

Extraordinary Meeting of the Board of Management

Agenda

Meeting reference: Board 2024-25/EM02

Date: Thursday 06 March 2025 at 5:00pm

Location: ASW Room 961

Purpose: Extraordinary meeting

- * Denotes items for approval or discussion.
Members should contact the Secretary in advance of the meeting if they wish to request an item be starred.

	Agenda Items	Author	Led by	Paper
1	Welcome and apologies		Chair	
2	Additions to the Agenda		Chair	
3	Declaration of a Conflict of Interest in any Agenda Item			
*4	UHI Perth Group Report & Financial Statements for the Year ended 31 July 2024	Director of Finance	Depute Principal (Operations)	Paper 1
*5	External Audit Annual Report 2024-24, including Letter of Representation	External Auditors	External Auditors	Paper 2a Paper 2b
*6	AST Letter	AST Board	Vice Chair	Paper 3 To Follow
*7	UHI Perth Recovery Plan – presentation & discussion		SLT	Verbal
*8	Review of Meeting (Committee to check against the Terms of Reference to ensure all competent business has been covered)			Paper 4
9	Date and time of next meeting: • 02 April 2025 @ 5:00pm	Clerk		

Committee Cover Sheet

Paper 1

Committee	Extraordinary Board of Management Meeting
Subject	UHI Perth Group Report and Financial Statements for the year ended 31 July 2024
Date of Committee meeting	06/03/2025
Authors	Gavin Stevenson, Director of Finance
Date paper prepared	28/02/2025
Executive summary of the paper	<p>The College's Financial Memorandum requires the Annual Financial Statements to be endorsed by the Finance and Resources Committee and approved by the Board of Management prior to submitting them to the Regional Strategic Body and to the Scottish Funding Council.</p> <p>The financial statements provide an assessment of the College's financial position for the year ending 31 July 2024 and have been completed in compliance with the Account's Direction for Colleges and with the Code of Good College Governance.</p> <p>The Committee is asked to:</p> <ul style="list-style-type: none">(1) consider and recommend approval to the Board of the report and financial statements for the year ended 31 July 2024 (Paper 1)(2) consider the report from Deloitte, external auditors (Paper 2a)(3) consider whether it is content with the assurances provided in the letter of representation that the Chair will sign on behalf of the Board (Paper 2b).
Consultation How has consultation with partners been carried out?	Papers 1, 2a and 2b have previously been discussed and endorsed at an Extraordinary Joint Meeting of Finance & Resources and Audit Committee, 04 March 2025.
Action requested	<ul style="list-style-type: none"><input type="checkbox"/> For information only<input type="checkbox"/> For discussion<input checked="" type="checkbox"/> For recommendation<input type="checkbox"/> For endorsement

Committee Cover Sheet

Paper 1

Resource implications (If yes, please provide details)	No
Risk implications (If yes, please provide details)	This is a requirement of governance within the Financial Memorandum. These Financial Statements will be submitted to the Regional Strategic Body and SFC following approval by the Board of Management.
Link with strategy Please highlight how the paper links to the Strategic Plan, or assist with: <ul style="list-style-type: none"> • Compliance • National Student Survey • partnership services • risk management • other activity [e.g. new opportunity] – please provide further information 	Financial sustainability Compliance Strategic Reputation
<u>Equality and diversity</u> No If yes, please give details:	Click or tap here to enter text.
Island communities Does this activity/ proposal have an effect on an island community which is significantly different from its effect on other communities (including other island communities)?	No If yes, please give details: Click or tap here to enter text.
<u>Data Protection</u> Does this activity/ proposal require a Data Protection Impact Assessment?	No Set out any data protection aspects and whether a data protection impact assessment is needed

Committee Cover Sheet

Paper 1

Status (e.g. confidential/non confidential)	Non-Confidential
Freedom of information Can this paper be included in "open" business?* -Yes	Papers should be open unless there is a compelling reason for them to remain closed. If a paper, or parts of a paper, are to remain closed the reason for that exemption must be specified – see reasons below

* If a paper should **not** be included within 'open' business, please highlight below the reason.

Its disclosure would substantially prejudice a programme of research	<input type="checkbox"/>	Its disclosure would substantially prejudice the effective conduct of public affairs	<input type="checkbox"/>
Its disclosure would substantially prejudice the commercial interests of any person or organisation	<input type="checkbox"/>	Its disclosure would constitute a breach of confidence actionable in court	<input type="checkbox"/>
Its disclosure would constitute a breach of the Data Protection Act	<input type="checkbox"/>	Other [please give further details] Click or tap here to enter text.	<input type="checkbox"/>

For how long must the paper be withheld?

Further guidance on application of the exclusions from Freedom of Information legislation is available via:

<http://www.itspublicknowledge.info/ScottishPublicAuthorities/ScottishPublicAuthorities.asp>
and

http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf

UHI | PERTH

Report and Financial Statements for the Year Ended 31 July 2024

Perth College is a registered Scottish charity, number SC021209.

Contents

Key Management Personnel and Professional Advisers

Key Management personnel

Key management personnel are defined as members of the Senior Management Team and were represented by the following in the year ended 31 July 2024:

Name	Position
Dr Margaret Cook	Principal & Chief Executive and Accountable Officer
Lorenz Cairns	Depute Principal - Academic
Veronica Lynch	Vice Principal – External Engagement (to 30 June 2024)
Catherine Etri	Vice Principal – Academic (to 31 July 2024)
Iain Wishart	Vice Principal – Operations (to 31 March 2024)
Lynn Murray	Depute Principal – Operations (from 1 February 2024)

External Auditor	Deloitte LLP One Trinity Gardens Newcastle Upon Tyne NE1 2HF
------------------	---

Internal Auditor	Henderson Loggie The Vision Building 20 Greenmarket Dundee DD1 4QB
------------------	--

Bankers	Royal Bank of Scotland 12 Dunkeld Road Perth PH1 5RB Bank of Scotland 10-16 King Edward Street Perth
---------	--

Solicitors	Thorntons Solicitors 17-21 George Street Perth PH1 5JY
------------	---

Contents

	Page
Performance Report	
Performance Overview	
Principal's Performance Statement	1
Statement of Purpose and Activities	10
Key Risks & Uncertainties	122
Performance Analysis	
Key Performance Indicators	14
Student Numbers	14
Financial Results	15
Payment Performance	19
Treasury Policies and Objectives	19
Estates Strategy	19
Climate Change	20
Digital Strategy	200
Equality & Diversity	22
Other non-financial matters	23
Accountability Report	
Remuneration & Staff Report	
Remuneration report	2626
Staff numbers and costs	27
Sickness Absence Data	31
Policies in relation to disabled persons	32
Other employee matters	33
Health & safety	34
Trade unions	36
Employment issues	38
Corporate Governance Report	
Directors report	39
Statement of responsibilities of the members of the Board of Management	43
Governance Statement	45
Parliamentary Accountability Report	46
Independent Auditors Report	51
Annual Accounts	
Consolidated and College Statement of Comprehensive Income	56
Consolidated and College Statement of Changes in Reserves	57
Consolidated and College Balance Sheets	58
Consolidated Cashflow	59
Notes to the Financial Statements	60
2023/24 Accounts Direction	88

Performance report

Performance Overview

The Performance Report provides an overview of Perth College's (also referred to as UHI Perth) performance in the academic year to 31 July 2024 covering:

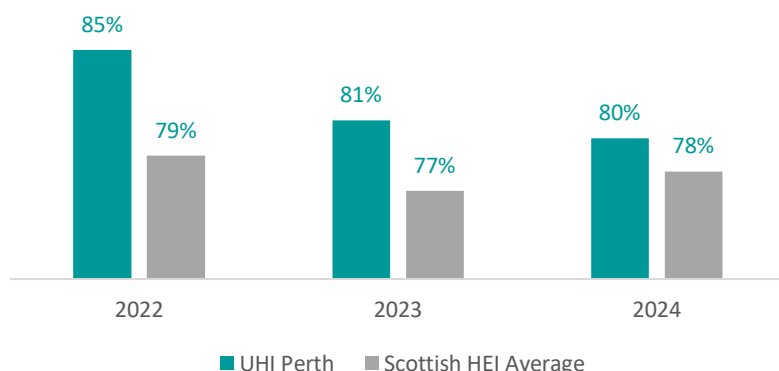
- The Principal's Performance Statement
- a statement of the purposes and activities of the College
- the key issues and risks that could affect the College in delivering its strategic plan and
- a performance analysis, financial review for the year, key risks affecting the College and social matters.

Principal's Performance Statement

Academic Year 2023/24

Although 2023/24 provided many successes it was a very challenging year from a financial perspective. Economic conditions and political decisions had a significant impact on our financial performance. However, despite the challenges, staff and students demonstrated dedication, resilience, commitment and innovation. A big thank you to everyone for continuing to make UHI Perth a success.

National Student Survey Results (Overall Satisfaction)



The National Student Survey (chart on left) showed that UHI Perth scored 80% for overall student satisfaction and continues to be ahead of the Scottish higher education average.

Our Schools College Partnership enrolments increased by over 11% to 664 enrolments.

Other non-financial highlights included:

- We continue to offer foods, toiletries and other goods, providing cost of living support, to all our students free of charge. Students can help themselves to goods in our Brahan Building which are available from a mini model car nicknamed 'Project Caddy' that was created and built by our Automotive Students. We also continue to offer our complimentary breakfast to all our students.
- Our Sector Manager in Hospitality and Food Studies was invited onto the Board of Management for The Federation of Chefs Scotland as a College Membership Coordinator.
- Our BSc Audio Engineering students hosted a 'BBC Music Introducing' event for BBC Radio Scotland.
- We signed up to the Scottish LGBTI+ Rainbow Mark.

Performance report

Performance Overview

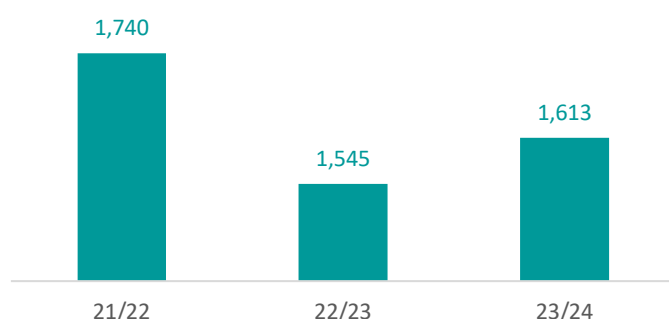
- One of our aircraft engineering students was shortlisted as a finalist in the Outstanding Contribution from a University Student category at the Herald Higher Education Awards.
- Education Scotland inspectors commended UHI Perth for the high level of success students achieve in completing their programmes, where the College has seen this measure consistently above the Scottish average sector over the last 5 years.
- Bachelor of Arts with Honours (BAH) Popular Music students took part in the Perth Festival of the Arts.
- Legendary Chef, Steven Doherty, the first three-starred Michelin Chef, hosted a Celebration Gala Dinner alongside Hospitality and Food Studies Students in the UHI Perth Treetops Restaurant.
- Our BAH Art and Contemporary Practices and BAH Visual Communication and Design Student showcased their work at the Creative Exchange.
- One of our HNC Professional Chef students travelled to London for the finals of the Nestle Toque D'Or competition.
- One of our Popular Music students joined Green Day on stage in Glasgow.

2023/24 Financial Performance

The Adjusted Operating Position (AOP) for the College was a loss of £1.7m. Our aviation business, AST, made a loss of £0.3m in 23/24 resulting in a Group AOP loss of £2.0m as set out on page 17 under the Adjusted Operating Position calculation.

Due to the organisational restructure, which was instigated during the year, UHI Perth College was not able to agree a budget for 2023/24. The key drivers of the AOP loss are:

HE FTE's (UGT & PGT)



1. Falling HE FTE (Full Time Equivalent) numbers. Our funded target was 1,673 undergraduate FTE's. However, our actual figures were 1,564 undergraduate FTEs and 49 postgraduate FTEs resulting in a total of 1,613 FTEs in 2023/24. This resulted in an income shortfall versus target of approximately £0.5m.

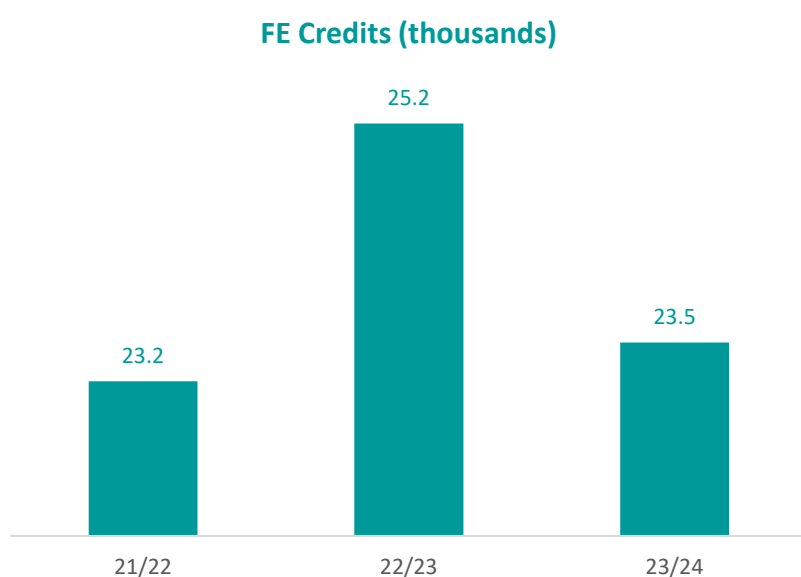
We had assumed in our targeting exercise that we would see a continued recovery in

HE FTEs in 2023/24, however, while our numbers did increase from 2022/23, we were 110 HE FTEs short of our target. The key driver for the reduction in FTE numbers is that other universities have lowered their entrance levels, a situation faced by many other colleges across the country.

Performance report

Performance Overview

2. We had assumed the Scottish Government recommendation for public sector pay increases in our plans. However, the sector offer, on national bargaining that was agreed during the year was almost double the Scottish Government recommendation. Professional Services staff were paid their back-dated pay awards in June 2024, and we have accrued the Academic pay award in our financial statements.
3. An Advance HE (Higher Education) Innovative Practice Grant was secured by the UHI Perth Sport and Fitness Team.
4. UHI Perth started a restructuring process before the end of the academic year and have accrued for unbudgeted voluntary severance and pension strain payments.



Although UHI Perth are short of target for HE FTE's, our FE (Further Education) Credit numbers remain strong. However, these are impacted by a funding cap where our maximum credits in 2023/24 were 22,050. (see Financial Outlook below).

Financial Outlook

In recent years, College sector funding has been poor when compared with other public sector education providers. Colleges Scotland published information highlighting the underfunding in the sector including:

The Scottish Parliament Information Centre (SPICe) information document produced for the Education and Young People Committee ahead of its evidence session in October 2022 set out the following information:

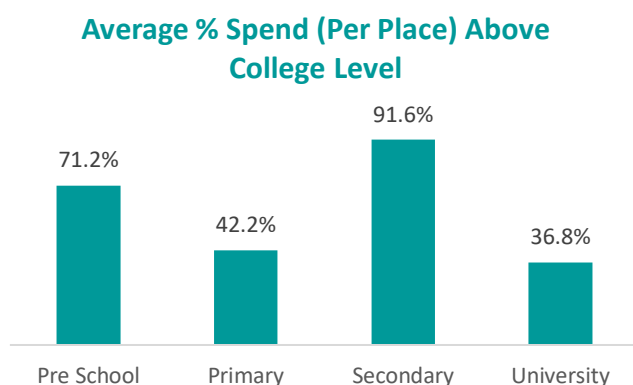
- *Funding per full time equivalent student in 2022/23 for university - £7,558.*
- *Funding per full time equivalent student in 2022/23 for colleges - £5,054.*

Specific figures for the 2023/24 academic year have not been published by SPICe.

Performance report

Performance Overview

Additionally, the parliamentary answer (S6W-15187 published March 2023) reflects ongoing adjustments and considerations in educational funding allocation across different educational sectors within Scottish Education.



The differences noted by Colleges Scotland are shown in the chart on the left. This shows how much more was spent per student versus the funding available to colleges e.g. 91.6% more was spent on each Secondary student versus each College student.

In our 2022/23 financial statements we underlined significant risks to the financial sustainability of UHI Perth in future years.

These risks included:

- HE student numbers.
- A “flat cash” funding outlook.
- National Bargaining outcomes.
- Job Evaluation.
- Inflation and especially the cost of energy.
- Continuation of the top slice payment to the University (UHI) of c£4.8m for HE students, it is recognised that this does not represent value for money for UHI Perth.

Most of these risks materialised in 2023/24. While it was hoped, by everyone in the sector, that the “flat cash” position would not happen it became clear from the Scottish Funding Council (SFC) indicative funding paper in 2023 that flat cash would be a reality. This was introduced at a time when inflation levels were at their highest for many years. The impact of most of the risks above materialising is reflected in the AOP loss detailed above.

Based on assumptions about level of grant funding from the Scottish Funding Council (SFC), UHI Perth’s Board targeted savings of £4m to achieve a balanced budget by 31 July 2025. Five workstream groups comprised of members of the Perth Leadership Group (PLG) were set up to focus on identification of cost reductions and income generating opportunities:

1. Academic
2. Professional Services
3. Estate
4. Income Generation
5. Continuous Improvement

Performance report

Performance Overview

The funding allocation from the SFC was better than expected and the Board revised targeted savings to £3.2m in 2024, the majority of which related to staff savings from voluntary severance. A collective consultation exercise with staff took place between April and June 2024 and the individual consultation for a small number of posts is still ongoing, meaning that all savings identified have not yet been realised.

The Board approved a deficit budget for 2024/25, which is being underwritten interest free by the SFC until our financial position allows us to pay it back. The Board has asked the Senior Leadership Team (SLT) to recommend a recovery plan to achieve a balanced budget for 25/26 and 26/27.

Part of the savings plan was to reduce the number of SLT members from five to three and PLG members from ten to eight. There was an organisational restructure as a result, effective from 1 August 2024 which has achieved this outcome.

Performance report

Performance Overview

Strategy

In 2022/23 we introduced our new strategy. Our strategy had significant staff involvement, and the output included:

Our vision is to empower our learners to achieve their full potential through a transformational student experience.

Our strategy was developed over four pillars:

1. College Growth and Ambition
2. Excellence in Learning and the Learner Experience
3. Partnerships and Collaboration
4. Sustainability

And supported by six values:

1. Student Centred
2. Innovative
3. Ambitious
4. Respectful
5. Inclusive
6. Collaborative

We understood that our strategy needed to be dynamic, and our organisational restructure and subsequent recovery plan will be aligned to this strategy as far as possible.

Performance report

Performance Overview

Areas of commonality between the Highlands and Islands Regional Outcome Agreement and the UHI Perth strategy:

- The need to increase the quantity and quality of local jobs.
- To create a culture of employer investment.
- To meet the skills needs of employers, including a need for workplace progression routes and pathways.
- A need for flexible skills provision.

The Tay Cities Deal incorporating Dundee, Angus, Perth and Kinross and North Fife, is taking forward regional investments to focus on inclusion, innovation and connectedness ensuring delivery of a smarter and fairer region. Within the Tay Cities Deal, the college is working on key projects in engineering, aviation, hospitality, creative industries, and digital resilience.

Regional Context of Our Strategy:

UHI Perth is one of the largest partners in the University of the Highlands and Islands (UHI).

UHI is an integrated university encompassing both further and higher education and part of a new breed of tertiary institutions, the only one in Scotland and one of only a few in Europe. A diverse and flexible partnership serving their local communities and connected to their needs offering flexible and supported learning from access level to PhD.

UHI has over 40,000 students at the heart of the partnership and in some areas exceeds student activity targets and surpasses many sector benchmarks of performance.

During 2023/24 the Executive Office of UHI started to work on an Outline Business Case presenting a range of options for developing a new operating model for the partnership. UHI Perth's Principal and Board have been involved in discussions focussing on more integration between academic partners.

Digital Strategy

A successful digital transformation within UHI Perth involves the integration of digital technology into all aspects of the institution's operations, learning, and governance, fundamentally changing how the institution delivers education, engages students, and operates. It is not just about adopting new technologies but also about driving cultural, organisational, and operational change to improve efficiency, innovation and the educational experience.

All staff have access to a compliant, capable and secure digital mobile device affording flexibility and performance to support their digital journey, this has been further facilitated with secure cloud based digital telephony.

We have provisioned 3 smart laptop lockers across the campus to allow our students to access digital devices on demand, utilisation is high at regularly at capacity mid-week in the main building.

Performance report

Performance Overview

We also have a warm study area in the Academy of Sport and Wellbeing (ASW) to allow our students 7-day week, extended hours access within a safe environment equipped with wide screen monitors and Laptops.

