

Finance and General Purposes Committee

Agenda

Meeting reference: F&GP2017-18/02

Date: Wednesday 29 November 2017 at 4.30pm

Location: Room 019

Purpose: Scheduled meeting

* Denotes items for discussion.

Members should contact the Secretary in advance of the meeting if they wish to request an item be starred.

The F&GP Committee will be joined by the Audit Committee at 5.30pm to review the Management Accounts and Financial Statements for 2016-17.

	Agenda Items	Author	Led by	Paper
1	Welcome and apologies		Chair	
2	Additions to the Agenda		Chair	
3	Declarations of a Conflict of Interest in any Agenda Item			
4	Minutes of the Meeting of the Finance and General Purposes Committee held on 27 September 2017		Chair	Paper 1
5	Actions arising from previous minutes			
6	Accounts			
*6.1	Perth College Management Accounts – 3 months to 31 October 2017	Head of Finance	Head of Finance	Paper 2
*6.2	AST Management Accounts – 3 months to 31 October 2017	AST Board Secretary	Chief Operating Officer	Paper 3 Closed
7	Human Resources			
*7.1	Human Resources Update		Head of HR and OD	Paper 4
8	Committee Business			
8.1	Forward Calendar for F&GP Committee	Secretary	Secretary	Paper 5

9	Standing Committees			
9.1	Joint Negotiating Committee <ul style="list-style-type: none"> • Support Staff – 26 October 2017 • Lecturers – 26 October 2017 			Paper 6 Paper 7
10	Date and Time of next meeting Wednesday 7 March 2018			
11	Review of Meeting (to include check against Terms of Reference to ensure all competent business has been covered)			Paper 8
	Joint Meeting – The Committee will be joined by the Audit Committee at 5.30pm to review the Accounts and Financial Statements for 2016-17			
12	Joint welcome and apologies		Chair of F&GP and Audit	
13	Perth College Management Accounts Year to 31 July 2017 – Final Report and Commentary	Head of Finance	Head of Finance	Paper 9 Closed
14	Draft Perth College Group Report and Financial Statements for the Year ended 31 July 2017	Head of Finance	Head of Finance	Paper 10 Closed
15	External Audit Annual Report 2016-17		Ernst & Young	Paper 11
	The F&GP Committee will conclude its business and leave the meeting at this point			

Finance and General Purposes Committee

Draft Minutes

Meeting reference: FGP2017-18/01
Date and time: Wednesday 27 September 2017 at 5.30pm
Location: Room 019

Members present: Margaret Cook, Jim Crooks, John McDonald (by video conference), Grant Myles

In attendance: Jackie Mackenzie (Vice Principal, Finance and Estates - VP F&E)
 Ian Martin, Head of Finance

Apologies: David Littlejohn, Harold Gillespie

Chair: Grant Myles
Minute Taker: Maureen Masson
Quorum: 3

Summary of Action Items			
Ref	Action	Responsibility	Time Line
	From 8 March meeting		
*8.1 and 10.1	An email to the Committee on the issues identified in CPD reporting and clarification of the heading 'depression' in sickness absence statistics and how that related to 'stress' would be made	Head of HR	Mid November 2017
6	Accounts		
*6.1	A clear explanation for the £7.4M surplus would be given in the final accounts.	Head of Finance/VP F&E	Timeline for final accounts
	The credits and associated funding from Lowlands and Uplands Scotland (LUPS) should be identified in the management accounts to ensure the College continues to have sight of it.	Head of Finance/VP F&E	Timeline for final accounts
*6.2	Draft AST Management Accounts – 12 months to 31 July 2017 Closed	VP F&E	By next AST meeting
*7.1	Budgets Closed		

8	Estates Update Keep under review any opportunities for sharing services/expertise among the partner group.	VP F&E	Ongoing
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Minutes:

