complaints received, split by sub-category, compared to complaints received, split by sub-category, in 2019/2020.

Complaints Received by Sub-category 2020/2021 vs 2019/2020
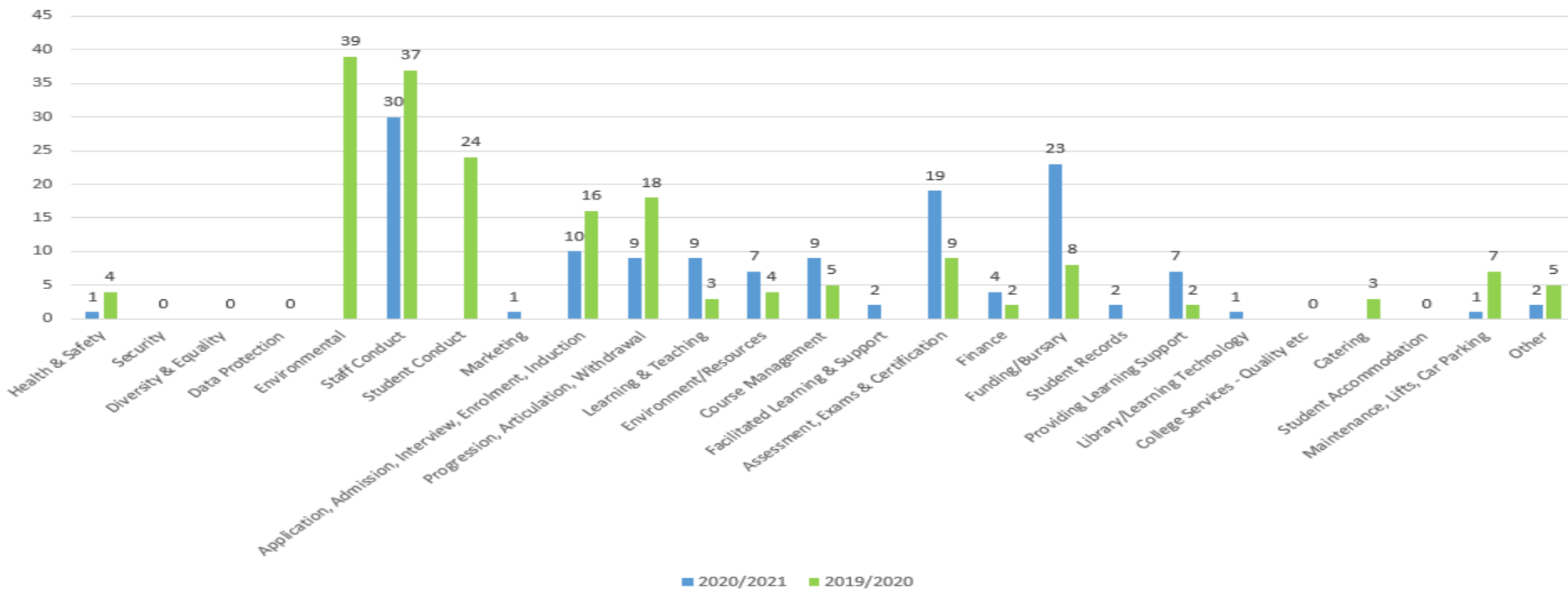
- Significant decrease in complaints received in the environmental sub-category from 39 in 2019/2020 to 0 in 2020/2021. This is due to a reduction in complaints about parking from local residents neighbouring the Kilmarnock and Ayr campuses. The campuses were either closed or there were reduced students and staff on campus, due to Covid-19 restrictions.

- Decrease in complaints received in the student conduct sub-category from 24 in 2019/2020 to 0 in 2020/2021. This is due to a reduction in complaints from local residents about students smoking in residential areas and about students behaviours towards local residents and other students in class.

- Increase in complaints received in the funding/bursary sub-category from 8 in 2019/2020 to 23 in 2020/2021. This is mainly due to an increase in complaints about the information being requested to pay bursaries or that bursary payments have been placed on hold due to attendance or lack of engagement.

- Increase in complaints received in the assessment, exams & certification sub-category from 9 in 2019/2020 to 19 in 2020/2021. This is mainly due to complaints received about an assessment taking place for an evening class when national exams had been cancelled.

Complaints – Curriculum/Service Area

The chart below shows issues received each month, split by curriculum/service area.

Monthly complaints (inc withdrawn) received, split by curriculum/service area
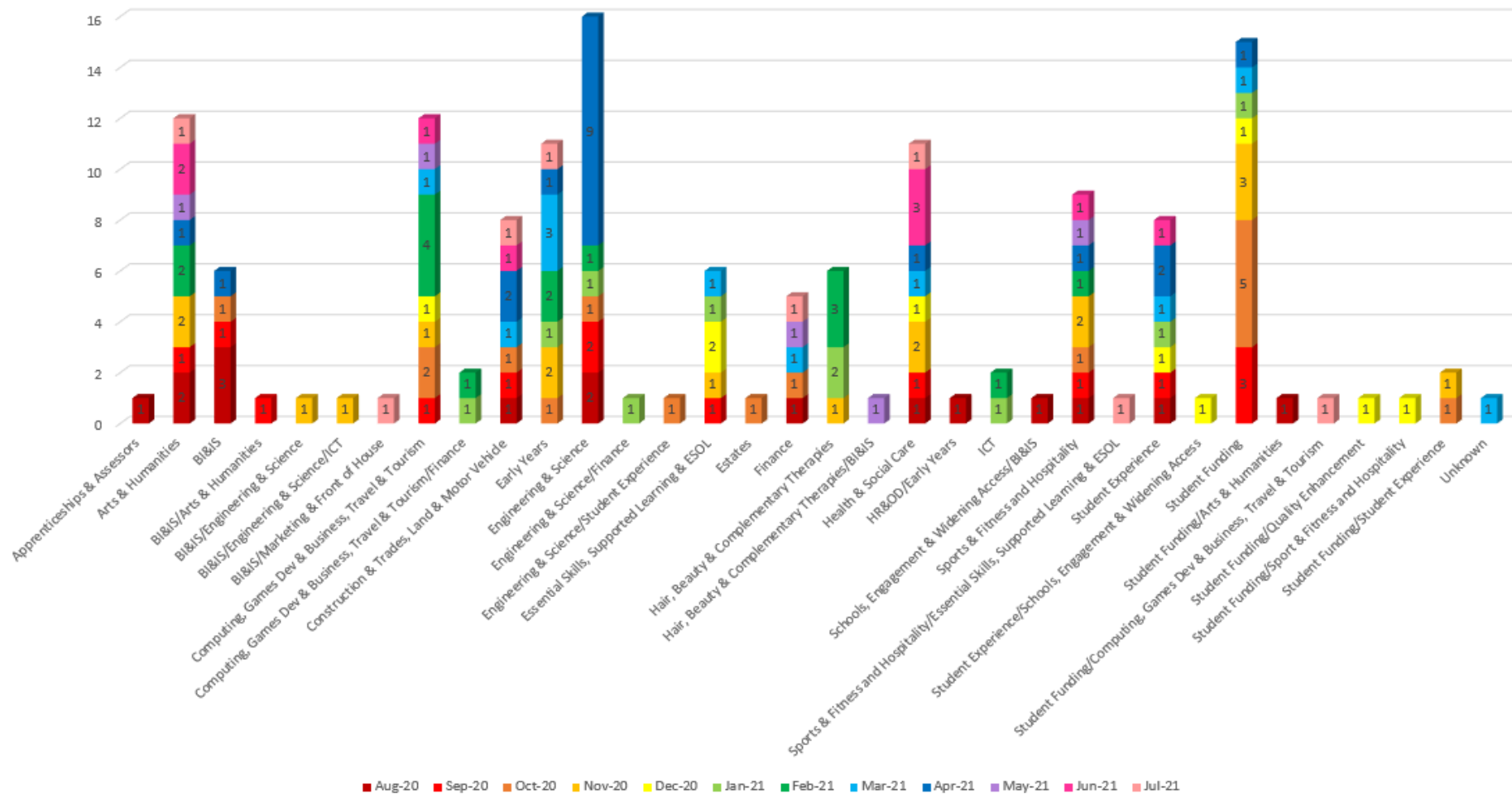
Complaints – Curriculum/Service Area