Artificial Intelligence (AI) is an area that has grown quickly in the sector. One key challenge we are facing when looking to adopt Generative AI relates to age restrictions and consent issues for learners under 18.

Unfortunately, two of the most popular options (Microsoft Copilot with commercial data protection and Google Gemini) are not currently available to learners under the age of 18 and are cost prohibitive for the College.

Some staff are trialling an AI platform called TeacherMatic to aid the creation of teaching materials such as worksheets, quizzes, and lesson plans.

Performance report

Performance Overview

Summary

In summary 2023/24 delivered some excellent non-financial achievements despite a financially challenging landscape. Our AOP loss in 2023/24 was due to a culmination of significant events including the flat-cash funding model and significant pay awards. These underlying factors are unlikely to improve soon, so UHI Perth has been and is taking action to ensure our long-term financial sustainability. While we carry out our reorganisation, we will ensure we do so in a way that continues to allow us to deliver an excellent student experience.

The members present their report and the audited financial statements for the year ended 31 July 2024.

Dr Margaret Cook

Principal & Chief Executive

Performance report

Performance Overview

Purposes and Activities

Legal Status

The Board of Management was established under the Further and Higher Education (Scotland) Act 1992 for the purposes of managing and conducting Perth College.

The Office for National Statistics reclassified colleges as part of Central Government for National Accounts purposes since 1 April 2014.

The College is correctly registered with the Office of the Scottish Charity Regulator (“OSCR”) for charity status and is recognised by HM Revenue & Customs as a charity for tax purposes.

The College is one of the 10 Academic Partners within the University of the Highlands and Islands (“UHI”) and forms part of the UHI FE Regional Strategic Body for reporting purposes to the Scottish Funding Council (“SFC”).

UHI Perth is one of the largest partners in the University of the Highlands and Islands (UHI).

UHI Perth delivers courses at its main campus in Perth and in secondary schools across Perth and Kinross. We support work-based learning across a wide area, as well as collaborating with UHI in the ongoing development of its use of digital technology, providing access to expertise and curricula across Perth and Kinross, the Highlands and Islands and to our national and international partnerships.

The City of Perth is located within 50 miles of 90% of Scotland’s population, in the local authority of Perth and Kinross. The population of Perth and Kinross in 2021 was 151,900, a 0.1% increase from 2016. Unemployment rates are at 3.4% and its five-year business survival rate is higher than the Scottish average. The 2021 Annual Participation Measure showed that 93.6% of 16–19-year-olds were in education, employment or training and personal development. UHI Perth is proud to serve the needs of its local area, as well as the wider Highlands and Islands Region and beyond.

UHI Perth provides a broad curriculum base with access to study at SCQF levels 2 to 12 in areas of local, regional, and national need in subjects grouped into five sector areas:

- Business, Management, Computing and Leisure,
- Creative and Cultural Industries,
- Science, Technology, Engineering and Maths,
- Applied Life Sciences, and
- Centre for Mountain Studies.

Following the restructure of the leadership team in August 2024 the sector areas are now Business, Technology and Wellbeing; Arts, Humanities and Education; and the Centre for Mountain Studies.

Performance report

Performance Overview

UHI Perth also delivers a range of Modern Apprenticeship programmes supported by Skills Development Scotland (SDS), industry bodies and a range of commercial Vocational Qualifications (VQ).

School-college partnership provision is linked to relevant vocational pathways, and includes Foundation Apprenticeships in Business, Creative and Digital Media, Early Years, Engineering and Health Care.

There was an organisational restructure during the year and the Principal and Chief Executive, and two Depute Principals now make up the Senior Leadership Team. They are supported by eight Directors from Academic and Professional Services disciplines that together form the Perth Leadership Group.

Our vision and values are set out in the performance overview above.

Key priorities

Our strategic aims drive forward the Highlands and Islands Regional Outcome Agreement as well as ensuring full participation in Perth & Kinross Single Outcome Agreement Measures and Community Planning priorities.

The college continues to work in partnership with relevant local and regional stakeholders to ensure the provision of high-quality curricula and sector engagement within the Regional Skills Assessment area of Tayside but also shares common overall goals with the Regional Skills Assessment of the Highlands and Islands.

Performance report

Performance Overview

Key Risks & Uncertainties

The Board of Management has responsibility for overseeing that the College identifies, mitigates and monitors strategic risk. The Audit Committee has delegated authority from the Board of Management to manage this process on their behalf.

The College operates a Strategic Risk Register which identifies the most significant risks to the College and includes “common risks” as set out by the Executive Office of UHI. The Depute Principal - Operations is responsible for developing and managing the College Strategic Risk Register while the Senior Leadership Team (SLT) is responsible for ensuring that appropriate risk mitigation actions are implemented to address significant risks to the College’s operations and strategic objectives.

The Audit Committee receives an updated Strategic Risk Register on a quarterly basis. While many areas of risk are reviewed, the central focus for UHI Perth and across the sector are the current, heightened, risks to financial sustainability.

Many events including Brexit, the cost of COVID-19 and war in a part of Europe have had a significant impact on the economy and College sector. The most recent Financial Forecast Return submitted to the Scottish Funding Council (SFC) highlighted the following risks:

- **SFC Funding:** SFC has confirmed that no additional funding will be available in the sector for the near future, referred to as “flat cash.” This is a significant risk to the financial sustainability of the college as it could be difficult to cover increases in staff costs and non-staff costs in the future. Risks that could affect cost increases are set out below.
- **Student Numbers:** Post Brexit and COVID-19, the College has been impacted by falling Higher Education student numbers. We believe that this is due to universities changing their entry requirements which has increased their student numbers. This is a significant risk to the funding entitlement of the College now and in the future.
- **Inflation:** While inflation has been stable and low for a few years, there has now been a significant increase in inflation. This will impact our non-staff costs, especially energy costs. Significant increases in prices will result in demands for salary increases to meet inflationary pressure which will have a significant increase in our staff costs.
- **Job Evaluation (JE):** For several years there has been an exercise to review salary levels paid across the sector, all the way back to 2017. While the SFC has taken responsibility for meeting the costs of JE, the most recent Accounts Direction has changed the accounting for this, and we have had to reverse the income accrual which matched the accrued cost. The resolution to the JE process remains outstanding at the time of writing with no indication of when it might be resolved.

Performance report

Performance Overview

Enterprise Risk Management

In 2021/22 UHI Perth started transitioning away from our traditional Strategic Risk Management process to a framework of Enterprise Risk Management (ERM). Our new process will merge the latest risk management frameworks outlined by the Committee of Sponsoring Organisations (COSO) and ISO30001. Our new ERM framework is now live, and the previous risk management framework has been discontinued.

Performance report

Performance Analysis

Non-Financial Performance

Key Performance Indicators

Key Performance Measure	2023/24	2022/23		Percentage change
HE Recruitment FTEs	1,564.0	1,502.1	↑	4%
FE Recruitment Credits	23,461	26,047	↓	(10%)
NSS Overall Satisfaction	80%	81%	↓	(1%)
Student Satisfaction and Engagement Survey (SSES)Overall Satisfaction	96%	96%	-	0%
Staff turnover	26%	16%	↑	10%
Staff absences days per head	5.8	5.9	↓	(2%)
Staff CPD days per employee	5.41	6.12	↓	(12%)
Percentage of permanent teaching staff with Teaching Qualification in Further Education (TQFE)	67%	68%	↓	(1%)

As discussed in the Principal's report and in the Student Numbers section below, HE Recruitment FTEs are higher than prior year, however, remain below pre-Covid and targeted levels. This is due primarily to the changes in university recruitment.

FE Recruitment credits decreased in 2023/24, however, remain above targeted level.

Our sickness data has reduced when compared to the previous year. This is seen across the sector as staff now find it easier to work from home as opposed to taking time off sick. Presenteeism may become an issue, but this is being monitored within 2024/25.

The decrease in staff with TQFE is primarily due to teaching staff turnover resulting from the voluntary severance scheme implemented during the year. There is ongoing focus on improving this percentage.

Student Numbers

In a highly challenging recruitment environment, Perth College has seen an increase in HE Undergraduate FTEs, albeit below target, and a targeted reduction in FE credits. As set out in our key risks & uncertainties the target missed in HE numbers is considered to be due to universities changing their entry requirements which has increased their student numbers and impacted on college numbers.

Performance report

Performance Analysis

Perth College achieved over 100% of its FE Credits, 93% of its HE Undergraduate FTE's and over 100% of its Postgraduate FTE's. The credits are set out in more detail below:

	Year ended 31 July 2024			Year ended 31 July 2023		
	Actual	Target	Variance	Actual	Target	Variance
Core FE Credits	23,461	22,050	1,411	25,966	25,000	966
Undergraduate HE FTE's	1,564	1,674	(110)	1,502	1,877	(375)
Postgraduate FTE's	49.6	48.6	1.0	43.0	52.6	(9.6)

Financial Performance

Financial Results

These financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice 2019 ("SORP"): 'Accounting for Further and Higher Education'; the Financial Reporting Standards FRS 102 and the 2023/24 Government Financial Reporting Manual (FReM) and in accordance with applicable Accounting Standards.

They conform to the 2023/24 Accounts Direction for Scotland's Colleges ("the 2023/24 Accounts Direction") and other guidance issued by the SFC.

Perth College has achieved an operating deficit of £3.3m for the year ended 31 July 2024, while 2022/23 deficit was restated at £5.6m.

	Year ended 31 July 2024	Restated 31 July 2023
	£'000	£'000
Operating deficit	(3,315)	(5,636)
Variance from prior year	2,321	(3,307)
Adjusted Operating Position	(2,016)	(3,909)
Variance from prior year	1,893	(3,222)

UHI Perth was unable to prepare budgets for the financial year ended 31 July 2024 due to ongoing staff restructuring during the year. The restructuring process impacted the availability of key personnel involved in the budget preparation, leading to delays in financial planning and reporting. Steps are being taken to address these gaps and strengthen financial management going forward. Whilst we have been able to navigate this challenge, the reduction in HE FTE against budget along with higher inflation, meant that UHI has seen an AOP deficit of £2.0m.

The College recognises the risks posed by an increasing cost base, particularly staff costs, against changing demand and reduced central funding in real terms.

Performance report

Performance Analysis

The current operating and funding model in place across the UHI partnership places a material risk on financial sustainability. The complexities of delivery across the region and accounting for this create a sizeable challenge in terms of efficient delivery and management.

Following their reclassification as central government bodies from 1 April 2014, colleges are also required to comply with Central Government budgeting rules. In addressing the impact of these budgeting rules, Scottish Government and the SFC committed to providing the cash budget previously earmarked for depreciation for use on specified priorities.

Cash Budget for Priorities

Colleges have now each been given a fixed cash budget for priorities which must be spent on agreed government priorities. The College's spend of its cash budget for priorities, and the impact on the operating position for the academic year, is set out in the tables below.

	2023/24 £'000	2022/23 £'000
Table of cash budget for priorities spend		
Revenue Priorities		
2015/16 pay award	117	117
Total impact on operating position	117	117
Capital Priorities		
Estates capital development	294	303
Unfunded pension payments	118	109
Total Capital	412	412
Total cash budget for priorities spend	529	529

The Statement of Comprehensive Income ("SOCl") presents the financial performance during the accounting period in accordance with the SORP.

The Adjusted Operating Position ("AOP") is intended to reflect the underlying operating performance after allowing for material one-off or distorting items required by the SORP or other items out with the control of the institution.

The AOP is therefore designed to smooth any volatility in reported results arising from FRS 102 and to recognise that some of the reported costs do not have an immediate cash impact on the institution.

Performance report

Performance Analysis

Adjusted Operating Position

The adjusted operating position of Perth College, as set out below, has improved from a deficit of £3.9m to a deficit of £2.0m. The reasons for this are discussed in more detail in the Financial Performance.

	2023/24 £000	Restated 2022/23 £000
Adjusted Operating Position		
(Deficit) before other gains and losses	(3,353)	(5,378)
Add Back:		
Depreciation - net of deferred capital grant release (Note 1)	1,379	1,321
Pension adjustment – Net Service Cost (Note 2)	51	395
Pension adjustment – Net Interest Cost (Note 3)	25	(138)
Deduct:		
Cash Budgeting Plan (CBP) allocated to loan repayments and other capital items (Note 4)	(118)	(109)
Adjusted Operating (Deficit)/Surplus	(2,016)	(3,909)

Note 1: Depreciation does not have an immediate cash impact on the institution, and, in any case, capital expenditure will largely be funded by government or Additional Learning Fund grants, so the charge is taken out.

Note 2: The adjustments to the pensions charge represent the net service cost (i.e. the present value of projected benefits resulting from employee service in the current year less cash contributions paid).

Note 3: The net interest cost is the interest accumulated on the pension liability, and this is offset against the current year's interest earned on pension assets.

Note 4: Cash Budget for Priorities is included in income, but the loan repayment is not reflected in the costs therefore this amount is adjusted. Loan repayments should only be adjusted where CBP has been used to fund them.

Financial Ratios

Our goal is to optimise financial stability through innovative and careful management. Every effort will be made to maximise the efficient and effective use of funds to support the academic aims and objectives of the College within the constraints of central government accounting rules. Scottish Government budgeting and accounting requirements require the College to at least break even on both an operational and resource basis in each fiscal year and to minimise cash balances.

Performance report

Performance Analysis

The following table gives a summary of key financial and other operating ratios:

	2023/24	Restated 2022/23
Operating (Deficit) as % of Total Income	(12.1%)	(21.6%)
Non SFC Income as % of Total Income	37.8%	37.7%
Current Assets: Current Liabilities	0.64	0.60
Staff Costs as a % of Total Income	80.0%	86.6%
Ratio of days cash to total expenditure	22.0 days	29.0 days
Trade creditor days	30 days	27 days

Most ratios above have declined in line with expectations due to flat cash funding and the increasing cost base.

The improvement in staff costs as a percentage of income was driven by increased revenue during the period, primarily from the funding council grants, tuition fees and education contracts. This revenue growth was sufficient to offset the higher voluntary severance costs incurred in 2023/24 compared to 2022/23.

Cash Flows and Liquidity

Days cash has decreased from 29 days to 22 days. This is due to the operating deficit which has resulted in a cash loss for the college as expected.

UHI Perth maintained a positive cash flow during the year but the current assets to current liabilities ratio increased from 0.60 to 0.64. This is due to a significant drop in accrued income of £2.7m relating to job evaluation which was released in 2023/24 and restated in 2022/23 and now recognised as a provision in line with SFC issued amended Accounts Direction to the College.

Payment Performance

The College has a policy of paying its suppliers within 30 days of invoice unless other separate terms are in place, and excluding invoices held in dispute. Where possible, and in line with Scottish Government guidance, invoices are paid in the next available payment run following posting to the finance system. Creditor days (trade creditors divided by other operating expenditure) is 30 days in 2023/24 as against 27 days recorded in 2022/23.

The increase in trade creditor days is due to deliberate cashflow management to balance operational needs and ensure creditor payments are made within the agreed timeframe of 30 days from invoice receipt date.

Performance report

Performance Analysis

Payment performance is shown in the below table:

	2023-24		2022-23		Variance	
	% by value	% by numbers	% by value	% by numbers	% by value	% by numbers
Less than 30	62%	65%	63%	68%	(1%)	(3%)
30-60	29%	28%	27%	26%	2%	2%
60-120	5%	4%	7%	4%	(2%)	0%
More than 120	4%	3%	2%	2%	2%	1%

There has been a slight decrease in invoices paid within 30 days although this data includes all payments made during the year and includes invoices in dispute, those not provided in line with finance requirements and invoices not due within 30 days (such as business rates).

No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998.

Treasury Policies and Objectives

The College has a separate treasury management policy in place and defines treasury management as the management of the organisation's cash flows, its banking and investment transactions; the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks.

Estates Strategy

In line with the UHI Strategic Plan 2022-27 the College is developing a few key objectives to achieve going forward. This involves:

1. Develop the vision for the UHI Perth Estate to include a viable masterplan over the next 10–25 year period, building on the work undertaken through external consultations and the partnership with Perth & Kinross Council.
2. Produce a report outlining the physical space requirements for classrooms, specialist facilities and common shared space aligned to UHI Perth current student numbers. Provide a comparison to current available space highlighting surplus or deficit in space available across each category with recommendations for improving utilisation.
3. Produce a gap analysis report of where UHI Perth estate supports/ limits digital access for students and staff with recommendations on where investments require to be made with associated cost projections.
4. Identify elements of estate that are not fit for purpose or surplus to requirements which may leverage capital value to support broader estate masterplan viability.
5. Utilise energy usage data by building, identify approaches to reduce usage of energy, identify alternative sources of energy generation and where these could be deployed together with recommendations on investments required and funding sources available to reduce the investment cost to implement these renewable sources.

Performance report

Performance Analysis

6. Produce a report identifying no cost/ low-cost approaches to engaging staff and students in improving UHI Perth energy efficiencies while reducing carbon emissions overall. Develop a campaign to engage all key stakeholders. Include timelines and targets.
7. Produce a report outlining the demand for student accommodation including a gap analysis with recommendations on alternative approaches for consideration. Collaborative partnerships and alternative finance options should be developed for consideration.
8. Undertake a review with the engagement of students to identify improvements to campus space and service provision for students and staff including catering, social interaction, health and wellbeing, business engagement, enterprise and innovation. Recommendations for consideration with resource requirements, prioritisation and proposed timelines will be developed.

Work already undertaken includes:

- Established room utilisation and with new systems, are monitoring that utilisation regularly.
- Established historic utilities usage trends with a view to establishing more detailed analysis going forward.
- Facilities surveys issued to all departments to record current use, perceived condition and any future requirements.

The College also confirms compliance with the Scottish Government sustainability reporting in line with the requirements of the Climate Change (Scotland) Act 2009 which sets out the required content for the report to Scottish Government.

The College has reported every year since the 2015 Schedule became active, including the initial voluntary year in 2015/16. Perth College UHI is also an active participant in the Environmental Association of Universities and Colleges (EAUC).

Climate Change (Scotland) Act 2009

One of the College's Strategic priorities within its Regional Outcome Agreement is to deliver against the SFC National Performance Measures reduction in our gross carbon footprint.

UHI Perth continues to work towards carbon reduction and the carbon emissions figures are 1,208 tonnes of carbon dioxide equivalent ("tCO₂e") from 1,864 tCO₂e in 2015/16.

ICT Strategy

The ICT Department is focusing on themes to support the implementation of the ICT Digital Transformation Strategy to take the college and our stakeholders through a journey of digital confidence and competence that inspires and stimulates future thinking and innovation.

The themes are:

- Culture
- Service
- Sustainability

Performance report

Performance Analysis

- Communication and Collaboration

Culture

By adopting a continual service improvement register and training to our staff, UHI Perth is embracing an opportunity to map out where we are, where we want to be, how we will get there and prioritise our lean improvement activities and their impact.

We ensure that we offer equality of access, allowing our staff and students to thrive in a digitally enabled environment. All staff and students have access to a digital device on campus.

Service

A programme of works has commenced to ensure that ICT services and facilities are designed to support our stakeholders by being accessible, secure, and sustainable. An infrastructure review has been conducted, and a new teaching room standard has been agreed with internal stakeholders for the duration of the ICT Strategy. This standard will enable our academics to dynamically deliver the curriculum in high-quality, flexible, and innovative learning and teaching environments.

Over 60% of teaching spaces have been upgraded to this agreed standard. Progression has been paused this year due to financial challenges in achieving a balanced budget.

Sustainability

Through effective collaboration throughout the procurement cycle our suppliers are all committed to delivering benefits through improved value for money and improved goods and services.

Energy management practices are implemented throughout our digital infrastructure. We employ energy-efficient hardware that consumes less power and generates less heat. Additionally, we have conducted a server consolidation exercise, resulting in the removal of all servers from the site.

Communication and Collaboration

We have maximized the use of Office 365 tools to enhance seamless communication and collaboration across our organisation.

These tools enable our staff to work smarter by leveraging innovative, flexible, secure and accessible platforms. Additionally, we have established a modern SharePoint site to facilitate effective communication with our staff base.

While digital technologies have significantly enhanced our communication and collaboration capabilities, they also introduce risks to UHI Perth. These include potential disruptions to network provision and sophisticated cyber threats, particularly from threat actors leveraging AI (Artificial Intelligence) for automation. These high-risk threats are strategically significant as they impact the delivery of our core purpose of learning and teaching and the student experience.

Additionally, risks to our supply chains and sector funding challenges have been identified as potential major disruptors to our digital services and replacement cycles.

Performance report

Performance Analysis

Equality & Diversity

Equality and Diversity Vision

At Perth College UHI we have a passion for achieving more, a passion to become the most inclusive college in Scotland.