Item	Action
<p>1. Welcome and Apologies</p> <p>In the absence of the Chair and Vice Chair, the Committee agreed that Grant Myles would chair the meeting.</p> <p>Apologies were noted.</p>	
<p>2. Additions</p> <p>There were no additions to the agenda.</p>	
<p>3. Declaration of Interest in any Agenda Item</p> <p>There were no declarations of a conflict of interest.</p>	
<p>4. Minutes of Meeting held on Wednesday 8 March 2017</p> <p>The minutes were approved as a correct record subject to a note being added which recorded Jim Crooks as leaving at item 8.</p>	
<p>5. Matters Arising from Previous Minutes</p> <p>*8.1 and 10.1 Human Resources Update</p> <p>The report on CPD report had not yet been brought back to F&GP. In addition, further analysis was needed to ascertain any correlation between the 'stress' and 'depression' headings in the HR figures.</p> <p>An email response following up these two matters would be circulated to members before the next Committee meeting.</p> <p>*6.3 3 year gap analysis 2017-20</p> <p>On the agenda.</p>	Principal
<p>6. Accounts</p>	

***6.1 Draft Perth College Management Accounts – 12 months to 31 July 2017**

The Head of Finance introduced the paper noting that this would form the basis of the statutory accounts for the Perth College Group. The Committee noted the management accounts and balance sheet and the key movements in each. The following points were noted:

- overall the College was in a break even position at year-end;
- some release of funding for estate maintenance had been identified to spend against a prioritised plan;
- some movement was expected in the net asset position reported in the balance sheet and this result in a further change in the final reported position;
- the reasons for a reported surplus of £7.4M in the statutory accounts in line with FRS102 release of non government grant income for ASW from the Arms' Length Foundation, a non- cash pension charge and an actuarial adjustment for the pension fund. The Committee noted that the final accounts would include an explanation of the reported final position.
- the credits and associated funding from Lowlands and Uplands Scotland (LUPs) should be identified in the accounts to ensure the College continues to have sight of it.
- confirmation of the understanding across the UHI partnership of European funding together with an ongoing assessment of the impact of the potential loss of funding streams post Brexit.

Head of
Finance/
VP F&E

Head of
Finance/
VP F&E

***6.2 Draft AST Management Accounts – 12 months to 31 July 2017**

Closed

7 Budgets

***7.1 2017-22 Budget proposals including Financial Forecast Return**

Closed

8 Estates Update

The Vice Principal Estates and Finance provided an update on estate matters. A programme of works had been completed over the summer including the installation of a new lift in the Brahan Building. A programme of works for 2017-18 Academic Year was being drawn up with the focus on planned maintenance activity. The programme would come forward to the next F&CP meeting.

Post project evaluation of the Academy of Sport and Wellbeing was

planned for the near future now that the final account had been agreed. The objective for ASW was a break even position and clear targets had been set to help working toward those. In terms of the ASW accounts a number of savings had been achieved – one example was the cost of marquee hire that was no longer needed.

The Chair was keen to keep under review any opportunities for sharing services/expertise among the partner group. VP F&E

9. Human Resources

***9.1 National Bargaining**

The Principal provided a verbal update. There had been no further national bargaining meetings since the last F&GP meeting, however, further discussions would start week commencing 2 October. The Scottish Government had undertaken a 'lessons learned' exercise in consultation with trades unions, employers association, civil servants and ministers.

UHI partner colleges had expressed concerns about the cost of pay element of implementation, the impact of national job evaluation, and the timescale for completion. Collective partnership representation was possible going forward in discussions with the Employers association given the unique and diverse nature of UHI business.

10. Standing Committees

10.1 Joint Negotiating Committee 15 June 2017

- Support Staff
- Lecturers

Minutes - noted

11 Date and Time of Next Meeting

A joint meeting with the Audit Committee would be held on 29 November 2017

12 Review of Meeting

The meeting covered its remit

Information recorded in College minutes is subject to release under the Freedom of Information (Scotland) Act 2002 (FOI(S)A). Certain exemptions apply: financial information

relating to procurement items still under tender, legal advice from College lawyers, items related to national security.