The chart below shows the complaints received, split by outcome and curriculum/service area.

Complaints received, split by outcome and curriculum/service area
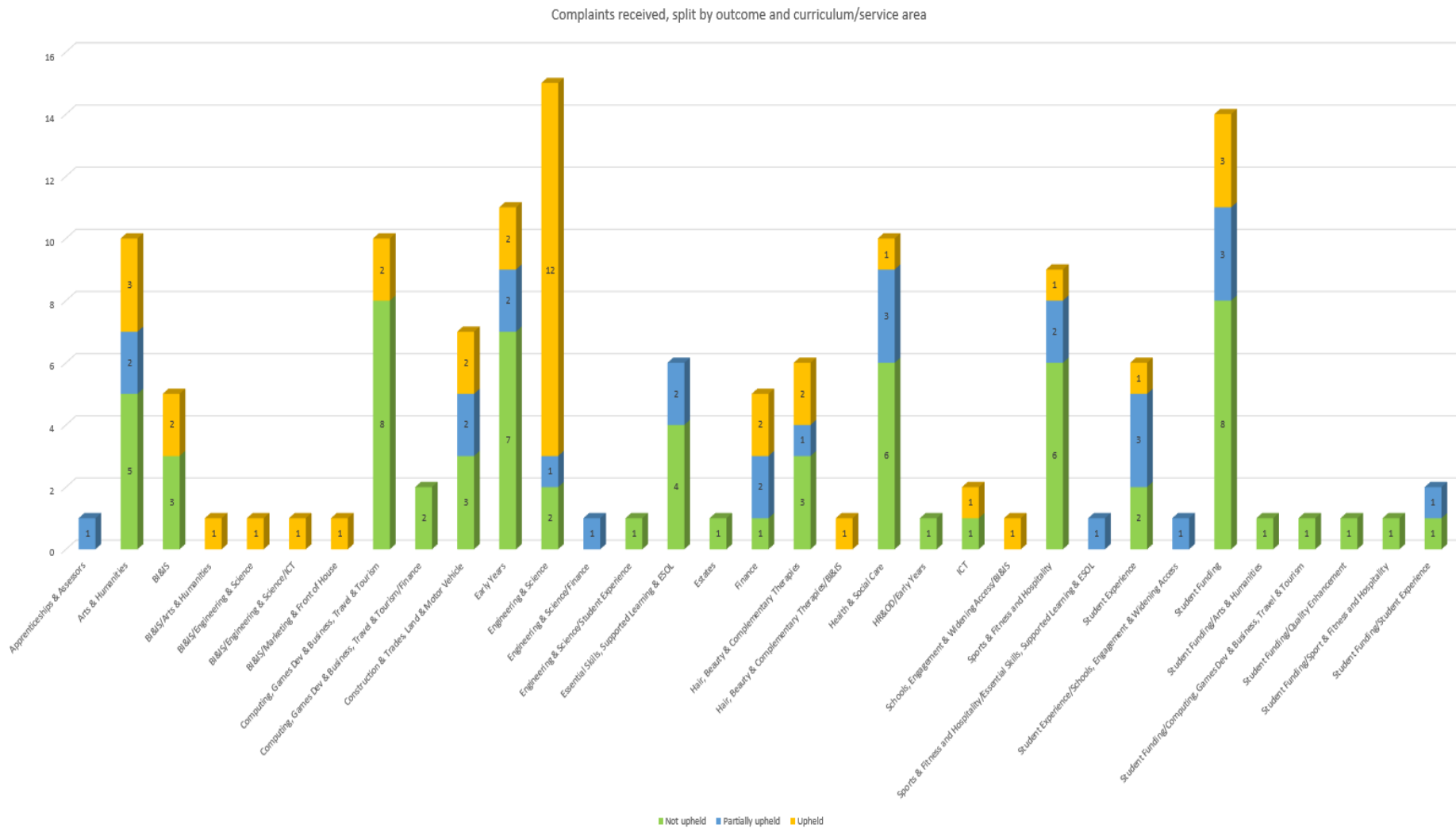
Complaints – Curriculum/Service Area

The chart below shows the percentage of complaints received, that were closed within the SPSO set timescale (5 or 20 working days), split by curriculum/service area.