Perth College UHI is currently working towards meeting the following general duties:

- Eliminating discrimination and other unlawful conduct
- Advancing equality of opportunity
- Fostering good relations

Perth College's organisational equality outcomes 2021-2025 are:

- More learners than before are disclosing they are Care Experienced. These learners tend to have additional barriers which negatively impact attainment scores compared to their peers. We will work with the learners and other agencies to deliver interventions and support to narrow the attainment gap.
- There is an increase in learners disclosing mental ill health. These learners tend to have additional barriers impacting their attainment score compared to their peers. We will work with the learners and other agencies to deliver interventions and support to narrow the attainment gap.
- We recognise that there are gender imbalances across some areas of our curriculum. We will take active steps to promote accessibility of these programmes and challenge gender stereotyping.
- We are committed to being an anti-racist organisation and will seek to eliminate racism in all its forms throughout the College.
- The College has a declining proportion of staff disclosing a disability in comparison with the local population. We will look to ensure that our policies, processes and practices are supportive of recruiting and retaining disabled staff. We will focus on hidden disabilities and wellbeing at work.

We have now started a mapping process against the new National Equality Outcomes and will look to incorporate relevant outcomes in future years.

Equality Reporting

We continue our journey of ensuring the student and staff experience at the College is excellent. We continue to mainstream equality and diversity into all aspects of our operations and in doing so provide a learning and working environment which is founded on key principles of fairness, opportunities and respect for everyone.

Performance report

Performance Analysis

Central to mainstreaming has been the gathering and consideration of further relevant data. This has involved assessing existing available evidence and considering what other evidence may be available to help us make progress in further meeting the general equality duties.

Reporting on this work continues to demonstrate to our staff, students and other stakeholders that we are taking steps to further mainstream equality across the organisation and the progress that has been made.

Perth College has complied with its numerous statutory reporting requirements for the year ended 31 July 2024.

Perth College published its Mainstreaming Equality, Equality Outcomes and Workforce and Student Profiles 2023 in March 2023 (available on our website).

This report shows the College's progress in mainstreaming equality and diversity into all that we do, our progress against our equality outcomes, and our staff and student profiles. It also evidences our gender pay gap and other actions we have taken over the last year.

Non-Financial Issues

Reputation

The College has a good reputation locally, nationally and internationally. Maintaining a quality brand is essential for the College's success in attracting students and developing and maintaining external relationships.

The College has invested significantly in developing its reputation nationally with a particular focus on influencing policy and internationally by delivering quality programmes and by broadening the reach and strength of international partnerships.

Stakeholder Relationships

In line with other colleges and universities, the College has many stakeholders.

The College actively engages with Scottish Government ministers, senior civil servants and the SFC both independently and through Colleges Scotland to update progress on delivery against key national priorities as well as influencing future policy. This would include within policy areas of Skills Alignment Strategy, the Learner Journey Review and Developing the Young Workforce.

To ensure our curriculum continues to meet current and future regional and national industry needs, continued engagement with Skills Development Scotland and industry bodies across our curriculum teams and directly into businesses. The College's Foundation, Modern and Graduate apprenticeship delivery relies on these strong industry relationships to ensure skills demands are met and delivery compliance is achieved. The College had strong performance in these areas during the year ended 31 July 2024.

The College's relationship with Perth and Kinross Council and its other Tay Cities regional partners through the Tay Cities Deal HE/ FE Forum and the Tay Cities Skills Board, Perth Development Board, Perth and Kinross Community Planning Partnership and the Strategic Education Group has been crucial to ensuring the College continues to be well regarded for its influence in economic and social transformation.

Performance report

Performance Analysis

This includes the role the College plays in ensuring there are suitable progression routes for all learners from the Senior Phase pathways through to vocational, degree and postgraduate provision.

The College's role as one of the largest partners within UHI ensures that influence impacts the full Highland's region with the range of networked provision delivered by the College or hosted in Perth campus.

In partnership with our staff, trade unions and Highlands and Islands Student Association (HISA), a greater focus on the student experience remains a high priority to the College. We are committed to investing in the Student Experience which is now a core part of our forward strategy, and we are delighted to see the focus has begun and continues to show results.

Additional areas of focus are:

- A greater variety of student support and social groups.
- Use of digital accessibility funding to improve the digital experience for our students.
- An ICT strategy that supports the aspiration to be a student-centred, digitally enabled college.

Alongside this, continued discussions have taken place with Trade Unions to ensure the health and safety and wellbeing of all staff groups. This included those staff working from home as well as those staff undertaking essential on campus services to students.

Human Rights

The College, as part of the University of the Highlands and Islands partnership, has published a Slavery and Human Trafficking Policy Statement as required by the Modern Slavery Act 2015. This statement is reviewed annually and the actions from it implemented in all purchasing activity by requiring all new suppliers to confirm that they have "effective procedures in place to comply with the Modern Slavery Act 2015" before any transaction can take place.

Details of our requirements have been incorporated into the College's Standard Terms and Conditions upon which all purchase orders and local contracts are based. These requirements are also included in the many frameworks we utilise, awarded by centres of expertise such as Advance Procurement for Universities and Colleges ("APUC"), Scottish Procurement and Crown Commercial Service ("CCS").

Where modern slavery, human rights or workforce matters are identified as a potential risk in contracting for goods and services, relevant and proportionate requirements are included within our specification of requirements and appropriately probing questions are asked of bidders to demonstrate compliance with applicable laws, regulations and policies such as International Labour Organisation standards.

As a Scottish Living Wage Foundation accredited employer, we also endeavour that all on-site contractors are paid at least the Real Living Wage, as set annually by the Living Wage Foundation. This also applies to our catering contract.

Performance report

Performance Analysis

There have been no complaints of any breaches of human rights within our supply chain.

Anti-Corruption and Bribery

For regulated procurement, all suppliers are required to confirm that they are “in full compliance with and support the Bribery Act 2010” before any transaction can take place. Details of our anti-corruption requirements are stated in the College’s Standard Terms and Conditions upon which all purchase orders and local contracts are based.

These requirements are also included in the many frameworks we utilise, awarded by centres of expertise such as Advance Procurement for Universities and Colleges (“APUC”), Scottish Procurement and Crown Commercial Service (“CCS”).

The College has a Fraud Prevention Policy and Response Plan which is included in our review plan and clearly details the requirements for staff members to adhere to as well as advising on how to report suspected breaches.

Our procurement and financial transaction processes ensure a clear separation of duties between requestors, budget approvers and payees to mitigate against potential risk or fraudulent activity. These processes are being continually reviewed to ensure they are fit for purpose and achieving their aims.

We acknowledge the weaknesses arising from our use of the purchase order system and have already implemented improvements to the process. Despite these weaknesses the finance processes still require approval limits and segregation of duties which mitigate the risks as described above. We are currently implementing further changes to our purchase order process.

There have been no complaints of any breaches of corruption or bribery within our supply chain.

Disclosure of Information to Auditor

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditor is 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 auditor is aware of the information.

**Approved by order of the members of the Board of Management on
6 March 2025 and signed on its behalf by:**

Dr Margaret Cook
Principal & Chief Executive

Accountability Report

Parliamentary Accountability Report

The Accountability Report has three sections and is signed by the Chair and the Principal:

1. The Remuneration and Staff report
2. The Corporate Governance report
3. The Parliamentary Accountability report.

Remuneration and Staff Report

Introduction

The College is required to prepare and publish within its financial statements an annual Remuneration Report under the 2023/24 Government Financial Reporting Model (FReM) issued by HM Treasury.

The report sets out the remuneration and accrued pension benefits of the Senior Management Team members of the College. Other than the Principal, no other member of the Board is remunerated.

Information on the number of College employees (including Senior Management Team members) whose total actual remuneration was £60,000 or more is set out in Note 7 of the financial statements. The information is disclosed in salary bandings of £10,000 above £60,000. The following report has been prepared in accordance with the regulations.

All information disclosed in the tables in this report has been audited by the College's external auditor and all other sections of the Remuneration Report are reviewed to ensure they are consistent with the financial statements.

Remuneration arrangements (This information has been subject to audit)

Senior Management Team

The Remuneration Committee makes recommendations to the Board of Management on the service arrangements and remuneration of the Principal and determines the service arrangements and remuneration of the other senior post holders.

Accountability Report

Parliamentary Accountability Report

Remuneration of the Senior Management Team is as set out in Note 8 to the financial statements. In addition, the following table provides details of the remuneration and pension interests of senior management.

		12 months ended 31 July 2024		
Name	Role	Salary £000	Pension Benefit £000	Total £000
Margaret Cook	Principal	115-120	5-10	125-130
Lorenz Cairns	Depute Principal	90-95	0-5	90-95
Catherine Etri	Vice Principal – Academic	80-85	5-10	85-90
Veronica Lynch	Vice Principal – External Engagement	80-85	45-50	130-135
Iain Wishart	Vice Principal - Operations	55-60	55-60	100-115
Lynn Murray	Depute Principal – Operations	40-45	10-15	50-55
		12 months ended 31 July 2023		
Margaret Cook	Principal	116-120	0-5	116-120
Lorenz Cairns	Depute Principal	86-90	0-5	86-90
Catherine Etri	Vice Principal – Academic	76-80	131-135	206-210
Veronica Lynch	Vice Principal – External Engagement	86-90	56-60	146-150
Iain Wishart	Vice Principal - Operations	76-80	31-35	111-115
<u>Resignations in the year</u>				
Veronica Lynch	Resigned 30 June 2024			
Catherine Etri	Resigned 31 July 2024			
Iain Wishart	Resigned 31 March 2024			
Lynn Murray	Joined 1 February 2024			

Senior Management Team members listed above are enrolled in either the Scottish Teachers Superannuation Scheme (STSS) or Local Government Pension Scheme (LGPS) pension schemes. These are both defined benefit schemes.

The pension amounts in the table above do not represent the pension contributions paid for the staff listed. The actual amount of pension contribution paid for senior post holders is shown in Note 8 of these financial statements.

Accountability Report

Parliamentary Accountability Report

Compensation for loss of office (This information has been subject to audit)

Fifty employees left under a voluntary severance scheme during the year. In total they received compensation payments of £964,656.30. No employee left under compulsory redundancy terms.

The table below summarises the exit packages by cost band.

Exit package cost band	Number of voluntary redundancies	Number of other departures agreed (including any compulsory redundancies)	Total number of exit packages by cost band
<£10,000	10	-	10
£10,000 to £25,000	21	-	21
£25,000 to £50,000	18	-	18
£50,000 to £100,000	1	-	1
Total number of exit packages	50	-	50
Total cost (£'000)	965	-	965

Pay Multiples

The College is required by the FreM to disclose the relationships between the remuneration of the highest paid official and the 25th, 50th and 75th percentile of remuneration of their workforce. The below figures are for the college only and not AST.

The figures below represent actual amounts paid and therefore do not include the September 2022 pay award for academic staff, which was not agreed until September 2024 and was paid in October 2024.

	% change	2023/24 £	2022/23 £
Mid-Point of Banded Remuneration of Highest Paid Official	0.0%	117,500	117,500
25th percentile pay ratio	10.9%	28,228	25,462
25th percentile pay multiple		4.16	4.61
50th percentile pay ratio	4.7%	41,096	39,264
50th percentile pay multiple		2.86	2.99
75th percentile pay ratio	0.0%	43,357	43,357
75th percentile pay multiple		2.7	2.7

Accountability Report

Parliamentary Accountability Report

Accrued pension benefits

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

Prior to 1 April 2015 both STSS and LGPS were final salary pension schemes. This meant that pension benefits were based on the final year's pay and the number of years that the person had been a member of the scheme. From 1 April 2015 both pension schemes became Career Average Revalued Earnings (CARE) schemes.

A CARE scheme means that pension benefits are now built up using an accrual rate of 1/57th of annual pensionable pay for STSS and 1/49th of annual pensionable pay for LGPS. Benefits built up prior to April 2015 will be protected and continue to be calculated on final pensionable pay.

The scheme's normal retirement age is now linked to the members own State Pension Age.

Contribution rates are set annually for all employees and are based on salary bandings. 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.

Cash Equivalent Transfer Value (CETV)

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 based on 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 within the relevant scheme and may not be reflective of their total Local Government service or current appointment.

In considering the accrued pension benefits figures the following contextual information should be considered:

- i. figures for pension and lump sum are illustrative only considering the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement.
- ii. accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period.

Real increase in CETV

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

Accountability Report

Parliamentary Accountability Report

Senior Management Team Pension (This information has been subject to audit)

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

Name	At 31 July 2024		1 August 2022 to 31 July 2024		At 31 July 2024	At 31 July 2023	Real increase in CETV
	Accrued pension at pension age	Accrued lump sum at pension age	Real increase in pension	Real increase in lump sum	CETV	Restated CETV*	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Margaret Cook	17-20	0-5	0-2.5	0-2.5	289	265	24
Lorenz Cairns	31-35	91-95	0-2.5	0-2.5	863	872	-9
Catherine Etri	41-45	118-125	0-2.5	0-2.5	1087	1082	5
Veronica Lynch	35-40	31-35	2.6-6.5	0-2.5	n/a	566	n/a
Iain Wishart	0-5	20-25	0-2.5	20-25	n/a	75	n/a
Lynn Murray	0-5	0-5	0-2.5	0-2.5	13	0	13

The 31 July 2023 CETV values for M Cook, L Cairns and C Etri have been updated to reflect the inclusion of the CARE element of the pension scheme transfer value.

As of 31 July 2024, neither V Lynch nor I Wishart has a Cash Equivalent Transfer Value (CETV), as determined by Trustees Pension Fund (TPF). This was due to V Lynch retiring on the grounds of redundancy and I Wishart being in receipt of pension benefits since 1st April 2024

The pension benefits set out in the table above reflect the change in the real value of pension for each individual (less contributions paid by the individual). These pension benefits include additional pension accrued within the year, and any changes to the value of pension earned in all previous years due to salary increases.

Gender Split for Perth College Board of Management and Senior Management Team

The table below sets out the gender split of the Board of Management of Perth College based on all members who sat on the board during the year ended 31 July 2024.

Margaret Cook (Principal of UHI Perth) is the only member of the Senior Management Team who also sits on the Board and is included in the Gender Split of both the Senior Management Team and Staff Board Members.

The noticeable variance around Staff Board Members is the addition of two Trade Union Board Members during 2023/24. The two members were nominated by the respective Trade Unions, and both happened to nominate males in addition to the current two Staff Board Members being male.

Non-Executive Board Members are comprised of Independent and Student members.

Accountability Report

Parliamentary Accountability Report

Board of Management				Senior Leadership Team	
Non-Executive Board Members		Staff Board Members		Male	Female
Male	Female	Male	Female		
44%	56%	80%	20%	44%	66%

Staff Numbers and Costs (This information has been subject to audit)

The table below sets out staff numbers and costs for UHI Perth. The figures below do not include staff costs for the subsidiary, Air Service Training (Engineering) Limited which has 23 FTE on permanent contracts and 1 FTE on temporary contracts. A full breakdown of staff numbers is set out in Note 6 of these accounts.

	Year ended 31 July 2024			Year ended 31 July 2023
	Permanent Staff	Other staff	Total	Total
Wages & Salaries (£'000)	14,961	1,159	16,120	16,141
Social Security Costs (£'000)	1,345	104	1,449	1,644
Other Pension Costs (£'000)	2,832	219	3,051	3,614
Total staff costs (£'000)	19,138	1,483	20,621	21,399
Average number of FTE	343	24	367	354

Based on headcount, the College employed 271 females (57%) and 208 males (43%) as at 31 July 2024.

Sickness Absence Rates

The following table provides the total sick days lost, average sick days per head and percentage of working time lost for the years ended 31 July 2024 and 2023:

	Year ended 31 July 2024				Year ended 31 July 2023			
	Total sick days	Average sick days per head	% working time lost		Total sick days	Average sick days per head	% working time lost	
Total	2,963	6.2	3%		2,193	5.9	2.3%	

Our sickness data has increased when compared to the previous year. We saw a 35% increase in long term sickness absence compared to the previous year.

Accountability Report

Parliamentary Accountability Report

Policies in relation to disabled persons

The College Equality and Diversity Policy sets the principles and values of equality and diversity for the College. These are implemented through the College's Equality Outcomes and associated action plan which are aligned to the College Regional Outcome Agreement as well as the policies and procedures that guide the way in which people behave. Progress against the Equality Outcomes is reported on the Perth College website:

<https://www.perth.uhi.ac.uk/about-us/policies-regulations-and-guidelines/equality-diversity-and-inclusion/>

The policy is also implemented through several policies and procedures that concern the experience of staff and students. This includes:

- Mainstreaming Equality, Equality Outcomes, and Workforce and Students Profile 2023

During 2023/24 we completed a disability review which involved surveys and focus groups of staff both with and without lived experience of disabilities. An action plan resulted and is being taken forward.

We continue to maintain our registration with the Disability Confident Scheme and now have an embedded reasonable adjustment passport which is utilised by staff who have short- or long-term reasonable adjustment needs. We continue to support staff who wish to make an Access to Work scheme application.

We published our pay gap report as required which covers gender, disability and ethnicity pay gaps as well as our equal pay statement.

Recruitment and Selection

Perth College strives to be an excellent employer by adopting a principle of diversity and inclusivity to attract the highest calibre of staff in pursuance of Perth College's overall Vision and Values.

This principle includes a positive approach towards disability and ensuring that people with disabilities receive the necessary support through the recruitment and selection process. This includes the provision of any additional support required by candidates to ensure fair and equal participation throughout the process.

Applicants are also asked during the recruitment process if they require Perth College to make any reasonable adjustments to support them in the recruitment process giving due regard to their aptitudes and abilities.

Perth College also commits to ensuring that vacancies are advertised in a wide variety of digital and other outlets and are worded in such a way as to attract candidates from as wide a cross section of society as possible. These actions continue to support our status as a Disability Confident Committed employer.

Accountability Report

Parliamentary Accountability Report

Professional Development

All employees are encouraged to participate in development activity to develop their qualifications and skills.

Employees are also expected to participate in the Colleges Professional Review Scheme and undertake any staff development and training necessary for the full performance of their duties. The College also provides financial support for several employees to undertake qualifications relevant to their roles.

UHI Perth continues to aim to meet the requirement to ensure a minimum entitlement of six days (pro rata) continuing professional development (CPD) to all employees. This is to be provided in a manner which is meaningful to all staff and ensures CPD adds value to the individual, team and UHI Perth.

Redeployment and Occupational Health

UHI Perth is committed to ensuring that if employees become disabled during their employment with the College that we look at redeployment and training opportunities to retain their services within the College.

Employees make regular use of the Occupational Health service provided by UHI Perth through management referrals to allow the College, and employees, to make informed decisions about any reasonable adjustments that UHI Perth may be able to support and, where appropriate and requested by the employee, we have engaged our Occupational Health Service to support members of staff to leave through ill-health retirement.

UHI Perth College has also worked with Access to Work to ensure adaptive equipment and training are provided to support employees who have a disability as defined by the Equality Act 2010. This scheme is actively utilised to support staff to remain at work.

UHI Perth also has a contract with a local Counselling Service which offers staff the confidential opportunity to access up to six free counselling sessions in a 12-month period. If required, additional counselling sessions are then agreed by the College.

Other employee matters

Equal Pay

UHI Perth reaffirms the principle that all members of staff receive equal pay for the same or broadly similar work, for work rated as equivalent and for work of equal value.

UHI Perth will ensure that all pay practice applies equally to all staff and is best practice. The College will communicate pay practice to help members of staff develop understanding of how pay is determined; undertake equal pay audits in accordance with any legal obligations; provide guidance and support to managers where they make decisions on pay and benefits for staff; and work within the National Bargaining Framework for colleges in Scotland including implementation of any agreed job evaluation scheme.

Accountability Report

Parliamentary Accountability Report

The work of the National Job Evaluation Scheme for Support Staff within Colleges is still underway, and no outcomes have yet been published. Until decisions and outcomes are known, the College continues to use its internal job evaluation scheme.

Work Life Balance

UHI Perth recognises that members of staff have priorities outside of their employment and that it is important for the wellbeing of all staff that there is balance between work and home life. The College also recognises that members of staff will have differing requirements at different points in their working life and the range of Family Friendly/Flexible Working policies and procedures aims to ensure that an appropriate balance between work and home life can be achieved throughout a member of staff's employment at the College.

UHI Perth continued to use a hybrid working model for the 2023/24 academic year. This remains in place and is under review with a view to adopting a longer-term policy. There are also staff who have agreed flexible working arrangements in place and the College has allowed formal flexible working requests from day one of employment and allowed staff to submit two requests during the year which exceeds statutory requirements.

Where staff work from home, they are required to undertake Home Working Assessment and Display Screen Assessments to ensure that the home working is undertaken in a safe environment.