Notes taken to help record minutes are also subject to Freedom of Information requests, and should be destroyed as soon as minutes are approved.

Status of Minutes – Open Closed

An **open** item is one over which there would be no issues for the College in releasing the information to the public in response to a freedom of information request.

A **closed** item is one that contains information that could be withheld from release to the public because an exemption under the Freedom of Information (Scotland) Act 2002 applies.

The College may also be asked for information contained in minutes about living individuals, under the terms of the Data Protection Act 1998. It is important that fact, rather than opinion, is recorded.

Do the minutes contain items which may be contentious under the terms of the Data Protection Act 1998? **Yes No**

Paper for Consideration

Subject: Perth College Management Accounts – 3 months to 31 October 2017

Author: Ian Martin

Date of paper: 22 November 2017

Date of meeting: 29 November 2017

Action requested of committee:

(Tick as appropriate) For information only:
For discussion:
For recommendation/approval:

Cost implications:

(Tick as appropriate) Yes: No:

Executive Summary:

Perth College Management Accounts - 3 months to 31 October 2017 for discussion.

Information recorded in College minutes and papers is subject to release under the Freedom of Information (Scotland) Act 2002 (FOI(S)A). Certain exemptions apply: financial information relating to procurement items still under tender, legal advice from College lawyers, items related to national security.

Status of Papers **Open** **Closed**

An **open** item is one over which there would be no issues for the College in releasing the information to the public in response to a freedom of information request.

A **closed** item is one that contains information that could be withheld from release to the public because an exemption under the Freedom of Information (Scotland) Act 2002 applies.

The College may also be asked for information contained in minutes and papers about living individuals, under the terms of the Data Protection Act 1988.

Do the papers contain items which may be contentious under the terms of the Data Protection Act 1988? **Yes** **No**

PERTH COLLEGE

FINANCIAL ACCOUNTS FOR 3 MONTHS TO 31st October 2017

COMMENTARY

Introduction

This is the first set of accounts released for the current financial year 2017/18 and covers the 3 months to 31st October 2017.

INCOME

FE/HE Recurrent Grants

- These accounts reflect 3/12ths of the grant figures for both FE and HE that are expected to be met.
- Adjustments have been made to accurately reflect both income and expenditure in relation to Shared Services.
- MicroRAM monies included in these accounts are based on the budgeted figure of £350K payable.
- £107K of Estates Grants has been released to Income and Expenditure for the period to cover related expenditure.

Tuition Fees

- Fees have been calculated assuming the total amount budgeted for will be achieved.

Catering and Residences

Income and expenditure for these activities are pooled together on the face of the Income and Expenditure Accounts (in line with the format laid down by SFC). There is however a detailed breakdown of the Students Residences and Catering financials as a separate sheet within the pack (Page 6).

Other Income Generating Activities

Excluding Commercial Language School figures, total commercial income for the 3 months is shown as £316K. This is £67K below the pro rata income budget for the 3 month reporting period. Contribution for the 3 months is at £65K, £70K below the pro rata budgeted contribution.

International student fee income is included within the curriculum commercial activity figures. 3/12ths of this income has been taken into these accounts to allow it to be matched against expenditure to date. This can be viewed in more detail on page(5a.) included within these accounts. Projected international fee income for the full 12 months is £508K against a budget of £766K.

Language School commercial income at the 3 month stage of £26K compares to a 3 month budget of £27K, and a 12 month budget of £108K. 3/12ths of the full time fee income has been taken into these accounts in order to flex it over the full year. Actual expenditure of £26K is reporting above the 3 month budget. All teaching delivery costs have been charged through the funded cost centre (ALS01) and no transfer of such teaching costs has been made from the funded costs centre to the commercial cost centre (FLS01).

In addition, it should be noted that there may be certain expenditure incurred in relation to commercial activity that is not charged through the commercial cost centres. This is due to difficulties in being able to accurately split staff time and shared materials between academic and commercial use.