Percentage of complaints received, closed within timescale split by curriculum/service area
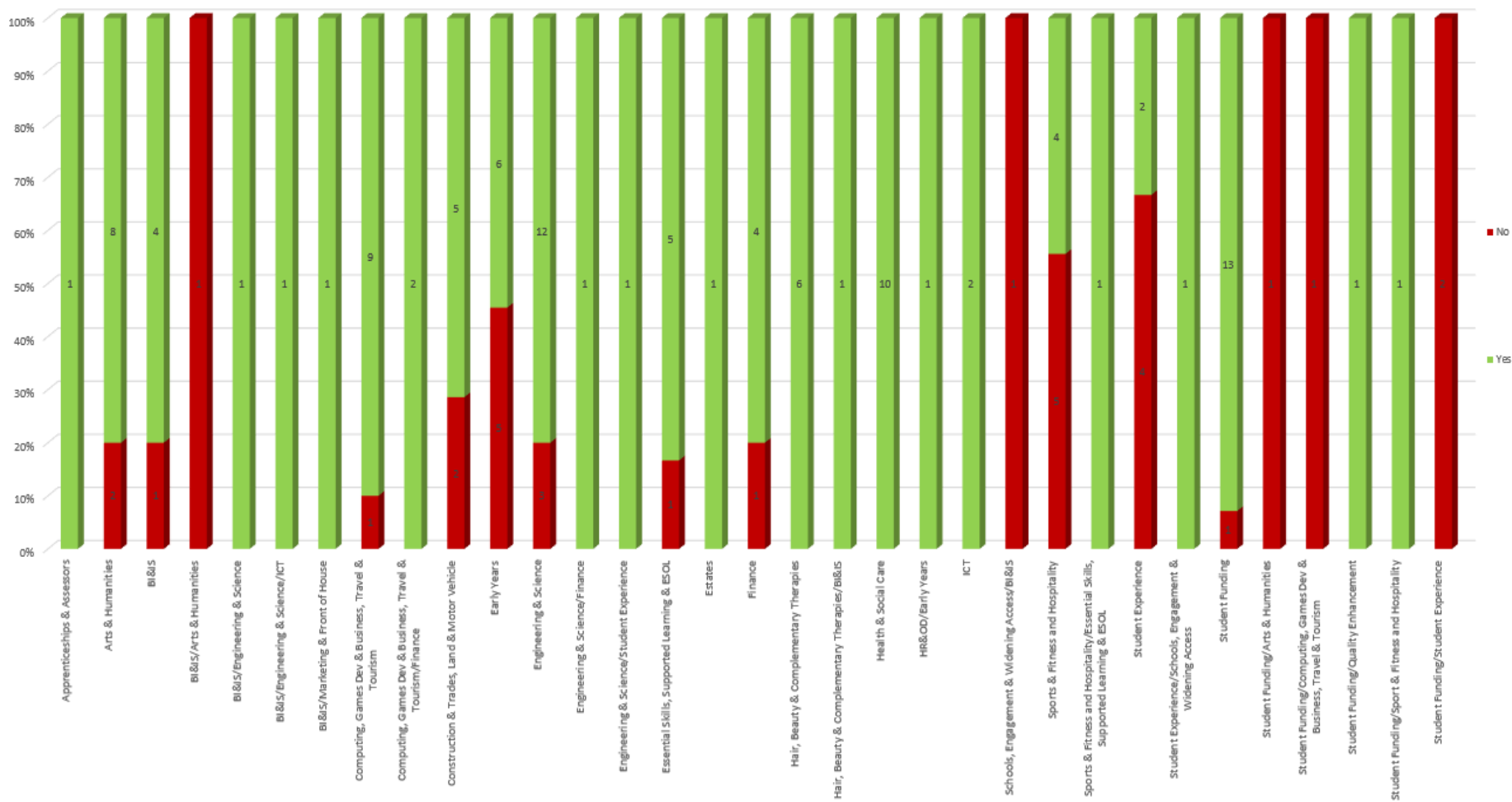
Actions

Complaint Category	Number of actions	Number completed	Number outstanding
1. Customer Care	13	13	0
2. Applications, Admissions & Progression	9	8	1
3. Course Related	17	17	0
4. Services	12	12	0
5. Facilities	1	1	0
6. Others	1	1	0
Total	**53**	**52**	**1**

Service Improvements

Issue	Actions
Student had not been certificated for the award of PDA Education Support Assistant.	Students in whole class removed from incorrect group award and attached to correct group award and confirmation sent to SQA.
Student unhappy we did not deliver the examples/descriptors for HNC/HND as noted on the website.	Wording on the website updated to ensure it is clear that activities mentioned are examples of what students may have the opportunity to take part in rather than that they will have the opportunity.
Student trying to make a payment for their course and had left messages but could not get a response.	Settings changed on the College mobile phone so always goes to voicemail when staff member unable to answer or on another call.
Candidate unhappy with the recruitment process and the behaviour of staff in the interview.	Staff member was invited to participate in the next round of interviews for the available vacancies. Review of the revised interview process on Microsoft Teams to identify any further developments and improvements to improve the candidate experience. HR continue to review this as we maintain a digital interview format. Adverts placed for lecturing vacancies were reviewed to ensure clarity on the skills and experience required is detailed, where applicable.
Student unhappy their trades test has been cancelled which is affecting their pay rise. Student submitted their portfolio in March but it had not been assessed.	All new students now provided with one to one sessions with their assessor to describe the requirements of the SVQ. College wide guides and resources created or sourced, particularly around the use of e-portfolio, and distributed to all students.
Students unhappy with the lack of communication from the College about starting their course, did not receive an induction email.	Review the process for sending induction emails to ensure when emails do not match there is a process for the email being sent.
Parent of a student unhappy their bursary had been stopped due to unauthorised absence but this was due to a problem with Microsoft Teams at start of the course.	Communication improved between lecturers and Curriculum Admin to amend registers where communication has come into the department so that registers can be amended to reflect engagement rather than purely physical attendance.
Student unhappy they were told they cannot park at the rear of the Nethermains campus building.	Investigate the possibility of erecting signs at the back of the College building to confirm students should not park there.
Student unhappy as feels online learning not working as the lecturer is struggling with the technology. Also wants to be on campus on more days.	Curriculum area provided with support in the form of a blended learning facilitator who worked with lecturers to enhance the quality of online learning.