Conduct

The College promotes and lives up to the principles within its Equality and Diversity Policy of: Treating people with respect; Encouraging, maintaining and promoting good relations; Applying policies, procedures and processes fairly and with due regard to every individual; Welcoming the differences between each person and valuing the contribution that they make to the cultural and social wellbeing of the College's working and learning environment.

Exit

Members of staff will be treated fairly in circumstances where there is a reduction in the need for certain types of roles which saw the College implement a voluntary severance scheme during 2023/24 and in the application of disciplinary procedures where dismissal may be an outcome.

Health and Safety

The Board of Management of Perth College attaches the greatest importance to safeguarding the health, safety and welfare of staff, students, visitors and others who use the premises, and regards the promotion of health and safety measures as a mutual obligation for management and employees at all levels.

It is the commitment of the College to act within the requirements of the Health and Safety at Work Act 1974 and subsequent legislation, and to ensure that the health, safety and welfare of all staff, students, visitors and others who may be affected by our undertakings is safeguarded, so far as it reasonably practicable.

To meet these criteria, the College will:

Accountability Report

Parliamentary Accountability Report

- Regard legal compliance as the lowest acceptable standard of management with regard to health and safety
- Identify hazards, assess risks and manage those risks
- Provide appropriate information, instruction, training and supervision
- Provide and maintain equipment and a working environment that are reasonably practicable, without risks to health and safety
- Consult with employee representatives on health and safety matters, and
- Provide adequate funding and resources to meet policy needs.

To effectively manage Health and Safety, the College Board of Management devolves policies and procedures through the Principal and Chief Executive to the Senior Leadership Team and wider Perth Leadership Group and their managers and staff, all of whom are responsible for managing Health and Safety.

UHI Perth requires that all staff, students and visitors co-operated in regarding safe working as a prime objective, by working within established procedures.

Overall responsibility for the practical implementation of this policy lies with the College Principal and Chief Executive.

Whilst the Healthy Working Lives standard is no longer continued by Public Health Scotland, the College continues to maintain the standard it achieved when it was awarded the Gold Award standard for Healthy Working Lives, evidencing our commitment to our staff.

The College's duty to consult on Health and Safety matters with trade unions and staff is structured through a Health and Safety Committee. The Committee meetings are scheduled four times over the curriculum year. These meetings are chaired by the Director of Estates and comprised of College Management, the Health, Safety and Wellbeing Advisor, representatives of each recognised union and staff and student representatives.

Five sub-groups of this committee were in place for the period ending 31 July 2024, these being Covid-19 response group, Health and Wellbeing for Staff, Student Health and Wellbeing Group, Stress Management, Policies and Procedure Review Group. The Covid-19 response group was changed to become a Pandemic Response Group and paused at the end of this period due to the normalisation of Covid-19 into daily lives and practices but will be reinstated if needed.

Typical Health and Safety performance topics being discussed would include accident trends, training compliance, inspection reports and issues raised over the period covered.

The Health, Safety and Wellbeing Advisor ensures there are regular departmental audits with associated actions plans and summaries of these are brought for review to the Health and Safety Committee. There were 23 areas audited during 2023/24.

Accountability Report

Parliamentary Accountability Report

Our priority is, and continues to be, to provide and maintain a safe work environment. We have provided training to increase the number of competent risk assessors, given direction and support for undertaking or refreshing our mandatory related online training and provided some of our management with accredited Health and Safety qualifications.

During 2023/24 the Health, Safety and Wellbeing Advisor conducted 49 in-house face-to-face training with a variety of employee groups. 6 members of the College Management Team have successfully completed the Institute of Occupational Safety and Health (IOSH) Managing Safety, and 2 others are completing this programme, with one member of the Senior Management Team having completed the IOSH Leading Safely.

We have trained an additional 13 General Risk Assessors, 9 Hazardous Substances Assessors (COSHH), 2 Manual Handling Assessors as well as providing specific training to certain groups where a need has been identified. 11 employees attended Manual Handling training, 9 Working at Height, 25 for Lone Working, 17 of which also received training in how to calm people down and avoid violence and aggression. 25 members of our Estates team also attended COSHH (Hazardous Substance) Awareness training.

An additional 57 employees have completed the Scottish Mental Health First Aid training which teaches people how to identify, understand and help someone who may be experiencing a mental health issue. This gives us a current total of 116 employee trained. First Aid Training and requalification has again continued via external providers, and we have recruited an additional 10 First Aiders to boost our capabilities in ensuring speedy and consistent incident response.

Trade Unions

The College recognises two Trade Unions, EIS-FELA and UNISON. The relationships with each are governed by the appropriate Recognition and Procedure Agreements augmented with regular informal discussions with senior staff including the Director of HR & Organisational Development.

We are an active member of the Employer's Association to support National Bargaining dialogue, discussion and agreement. All of this highlights our commitment to partnership working and a no surprises relationship based on openness and transparency from management and the recognised Trade Unions.

Trade Union officials

Number of employees who were relevant union officials during the relevant period	Full time equivalent employee number
	7

Percentage of time spent on facility time

Percentage	Number of employees
0%	0
1-50%	7
51-99%	0
100%	0

Accountability Report

Parliamentary Accountability Report

Percentage of pay bill spent on facility time

Total cost of facility time:	22,239
Total pay bill:	21,851,200
Percentage of the total pay bill spent on facility time:	0.1%

Paid trade union activities

Time spent on trade union activities as a percentage of total paid facility time hours:	5%
---	----

Accountability Report

Parliamentary Accountability Report

Employment Issues

UHI Perth has published its commitment to equal pay within these financial statements which reaffirms the principle that all members of staff receive equal pay for the same or broadly similar work, for work rated as equivalent and for work of equal value. To achieve this, Perth College commits to:

- Ensure that all pay practice applies equally to all staff and is best practice
- Communicate pay practice to help members of staff develop understanding of how pay is determined
- Undertake equal pay audits in accordance with any legal obligations
- Provide guidance and support to managers where they make decisions on pay and benefits for staff, and
- Work within the National Bargaining Framework for colleges in Scotland including implementation of any agreed job evaluation scheme.

Perth College also has a commitment to equality and diversity as demonstrated in the principles adopted by it which are:

- Treating people with respect
- Encouraging, maintaining and promoting good relations
- Applying policies, procedures and processes fairly and with due regard to every individual
- Welcoming the differences between each person and valuing the contribution that they make to the cultural and social wellbeing of the College's working and learning environment, and
- Perth College also has an Equality, Diversity and Inclusivity Committee which monitors progress on equality matters and is a forum for consultation about matters which affect staff and students.

The majority of UHI Perth's staff are female (57%) with men representing 43% of the workforce.

The College has a Professional Review process which includes a Career Long Professional Learning (CLPL) element to support the development of both Academic and Professional services staff, and an allocated CPD budget to support other professional development activities.

For Academic staff, the College continues to encourage staff to join the General Teaching Council for Scotland registration for lecturing staff where this is possible and have highlighted to staff their new registration category of Provisional Conditional Registration. All forms of GTCS registration requires professional dialogue discussions between staff members and their line managers to be undertaken in a coaching style and managers of academic staff who had not previously undertaken this training were given this opportunity.

Accountability Report

Parliamentary Accountability Report

The College has a robust framework of policies and procedures which support the employment lifecycle. These include recruitment, induction, to be family friendly, encourage flexible working, discipline and grievance issues, promote health and wellbeing, absence, capability and exit.

Overview

The purpose of the Corporate Governance report is to explain the composition and organisation of the institution's governance structures and how they support the achievement of institutional objectives.

The Corporate Governance report includes:

- a Directors' Report
- a Statement of Responsibilities of the Members of the Board of Management
- a Governance Statement.

Directors Report

The Board of Management

The members who served on the Board of Management during the year and up to the date of signing the financial statements were as follows:

Name	Date of Appointment/ (resignation)	Status	Committees Served from 01 Aug 2023 - 6 March 2025
Graham Watson	7 August 2020 Appointed Interim Chair 01 October 2022 Appointed Chair 12 April 2023	Independent Member	Air Service Training (chair), Finance & Resources (chair from Aug 2024) Chairs (chair), Remuneration
Dr Margaret Cook	1 August 2017	Principal and Chief Executive	Learner Experience (chair), Air Service Training, Chairs, Strategic Development, Finance & Resources
Michael Buchanan	3 January 2022 Resigned 6 June 2024	Independent Member	Finance & Resources (chair), Strategic Development Chairs, Remuneration
Andrew Comrie	24 September 2018 Resigned 14 December 2023	Independent Member	Finance & Resources, Strategic Development (chair), Chairs, Remuneration
Jim Crooks	15 June 2016 Resigned 6 June 2024	Independent Member	Audit (chair), Chairs, Remuneration (chair)
Mary Fraser	1 March 2024	Independent Member	Finance & Resources Strategic Development

Accountability Report

Parliamentary Accountability Report

Name	Date of Appointment/ (resignation)	Status	Committees Served from 01 Aug 2023 - 6 March 2025
Jenny Hamilton	3 January 2022	Independent Member	Strategic Development (chair from Jan 2024) Chairs Remuneration
Jenni Harrison	12 April 2023	Independent Member	Air Service Training, Finance & Resources
Katrina Hodgson	20 August 2019 Resigned 19 August 2023	Independent Member	n/a
Chris Lusk	1 March 2024	Independent Member	Finance & Resources, Learner Experience
Debbie McIlwraith Cameron	3 January 2022	Independent Member	Air Services Training, Audit, Chairs
Elaine Piggot	10 October 2023	Independent Member	Finance & Resources, Strategic Development Chairs
Ian Robotham	1 March 2024	Independent Member	Air Service Training, Audit
Derek Waugh	1 September 2022	Independent Member	Audit (chair from Aug 2024), Strategic Development, Chairs, Remuneration (chair from Aug 2024)
Christopher Whatley	04 January 2025	Independent Member	Learner Experience
Alistair Wylie	12 April 2023	Independent Member	Audit, Learner Experience, Chairs
Richard Fyfe	18 November 2024	Staff Member	Finance & Resources, Strategic Development
John Dare	14 June 2018 Resigned 28 March 2024	Staff Member	Finance & Resources, Strategic Development
Patrick O'Donnell	10 November 2020	Staff Member	Learner Experience, Audit
Fiona Smith	1 July 2023 Resigned 30 June 2024	Student Member	Audit, Learner Experience
Rebecca Bond	1 July 2023 Resigned 30 June 2024	Student Member	Finance & Resources, Strategic Development
Andi Garrity	1 July 2024	Student Member	Audit, Learner Experience, Strategic Development
Xander McDade	1 July 2024	Student Member	Finance & Resources, Learner Experience, Strategic Development
Ronnie Dewar	1 March 2024	Trade Union Member	Learner Experience
Winston Flynn	15 March 2024	Trade Union Member	Strategic Development

Accountability Report

Parliamentary Accountability Report

Board Member – Committee Attendance

Name	Board	AST	Audit	Chairs	F&R	Learner Exp.	Strat Dev
Graham Watson	4/5	4/4		4/4	2/3		
Michael Buchanan	3/3			2/2	3/3		3/3
Andrew Comrie	2/3			2/2	2/2		2/2
Jim Crooks	4/5		2/4	4/4			
Mary Fraser	3/3						
Jenny Hamilton	5/5			2/2		2/3	4/4
Jenni Harrison	5/5	2/4			2/3		
Chris Lusk	3/3					1/1	
Debbie McIlwraith-Cameron	4/5	4/4	4/4				
Elaine Piggot	5/5					3/4	3/4
Ian Robotham	3/3	1/1					
Derek Waugh	5/5		4/4				4/4
Alistair Wylie	5/5		4/4			3/4	
Margaret Cook	5/5	4/4		3/4	3/3	4/4	4/4
John Dare	2/3				1/2		3/3
Patrick O'Donnell	5/5		4/4			2/4	
Fiona Smith	3/5		1/4			3/4	
Rebecca Bond	2/5				1/3		3/4
Ronnie Dewar	3/3						
Winston Flynn	3/3						

It is the Board of Management's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Board of Management complies with the internal control guidance published by the Turnbull Committee and the good practice in the Guide for Board Members in the College Sector 2015 issued by Scotland's Colleges.

The Board of Management is provided with regular information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Board of Management meets at least four times a year.

Full minutes of all Board and Board sub-Committee meetings, except those deemed to be confidential by the Board, are available on the College website or from the Clerk to the Board at:

Accountability Report

Parliamentary Accountability Report

UHI Perth
Crieff Road
Perth PH1 2NX

Register of Members Interest

The Clerk to the Board maintains a register of financial and personal interests of the Board members and Senior Management Team. The Register is available for inspection at the above address or on the College website:

<https://www.perth.uhi.ac.uk/about-us/college-management-structure/meet-the-board/register-of-interests/>

All Board members can take independent professional advice in furtherance of their duties at the College's expense and have access to an independent Clerk, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Board as a whole.

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

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

Board members are required to self-evaluate collectively as Board and individually as Board members. The self-evaluation process includes consideration of the performance of the Chair and individual Committee Chairs and of the collective effectiveness of the Board of Management, and individual reflection on their adherence to the Nine Principles of Public Life.

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

Information Management

There were no significant data breaches during the year.

Appointments to the Board of Management

From 1 August 2014, the authority for appointments to the Board of Management of Perth College resides with the University of the Highlands and Islands and must be made in accordance with Ministerial Guidance on Board Appointments.

The Board of Management ensures that a process is in place to provide appropriate induction training to new Board of Management members and new Board members are expected to undertake induction training.

Members of the Board of Management are appointed for an initial term of office not exceeding four years and may be reappointed.

Accountability Report

Parliamentary Accountability Report

Statement of Responsibilities of the Members of the Board of Management

The Board of Management are 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 ensuring that proper accounting records are maintained which disclose, with reasonable accuracy at any time, the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992, the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions, the relevant Government Financial Reporting Model (FReM) and other relevant accounting standards.

In addition, within the terms and conditions of a Financial Memorandum agreed between the SFC and the College's Board of Management, the Board, through its Chief Executive, the Principal, is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, the Board of Management 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, and
- prepare financial statements on a going concern basis, unless it is inappropriate to presume that the College will continue in operation. The Board of Management has received a letter of comfort from the Scottish Funding Council confirming that they will continue to work with the sector and individual colleges and regions to help manage cash flow issues for the period of 12 months from the date of approval of our balance sheet. On this basis the Board is satisfied that the College can 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, including those derived through the Regional Strategic Board, 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, and
- secure the economical, efficient and effective management of the College's resources and expenditure.

Accountability Report

Parliamentary Accountability Report

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative areas
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets
- regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Management
- Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Finance Committee. In line with future improvements these need to be reviewed, and
- a professional Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by the Board of Management, and whose Head provides the Board of Management with a report on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

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

**Approved by order of the member of the Board of Management on
6 March 2025 and signed on its behalf by:**

Graham Watson
Chair

Accountability Report

Parliamentary Accountability Report

Governance Statement

Statement of Corporate Governance and Internal Control

Perth 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 2024.

From 1 August 2014, Perth College was assigned to the University of the Highlands and Islands (UHI) as its Regional Strategic Body (RSB) and the provisions of the Post-16 Education (Scotland) Act 2013 commenced for the College. As an assigned college, the Board is accountable to the RSB.

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the way the College has applied the main principles of the 2016 Code of Good Governance for Scotland’s Colleges. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

The Board conducts its business through several committees. Each committee has formally constituted terms of reference, which are reviewed on a regular basis.

The committees are:

Audit Committee
Chairs Committee
Remuneration Committee
Finance & Resources Committee
Learner Experience Committee
Strategic Development Committee

In addition, the Board of Management holds development planning days and training evenings during the year for the purposes of training, self-evaluation and development. The Board is supported by an Independent Clerk.

Audit Committee

The Audit Committee comprises at least four non-executive members of the Board of Management (excluding the Principal and Chair). The Committee operates in accordance with written terms of reference approved by the Board of Management.

The Audit Committee meets four times a year and provides a forum for reporting by the College's external and internal auditors, who have access to the Committee for independent discussion, without the presence of College Management.

The Audit Committee advises the College on the appointment of the internal auditor and the auditor’s remuneration. The Audit Committee establishes the College's risk tolerance and monitors risk.

Accountability Report

Parliamentary Accountability Report

The College's internal auditor monitors the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input. They report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed audit recommendations and the internal auditor undertakes periodic follow-up reviews which are reported to the Audit Committee to ensure such recommendations have been implemented.

The Audit Committee considers detailed reports together with recommendations for the improvement of the College's systems of internal control and management's responses and implementation plans. It also receives and considers reports from the SFC and Audit Scotland as they affect the College's business and monitors adherence to the regulatory requirements.

Finance and Resources Committee (“the Finance Committee”)

The Finance Committee comprises four non-executive members of the Board of Management and the Principal. The Committee operates in accordance with written terms of reference approved by the Board of Management.

The Finance Committee meets at least four times a year and, among other matters, recommends to the Board of Management the College's annual revenue and capital budgets and monitors performance in relation to approved budgets.

The Finance Committee monitors the College's financial and business perspectives. It approves all key financial decisions, approves the annual budget, considers the financial statements and recommends for approval, oversees the system of financial control and delegated authority. It also considers any other matters relevant to the financial duties of the Board including estates strategy.

Remuneration Committee

The Remuneration Committee comprises of the Chair, the Vice Chair and the Chair of each of the Standing Committees. The committee is responsible for making recommendations to the Board on the remuneration and benefits of the Principal and Senior Management Team.

The details of the remuneration of senior post-holders for the year ended 31 July 2024 are set out in Note 8 of these Financial Statements.

Corporate Strategy

The Board of Management is responsible for the overall strategic development of the College and is the guardian of its vision and values. Strategic development takes place annually with the Board of Management and the College Senior Leadership Team at a full day to consider strategic direction and challenges. This is supported by horizon scanning and futures work and has led to the development of strategic plans underpinned by operational plans. Progress against the agreed strategic priorities in the plan is monitored through a balanced scorecard approach by the appropriate Board committees on a regular basis.

Scope of Responsibility

The Board of Management is responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate

Accountability Report

Parliamentary Accountability Report

the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Management has delegated the day-to-day responsibility to the Principal, as Chief Executive Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets of Perth College including those derived from the Regional Strategic Body. The Principal is also responsible for reporting to the Board of Management any material weaknesses or breakdowns in internal control.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Perth College for the year ended 31 July 2024 and up to the date of approval of the annual report and financial statements.

Principal Risks and Uncertainties

The College's Board of Management 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.

The Senior Leadership Team monitors key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms embedded within the operational units and reinforced by risk awareness in operational planning.

The Senior Leadership Team and the Audit Committee also receive regular reports from Internal Audit and Health, Safety and Environmental monitoring functions that include recommendations for improvement. Internal Audit concentrates on areas of key activities determined by a risk analysis and in accordance with the annual internal audit plan approved and amended by the Audit Committee.

The internal auditor has direct access to the Chair of the Audit Committee and issues an annual report with an opinion of the adequacy, reliability and effectiveness of the College's internal control system.

The Audit Committee considers risk at each Committee Meeting and receives a copy of the College Strategic Risk Register which is updated quarterly by the College Senior Leadership Team.

The Board of Management receive reports thereon from the Audit Committee, the emphasis being on obtaining the relevant degree of assurance and not merely reporting by exception.

Accountability Report

Parliamentary Accountability Report

The Board of Management is of a view that there is an ongoing process for identifying, evaluating and managing the College's significant risks that has been in place throughout the year ended 31 July 2024 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Audit Committee and accords with the Turnbull guidance on internal control, as applicable to the further education sector.

The Risk and Control Framework

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board of Management
- Regular reviews by the Board of Management of periodic and annual financial reports which indicate financial performance against forecasts
- Setting targets to measure financial and other performance
- Clearly defined capital investment control guidelines, and
- The adoption of formal project management disciplines, where appropriate.

UHI Perth appoints an Internal Audit Service, which operates in accordance with the requirements of the SFC's mandatory requirements.

The work of the Internal Audit Service is informed by an analysis of the risks to which the College is exposed, and internal audit plans are based on this analysis.

The analysis of risks and the internal audit plans are endorsed by the Board of Management on the recommendation of the Audit Committee.

The Internal Auditor provides the Audit Committee with a report on internal audit activity within the College. These reports include the Internal Auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

The internal auditor has direct access to the Chair of the Audit Committee and issues an annual report with an opinion of the adequacy, reliability and effectiveness of the College's internal control system.

UHI Perth's Internal Auditors gave the following opinion in their Annual Report to the Board of Management and Principal on the Provision of Internal Audit services for 2023/24 (the Internal Audit Report):

"In our opinion, with the exception of the follow up issues described in paragraph 1.10 above, the College has adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure Value for Money. This opinion has been arrived at taking into consideration the work we have undertaken during 2023/24 and in previous years since our initial appointment."