Research Centres

Centre for Mountain Studies income at the 3 months stage is running below budget, reporting at £29K compared to budgeted figure of £76k, with actual expenditure of £73K against budgeted figure of £74K.

Expenditure

Staff Costs

Overall staff costs of £3,754K are reporting below budget for the 3 months to October 2017. This is not unusual for the first quarter where we have a reduced number of timesheets/expenses being processed through the first month and a half.

Non Staffing Costs

Showing a total overspend of £177K against budget for the 3 months predominantly due to the following:

- Teaching Departments costs include £45K for front loaded spend e.g Student Kits and £22K unbudgeted RAG expenditure.
- Teaching Support costs include front loaded spend on Computer Equipment.
- Administration & Central Services costs include £46K unbudgeted organisational costs and £40K front loaded spend, lying predominantly with HR.

An additional two pages have been added to the Management Accounts pack, commentary for these are as follows:

International Activity

This page has been included to allow us to monitor the full costs of the International Activity and will continue to be developed as required to meet the needs of its users.

ASW

The overall income is down on budget, this is as expected, for the beginning of the year. The Building and Water Rates will be added in next month's report, the figures will be calculated on a sq.m basis.

College Surplus/Deficit

The College has recorded a £284K deficit at the 3 month stage which compares to a £90K budgeted deficit.

AST

Figures reported for AST at £16K are based on completed Management Accounts for 3 months to October 2017-18

Final Comments

The actual Group Operating Position at 31st October 2017 is an overall deficit of £268K against a budgeted deficit of £90K.

The College continues to operate within a difficult financial climate, and all areas must ensure that they remain within expenditure budget limits whilst making every effort to maximise income.

Ian Martin
Head of Finance

Lynne Stewart
Management Accountant

21st November 2017

AUGUST 2016 - OCTOBER 2017				
Management Accounts				
Actual 3 MONTHS to 31-10-2016	PERTH COLLEGE GROUP			
	FINANCIAL STATEMENT			
	3 MONTHS to 31st October 2017			
	Actual 3 MONTHS to 31-10-2017 £000's	Budget 3 MONTHS to 31-10-2017 £000's	Budget 12 MONTHS to 31-07-2017 £000's	
	INCOME			
3,338	Funding Council Grants excluding Research based	3,368	3,435	13,740
920	Tuition Fees & Education Contracts	909	909	3,635
204	Catering & Residences	297	226	902
0	European Income	0	0	0
37	UHI Non Recurrent Income	41	41	165
437	Other Income Generating Activities	342	410	1,640
37	Research Centre Activity Income & Grant Funding	29	77	306
48	Release of Deferred Capital Grant	49	49	197
248	Other Income	273	284	1,137
5,268	INCOME SUB TOTAL	5,308	5,431	21,723
420	Bursary/ Hardship Grant (Excluding Childcare)	394	632	2,526
5,688	TOTAL INCOME	5,702	6,062	24,249
	EXPENDITURE			
	Staff Costs			
2,357	Teaching Departments	2,451	2,576	10,302
346	Teaching Support Services	355	371	1,484
467	Administration & Central Services	449	426	1,705
0	Restructuring costs	0	0	0
186	Premises	278	283	1,133
130	Other Income Generating Activities	154	143	573
50	Research Centres	66	62	246
3,537	TOTAL STAFF COSTS	3,754	3,861	15,443
	Non Staff Costs			
270	Teaching Departments	237	160	641
150	Teaching Support Services	166	120	478
383	Administration & Central Services	422	339	1,357
401	Premises	338	356	1,423
184	Catering & Residences	272	209	837
150	Other Income Generating Activities	123	113	450
2	Research Centres	7	13	51
30	Other Expenses - Childcare	28	106	425
0	Student Support Funds Overspend (incl. Childcare)	0	0	0
11	Interest Payable	6	6	23
236	Depreciation	238	238	953
1,817	NON STAFF COSTS SUB TOTAL	1,837	1,660	6,638
0	LESS: Reduction in Early Retirement Pension Provision	0	0	0
1,817	TOTAL NON STAFF COSTS	1,837	1,660	6,638
5,354	EXPENDITURE SUB TOTAL	5,591	5,520	22,081
420	Bursary/ Hardship Payments (Excluding Childcare)	394	632	2,526
5,774	TOTAL EXPENDITURE	5,986	6,152	24,607
(86)	COLLEGE SURPLUS/(DEFICIT)	(284)	(90)	(358)
28	PROFIT/(LOSS)CONTRIBUTION FROM A.S.T.	16		0
(58)	TOTAL GROUP SURPLUS/DEFICIT(-)	(268)	(90)	(358)
70	REVALUATION DEPRECIATION ADD BACK	0	0	0
12	Group Historical Cost Surplus/(Deficit) for the Period	(268)	(90)	(358)
0	Less: Transfers to ALF	0	0	0
12	Amount to be transferred to retained earnings	(268)	(90)	(358)
	Amount transferred to ALF to date	7,916		
	Amount received from ALF to date	(7,850)		
	Balance retained within ALF	66		