Service Improvements

Issue	Actions
Students in the class were concerned they will not have the knowledge and skills to be able to obtain jobs in their chosen career at the end of the course.	Teaching rota revised to clearly schedule on campus and online classes and any necessary changes clearly communicated to students. Assessment schedule revised and to be adhered to, with flexibility given for students with exceptional circumstances. Focus group of students and lecturers held to agree expectations moving forward. The Graded Unit slot used to further develop skills from core units. Lecturer doing Corporate and Theory classes online and communications with the students. Lecturer undertook Teams training and met with blended learning facilitator for additional support.
Anonymous complainant unhappy that early years classes at Dean Castle Park continuing during pandemic due to safety concerns.	Department risk assessments regularly reviewed with the early years team and updated where required onto the live safety hub. Staff update students regularly with any changes to college or department risk assessments and provide clear reassurances to all involved. Curriculum Managers included a review of risk assessment in regular team meetings and where appropriate with individual staff.
Relative of student unhappy with the lack of support from Student Experience.	Student Experience Team Leaders will ensure that if students are carers/care experienced, this is noted in their PLSP Summary unless the student explicitly asks for this not to be included. Inclusive Learning staff will include Student Services Advisors in emails to students about support, where appropriate, so Student Services staff can pick up on issues quickly. New Inclusive Learning staff members will complete Mental Health training and other relevant Safeguarding training within the first 6 months in post.

Service Improvements

Issue	Actions
Student unhappy they were told to attend for an interview but then received no further information. Student was asked for a photograph for their student card and paid their fees but were not given any details about the course or the start date.	New process implemented for how late enrolments are handled between Finance and Curriculum Administrators to ensure students receive joining information.
Students in the class were unhappy with the lecturer's teaching methods and they were issued with incorrect notes. Students felt the lecturer did not answer queries, was not available during class time and with the length of time taken to respond to queries.	Class were given a different lecturer to teach on these subjects. Improvement plan put in place for the lecturer.
Some students in the class were unhappy with the way feedback had been given and with comments provided by the lecturer about bursary payments. Some students uncomfortable progress reports were shared with the class.	Communication to lecturers in curriculum area to be clear with messages to students about attendance and student engagement and how this affects bursary payments. Communication to curriculum areas that progress reports should not be shared within the class group.
Students unhappy they might not be able to complete their course, looking for another years funding, as have not been able to study and take part in practical lessons.	Work placement has been offered in YOU salon to the students on a rota basis. Review other ways that we can help to support practical work i.e. tutorials/videos for students to review at home prior to on campus practical days. Course will run again in academic year 2021/2022, a shorter mode of deliver, using covid funding to support the students. Review the resources available to help support and prepare for online assessments once feedback received from SQA.
Student unhappy they received an email about legal action due to non payment of fees. Previous communications unclear that we had not received payment and fees were outstanding.	Monthly statements updated to show total outstanding at the bottom of the statement. When instalment plan agreed student will now be sent an email with details of the payment amounts and when they are due to be paid.
Student was unable to access material that had been uploaded to class Teams page.	Links to City & Guilds website removed and documents downloaded from the website and added to the Teams page.

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Service Improvements

Issue	Actions
Students unhappy now being told need to sit exam, lack of communication and not aware of when this is or how it will work. Students concerned about safety if they have to sit exam on campus, due to Covid-19. Students taught the wrong course for 8 weeks and not received any feedback.	Exam/assessments needs to take place to assess students. Dates agreed and have been communicated to students and options available to complete online or on campus. Additional classes agreed with students and recorded so those who cannot attend can catch up. Standardisation meeting for Maths will take place early next session. Lecturer has given feedback and will make sure this is given more timeously in future.
Student advised they could continue with their studies whilst pregnant but then advised by SAAS we had withdrawn them but continued to receive emails from their lecturers.	Lecturers will ensure they remove students' email addresses from distribution lists after a student has been withdrawn.
Student unhappy as they were told they would not need to pay full fees if they withdrew from the course. Was also not told would need to pay full fees for next year if returned in August.	Future queries about finance/fees to be referred to Finance rather than using Curriculum Admin to answer these queries.
Student unhappy with how the course had been run.	Staff have developed clear teaching schedules with benchmarked dates for progression checks. Teams page will be used for communication but there is a planned on campus presence for staff and students to liaise in person. Staff delivering the same units will meet more regularly to support their delivery and standardise schedules and progress of delivery. Implemented planned feedback sessions throughout the year with Curriculum Managers and lecturers seeking feedback from students on a regular basis.

Service Improvements

Issue	Actions
Student unhappy with the conduct of a member of staff, unsupportive, not taking into account current circumstances and lack of access to materials due to the pandemic. Not working with other lecturers.	Lecturer will ask students for feedback to confirm that their instructions are clear and have been understood. Teaching team will openly discusses student concerns at team meetings and with their Curriculum Manager to resolve issues sooner. The Curriculum Manager will carry out a short focus group or survey in the middle of each semester, with the intention of resolving issues earlier.
Student was told they had passed the course but after this was externally verified they had not passed. Student felt the course was unorganised and they kept being told they had passed assignments and then would get told they needed to be redone.	Course team meetings will take place pre, during and post course delivery. Staff to sit the awarding body training, however, decision made that course will not be run again.
Parent unhappy student called and was on hold for 3 hours and nobody answered.	Voicemail activated for those extensions that have a dedicated user extension. If voicemail cannot be activated the call will be forwarded to another number. Feedback to staff to introduce a call before transferring so they can be sure it is answered before transferring.

Service Improvements

Issue	Actions
Student unhappy with the level of teaching from their lecturers. They felt there was lazy teaching, poor methods of teaching, lecturers had poor communication and poor attitudes, lack of support and engagement. Felt they were mostly self teaching and there was a lack of resources. Felt overlooked for being able to progress to the next level.	All staff will be reminded of the 40 notional hours teaching per unit. All staff will be reminded that they are expected to make contact with their class face to face or virtually each week. All staff reminded to highlight their availability within their MyLearning and Teams pages to help manage expectations. All staff reminded that they need to be available to students during their class time. All staff will be reminded of clear and early communication particularly if a class is postponed. Staff will be reminded that blended learning should not be just providing tasks. Course teams will meet to discuss delivery to ensure they are meeting student expectations. Individual/group tasks to be encouraged but the class should be delivered for the scheduled time with an introduction and an end where students can feedback and learning can be assessed. Guidance lecturers will be reminded that contact with any unsuccessful applicant should make them fully aware of the reasons that they have been unsuccessful in applying for their course. This should also be part of their ongoing guidance meetings throughout the year.

Customer Satisfaction

A total of 123 surveys have been sent, with 32 responses received, this equates to a 26% response rate. The results from the responses received are shown in the charts below.