Accountability Report

Parliamentary Accountability Report

The follow up issues referred to in the Internal Audit opinion are discussed in more detail under significant control issues and weaknesses below.

Review of Effectiveness

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

- The work of the internal auditor
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- The comments made by the College's external auditor in their management letters and other reports.

The Board of Management has been advised on the implications of the review of the effectiveness of internal control by the Audit Committee, which oversees the work of the internal auditor.

The Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments.

The Senior Leadership Team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control.

The Audit Committee considers risk at each Committee meeting via the Enterprise Risk Management (ERM) framework, which is updated quarterly by the College Senior Leadership Team. The Board of Management receives reports thereon from the Audit Committee, the emphasis being on obtaining the relevant degree of assurance and not merely reporting by exception.

At its 11 December 2024 meeting, the Audit Committee carried out the annual assessment for the year ended 31 July 2024 by considering documentation from the Senior Leadership Team and the internal auditor and taking account of events since 31 July 2023. A further review was carried out by the Board of Management on 18 December 2024.

Significant Control Issues/ Weaknesses

In the year ending 31 July 2024, no significant control weaknesses were identified. It was noted that the College had made limited progress in implementing the internal audit recommendations followed up as part of the 2023/24 Follow Up reviews. An action plan is in place to address these recommendations reported through Audit Committee. There were significant changes in the Finance Team during the year, which meant that there were insufficient resources at points to provide regular financial monitoring reports. The Finance Team has now been restructured and, at the time of sign-off of the financial statements, there was a full complement of staff in the Team.

Going Concern

The financial sustainability challenges are set out in the Principal's report above. There has been no communication from the Scottish Government that the College will be wound up and, on that

Accountability Report

Parliamentary Accountability Report

basis, UHI Perth is considered a going concern. However, during the financial year 2024/25 the SFC provided an advance of grant to assist with the College's liquidity challenges repayable when the management accounts and cash flow statements indicate that it can be accommodated. Given the financial challenges of the organisation, the forecast deficits for the financial years 2024/25 and beyond, the Board sought additional assurances from the SFC that financial support would be made available if required. In response, the SFC sent UHI Perth a letter of comfort in February 2025 confirming that they will continue to work with the sector and individual colleges and regions to help manage cash flow issues for the period of 12 months from the date of approval of our balance sheet. The Board of Management therefore confirms that they consider the College to be a going concern over the period of 12 months from the date of signing the accounts as described in the Colleges Scotland Corporate Governance Code June 2022 (section 5.1.3) and that the financial statements have been prepared on this basis as set out in Note 1 of these financial statements.

Parliamentary Accountability Report

We have no matters to report.

Approved by order of the members of the Board of Management on 6 March 2025 and signed on its behalf by:

Graham Watson
Chair

Dr Margaret Cook
Principal and Chief Executive

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 Perth College and its group for the year ended 31 July 2024 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 Consolidated and College Statement of Comprehensive Income, Consolidated and College Statement of Changes in Reserves, Consolidated and College Balance Sheet, and the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of the affairs of the college and its group as at 31 July 2024 and of its deficit for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the college and its group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the college. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the college and its group 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.

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

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the college and its group. However, we report on the college's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

Risks of material misstatement

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

Responsibilities of the Board of Management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- using our understanding of the college sector to identify that the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 are significant in the context of the College
- inquiring of the College Principal as to other laws or regulations that may be expected to have a fundamental effect on the operations of the College
- inquiring of the College Principal concerning the college's policies and procedures regarding compliance with the applicable legal and regulatory framework
- discussions among our team on the susceptibility of the financial statements to material misstatement, including how fraud might occur, and

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

- 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 can detect irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the college's controls, and the nature, timing and extent of the audit procedures performed.

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Reporting on other requirements

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

We have audited the parts of the Remuneration and Staff Report described as audited and list the audited parts if not clearly identified in the accounts. In our opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

Other information

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

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge

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

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

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

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

In our opinion, based on the work undertaken during 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 the 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 parts 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

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

paragraph 108 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.

Nicola Wright, CPFA (for and on behalf of Deloitte LLP)

One Trinity Gardens

Newcastle

NE1 2HF

United Kingdom

6 March 2025

Nicola Wright, CPFA (for and on behalf of Deloitte LLP) is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Consolidated and College Statement of Comprehensive Income for the year ended 31 July 2024

	Notes	Year ended 31 July 2024		Restated 31 July 2023	
		Group £000	College £000	Group £000	College £000
Income					
Funding council grants	2(Restated 2023)	17,010	17,010	16,222	16,222
Tuition fees and education contracts	3	5,617	4,269	5,384	3,640
Other grants and contracts	4	509	514	500	500
Other income	5	4,199	4,269	3,942	4,019
Total Income		27,335	26,063	26,048	24,381
Expenditure					
Staff costs	6	21,851	20,621	22,546	21,400
Other operating expenses	9(Restated 2023)	7,114	6,752	7,257	6,950
Depreciation	13	1,719	1,678	1,621	1,579
Interest and other finance costs	10	4	-	2	-
Total Expenditure		30,688	29,051	31,426	29,928
(Deficit) before other gains & losses		(3,353)	(2,988)	(5,378)	(5,547)
Taxation	11	(38)	-	39	-
Fixed asset impairment				219	219
(Deficit) for the year	12(Restated 2023)	(3,315)	(2,988)	(5,636)	(5,766)
Unrealised surplus on revaluation of land and buildings and Assets held for resale		(77)	(77)	6,665	6,665
Actuarial gain/(loss) in respect of pension schemes	19A	129	129	(4,037)	(4,037)
Total Comprehensive Expenditure for the year		(3,263)	(2,936)	(3,008)	(3,138)

The Statement of Comprehensive Income is in respect of continuing activities.

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 29 provides details of the adjusted operating position on a central government accounting basis and presents the underlying deficit for the year.

Perth College
Consolidated and College Statement of Changes in Reserves for the year ended
31 July 2024

	Year ended 31 July 2024		Restated 31 July 2023	
	Group	College	Group	College
	£000	£000	£000	£000
	Group	College	Group	College
Income & Expenditure Reserve				
Balance at 1 August	6,979	6,549	15,769	15,468
Deficit from the income and expenditure account (Restated 2023)	(3,315)	(2,988)	(5,636)	(5,765)
Actuarial gain/(loss) in respect of pension schemes	129	129	(4,037)	(4,037)
Transfers from revaluation reserve			883	883
Balance at 31 July	3,793	3,690	6,979	6,549
Revaluation Reserve				
Balance at 1 August	33,371	33,371	27,589	27,589
Revaluation	156	156	5,239	5,239
Write back of depreciation on revaluation	1,486	1,486	1,426	1,426
Transfer from Income & Expenditure reserve			(883)	(883)
Balance at 31 July	35,013	35,013	33,371	33,371

Perth College
Consolidated and College Balance Sheets as at 31 July 2024

	Notes	31 July 2024		Restated 31 July 2023	
		Group £000	College £000	Group £000	College £000
Non-current assets					
Tangible fixed assets	13	48,890	48,749	48,890	48,710
Investments	14	-	20	-	20
Total non-current assets		48,890	48,769	48,890	48,730
Current assets					
Stock		9	-	7	-
Trade and other receivables	15(Restated 2023)	2,072	1,807	1,431	899
Cash and cash equivalents	16	1,833	1,460	2,499	2,129
Total Current assets		3,913	3,267	3,937	3,028
Creditors – amounts falling due within one year	17(Restated 2023)	(6,104)	(5,441)	(4,699)	(4,061)
Net Current Liabilities		(2,190)	(2,174)	(762)	(1,033)
Total assets plus current assets / (liabilities)		46,699	46,595	48,128	47,697
Creditors – amounts falling after more than one year	18	(4,389)	(4,389)	(4,692)	(4,692)
Provisions					
Pension provision	19	(798)	(798)	(876)	(876)
Other Provisions- Job Evaluation	19B(Restated 2023)	(2,704)	(2,704)	(2,209)	(2,209)
Total net assets		38,808	38,704	40,350	39,920
Unrestricted reserves					
Income & Expenditure reserve	31(Restated 2023)	4,591	4,488	7,855	7,425
Pension reserve	32	(798)	(798)	(876)	(876)
Revaluation reserve	30	35,013	35,013	33,371	33,371
Total reserves		38,808	38,704	40,350	39,920

The financial statements on pages 56 to 87 were approved by the Board of Management on 6 March 2025 and were signed on its behalf by:

Graham Watson
Chair

Dr Margaret Cook
Principal and Chief Executive

Perth College
Consolidated Cashflow as at 31 July 2024

	Notes	Year ended 31 July 2024 £000	Restated 31 July 2023 £000
Group cash flow from operating activities			
(Deficit) for the year		(3,315)	(5,636)
Adjustment for non-cash items			
Depreciation	13	1,718	1,621
Impairment of fixed asset		-	219
Deferred capital grants released to income	2	(339)	(300)
Increase in stocks		(2)	(1)
Decrease / (Increase) in debtors	15	(640)	1,621
(Decrease) / Increase in creditors	17-18	1,366	(1,232)
Increase in provisions		495	2,209
Pension costs less contribution payable	19A	51	391
Taxation		-	39
Adjustment for investing or financing activities			
Interest payable	10	4	2
Taxation paid	11		(39)
Net cash flow from operating activities		(662)	(1,106)
Cash flows from investing activities			
Deferred capital grant	20	76	209
Payments made to acquire fixed assets	13	(76)	(228)
Sale of fixed assets		-	-
		(0)	(19)
Cash flows from financing activities			
Interest paid	10	(4)	(2)
Net cash outflows from investing and financing activities		(4)	(2)
Increase in cash and cash equivalents in the year	16	(666)	(1,126)
Cash and cash equivalents at beginning of the year		2,499	3,625
Cash and cash equivalents at end of the year		1,833	2,499

1. Statement of Accounting Policies and estimation techniques

Legal status

The Board of Management of Perth College was established under the Further and Higher Education (Scotland) Act 1992 for the purposes of managing and conducting Perth College.

The Office for National Statistics reclassified colleges as part of Central Government for National Accounts purposes since 1 April 2014 and as such it is a public benefit entity.

The College is correctly registered in Scotland with the Office of the Scottish Charity Regulator ("OSCR") for charity status and is recognised by HM Revenue & Customs as a charity for tax purposes.

The registered office is UHI Perth, Crieff Road, Perth PH1 2NX

Basis of preparation

In accordance with the 2023/24 FReM, the College has prepared its financial statements on a going concern basis as we have not been informed by the Scottish Government through the Scottish Funding Council of the intention for dissolution without transfer of services or function to another entity of the Higher and Further Education provision within Perth and Kinross.

The uncertainty as to the future impact on the financial performance and cashflows of the College, as a result of inflation and economic environment, has been considered as part of the College's adoption of the going concern basis in these financial statements and in developing a financially sustainable financial plan. These financial statements have been prepared on a going concern basis which the Board of Management believe to be appropriate for the reasons outlined below.

The activities of Perth College are over 65% funded by the Scottish Government through the Scottish Funding Council (SFC) to provide Higher and Further Education. The Board of Management and the SMT are responsible for ensuring that these funds are used to meet this purpose and the operations within the College to achieve this support ensuring financial sustainability for the College.

The College recorded a deficit of £3.4 million before other gains and losses during the financial year and total comprehensive expenditure of £3.3 million. The College reported an adjusted operating deficit of £1.7 million after accounting for technical pension adjustments of £0.05 million, net depreciation adjustments of £1.4 million. College cash decreased by £0.67 million during the year.

At 31 July 2024 the College held no borrowings. The College is reporting a net asset position in these financial statements of £38 million. This includes a pension liability of £0.798 million for the College's share of the Tayside Local Government Pension Scheme (LGPS) and £2.7 million relating to job evaluation provision.

The College has updated the financial forecast in line with time periods and assumptions provided by the Scottish Funding Council which included assuming Colleges taking relevant actions to balance their underlying positions each year. UHI Perth have separately modelled their expected

UHI
Perth
Notes to the Financial Statements as at 31st July 2024

position to the end of 2025/26 using several assumptions. This has been reported to UHI Executive Office and the Scottish Funding Council. College management have considered various scenarios in assessing future financial performance and cashflows. A financial sustainability plan was developed to bring the college cash back to a surplus from 2024/25 onwards and included:

- Full review of academic courses and delivery
- Reviewing deliverable commercial opportunities
- Full review of non-academic costs looking for areas that can be reduced from current levels without stopping the service
- A full review of how we utilise our estate and modelling cost reduction opportunities
- Reviewing continuous improvement opportunities. These opportunities may be longer term but should help UHI Perth be better prepared for funding challenges in the future.

However, due mainly to a reduction in HE student numbers, deficits are forecast beyond 2024/25, and the Board of Management has asked the Senior Leadership Team to develop a recovery plan for future years. This aligns with requests made by SFC to Colleges across Scotland given the financial challenges of the sector.

There has been no confirmation from SFC on the status of the 2023/24 funds retained by UHI for potential clawback. UHI Perth has not accounted for these funds being received either now or in the future.

The Board of Management and the Finance and Resources Committee have had full sight of the financial forecasts as well as the underlying assumptions and scenarios. These forecast positions will remain fluid and will be regularly reviewed by the College.

The financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992, the Accounts Directions issued thereunder by the Scottish Funding Council, which requires compliance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), and the relevant Government Financial Reporting Model (FReM).

The statements have also been prepared in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS102).

Perth College has taken advantage of the exemptions provided in Paragraph 1.12 of FRS 102 and Paragraph 3.3 of the 2019 FE HE SORP and has not included a separate statement of its own cash flows. These cash flows are included within the Consolidated Statement of Cash Flows, and the Perth College balance sheet discloses cash at both the current and preceding reporting dates.

Basis of accounting

The financial statements have been prepared under the historic cost convention modified by the revaluation of fixed assets.

Basis of consolidation

The consolidated accounts include the financial statements of Perth College, and its subsidiary undertaking made up to 31 July 2024. Intra group sales and profits are eliminated fully on consolidation.

Non-current assets - Tangible fixed assets

Land and buildings

Land and buildings are measured using the revaluation model and assets are revalued to fair value. Where appropriate Depreciated Replacement Cost has been used as a measure of fair value for land and buildings otherwise Market Value will be used.

Perth College has a policy of ensuring a full revaluation takes place at least every five years with an interim valuation in year three of each five-year cycle such that the fair value is not materially different to the current value. An independent full revaluation of the Land and Buildings was undertaken as at 31 July 2024. The increase in valuation and write back of depreciation charged since the last valuation have been transferred to the revaluation reserve. Depreciation and impairment losses are subsequently charged on the revalued amount over the remaining life of the assets.

In accordance with the performance model (SORP17.8), where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. Government grants are credited to a deferred capital grant account and are released to the Statement of Comprehensive Income over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Non-government grants are released to income when performance related conditions have been met. The deferred income is allocated between creditors due within one year and those due after more than one year.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable

Assets under construction

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

Assets held for sale

Assets held for sale are accounted for at fair value less costs of disposal and disclosed separately within current assets. They are not depreciated.

Equipment

Equipment purchased as part of a capital building project is capitalised and depreciated over its useful economic life. Individual items of equipment purchased with values greater than £5,000

**UHI
Perth
Notes to the Financial Statements as at 31st July 2024**

are capitalised at cost if deemed to have a minimum economic useful life of 3 years and not regarded as a repair to existing assets. Capitalised equipment is depreciated on a straight-line basis over its useful economic life as follows:

Motor vehicles and general equipment	Between 3 and 10 years
Computer equipment	Between 4 and 5 years

Where equipment is acquired with the aid of specific government grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the Statement of Comprehensive Income over the expected useful economic life of the related equipment.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Leased assets

Rental costs in respect of operating leases are charged to expenditure at the cost incurred during the year. Leasing arrangements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are 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 Statement of Comprehensive Income 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 held under hire purchase contracts, which have the characteristics of finance leases, are depreciated over their useful economic lives.

Investments

Fixed asset investments are carried at historical cost less any provision for a permanent diminution in their value.

Recognition of Income

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. Income from tuition fees is recognised in the period to which it relates. Income from donations is included to the extent of the relevant expenditure incurred during the year. Recurrent grants from the SFC are recognised in the period to which they relate.

**UHI
Perth
Notes to the Financial Statements as at 31st July 2024**

Capital grants from SFC or other government bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets, under the accrual method as permitted by FRS102.

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.

Accounting for post-employment benefits

The College participates in two multi-employer defined benefit pension schemes.

Teaching staff may join the Scottish Teachers' Superannuation Scheme (STSS), which is administered by the Scottish Public Pensions Agency (SPPA). Perth College is unable to identify its share of the underlying assets and liabilities of the STSS on a consistent and reasonable basis and therefore, as permitted by FRS102, applies multi-employer exemption and accounts for its participation in the STSS as if it were a defined contribution scheme. The contributions are determined by qualified actuaries based on periodic valuations and are recognised in the accounting periods in which they arise.

Professional Services staff may join the Local Government Pension Scheme (LGPS) which is administered by Dundee City Council. The fund is a defined benefit scheme, providing benefits based on a career average revalued earnings (CARE) basis, which is contracted out of the State Earnings-Related Pension Fund.

The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. Qualified actuarial valuations are obtained annually and are updated at each balance sheet date.

The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other comprehensive income.

In line with FRS102 where the calculation results in a net asset, recognition of the asset is limited to the extent to which UHI Perth can recover the surplus either through reduced contributions in the future or through refunds from the scheme. UHI Perth has assessed the recoverability of the asset on this basis and determined that it was appropriate that the plan surplus at 31 July 2024 is recognised in line with the requirements of FRS 102. The unfunded pension liability of £0.8 million at 31 July 2024 has been netted off against the asset. At 31 July 2024 there is a net defined benefit liability of £798k.

Short term employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Stocks

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

Cash and Cash Equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Financial Liabilities and Equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All loans, investments and short-term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments be subsequently measured at amortised cost, however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Foreign Currency Translation

Transactions denominated in foreign currencies are recorded at the exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the year.

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such

**UHI
Perth
Notes to the Financial Statements as at 31st July 2024**

inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The College's subsidiary company, Air Service Training (Engineering) Limited is subject to corporation tax and VAT in the same way as any other commercial organisation. Air Service Training (Engineering) is part of the Perth College VAT group.

Tax relief is available on Air Service Training (Engineering) Limited's profits that are gift aided to the College.

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Provisions

Provisions are recognised when the institution 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. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

Revaluation reserve

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

Agency arrangements

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

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements no judgements are made other than making estimates. Management have made the following estimates:

Other key sources of estimation uncertainty

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on several factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Land & Buildings are subject to a quinquennial valuation supplemented by an interim professional valuation in year three in line with the requirements of the FReM. Furthermore, an annual review of land & buildings is undertaken by estates with reference to the condition and ongoing use Land & Buildings.

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on several 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 21, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 July 2024 has been used by the actuary in valuing the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

In line with FRS102 where the calculation results in a net asset, recognition of the asset is limited to the extent to which UHI Perth can recover the surplus either through reduced contributions in the future or through refunds from the scheme. UHI Perth has assessed the recoverability of the asset on this basis and determined that it was appropriate that the plan surplus at 31 July 2024 is recognised in line with the requirements of FRS 102. The unfunded pension liability of £0.8 million at 31 July 2024 has been netted off against the asset. At 31 July 2024 there is a net defined benefit liability of £798k.

Post Balance Sheet Events

There are no Post Balance Sheet Events.

UHI
Perth
Notes to the Financial Statements as at 31st July 2024

2. Funding Council grants

	Year ended 31 July 2024		Restated 31 July 2023	
	Group	College	Group	College
	£000	£000	£000	£000
SFC FE recurrent grant (including fee waiver)	8,925	8,925	8,551	8,551
Job Evaluation	(495)	(495)	(2,209)	(2,209)
University of the Highlands and Islands recurrent grant	6,890	6,890	7,835	7,835
FE Childcare funds (note 30)	258	258	300	300
Release of government capital grants	339	339	300	300
Other SFC grants	821	821	785	785
Other University of the Highlands and Islands grants	272	272	660	660
	17,010	17,010	16,222	16,222

3. Tuition Fees and education contracts

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group	College	Group	College
	£000	£000	£000	£000
UK Higher Education Students	2,942	2,942	2,674	2,674
UK Further Education Students	17	17	60	60
	2,959	2,959	2,734	2,734
Management of Skills Development Scotland Contract	1,310	1,310	906	906
Tuition fees of subsidiary	1,348	-	1,744	-
	5,617	4,269	5,384	3,640

4. Other grants and contracts

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group	College	Group	College
	£000	£000	£000	£000
Research Grants	59	64	219	219
Other grants and contracts	450	450	281	281
	509	514	500	500

5. Other income

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group	College	Group	College
	£000	£000	£000	£000
Residences and catering	1,007	1,007	1,040	1,040
Other income generating activities	1,599	1,599	1,520	1,520
Other income	1,592	1,663	1,382	1,459
	4,199	4,269	3,942	4,019

6. Staff costs

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Wages and Salaries	17,183	16,120	17,135	16,141
Social security costs	1,564	1,450	1,750	1,644
Other pension costs	3,104	3,051	3,661	3,614
Total staff costs	21,851	20,621	22,546	21,399

The Senior Leadership Team approved majority of the severance costs, while some required approval from the Remuneration Committee in accordance with Scottish Funding Council (SFC) guidance. The Remuneration Committee is responsible for reviewing and approving severance arrangements for the senior management post holders, while the Senior Leadership Team oversees severance approvals for staff below senior management level.