PERTH COLLEGE			
BALANCE SHEET			
as at 31st October 2017			
	AS AT 31/10/2017	AS AT 31/07/2017	AS AT 31/10/2016
	£000	£000	£000
FIXED ASSETS			
TANGIBLE ASSETS	33,184	33,421	34,187
INVESTMENTS	20	20	20
	33,204	33,441	34,207
CURRENT ASSETS			
STOCKS	24	14	19
DEBTORS	4,005	589	1,060
CASH AT BANK AND IN HAND	252	852	474
AMOUNTS DUE FROM SUBSIDIARY COMPANY	20	20	369
	4,301	1,475	1,922
CREDITORS:AMOUNTS DUE WITHIN ONE YEAR			
BANK TERM LOAN	400	400	400
TRADE CREDITORS	159	342	371
OTHER TAXATION AND SOCIAL SECURITY	284	313	280
OTHER CREDITORS	155	161	262
ACCRUALS AND DEFERRED INCOME	5,176	1,876	3,646
DEFERRED INCOME - CAPITAL GRANT	198	198	6,699
UNSPENT STUDENT SUPPORT FUNDS	200	262	0
AMOUNTS DUE TO SUBSIDIARY COMPANY	0	0	0
	6,572	3,552	11,658
NET CURRENT ASSETS/(LIABILITIES)	(2,271)	(2,077)	(9,736)
TOTAL ASSETS LESS CURRENT LIABILITIES	30,933	31,364	24,471
CREDITORS:AMOUNTS DUE AFTER MORE THAN ONE YEAR			
PROVISION FOR LIABILITIES AND CHARGES / DEFERRED GRANT LOANS	5,413 200	5,462 300	5,660 600
NET ASSETS Excluding Pension Liability	25,320	25,602	18,211
Pension Liability	8,979	8,979	9,069
NET ASSETS Including Pension Liability	16,341	16,623	9,142
REPRESENTED BY:			
DEFERRED CAPITAL GRANTS	0	0	0
REVALUATION RESERVES	14,235	14,305	14,514
DESIGNATED RESERVES	0	0	0
INCOME & EXPENDITURE ACCOUNT	11,085	11,297	3,697
PENSION RESERVE	(8,979)	(8,979)	(9,069)
TOTAL RESERVES	16,341	16,623	9,142
TOTAL	16,341	16,623	9,142