Q2 - I was aware of the complaints procedure before I needed to make a complaint
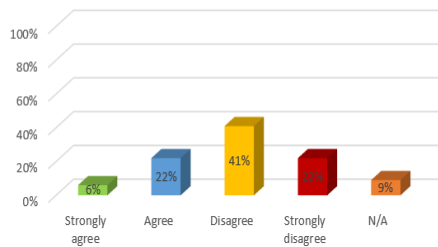
Q3 - I found the complaints process easy to access
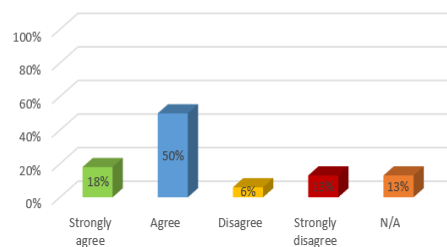
Q4 - I found the complaints form easy to use
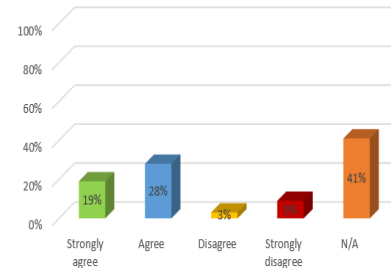
Q5 - I was able to access information and assistance in making my complaint where this was required
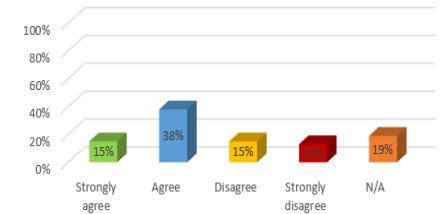
Q6 - I received a prompt acknowledgment of my complaint
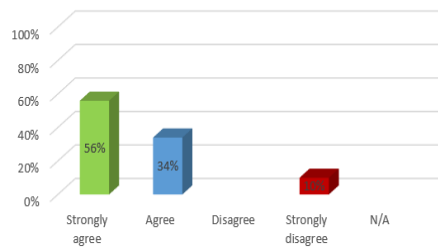
Q7 - I felt my complaint was taken seriously
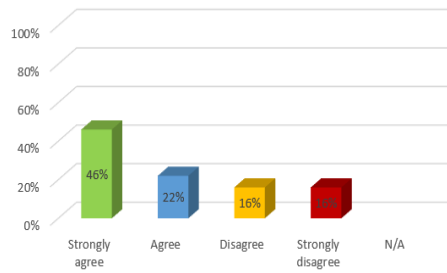
Q8 - I felt my complaint was thoroughly investigated
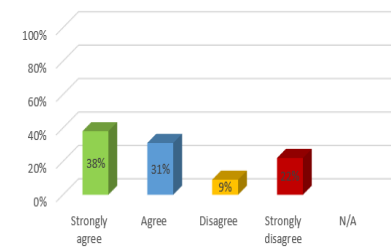
Q9 - I received a fair and objective response to my complaint
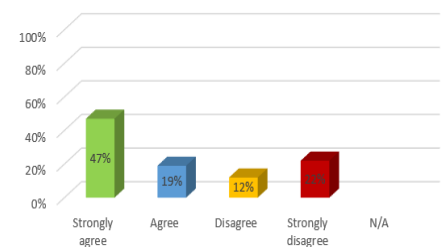
Q10 - I received a clear response to my complaint
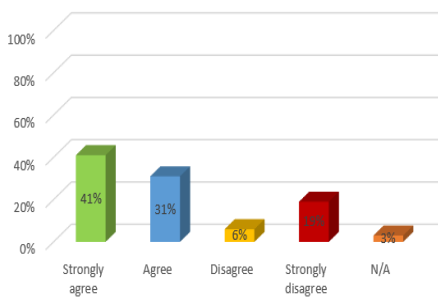
Q11 - I received a response to my complaint within an appropriate timescale
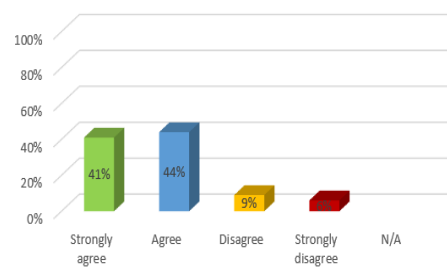
Q12 - I was dealt with courteously at all times
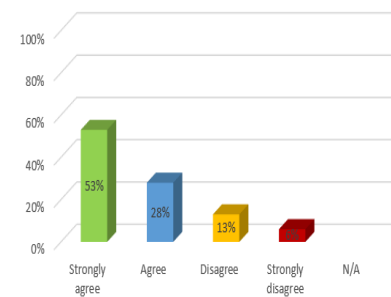
Customer Satisfaction

The comments below is feedback received through the complaints customer satisfaction survey.

'...was very helpful with my complaint and got the matter resolved. Her communication was great and informative'

'...was excellent throughout'

'Very simple process and dealt with very efficiently and professionally.'

'It is clear that the office staff all work closely together and within any workplace staff can not be trained or disciplined or investigated if their friends are their managers, the member of staff I dealt with had went around the office gathering information from her colleagues before she called me back and proved several times the only reason for the call was to disprove my grounds for complaint and help her friend in the office'

'Staff were great in helping me and getting the information and help that I needed.'

Appendix

The tables below show the College Development Network categories and sub-categories, which we have adopted.

1.0	CUSTOMER CARE	
	Sub-Category	Examples
1.1	Health & Safety	• Alleged misuse of disability car parking spaces • Subject to passive smoking in no smoking area • Tripping hazards in workshop
1.2	Security	• Theft of personal property • Padlock on bicycle locker cut by Estates staff
1.3	Diversity & Equality *(Protected Characteristics)*	• Failure to make reasonable adjustments under the terms of Equality Act • Visitor complains of poor accessibility to toilets and lifts • Student not allowed to progress on course due to additional support not being available to support disability • Textbook contains racist material
1.4	Data Protection	• E-mail address divulged to other people • Staff shared student personal data with others during classroom discussion
1.5	Environmental	• Housing Association complains of students littering outside tenants' properties • Neighbour complains of noise from construction work at College • Residents complain that students and staff used private car-parking spaces
1.6	Staff Conduct	• Poor customer service • Failure to respond to requests by e-mail/phone etc. • Requests handled impolitely, discourteously
1.7	Student Conduct	• Student complains that disciplinary procedure was applied unfairly • Students damage neighbouring properties

Appendix cont...