Total staff costs split as follows:

Teaching departments - teaching staff	11,169	11,169	11,904	11,904
Teaching departments - other staff	2,161	2,161	2,225	2,225
Teaching departments - AST staff	709	-	688	-
Teaching support services	1,710	1,188	1,794	1,335
Administration and central services	3,902	3,902	3,428	3,428
Premises	854	854	910	910
Other income generating activities	771	771	703	703
Other income	525	525	503	503
Charge in relation to defined benefit pension	51	51	391	391
	21,851	20,621	22,546	21,399

Analysed as:

Staff on indefinite contracts	20,298	19,091	21,152	20,114
Staff on temporary contracts	1,503	1,479	1,003	894
Charge in relation to defined benefit pension	51	51	391	391
Teaching support services	21,851	20,621	22,546	21,399

6. Staff Costs – continued

Staff Numbers

The average monthly number of persons (including senior post-holders) employed by the College during the year, expressed as full-time equivalents, was:

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group	College	Group	College
Teaching departments - teaching staff	167	167	170	170
Teaching departments - other staff	24	24	11	11
Teaching support services	13	13	19	19
Administration and central services	101	101	119	119
Premises	25	25	22	22
Subsidiary (AST) staff	24	-	23	-
Other	13	13	13	13
	367	343	377	354
Analysed as:				
Staff on indefinite contracts	344	321	360	339
Staff on temporary contracts	23	22	17	15
	367	343	377	354

7. Higher paid staff

	Year ended 31 July 2024		Year ended 31 July 2023	
Salary range	Number of senior post holders	Number of other staff	Number of senior post holders	Number of other staff
£'000				
60-70	-	10	-	8
70-80	-	2	2	-
80-90	2	-	2	-
90-100	1	-	-	-
100-110	-	-	-	-
110-120	1	-	1	-
	4	12	5	8

8. Senior post holder emoluments

Senior post holders are defined as the principal (or chief executive) and holders of the other senior posts whom the board have selected for the purposes of the articles of government of the institution, relating to the appointment and promotion of staff who are appointed by the board of governors.

	YE 2024	YE 2023
	Group	Group
	£000	£000
The number of senior post-holders including the principal was	6	6
Senior post-holder emoluments are made up as follows:		
Salaries	474	452
Pension Contributions	99	94
	573	546
The above emoluments include amounts payable to the Principal (who is also the highest paid senior post holder of		
Salary	120	120
Pension Contributions	29	28
	149	148

9. Other operating expenses

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group	College	Group	College
	£000	£000	£000	£000
Teaching Departments	1,392	1,406	1,359	1,368
Teaching support services	845	845	718	688
Administration and central services	1,144	1,144	1,356	1,355
Premises costs	1,980	1,742	2,032	1,802
Other income generating activities	255	117	290	234
Residences and catering	1,105	1,105	1,078	1,078
Other income	135	135	124	124
Other expenses – childcare grant	258	258	300	300
	7,114	6,752	7,257	6,949

Other operating expenses include:

Auditors' remuneration	£000	£000	£000	£000
External audit	64	40	42	28
Internal Audit	37	37	21	21
Other services from external audit	-	-	-	-
Operating leases	£000	£000	£000	£000
Hire of plant and machinery	93	93	54	54
Hire of other assets	114	-	114	-

UHI
Perth
Notes to the Financial Statements as at 31st July 2024

10. Interest payable

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group	College	Group	College
	£000	£000	£000	£000
Repayable within 5 years, not by instalments	4	-	2	-
	4	-	2	-

11. Taxation

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group	College	Group	College
	£000	£000	£000	£000
Taxation of subsidiary	(38)	-	39	-
	(38)	-	39	-

12. (Deficit) on continuing operations for the year

	Year ended 31 July 2024		Restated 31 July 2023	
	Group	College	Group	College
	£000	£000	£000	£000
College's (Deficit) for the year	(3,315)	(2,988)	(5,636)	(5,766)
(Deficit)/Surplus generated by subsidiary undertaking	(327)	-	129	-
	(3,641)	(2,988)	(5,507)	(5,766)

UHI
Perth
Notes to the Financial Statements as at 31st July 2024

13. Tangible Fixed Assets (Group)			
	Freehold Land & Buildings	Equipment	Total
	£000	£000	£000
Cost or Valuation			
At 1 August 2023	48,133	6,036	54,170
Additions		76	76
Disposals		-	
Impairment		-	-
Revaluation	156	-	156
At 31 July 2024	48,289	6,112	54,401
Depreciation			
At 1 August 2023	-	5,279	5,279
Charge for the year	1,486	233	1,719
Disposals	-	-	-
Revaluation	(1,486)	-	(1,486)
At 31 July 2024	-	5,512	5,512
Net Book Value			
At 31 July 2024	48,289	600	48,890
At 31 July 2023	48,133	757	48,890
<p>An indexation exercise was carried out with respect to the College's Land & Buildings as at 31 July 2024 in line with the requirements of the FreM, to ensure that any material change in valuation of land & buildings is accounted for. This exercise resulted in a revaluation increase of £0.16m as at 31 July 2024.</p> <p>Inherited Land and buildings with a net book value of £6M have been financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Scottish Funding Council to surrender the proceeds.</p>			

13. Tangible Fixed Assets (College)- continued			
	Freehold Land & Buildings	Equipment	Total
	£000	£000	£000
Cost or Valuation			
At 1 August 2023	48,133	5,220	53,354
Additions	-	76	76
Disposals	-	-	-
Impairment	-	-	-
Revaluation	156	-	156
At 31 July 2024	48,289	5,296	53,585
Depreciation			
At 1 August 2023	-	4,644	4,644
Charge for the year	1,486	192	1,678
Disposals	-	-	-
Revaluation	(1,486)	-	(1,486)
At 31 July 2024	-	4,836	4,836
Net Book Value			
At 31 July 2024	48,289	460	48,749
At 31 July 2023	48,133	576	48,709

14. Investments				
	Year ended 31 July 2024		Year ended 31 July 2023	
	Group	College	Group	College
	£000	£000	£000	£000
Investment in subsidiary company	-	20	-	20
	-	20	-	20

The college owns 100% of the issued ordinary £1 shares of Air Service Training (Engineering) Limited, a company incorporated in Great Britain and registered in Scotland. The principal business activity of Air Service Training (Engineering) Limited is the provision of training and education in the field of aeronautical engineering.

In the year to 31st July 2024, the Company reported a deficit after taxation of £326,855, which resulted in a net asset position of £123,924.10 at 31 July 2024..

15. Trade and other receivables

	Year ended 31 July 2024		Restated 31 July 2023	
	Group	College	Group	College
	£000	£000	£000	£000
Trade Debtors	1,446	1,208	909	453
Amounts owed by Subsidiary	-	98	-	57
Prepayments & accrued income	626	501	522	389
	2072	1,807	1,431	899

16. Cash and cash equivalents

	At 31 July 2023	Cash Flows	At 31 July 2024
	£000	£000	£000
Cash and cash equivalents	2,499	(666)	1,833
	2,499	(666)	1,833

17. Creditors – amounts falling due within one year

	Year ended 31 July 2024		Restated 31 July 2023	
	Group	College	Group	College
	£000	£000	£000	£000
Trade creditors	618	559	542	500
Amounts owed to Group undertakings	1	-	-	-
Other creditors	438	426	336	326
Other taxation and social security	761	729	487	380
Accrued charges	2,125	1,947	2,038	1,917
Deferred Income	1,709	1,328	865	507
Deferred income – capital grants	339	339	300	300
Unspent student support funds	112	112	131	131
	6,104	5,441	4,699	4,061

18. Creditors – amounts falling due after more than one year

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group	College	Group	College
	£000	£000	£000	£000
Deferred income - capital grants	4,389	4,389	4,692	4,692
Obligations under finance leases	-	-	-	-
	4,389	4,389	4,692	4,692

19.A. Pension Provision

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group	College	Group	College
	£000	£000	£000	£000
At 1 August	876	876	-	-
Actuarial (Gain)/Loss in Year	(129)	(129)	4,037	4,037
Transfer of pension scheme asset	-	-	(3,552)	(3,552)
Net pension Service Cost in Year	51	51	391	391
At 31 July	798	798	876	876

The provision is solely in relation to defined benefit obligations relating to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in note 21.

19. B. Other Provisions

	Year ended 31st July 2024		Restated 31st July 2023	
	Group	College	Group	College
	£000	£000	£000	£000
Other Provisions – Job Evaluation	2,704	2,704	2,209	2,209

Income from the Funding Council Grants was overstated by £2.2m as at 31 July 2023 and £2.7m as at 31 July 2024. These were accounted for as accrued income in respect of expected funding to cover the costs of the ongoing Job Evaluation expected liability. The funding council have confirmed that there will be no funds available to cover the liability, therefore it is no longer recognised as income. An adjustment was made to amend the balance sheet by reducing Debtors by £2.2m and £2.7m for 31 July 2023 and 31 July 2024 respectively and reclassifying the Job Evaluation accrual as other provision.

UHI
Perth
Notes to the Financial Statements as at 31st July 2024

20. Deferred capital grants included within creditors

	Government £000	Non- Government £000	Total £000
Balance at 1 August 2023			
Land & Buildings	4,147	273	4,420
Equipment	572	-	572
	4,719	273	4,992
Cash received			
Land & Buildings	-	-	-
Equipment	76	-	76
	76	-	76
Reclassified from deferred income			
Land & Buildings	-	-	-
Equipment	-	-	-
	-	-	-
Released to income & expenditure account			
Land & Buildings	(154)	-	(154)
Equipment	(185)	-	(185)
	(339)	-	(339)
At 31 July 2024	4,456	273	4,729
Land & Buildings	3,993	273	4,266
Equipment	463	-	463
	4,456	273	4,729

Government grants are all SFC funding received and used to acquire assets which have subsequently capitalised to the balance sheet. Non-Government grants are those from other funding sources and are deferred until they have been used to acquire the assets for which they were given.

21. Defined benefit obligations

	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Total pension cost for the year		
Scottish Teachers' Superannuation Scheme: contributions paid	1,881	1,988
Local Government Pension Scheme: Contributions paid	1,004	1,004
FRS102 charge	219	391
Total pension cost for year within staff costs	3,104	3,383

The College's employees belong to two principal post-employment benefit schemes: the Scottish Teachers' Superannuation Scheme (STSS) and Tayside Superannuation Scheme, the Local Government Pension Scheme (LGPS), which is managed by Dundee City Council. Both are multi-employer defined-benefit schemes.

Scottish Teachers Superannuation Scheme

(a) UHI Perth participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last valuation was undertaken as at 2020 which necessitated the increase of employer contribution rate for the Scottish Teachers Pension Scheme (STPS). This valuation informed an increase in the employer contribution rate from 23.0% to 26.0% of pensionable pay from 1 April 2024 and an anticipated yield of 9.6% employees' contributions.

(b) UHI Perth has no liability for other employers' obligations to the multi-employer scheme.

(c) As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme

(d i) The scheme is an unfunded multi-employer defined benefit scheme.

(ii) It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the (name of body) is unable to identify its share of the underlying assets and liabilities of the scheme.

(iii) The employer contribution rate for the period from 1 April 2024 is 26% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.6% of pensionable pay.

(iv) While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation.

21. Defined benefit obligations - continued

Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024. Effective 1 April 2024, employer contribution rate increased from 23% to 26% reflecting changes in the SCAPE discount rates and other financial considerations.

(v) UHI Perth's level of participation in the scheme is 85.6% based on analysis of the payroll at the end of July 2024.

Local Government Pension Scheme (Tayside Superannuation Fund)

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contributions made (including unfunded) for the year ended 31 July 2024 were £1,256k, of which employer's contributions totalled £953k and employees' contributions totalled £303k. The agreed contribution rates for future years are 15.7% for employers and range from 5.5% to 12% for employees, depending on salary.

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 July 2024 by a qualified independent actuary.

	As at 31 July 2024 £000	As at 31 July 2023 £000
Discount rate	5.05%	5.15%
Pension increases (CPI)	2.85%	2.85%
Salary increases	3.85%	3.85%
Inflation assumption (RPI)	3.20%	3.20%
Commutation of pensions to lump sums	50.00%	50.00%
Assumed life expectations from age 65 are	Years	Years
Retiring today		
Males	18.8	18.8
Females	21.6	21.6
Retiring in 20 years		
Males	20.2	20.2
Females	23.1	23.1
The Fair value of the College's estimated share of assets in the scheme at the balance sheet date	£'000	£'000
Equities	34,225	30,927
Gilts	2,972	910
Other bonds	2,225	5,177
Property	4,108	4,002
Cash	877	1,133
Alternatives	33	72
Total fair value of scheme assets	44,440	42,221
Actual return on Scheme assets	2,214	785

The return on the Fund for the year to 31 July 2024 is estimated to be 5.24% per actuarial report.

21. Defined benefit obligations - continued

	Year ended 31 July 2024	Year ended 31 July 2023
	£000	£000
The amount included in the balance sheet in respect of the defined benefit pension scheme is as follows:		
Fair value of scheme assets	44,440	42,221
Present value of scheme liabilities	(32,745)	(30,718)
Present value of unfunded liabilities	(798)	(876)
Impact of asset ceiling	(11,695)	(11,503)
Net pensions (liability)/asset	(798)	(876)

Amounts recognised in the Statement of Comprehensive Income in respect of the scheme are as follows:

Amounts included in staff costs

Current service cost	960	1,517
Finance charges	25	(138)
Admin expenses	19	16
Total	1,004	1,395

Amount recognised in Other Comprehensive Income

Return on Fund assets in excess of interest	39	(628)
Other actuarial gains/(losses) on assets	-	(253)
Change in financial assumptions	(546)	10,798
Change in demographic assumptions	83	796
Experience gain/(loss) on defined benefit obligation	153	(3,247)
Changes in effect of asset ceiling	400	(11,503)
Amount recognised in Other Comprehensive Income	129	(4,037)

Movement in net defined benefit/(liability) during the year

Net defined benefit /(liability) in scheme at 1 August	(876)	3,552
Movement in year: -		
Current service cost	(820)	(1,517)
Past service cost	(140)	-
Employer contributions	953	1,004
Net interest on the defined liability	(25)	138
Administration expenses	(19)	(16)
Actuarial gain or (loss)	129	(4,037)
Net defined (liability)/asset	(798)	(876)

In line with FRS102 where the calculation results in a net asset, recognition of the asset is limited to the extent to which UHI Perth can recover the surplus either through reduced contributions in the future or through refunds from the scheme. UHI Perth has assessed the recoverability of the asset on this basis and determined that it was appropriate that the plan surplus at 31 July 2024 is recognised in line with the requirements of FRS 102. The unfunded pension liability stands at £0.8m. There is an impact from an asset ceiling of £11,695k. The final surplus to be recognised is nil.

21. Defined benefit obligations - continued		
	Year ended 31 July 2024	Year ended 31 July 2023
	£000	£000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	31,594	37,864
Current service cost	820	1,517
Interest cost	1,608	1,275
Change in financial assumptions	546	(10,798)
Change in demographic assumptions	(83)	(796)
Experience loss on defined benefit obligations	(153)	3,247
Estimated benefits paid net of transfers in	(1,114)	(930)
Past service Costs, including curtailments	140	-
Contributions by Scheme participants and other employers	303	324
Unfunded pension payments	(118)	(109)
Defined benefit obligations at end of period	33,543	31,594
Changes in fair value of Fund assets		
Fair value of Fund assets at start of period	42,221	41,416
Interest on assets	2,175	1,413
Return on assets less interest	39	(628)
Other Actuarial Gains/Losses	-	(253)
Administration expenses	(19)	(16)
Contributions by employer including unfunded	953	1,004
Contributions by Scheme participants and other employers	303	324
Estimated benefits paid plus unfunded net of transfers in	(1,232)	(1,039)
Fair value of Fund assets at end of period	44,440	42,221

22. Summary pensions note

	Year ended 31 July 2024	Year ended 31 July 2023
	£000	£000
The analysis of amounts charged to the Statement of Comprehensive Income (SOCl) is as follows:		
Charged to staff costs		
Current service cost	(820)	(1,517)
Past service cost	(140)	-
Total charged to staff costs	(960)	(1,517)
Credit/charge for net return on pension scheme		
Interest income	2,175	1,413
Interest cost	(1,608)	(1,275)
Net interest charges	567	138
Credit/charge to other comprehensive income		
Return on assets	39	(628)
Other experience	236	(2,704)
Gains and losses arising on charges in financial assumptions	(546)	10,798
Changes in effect of asset ceiling	400	(11,503)
Actuarial Gain (Loss)	129	(4,037)
Total charge to the SOCl	(264)	(5,416)
Analysis of the movement in deficit during the year		
(Deficit)Surplus in scheme at the start of the year	(876)	3,552
Service costs	(960)	(1,517)
Employer contributions	953	1,004
Net interest costs	(25)	138
Administration expenses	(19)	(16)
Actuarial Gain/ (Loss)	129	(4,037)
Deficit in scheme at the end of the year	(798)	(876)

The actuaries considered the impact of new legal rulings impacting the liabilities in the fund. In relation to the Goodwin judgement, the actuaries included a high-level assessment within their covering report but did not allow for the impact within the FRS102 report. Based on the most recent estimate, the employer's liabilities of the College would increase by approximately 0.1% as a result of the Goodwin judgement. The actuaries, and management do not consider this to be material for the financial statements.

23. Post balance sheet event

In June 2023, the UK High Court issued a ruling in the case of Virgin Medial Limited v NTL Pension Trustees II Limited and other relating to the validity of certain historical pension changes. This case may have implications for other defined schemes in the UK. The impact of the case is continuing to be assessed and any potential impact on the College accounts will be considered in future years.

24. Capital commitment

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group	College	Group	College
	£000	£000	£000	£000
Commitments contracted for at 31 July	14	14	25	25
	14	14	25	25

25. Lease obligations

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group	College	Group	College
	£000	£000	£000	£000
At 31 July the Group had minimum lease payments under non-cancellable operating leases as follows:				
Land and buildings				
Expiring within one year	157	-	110	-
Expiring within two and five years inclusive	597	-	-	-
Other				
Expiring within one year	15	15	27	27
Expiring within two and five years inclusive	-	-	17	17
	769	15	154	44

26. Related party transactions

Company	Member(s)	Position in organisation	Sales (£)	Purchases (£)
Colleges Scotland	Dr Margaret Cook	Director	21,436	4,554
APUC Limited	Dr Margaret Cook	Director	4,013	100,082
			25,449	104,636

Due to the nature of the College's operations and the composition of the Board of Management (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Board of Management may have an interest. All transactions involving organisations in which a member of the board of governors or the Senior Leadership Team may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. Transactions during the year with organisations in which a member of the Board of Management may have a material interest are noted below:

The Perth College Development Trust 2004 (The Development Trust) was established to provide financial and other assistance for Perth College and its students. There are therefore transactions between the two entities. Perth College nominates Trustees to the board of the Trust and administers the Trust on a day-to-day basis.

Dr Margaret Cook and Graham Watson were Trustees of The Development Trust which was discontinued in November 2024.

27. Bursaries and other student support funds

					Year ended 31 July 2024	Year ended 31 July 2023
	Bursary	FE Hardship	EMA	Other	Total	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward	107	21	-	3	131	139
Allocation received in year	2,183	129	83	125	2,520	2,325
Expenditure	(2,090)	(129)	(82)	(109)	(2,410)	(2,187)
Repaid to SFC/UHI (Clawback)	(107)	(21)	-	-	(128)	(146)
Balance carried forward	93	(-)	1	19	113	131

Represented by:

Repayable to SFC/UHI as clawback	93	-	1	19	113	131
Other amounts	-	-	-	-	-	-

Bursary funds, Higher Education Hardship, Further Education Hardship and Education Maintenance Allowances (EMAs) are available solely for students, the college acts only as a paying agent. The income and related disbursements are therefore excluded from the Income and Expenditure Account.