PERTH COLLEGE						
GRANTS				3		
2015- 16	ACTUAL V BUDGET		2016- 2017	2016- 2017	2016- 2017	
3 MONTHS	to 31-10-2017		3 MONTHS	3 MONTHS	12 MONTH	
ACTUAL	CODE		ACTUAL	BUDGET	BUDGET	
					ACTUAL V BUDGET VARIANCE +/-	
1,577,216	FE MAIN RECURRENT GRANT		£1,702,851	£1,702,851	£6,811,402	0
	FE LUPS	123	£73,275	£73,275	£293,100	0
1,583,047	HE MAIN RECURRENT GRANT	108	£1,525,832	£1,525,832	£6,103,329	0
-87,500	MICRORAM		-£87,500	-£87,500	-£350,000	0
30,298	CHILDCARE	524	£28,378	£106,250	£425,000	(77,872)
5,000	ADDITIONAL ESOL GRANT FUNDING	148	£18,200	£5,000	£20,000	13,200
2,000	EMA ADMIN SUPPORT & OTHER SUNDRY GRANTS	121	£3,653	£2,000	£8,000	1,653
51,242	ESTATES GRANT RELEASE - F.E.	380	£59,350	£59,350	£237,399	0
50,000	ESTATES GRANT RELEASE - H.E.	379	£48,038	£48,038	£192,150	1
0	ESTATE GRANT RELEASE - ADDITIONAL MAINTENANCE - F.E.	381	£0	£0	£0	0
0	ESTATE GRANT RELEASE - ADDITIONAL MAINTENANCE - H.E.	382	£0	£0	£0	0
3,341,803			£3,372,077	£3,435,095	£13,740,380	(63,019)
4,236	LESS:UHI FUNDING SHOWN UNDER RESEARCH		£4,236	£0	£0	4,236
3,337,568	PER ACCOUNTS		£3,367,842	£3,435,095	£13,740,380	(67,254)
	UHI NON RECURRENT					
35,196	PL & Module Unit Payments (Excluding Research Centres)	U26 & U41	£40,127	£35,250	£141,000	4,877
1,400	EXAM BOARD	U11	£1,250	£1,500	£6,000	(250)
0	OTHER	U03/U23/U25 U04	£0	£0	£0	0
36,596			£41,377	£36,750	£147,000	4,627
3,374,164			£3,409,219	£3,471,845	£13,887,380	(62,627)

PERTH COLLEGE				
ESTATES /CAPITAL GRANT RELEASE - 2016-17				
MAKE UP OF FIGURES				
	CODE	2016-17 ORIGINAL BUDGET	EXPENDITURE October 2017 ACCOUNTS	COVERED BY GRANT RELEASE
Planned Building Maintenance etc	B 201001 EPC15	£349,154	£30,083	£30,083
FURNITURE BIDS	B 201001 EPC15 617	£0	£6,350	£6,350
Environmental Sustainability	B 201001 EPC15 619	£0	£326	£326
Brahan Refectory Furniture	B 201001 EPC15 620	£0	£0	£0
Summer Refurbishments	B 201001 EPC15 626	£0	£0	£0
Asbestos Removal	B 201001 EPC15 625	£0	£0	£0
Maintenance of Academic Equipment	B 201001 EPC15 635	£0	£2,017	£2,017
Fixed Wire Testing & Electrical Dist.	B 201001 EPC15 638	£0	£1,980	£1,980
Consultancy & Feasibility Studies	B 201001 EPC15 654	£0	£1,350	£1,350
Condition Survey Programme	B 201001 EPC15 655	£0	£0	£0
Fire Upgrade Works	B 201001 EPC15 656	£0	£8,629	£8,629
Security Improvements	B 201001 EPC15 657	£0	£0	£0
DDA Works	B 201001 EPC15 658	£0	£0	£0
Backlog Maintenance	B 201001 EPC15 690	£0	£0	£0
Legionella Works	B 201001 EPC15 691	£0	£5,032	£5,032
Goodlyburn Classrooms Project - Phase 1	B 201001 EPC15 591	£0	£0	£0
Footpath Brahan Car Park roadside	B 201001 EPC15 600	£0	£0	£0
Academy of Sport and Wellbeing Less Capitalised Spend	B201001 EPC18 831	£0	£109 £0	£109 £0
Multi Purpose Outdoor Sports Area	B 201001 EPC18 832	£0	£0	£0
Summer Refurbishment	B 201001 EPC15 870	£0	£0	£0
Goodlyburn Roof	B 201001 EPC15 864	£0	£0	£0
Lift Replacment	B 201001 EPC15 581	£0	£900	£900
Demolition former Residences	B 201001 EPC15 414	£0	£0	£0
Footpath Gradient Brahan to Webster	B 201001 EPC15 592	£0	£0	£0
MOT Testing Bay	B 201001 EPC15 593	£0	£0	£0
Brahan Beauty Salon Modernisation	B 201001 EPC15 608	£0	£1,512	£1,512
Brahan Hair Salon Modernisation	B 201001 EPC15 612	£0	£0	£0
<i>Sub Total</i>		£349,154	£58,288	£58,288
ACADEMIC EQUIPMENT Curriculum RAG	B 702005 Various	£32,714	£58,055	£0
SOFTWARE	B 302051 BMI01	£2,942	£16,426	£0
<i>Sub Total</i>		£35,656	£74,481	£0
Total		£420,466	£132,769	£58,288
ALLOCATION TO PLANNED MAINTENANCE	B 201002 EPC15/01	£50,167	£111,622	£49,100
ALLOCATION TO UNPLANNED MAINTENANCE	B 201003 EPC15/01	£35,118	£96,683	£0
REVENUE EXPENDITURE FUNDED OUT OF ESTATES GRANT		£505,751	£341,074	£107,388
		£505,751	£341,074	£107,388