2.0	APPLICATIONS, ADMISSIONS, PROGRESSION	
	Sub-Category	Examples
2.1	Marketing	• Unable to find evening class information on College website • Misleading information in College prospectus
2.2	Application, Admission, Interview, Enrolment, Induction	• No acknowledgement of application • Criteria for rejecting application was unfair • Placed on waiting list despite applying quickly • No information on College website to inform applicant course was already full and only found out weeks later • Applicant travelled long distance for interview only to be told they didn't have the necessary entry requirements • Applicant invited to wrong campus for interview
2.3	Progression, Articulation & Withdrawal	• Student unhappy that they were not allowed to progress to next level having successfully achieved the previous level • Student complains withdrawal process was not followed • University not supplied with student reference as requested

3.0	COURSE RELATED	
	Sub-Category	Examples
3.1	Learning & Teaching	• Quality of teaching not to the standard expected • Teaching from powerpoint for 3 hours without a break • Lecturer unapproachable when requiring support
3.2	Environment/Resources	• Classrooms/desks not fit for purpose • Wifi unreliable • Broken smartboard • Workshops too cold • Not enough computers for size of class
3.3	Course Management	• Class cancelled at short notice • No contingency for staff absence • Lecturer arrives late/finishes class early
3.4	Facilitated Learning Support	• Guidance class not held • Staff do not provide printed materials in format stipulated in PLSP • Staff unaware of changes to PLSP
3.5	Assessment & Exams, Certification	• Assessments crammed into end of block • Student not provided with opportunity for re-sit • Delay in providing results/certificates • Not receiving certificate due to College failing to attach student to group award • Noise disruption during exam

21

Appendix cont...

4.0	SERVICES	
	Sub-Category	Examples
4.1	Finance	• Former student unhappy to be threatened with legal proceedings for unpaid fees • Student unhappy not to have course fees refunded after withdrawing from course
4.2	Funding/Bursary	• Delay in processing bursary application • Application for hardship fund handled unfairly
4.3	Student Records	• Student personnel data is incorrect/not updated
4.4	Provided Learning Support	• Delay in arranging DSA assessment • Student unhappy that they could not have the same support worker for every class • Student unhappy that additional support requirements have not been put in place
4.5	Library/Learning Technology	• Student complained that library overdue book notification system was unfair • Lack of support provided by the College with regards to provision of IT on evening class • Library opening hours
4.6	College Services – Quality etc	• Delay in handling complaint

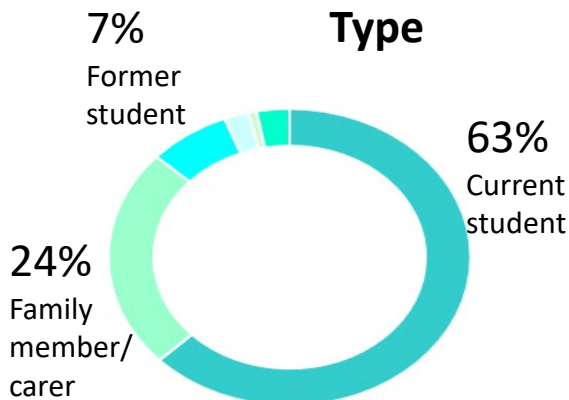| 5.0	FACILITIES	
	Sub-Category	Examples
5.1	Catering	• Coffee shop frequently runs out of soya milk • Choice on offer
5.2	Student Accommodation	• Poor wifi service • Cleanliness of accommodation
5.3	Maintenance, Lifts, Car Parking	• Lifts out of order • College does not provide sufficient car parking space • College signage is misleading

6.0	OTHERS	
	Sub-Category	Examples
6.1		• No College wide 2 minute silence on Remembrance Day

Complaints – Key Facts 2020/2021

156 issues (149 complaints, 7 cannot directly assist)

Complainant Type

- 7% Former student
- 24% Family member/carer
- 63% Current student

Campus Split

- Kilwinning 27%
- Kilmarnock 30%
- Ayr 43%
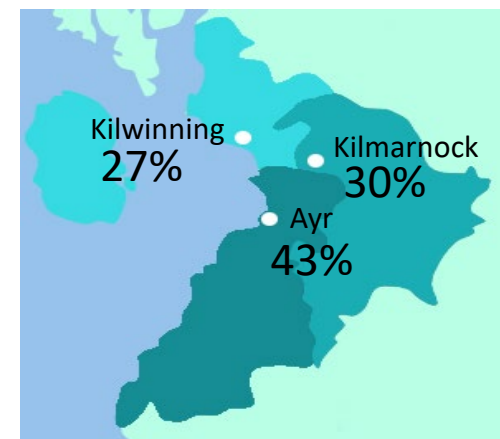
77% closed in timescale

1 70% stage 1

UPHELD 29%

PARTIALLY UPHELD 21%

53 actions logged

Top 3 Complaint Categories

- Staff Conduct
- Funding/Bursary
- Assessment & Exams, Certification

Complainant Satisfaction

69% Thought their complaint was taken seriously.

69% Felt their complaint was thoroughly investigated.

72% Thought the response they received was clear.

81% Thought they were dealt with courteously at all time.

**Freedom of Information Report
August 2020 – July 2021**

Ayrshire
College

FOI Requests Received

23 Freedom of information requests and 1 Environmental information request were received.

The chart on the right shows the number of FOI requests received by requestor type. 17% of requests were received through the 'What do they know' website. 13% were received from the Media and 13% were from students, not of Ayrshire College.

The charts below show the number of FOI requests received split by month and the number of requests where an internal review was received.

FOI requests received, split by requestor type
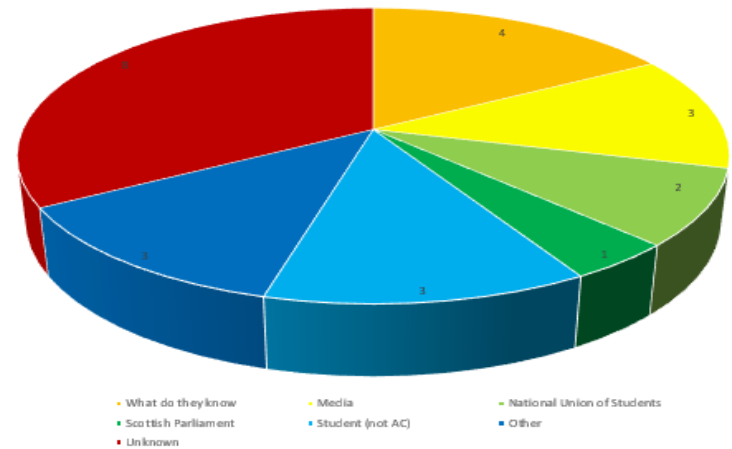
FOI requests received, split by month