UHI
Perth
Notes to the Financial Statements as at 31st July 2024

28. Childcare funds

	Year ended 31 July 2024	Year ended 31 July 2023
	£000	£000
Balance brought forward	-	110
Allocation received in year	306	300
Expenditure	(258)	(300)
Repaid to SFC/UHI (Clawback)	(48)	(110)
Balance carried forward	-	-
Represented by:		
Repayable to SFC/UHI as clawback	-	-
Retained by College for students	-	-

The income and related disbursements are included in the Income and Expenditure Account.

29. Government non-cash allocation for depreciation

	Year ended 31 July 2024		Restated 31 July 2023	
	Group	College	Group	College
	£000	£000	£000	£000
Deficit) before other gains and losses (FE/HE SORP basis)	(3,315)	(2,988)	(5,636)	(5,765)
Add back: Non-cash allocation for depreciation	1,718	1,678	1,621	1,579
Deferred capital grant	(339)	(339)	(300)	(300)
Operating(deficit) on Central Government accounting basis	(1,935)	(1,649)	(4,315)	(4,486)

30. Revaluation reserve

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group	College	Group	College
	£000	£000	£000	£000
At 1 August	33,371	33,371	27,589	27,589
Revaluation	156	156	5,239	5,239
Write back of depreciation on revaluation	1,486	1,486	1,426	1,426
Transfer to income and expenditure account			(883)	(883)
At 31 July	35,013	35,013	33,371	33,371

31. Income and Expenditure reserve

	Year ended 31 July 2024		Restated 31 July 2023	
	Group	College	Group	College
	£000	£000	£000	£000
At 1 August	7,855	7,425	12,217	11,916
Deficit for the year	(3,315)	(2,988)	(5,636)	(5,765)
Transfer from revaluation reserve	-	-	883	883
Transfer to income and expenditure account	51	51	391	391
At 31 July	4,591	4,488	7,855	7,425

32. Pension reserve

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group	College	Group	College
	£000	£000	£000	£000
At 1 August	(876)	(876)	3,552	3,552
Actuarial (loss)/gain in respect of pension scheme	129	129	(4,037)	(4,037)
Pension service costs transfer to income and expenditure account	(51)	(51)	(391)	(391)
At 31 July	(798)	(798)	(876)	(876)

UHI
Perth
Notes to the Financial Statements as at 31st July 2024

<u>Prior Year Adjustment for Job Evaluation– College</u>				
2023	Notes	2023		
		As Originally Stated	Adjustment	
Restated				
Income		£000	£000	
£000				
Funded Council grants	2	18,431	(2,209)	
16,222				
Surplus/ Deficit after taxation	12	(3,556)	(2,209)	
(5,765)				
Debtors				
Prepayments and accrued income	15	2,598	(2,209)	
389				
Creditors				
Accruals Charges	17	(4,126)	2,209	
(1,917)				
Provisions				
Other Provisions-Job Evaluation	19B	-	(2,209)	
(2,209)				
<u>Prior Year Adjustment for Job Evaluation- Group</u>				
	Notes	2023		2023
		As Originally Stated	Adjustment	Restated
Income		£000	£000	£000
Funded Council grants	2	18,431	(2,209)	16,222
Surplus/ Deficit after taxation	12	(3,427)	(2,209)	(5,636)
Debtors				
Prepayments and accrued income	15	2,731	(2,209)	522
Creditors				
Accruals Charges	17	(4,247)	2,209	(2,038)
Provisions				
Other Provisions-Job Evaluation	19B	-	(2,209)	(2,209)

The income from the Funding Council Grants was overstated by £2.2m as at 31 July 2023. Prior years had accounted for accrued income in respect of expected funding to cover the costs of the ongoing Job Evaluation expected liability. The funding council have confirmed that there will be no funds available to cover the liability, therefore it is no longer recognised as income. The prior year adjustment amends the balance sheet by reducing Debtors by £2.2m and reclassifying the Job Evaluation accrual as a provision. The unrestricted reserves balance at 31 July 2023 has reduced from £10m to £7.8m as a result of the prior year adjustment.

ACCOUNTS DIRECTION FOR SCOTLAND'S COLLEGES 2023/24

1. It is the Scottish Funding Council's direction that institutions comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts.
2. Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RSB) (for assigned colleges).
3. Incorporated colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2023-24 (FReM) where applicable. In cases where there is a conflict between the FReM and the SORP, the latter will take precedence.
4. Incorporated colleges and Glasgow Colleges' Regional Board must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2024.
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

20 July 2024



Perth College

Report to the Audit Committee, the College and the Auditor General for Scotland on the 2023/24 audit
Issued on 28 February for the meeting on the 4 March 2025

Contents

01 Update report

Partner introduction [3](#)

Annual Report and Accounts

Quality indicators [6](#)

Our audit explained [7](#)

Significant risks [8](#)

Your control environment and findings [13](#)

Other significant findings [15](#)

Our audit report [16](#)

Your annual report and accounts [17](#)

Wider Scope Audit

Overview [19](#)

Purpose of our report and responsibility statement [20](#)

02 Appendices

Audit adjustments [22](#)

Our other responsibilities explained [26](#)

Independence and fees [27](#)

Partner introduction

The key messages in this report

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A robust challenge of the key judgements taken in the preparation of the financial statements.
- A strong understanding of your internal control environment.
- A well planned and delivered audit that raises findings early with those charged with governance.

I have pleasure in presenting our report to the Audit Committee (“the Committee”) of Perth College (“the College”) for the 2023/24 audit. The report summarises our findings and conclusions made to date in relation to the audit of the Annual Report and Accounts and the wider scope requirements, the scope of which was set out within our planning report presented to the Committee in October 2024.

We note that we agreed to delay the timing of our audit visit to January 2025. This was a result of changes in the finance team that had led to capacity challenges in servicing the audit.

I would like to draw your attention to the key messages of this paper:

Conclusions from our testing

Based on our audit work completed to date, and the satisfactory resolution of the outstanding matters noted on slide 4 of this report, we expect to issue an unmodified audit report.

We have provided management with comments and suggested changes based on review of the draft of the Annual Report and Accounts. We will perform a review of the final draft accounts once received.

We identified a number of disclosure adjustments within the auditable parts of the Remuneration and Staff report. We have provided management with comments and will review the updated disclosures in the final draft accounts once received.

A summary of our work on the significant risks is provided in the dashboard on page 8.

A summary of the corrected and uncorrected misstatements identified are included in the appendix to this report.

Partner introduction (continued)

The key messages in this report (continued)

Status of the Annual Report and Accounts audit

Outstanding matters to conclude the audit include:

- Review of AST component testing;
- Finalisation of wider scope procedures;
- Finalisation of directors' remuneration disclosures and testing;
- Completion of internal quality control procedures;
- Receipt of final Annual Report and Accounts;
- Receipt of signed management representation letter; and
- Our review of events since 31 July 2024.

Conclusions from wider scope audit work

We are in the process of finalising our wider scope audit work and will include our conclusions in our final report to the Audit Committee.

Control findings

Control findings and recommendations are included on page 13 and 14 of this report.

Added value

Our aim is to add value to the College by providing insight into, and offering foresight on, financial sustainability, risk and performance by identifying areas for improvement and recommending and encouraging good practice. In so doing, we aim to help the College promote improved standards of governance, better management and decision making, and more effective use of resources. This is provided throughout the report.

Nicola Wright
Lead Audit Partner

Annual Report and Accounts Audit



Quality indicators

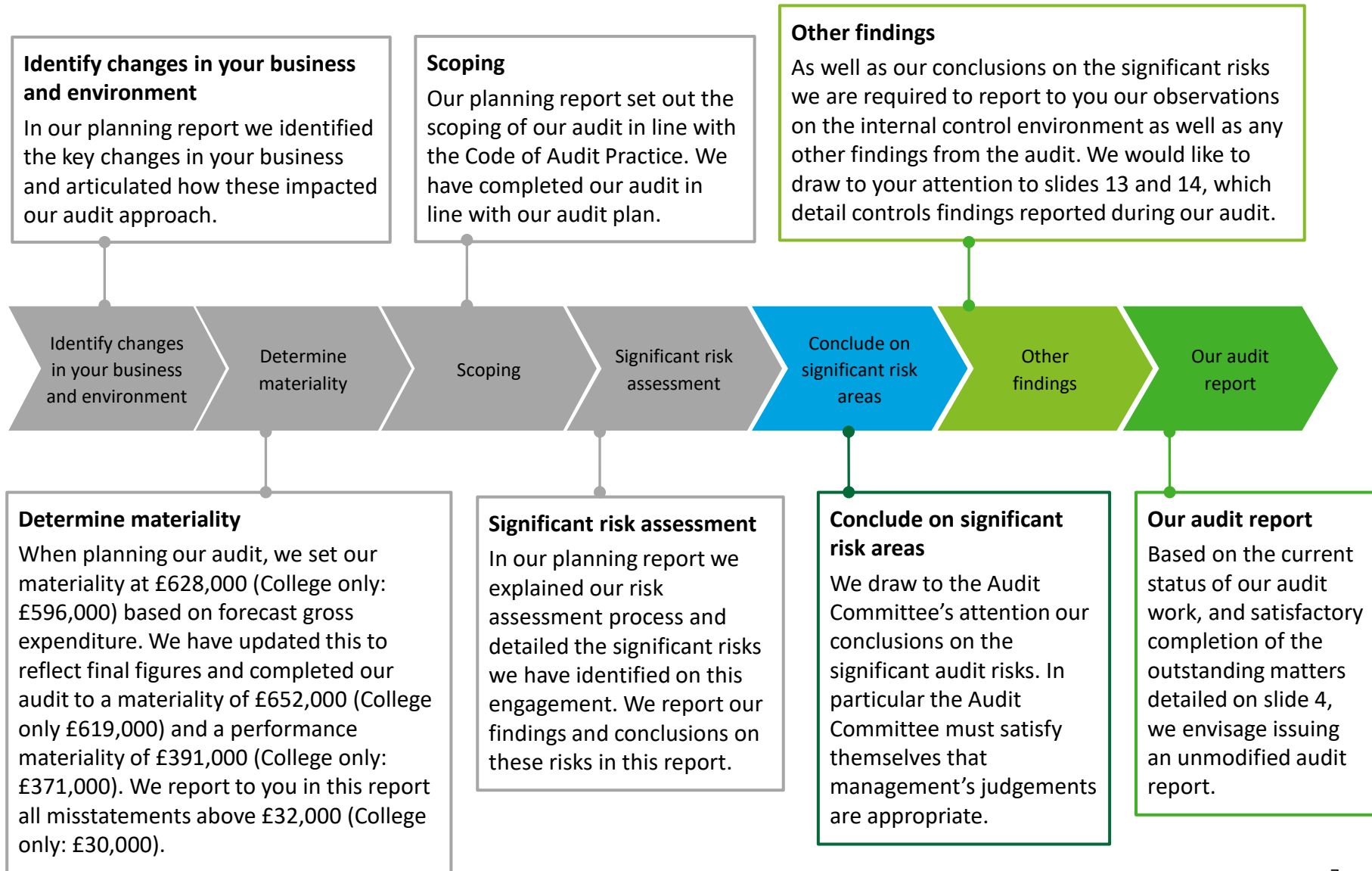
Impact on the execution of our audit

Management and those charged with governance are in a position to influence the effectiveness of our audit, through timely formulation of judgements, provision of accurate information, and responsiveness to issues identified in the course of the audit. This slide summarises some key metrics related to your control environment which can significantly impact the execution of the audit. We consider these metrics important in assessing the reliability of your financial reporting and provide context for other messages in this report. We note that the grading of these indicators has improved between FY23 and FY24.

Area	Grading	Reason	Further detail
Timing of key accounting judgements	!	Some delays on the delivery of information were experienced throughout our audit.	N/A
Adherence to deliverables timetable	!	Some delays on the delivery of information were experienced throughout our audit.	N/A
Access to finance team and other key personnel	●	Active involvement of the finance team throughout the course of the audit process.	N/A
Quality and accuracy of management working papers	!	We have identified instances where management working papers had quality issues.	N/A
Quality of draft Annual Report and Accounts	!	Numerous presentational and disclosure points raised on the draft version of the Annual Report and Accounts.	Slide 17
Response to control deficiencies identified	!	Five control deficiencies identified to date. Further details can be found on slides 13 and 14.	Slides 13 and 14
Volume and magnitude of identified errors	!	Higher than expected volume of misstatements identified during the audit.	N/A









Our audit explained

We tailor our audit to your business and your strategy






Significant risks

Significant risk dashboard

Risk	Fraud risk	Planned approach to controls	Controls conclusion	Consistency of judgements with Deloitte's expectations
Management override of controls			Control findings raised – see slide 13	
Operating within the funding provided			Control finding raised – see slide 13	
Completeness of Income			Satisfactory	TBC

Consistency of judgements with Deloitte's expectations

-  Inconsistent
-  Improvement required
-  Consistent

Controls approach adopted

-  Assess design & implementation

Significant risks (continued)

Management override of controls

Risk identified

In accordance with ISA (UK) 240, management override is a significant risk. This risk area includes the potential for management to use their judgement to influence the Report and Financial Statements as well as the potential to override the College's controls for specific transactions.

The key judgments in the Report and Financial Statements are those which we have selected to be the significant audit risks – income recognition and operating within the funding provided. These are inherently the areas in which management has the potential to use their judgment to influence the Annual Report and Accounts.

Deloitte response and challenge

In considering the risk of management override, we have performed the following audit procedures that directly address this risk:

Journals

- We have considered the overall control environment and 'tone at the top'
- We have tested the design and implementation of controls in relation to journals and accounting estimates.
- We have made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.
- We have used our Spotlight data analytics tools to test a sample of journals, based upon identification of items of potential audit interest. Our analysis has covered all journals posted in the year.

- We have reviewed accounting estimates for biases that could result in material misstatements due to fraud.
- We have not identified any material unusual transactions outside the normal course of business of the College.

Accounting estimates and judgements.

We have reviewed accounting estimates for biases and evaluated whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud. In performing this review, we have:

- Evaluated whether the judgments and decisions made by management in making the accounting estimates included in the Annual Report and Accounts, even if they are individually reasonable, indicate a possible bias on the part of the entity's management that may represent a risk of material misstatement due to fraud. From our testing we did not identify any indications of bias; and.
- Performed a retrospective review of management judgements and assumptions related to significant accounting estimates reflected in the Annual Report and Accounts of the prior year.

Significant and unusual transactions

We did not identify any significant transactions outside the normal course of business or any transactions where the business rationale was not clear.

Deloitte view

We identified control weaknesses in relation to the lack of authorisation of journal postings prior to entry into the general ledger system, and lack of evidence of review of the quarterly management accounts. See page 13 for more details.

Significant risks (continued)

Operating within the funding provided



Risk identified and key judgements

In accordance with Practice Note 10 (Audit of Financial Statements of Public Sector Bodies in the UK), in addition to the presumed risk of fraud in revenue recognition set out in ISA (UK) 240, auditors of public sector bodies should also consider the risk of fraud and error on expenditure. This is on the basis that most public bodies are net spending bodies, therefore the risk of material misstatement due to fraud related expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition.

We consider this fraud risk to be focused on how management operate within the funding available. The risk is that the College could materially misstate expenditure in relation to year end transactions, in an attempt to align with its tolerance target or achieve a breakeven position.

The significant risk is therefore pinpointed to the completeness of accruals made by management at the year end and invoices processed around the year end as this is the area where there is scope to manipulate the final results. Given the financial pressures across the whole of the public sector, there is an inherent fraud risk associated with the recording of accruals around year end.



Deloitte response and challenge

We have evaluated the results of our audit testing in the context of the achievement of the limits set by the Scottish Funding Council. Our work in this area included the following:

- Evaluating the design and implementation of controls around monthly monitoring of financial performance and the estimated accruals made at the year-end;
- Obtaining independent confirmation of the funding allocated to Perth College by the Scottish Funding Council (SFC) and the University of Highlands and Islands (UHI);
- Performing focused testing on a sample of accruals made at the year-end; and
- Performing focused cut-off testing of invoices received and paid around the year-end.

Deloitte view

Based on the procedures performed to date, we have identified one adjustment which remains uncorrected by management in relation to our testing of post year end invoices and payments. See page 22 for more details.

We also identified a control weakness in relation to review of post year end invoices and payments. See page 13 for more details.

Significant risks (continued)

Completeness of income



Risk identified and key judgements

ISA (UK) 240 states that when identifying and assessing the risks of material misstatements due to fraud, the auditor shall, based on a presumption that there are risks of fraud in revenue recognition, evaluate which types of revenue, revenue transactions or assertions give rise to such risks.

We have assessed the income streams for the College and concluded that the risk of a material misstatement due to fraud can be pinpointed to the non-recurrent funding as there is no judgement in respect of the recurrent grants from the SFC and UHI. We have pinpointed the non-recurrent funding risk to be in relation to:

- Incorrect income cut-off recognition, as there is a risk that the College can manipulate its financial position around the year-end;
- Incorrect recognition applied to grant income with conditions attached; and
- Incorrect recognition where performance conditions are in place.



Deloitte response and challenge

We have evaluated the results of our audit testing in the context of the completeness of income. Our work in this area included the following:

- Evaluating the design and implementation of controls around recognition of non-recurrent income;
- Performing focused cut-off testing of a sample of invoices raised and income received around the year-end;
- Performing focused testing of grant income where there are conditions of entitlement including clawback clauses; and
- Performing focused testing of income with performance conditions attached.

Deloitte view

Our work on this significant risk is undergoing the final stages of quality review. Based on the work performed to date, we have no control findings or adjustments to report to the Audit Committee.

Other Areas of Audit Focus

Defined benefits pension scheme

Background

Retirement benefits to employees of the College are provided by the Tayside Pension Fund, which administers the Local Government Pension Scheme (LGPS) and managed by Dundee City Council, and the Scottish Teachers Superannuation Scheme (STSS), which is administered by the Scottish Public Pensions Agency (SPPA).

The net pension asset decreased from £3,552k in 2021/22 to become an £876k liability in 2022/23. The decrease is a combination of a fair value assets movement, changing demographics for the liabilities assumptions, and the calculation of the asset ceiling. The liability also continues to be affected by the McCloud and Goodwin legal cases.

Barnett Waddingham are the College's appointed actuary, who produce a detailed report outlining the estimated liability at the year-end along with the associated disclosure requirements. The pension liability valuation is an area of audit focus due to the material value and significant assumptions used in the calculation of the liability. The valuations are prepared by a reputable actuary using standard methodologies and no significant changes in the membership of the scheme or accrued benefits are expected in the current year. As a result, we have not identified this as a significant risk.

Deloitte response

We have evaluated the results of our audit testing in respect of the pensions testing. Our work in this area included the following:

- Assess the independence and expertise of the actuary supporting the basis of reliance upon their work;
- Review and challenge the assumptions made by Barnett Waddingham;
- Obtain assurance from the auditor of the pension fund over the controls for providing accurate data to the actuary;
- Assess the reasonableness of the College's share of the total assets of the scheme with the Pension Fund annual accounts and the Funds asset position at 31 July 2024;
- Review and challenge the calculation of the impact of the McCloud and Goodwin cases on pension liabilities;
- Review the disclosures within the accounts against the FE SORP; and
- Engage Deloitte's internal pensions experts to assist with the above procedures.

Deloitte view

Our work on this area of audit focus is complete. Our pension specialists have raised one finding which requires reporting to the Audit Committee. This is a judgemental adjustment in relation to allowance for the Goodwin case. The total value of this adjustment is £34k. See details on page 22.

Your control environment and findings

Control deficiencies and areas for management focus

Observation	Deloitte recommendation	Management response and remediation plan
<p>Authorisation of Journal Entries</p> <p>Journal entries are not approved before being posted into the general ledger, thereby increasing the risk of fraudulent postings being made.</p>	<p>We recommend that a process of journal authorisation be put in place. All journal entries should be authorised by someone other than the one preparing the posting after reviewing any supporting documentation to assess the accuracy and appropriateness of the posting. Evidence of preparation and authorisation should be documented against the journal.</p>	<p>The recommendation is accepted subject to an acceptable value of journal authorisation being agreed with Deloitte. Director of Finance to ensure completion by 30 April 2025.</p>
<p>No documentation of review of Management Accounts</p> <p>Management accounts are prepared and reviewed on a quarterly basis before being presented to the board. There is no documentation kept to evidence this review taking place prior to presentation to board.</p>	<p>We recommend that minutes are taken, documenting issues raised during the review of the quarterly management accounts.</p>	<p>Recommendation accepted. Director of Finance to ensure completion by 31 March 2025.</p>
<p>Search for unrecorded liabilities</p> <p>We note a lack of effective review of post year end invoices received and payments made in the search for liabilities that existed at year end that should have been accrued for.</p>	<p>We recommend that a process is put in place that documents the review of post year end invoices received and payments made in the search for unrecorded liabilities.</p>	<p>Recommendation accepted. Director of Finance to ensure completion in preparing the financial statements from 2024/25 on.</p>

Your control environment and findings

Control deficiencies and areas for management focus

Observation	Deloitte recommendation	Management response and remediation plan
<p>Closed Bank Accounts with GL Codes</p> <p>We noted that general ledger codes are still open and have balances attached to them for bank accounts that have now been closed.</p>	<p>We recommend the GL codes are updated so that only active bank accounts are included within the accounts, allowing for more accurate balances to be displayed and reconciliations to be performed.</p>	<p>Recommendation accepted. Director of Finance to ensure completion by 31 March 2025.</p>
<p>Review of bad debt provision</p> <p>We noted that there were duplicate items and items included in error within the bad debt provision as at 31 July 2024. This indicates a lack of review of the provision at year end.</p>	<p>We recommend that management perform a detailed review of their bad debt provision at year end to ensure the amounts being provided for are correct.</p>	<p>Recommendation accepted. Director of Finance to ensure completion in preparing the financial statements from 2024/25 on.</p>

Other significant findings

Financial reporting findings

Below are the findings from our audit surrounding your financial reporting process.

Qualitative aspects of your accounting practices:

Perth College's Annual Report and Accounts have been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and the 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). Following our audit work, we are satisfied that the accounting policies are appropriate.

Liaison with internal audit

The audit team, has completed an assessment of the independence and competence of the internal auditor and reviewed their work and findings. In response to the significant risks identified, no reliance was placed on the work of internal audit and we performed all work ourselves.

We will obtain written representations from the College on matters material to the Annual Report and Accounts when other sufficient appropriate audit evidence cannot reasonably be expected to exist. A copy of the draft representations letter will be circulated separately.

Our audit report

Other matters relating to the form and content of our report

Here we discuss how the results of the audit impact on other significant sections of our audit report.



Our opinion on the Annual Report and Accounts

Based on the current status of our audit work, and satisfactory completion of the outstanding matters detailed on slide 4, we envisage issuing an unmodified audit report.



Going concern

At the time of writing this report, we have not identified a material uncertainty related to going concern and will report that we concur with management's use of the going concern basis of accounting.

Practice Note 10 provides guidance on applying ISA (UK) 570 Going Concern to the audit of public sector bodies. The anticipated continued provision of the service is more relevant to the assessment of the continued existence of a particular body.



Emphasis of matter and other matter paragraphs

At the time of writing this report, there are no matters we judge to be of fundamental importance in the financial statements that we consider it necessary to draw attention to in an emphasis of matter paragraph.

There are no matters relevant to users' understanding of the audit that we consider necessary to communicate in an other matter paragraph.



Other reporting responsibilities

The Annual Report is reviewed in its entirety for material consistency with the Annual Accounts and the audit work performance and to ensure that they are fair, balanced and reasonable.

Opinion on regularity

At the time of writing this report, we have no matters to bring to the attention of the Committee in relation to expenditure and income in the Annual Report and Accounts not being incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Your Annual Report and Accounts

We are required to provide an opinion on the auditable parts of the Remuneration and Staff report, the Annual Governance Statement and whether the Performance Report is consistent with the disclosures in the accounts.

	Requirement	Deloitte response
The Performance Report	The report outlines the College's performance, both financial and non-financial. It also sets out the key risks and uncertainties faced by the College.	<p>We are required to assess whether the Performance Report has been prepared in accordance with the Accounts Direction. We are also required to read the Performance Report and confirm that the information contained within is materially correct and consistent with our knowledge acquired during the course of performing the audit and is not otherwise misleading.</p> <p>We are in the process of reviewing the updated Annual Report and Accounts and will include any findings from this review in our final report to the Audit Committee.</p>
The Accountability Report	Management have ensured that the accountability report meets the requirements of the FReM, comprising the governance statement, remuneration and staff report and the parliamentary accountability report.	<p>We are required to assess whether the information given in the Annual Governance Statement is consistent with the Annual Report and Accounts and has been prepared in accordance with the Accounts Direction.</p> <p>We are also required to read the Accountability Report and confirm that the information contained within is materially correct and consistent with our knowledge acquired during the course of performing the audit and is not otherwise misleading.</p> <p>We are in the process of reviewing the updated Annual Report and Accounts and will include any findings from this review in our final report to the Audit Committee. As noted on page 4, we are in the process of finalising our testing on the auditable parts of the Remuneration and Staff Report. Upon completion, we will confirm whether the report has been prepared in accordance with the Accounts Direction.</p>

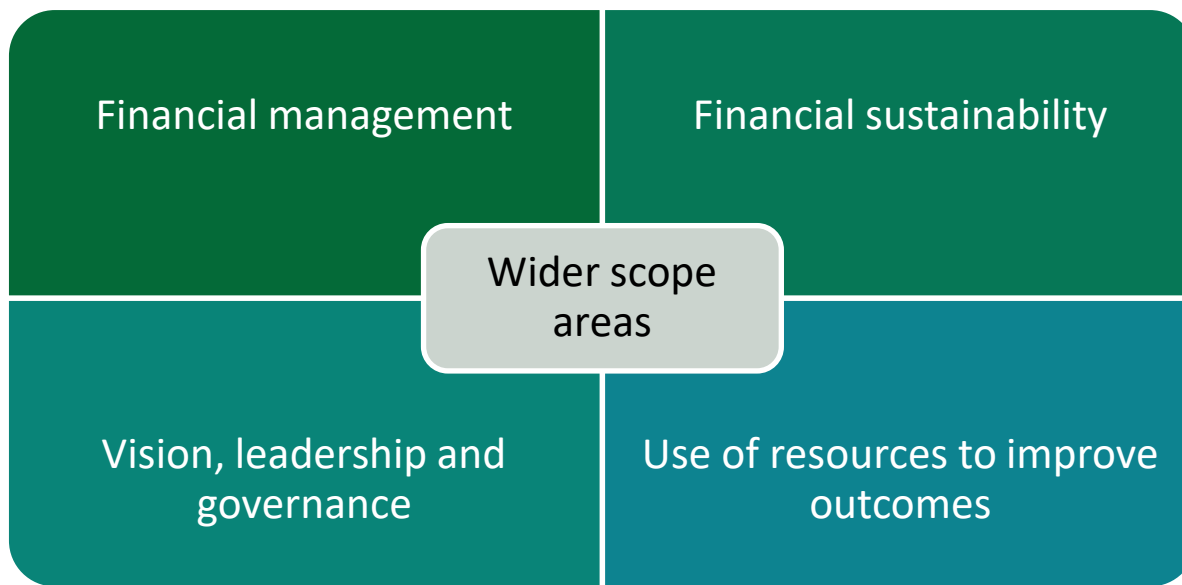
Wider scope audit



Wider scope requirements

Overview

As set out in our audit plan, Reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector. The wider scope audit specified by the Code of Audit Practice broadens the audit of the accounts to include consideration of additional aspects or risks in the following areas.



Our audit work has considered how Perth College is addressing these risks. Our responsibilities in relation to Best Value ('BV') have all been incorporated into this audit work.

We are in the process of finalising the documentation of our audit work in relation to wider scope requirements. We will provide a verbal update to the Committee on 4 March, and report to you any findings in this area in our final report.

Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Audit Committee and the College discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA (UK) 260 to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- Results of our work on key audit judgements and our observations on the quality of your Annual Report.
- Our internal control observations.
- Other insights we have identified from our audit.

The scope of our work

Our observations are developed in the context of our audit of the Annual Report and Accounts.

We described the scope of our work in our audit plan.

Use of this report

This report has been prepared for the College, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to the college.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

We welcome the opportunity to discuss our report with you and receive your feedback.

Deloitte LLP

Newcastle Upon Tyne | 28 February 2025

Appendices



Audit adjustments

Uncorrected misstatements

The following uncorrected misstatements have been identified up to the date of this report which we request that you ask management to correct as required by ISAs (UK).

2022/23 Uncorrected misstatements		Debit/(credit) SOCNE £'000	Debit/(credit) in net assets £'000	Debit/(credit) prior year reserves £'000	Debit/(credit) Profit & Loss £'000	If applicable, control deficiency identified
Misstatements identified in current year						
Post year end invoices and payments	[1]	-	(74)	-	74	Page 13
Allowance in relation to the Goodwin case	[2]	-	(34)	-	34	N/A
Total			(108)		108	

[1] As part of our testing of post year end invoices and payments, we identified a number of samples that related to 2023/24 but had not been included within liabilities as at 31 July 2024. The total error identified is £59k, with an extrapolated difference of £74k.

[2] No allowance has been made in relation to the Goodwin case in the FY24 liability value. In our view an allowance should be made, as a past service cost. Based on available information, we believe the cost of this would be £34k. We note that this is a judgemental misstatement based on assumptions used by actuarial specialists.

Audit adjustments (continued)

Corrected misstatements

The following corrected misstatements have been identified up to the date of this report.

		Debit/(credit) SOCNE £'000	Debit/(credit) in net assets £'000	Debit/(credit) prior year reserves £'000	Debit/(credit) Profit & Loss £'000	If applicable, control deficiency identified
Misstatements identified in current year						
Bad debt provision	[1]		289		(289)	Page 14
Total			289		(289)	

[1] We noted that there were duplicate items and items included in error within the bad debt provision as at 31 July 2024. Management performed an exercise to review the full bad debt provision listing and remove any items included in error. The total adjustment made is £289k.

Audit adjustments (continued)

Prior period adjustments

The following misstatements identified up to the date of this report have been corrected as a prior period adjustment.

	Debit/(credit) SOCNE £'000	Debit/(credit) in net assets £'000	Debit/(credit) prior year reserves £'000	Debit/(credit) Profit & Loss £'000	If applicable, control deficiency identified
Misstatements identified in current year					
Job Evaluation Scheme – accrued income	[1]	(2,209)		2,209	
Job Evaluation Scheme – accruals	[1]	2,209		(2,209)	
Job Evaluation Scheme – provisions	[1]	(2,209)		2,209	
Total		(2,209)		2,209	

[1] Included within the 2023/24 Accounts Direction were details of a change in the funding arrangements for the national job evaluation exercise. The updated Accounts Direction instructed colleges to remove the accrued income being recognised in relation to the job evaluation scheme and reclassify the liability from accruals to provisions.

This change was communicated in the Accounts Direction issued by the Scottish Funding Council on 18th September 2024. As this was before the 2022/23 Annual Report and Accounts had been signed, this should have been treated as an adjusting post balance sheet event in 2022/23. This has therefore been corrected through a prior year restatement.

Management have posted this adjustment in the updated accounts. The in-year impact for accounting for the Job Evaluation Scheme liability is £495k. We note that £2.21m of Job Evaluation Scheme liability has been reclassified from accruals to provisions.

Audit adjustments

Disclosures

Disclosure misstatements

The following uncorrected disclosure misstatement have been identified up to the date of this report which we request that you ask management to correct as required by ISAs (UK).

Disclosure	Summary of disclosure requirement	Quantitative or qualitative consideration
To be confirmed following review of updated Annual Report and Accounts.		

Other disclosure recommendations

Although the omission of the following disclosures does not materially impact the financial statements, we are drawing the omitted disclosures to your attention because we believe it would improve the financial statements to include them or because you could be subject to challenge from regulators or other stakeholders as to why they were not included.

Disclosure	Summary of disclosure requirement	Quantitative or qualitative consideration
To be confirmed following review of updated Annual Report and Accounts.		

Our other responsibilities explained

Fraud responsibilities and representations



Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.

Required representations:

We have asked the College to confirm in writing that you have disclosed to us the results of your own assessment of the risk that the financial statements may be materially misstated as a result of fraud and that you are not aware of any fraud or suspected fraud that affects the entity.

We have also asked the College to confirm in writing their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error and their belief that they have appropriately fulfilled those responsibilities.



Audit work performed:

In our planning we identified the risk of fraud in operating within the funding provided, completeness of income and management override of controls as key audit risks.

During course of our audit, we have had discussions with management and those charged with governance.

We will explain in our audit report how we considered the audit capable of detecting irregularities, including fraud. In doing so, we will describe the procedures we performed in understanding the legal and regulatory framework and assessing compliance with relevant laws and regulations.

Independence and fees

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

Independence confirmation	We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of the College and will reconfirm our independence and objectivity to the Audit Committee for the year ending 31 July 2024 in our final report to the Audit Committee.
----------------------------------	--

Fees	The expected fee for 2023/24, as communicated by Audit Scotland in December 2023 is analysed below:
-------------	---

	£
Auditor remuneration	47,320
Audit Scotland fixed charges:	
• Pooled costs	(5,050)
• Sectoral cap adjustment	(6,670)
Total expected fee	35,600

There are no non-audit fees.

*During the audit in 2023/24, we have been required to perform additional procedures in relation to the prior period adjustment regarding the Job Evaluation Scheme. These procedures resulted in additional senior time being required on the audit. In addition to this, we have also experienced delays in the flow of information during the audit process. Following the completion of the audit, we will commence conversations with the Finance team regarding additional fees for this work. After agreement of any additional fees with the Finance team we will report back the final position to the Audit Committee.

Non-audit services	We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.
---------------------------	---

Relationships	We have no other relationships with the College, its directors, senior managers and affiliates, and have not supplied any services to other known connected parties.
----------------------	--



This document is confidential and it is not to be copied or made available to any other party. Deloitte LLP does not accept any liability for use of or reliance on the contents of this document by any person save by the intended recipient(s) to the extent agreed in a Deloitte LLP engagement contract.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London, EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

Our Ref: NW/2024

Date: 06 March 2025

Dear Nicola Wright,

This representation letter is provided in connection with your audit of the financial statements of Perth College ('the College') and its consolidated financial statements for the year ended 31 July 2024 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the College as of 31 July 2024 and of the results of its operations, other comprehensive net expenditure and its cash flows for the year then ended in accordance with the applicable accounting framework as interpreted by the Accounts Direction for Scotland's Colleges 2023-24 issued by the Scottish Funding Council (SFC).

In addition to the above, this representation letter is provided in connection with your audit of the other information in the Annual Report and Accounts, for the purposes set out in the Code of Audit Practice 2021.

We are aware that it is an offence to mislead an auditor of a public body.

On behalf of the College, I confirm to the best of my knowledge and belief, the following representations.

Financial statements

1. We understand and have fulfilled our responsibilities for the preparation of the financial statements in accordance with the applicable financial reporting framework, as set out in the accounts direction issued by the Scottish Funding Council and in accordance with, Section 21 of the Public Finance and Accountability (Scotland) Act 2000, which give a true and fair view, as set out in the terms of the audit engagement letter.
2. The methods, the data, and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of FRS102 Section 33 "Related party disclosures".
4. All events subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment of or disclosure have been adjusted or disclosed.
5. The effects of uncorrected misstatements and disclosure deficiencies are immaterial, both individually and in aggregate, to the financial statements as a whole. We confirm that the list included in your ISA 260 report to those charged with governance is a complete list of the uncorrected misstatements and disclosure deficiencies identified.

6. We confirm the going concern assessment is in line with the Government Financial Reporting Manual, as we confirm the continued provision of the services.
7. We have reconsidered the remaining useful lives of the property, plant and equipment and confirm that the present rates of depreciation are appropriate to depreciate the cost less residual value over the remaining useful lives.
8. We are not aware of events or changes in circumstances occurring during the period which indicate that the carrying amount of property, plant and equipment may not be recoverable.
9. With respect to accounting estimates, we confirm:
 - the measurement processes, including related assumptions and models used to determine accounting estimates in the context of the applicable financial reporting framework are appropriate and have been applied consistently;
 - the assumptions appropriately reflect our intent and ability to carry out specific courses of action on behalf of the College's where relevant to the accounting estimates and disclosures;
 - the disclosures related to accounting estimates under the College's applicable financial reporting framework are complete and appropriate; and
 - there have been no subsequent events that require adjustment to the accounting estimates and disclosures included in the financial statements.
10. We confirm that we consider the depreciated historic cost is an appropriate proxy for the fair value of non-property assets and are not aware of any circumstances that would indicate that these assets require revaluation.
11. We confirm that the provisions included within the financial statements are our best estimate of the liability due by the College.
12. We confirm that all of the disclosures relating to sections of the Annual Report and Accounts which are considered 'other information' as set out in the Code of Audit Practice 2021 have been prepared in accordance with relevant legislation and guidance.
13. We confirm that:
 - all retirement benefits and schemes, including UK, foreign, funded or unfunded, approved or unapproved, contractual or implicit have been identified and properly accounted for;
 - all settlements and curtailments have been identified and properly accounted for;
 - all events which relate to the determination of pension liabilities have been brought to the actuary's attention;
 - the actuarial assumptions underlying the valuation of the scheme liabilities (including the discount rate used) accord with the board's best estimates of the future events

that will affect the cost of retirement benefits and are consistent with our knowledge of the business;

- the actuary's calculations have been based on complete and up to date member data as far as appropriate regarding the adopted methodology; and
- the amounts included in the financial statements derived from the work of the actuary are appropriate.

14. We confirm that we have appropriately discharged my responsibility for the regularity of transactions.
15. We confirm that there is no unprovided claw back of Scottish Funding Council (SFC) or Universities of Highlands and Islands (UHI) grants for the year ended 31 July 2024 or in respect of any previous year.
16. We confirm that income has been applied in accordance with the College's statutes and, where appropriate, the Accounts Direction and any other terms and conditions attached to them.
17. We confirm that all income received from SFC or UHI, grants and income for specific purposes and from other restricted funds administered by the College have been applied for the purposes for which they relate.
18. We have considered the HMRC guidance issued to Higher Education Institutions following the Finance Act 2006 and based on our analysis of income and costs between primary and not primary purpose activities we are satisfied that no tax provision is needed in the financial statements.

Information provided

19. We have provided you with all relevant information and access as agreed in the terms of the audit engagement letter with Audit Scotland.
20. All transactions have been recorded and are reflected in the financial statements and the underlying accounting records.
21. We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error. We are not aware of any deficiencies in internal control of which you should be aware.
17. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
18. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the College or group and involves:
 - (i) management;
 - (ii) employees who have significant roles in internal control; or
 - (iii) others where the fraud could have a material effect on the financial statements.

19. We are not aware of any fraud or suspected fraud that affect the College and involve:
- (i) Management;
 - (ii) Employees who have significant roles in internal control; or
 - (iii) Others where the fraud could have a material effect on the financial statements.
20. We are not aware of any instances of non-compliance, or suspected non-compliance, with laws, regulations, and contractual agreements whose effects should be considered when preparing financial statements.
21. We have disclosed to you the identity of the College's and group's related parties and all the related party relationships and transactions of which we are aware.
22. No claims in connection with litigation have been or are expected to be received.
23. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
24. We confirm that:
- (i) we consider that the College has appropriate processes to prevent and identify any cyber breaches other than those that are clearly inconsequential; and
 - (ii) we have disclosed to you all cyber breaches of which we are aware that have resulted in more than inconsequential unauthorised access of data, applications, services, networks and/or devices.
25. All minutes of Board and Committee meetings during and since the financial year have been made available to you.
26. We have drawn to your attention all correspondence and notes of meetings with regulators.
27. We have reviewed the fixed assets for impairment. Our review comprised of a comparison of the carrying amount and recoverable amount of the fixed assets and, hence, involved consideration of the value in use.

We confirm that the above representations are made on the basis of adequate enquiries of management and staff (and where appropriate, inspection of evidence) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

Signed as Chair of the Board, for and on behalf of Perth College

BOARD OF MANAGEMENT**Membership**

All Independent Members appointed by the Regional Strategic Body;

The Principal & Chief Executive of the College;

One person appointed by being elected by the teaching staff of the College;

One person appointed by being elected by the non- teaching staff of the College;

Two persons appointed by being nominated by HISA Perth from among the matriculated students of the College;

Two persons appointed by being nominated by the recognised Trade Unions of the College

In attendance

Depute Principal (Academic)

Depute Principal (Operations)

Other appropriate staff members of the College by invitation

Quorum

The quorum shall be 50% of the total current membership of the Board

Frequency of Meetings

The Board shall meet no less than four times per year.

Terms of Reference

During Board meetings and other sanctioned Board events, the Board shall:

1. Take note of the overall environment in which the college operates, and provide considered and appropriate strategic guidance to safeguard and enhance the continued operation of the college.
2. Ensure that the College provides the best possible education and learning environment for its students;
3. Ensure that the values and ethos of the College are upheld and promoted;
4. Ensure that its decision-making process is transparent, properly informed, rigorous and timely, and in the best interests of the College as a whole, including taking into account UHI partnership needs;
5. Ensure that the College operates ethically, responsibly and with respect for the environment and for society at large;
6. Ensure that robust risk management and internal control systems are in place, maintained and enhanced;
7. Ensure compliance with all statutes, ordinances and provisions regulating the College and its framework of governance.

Reviewed October 2024