FOI requests received, split by internal review requested

FOI Request Type

FOI requests split by type of request
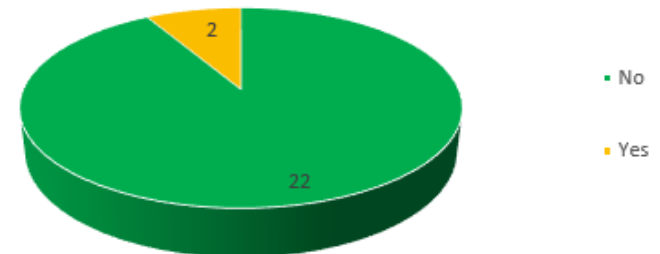
Type	Count
Board Members	1
Discretionary Funding	2
Estates Information	7
Fairtrade Spend	1
Recruitment Agencies	1
Software Asset Management	1
Staff Information	5
Student Information	4
Taxi Expenses	1
Training Courses	1
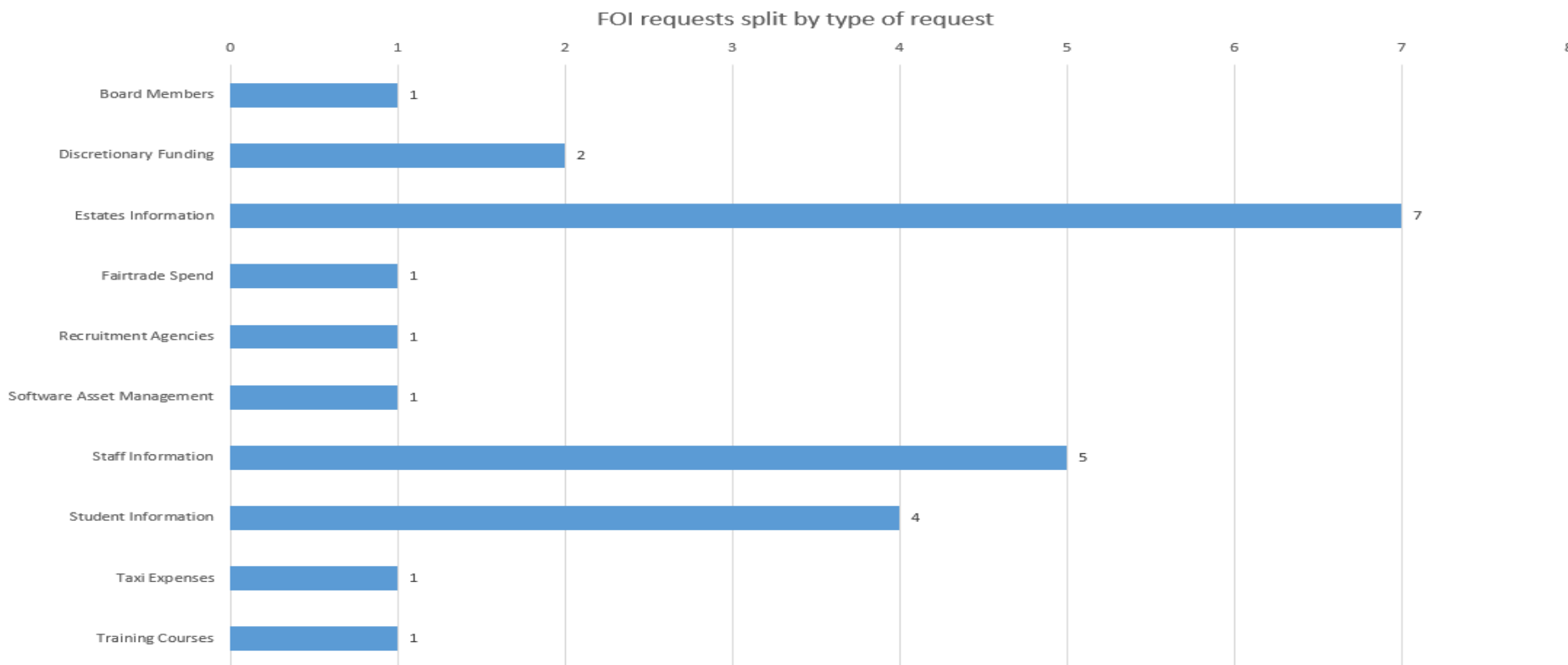
In the Estates Information category three requests were received for information on the sale of the Craig campus in Kilmarnock. Requests were also received for the energy consumption and cost of this at the Kilwinning campus, PPE usage and procurement, the company we purchased the solar panels from and the contract information for confidential waste.

The Staff Information category had requests for the number of staff in instructor and lecturer roles, the number of staff on furlough and the revenue generated, staff granted voluntary severance in 2020 and 2021, information on a safe leave policy and staff numbers by gender and role type and the structure and job descriptions of the ICT team.

We received four requests in relation to Student Information. One request asked for the number of students who passed and failed a specific course. Two requests were about the number applied for and/or enrolled on specific groups of courses. We also received a request for the number of students found guilty of plagiarism/contract cheating and any staff found guilty of providing assignment writing services.

Information Provided

FOI requests received, split by information provided

Full ■ None ■ Partial
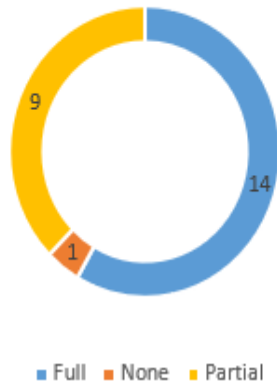
The chart to the left shows the number of FOI requests where the information requested was provided in full, some of the information requested was provided or none of the information was provided.

The chart on the right shows the reason information was not provided, where only some of the information or none of the information requested was provided.

Partial/no information provided, split by reason information not provided

■ Information not held ■ Identify individuals ■ Request Withdrawn ■ Exemption Applied ■ Vexatious ■ Cost
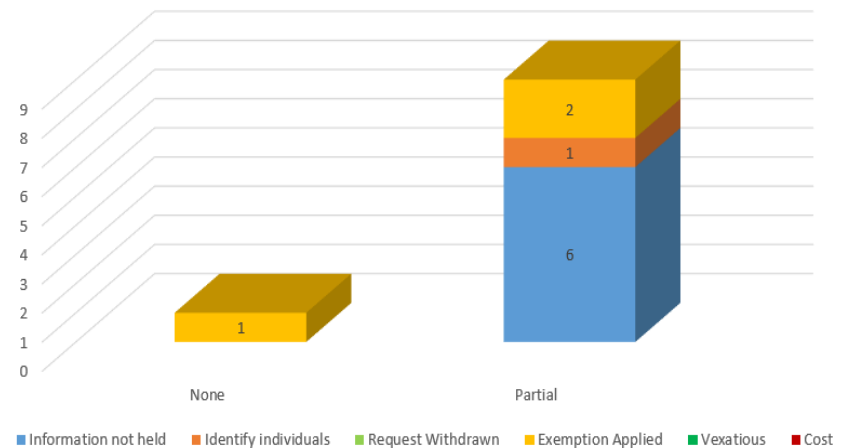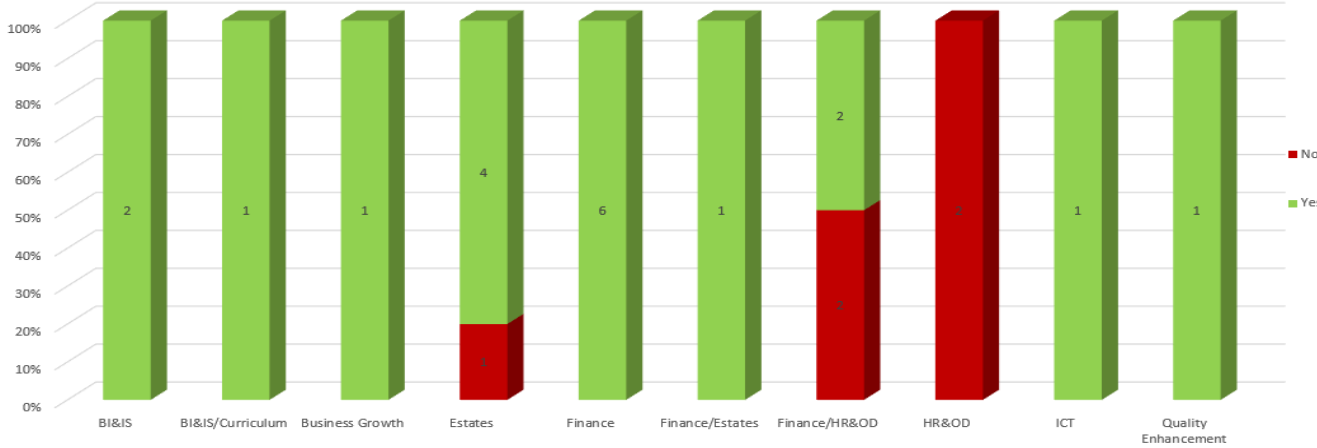
FOI Requests – Curriculum/Service Area

FOI requests received, split by curriculum/service area
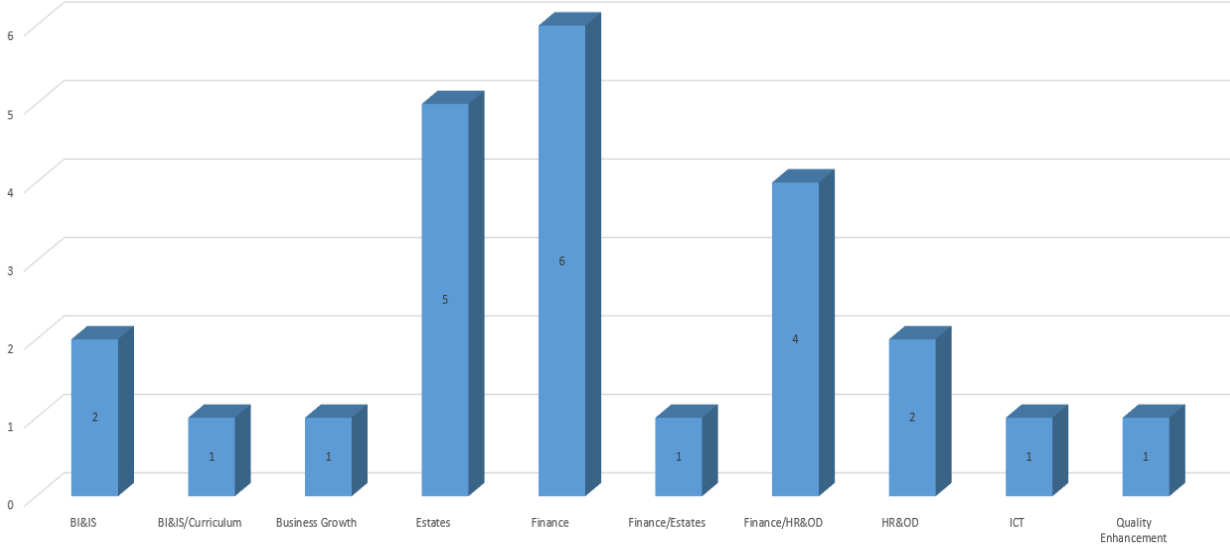

The chart on the left shows the FOI requests received, split by curriculum/service area. 25% of requests received asked for information from more than one area.

Percentage of FOI requests received, closed within timescale split by curriculum/service area

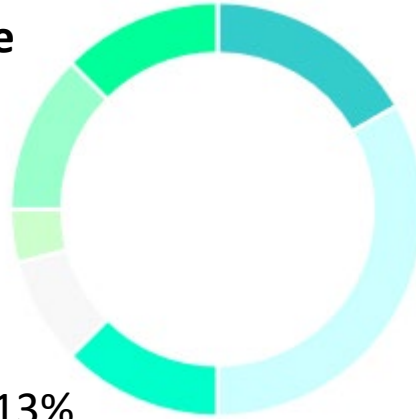The chart on the right shows the percentage of FOI requests issued within the 20 working day timescale.

Freedom of Information – Key Facts 2020/2021
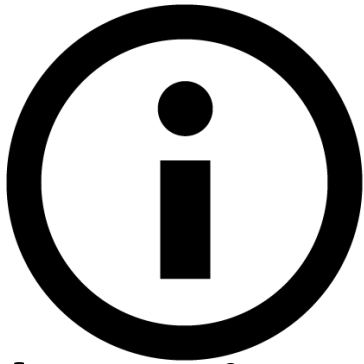
24 requests for information (1 of these was an Environmental Information Request)

Requestor Type

17% What do they know website

13% Media

13% Student (not AC)

79% responded to in timescale

2 requests for an internal review

Top 3 Request Types

- Estate information

- Staff information

- Student information

6 subject access requests and **1** right to erasure request