PERTH COLLEGE				
TUITION FEE SUMMARY			3	
ACTUAL 3 MONTHS to 31-10-2016	3 MONTHS to 31st October 2017	ACTUAL 3 MONTHS to 31-10-2017	BUDGET 3 MONTHS to 31-10-2017	BUDGET 12 MONTHS to 31-07-2017
1,615	H.E.FULL TIME	2,759,759	709,404	2,837,616
5,867	H.E.PART TIME	2,022	38,640	154,560
27,114	F.E.PART TIME	53,866	11,500	46,000
83,671	EVENING NON VOCATIONAL	63,647	47,250	189,000
0	CENTRAL ADMIN	0	0	0
3,195	OPEN/DISTANCE LEARNING	7,922	11,250	45,000
0	OPEN ACCESS	0	0	0
0	SKILLSEEKERS (Managing Agents)	0	35,000	140,000
46,085	TRAINING AGENCY - Mod Appr	35,450	55,000	220,000
0	SDS/Foundation Apprenticeships	5,563	0	0
7,214	Employability (Ready to Work)	1,700	750	3,000
745,638	MONTH END ACCRUAL (PREPAYMENT)	-2,021,134	0	0
920,399		908,794	908,794	3,635,176
BREAKDOWN OF F.E.P.T.				
7,116	ASC01 - 11 - 802202	9,112	3,250	13,000
0	ATC01 - 09 - 802202	0	0	0
75	ALT01/2	0	0	0
18,279	HIGHERS - 802215	43,890	6,875	27,500
0	EVENING VOCATIONAL - 802401	0	0	0
1,644	Academic Other Fees - 555/556/673 ETC.	864	1,375	5,500
0	ABD01 - ABD07	0	0	0
0	ATC01 - 07	0	0	0
27,114		53,866	11,500	46,000

PERTH COLLEGE					
INTERNATIONAL FEE SUMMARY				3	
ACTUAL 3 MONTHS to 31-10-2016	3 MONTHS to 31st October 2017		ACTUAL 3 MONTHS to 31-10-2017	BUDGET 3 MONTHS to 31-10-2017	BUDGET 12 MONTHS to 31-07-2017
UNDERGRADUATE					
1,305	Social Sciences	FSC04	1,627	0	13,020
1,646	Hospitality	FSC06	1,250	6,260	25,040
5,025	Business and Accounting	FSC07	0	0	0
4,112	Computing	FSC08	1,627	3,255	13,020
0	Sport and Fitness	FSC09	0	0	0
1,627	Music and Music Business	FTC02	2,625	2,625	10,500
13,923	- Zhoukou	FTC02 867	13,750	16,488	65,952
625	Art and Creative Technologies	FTC03	625	2,025	8,100
2,456	Sound and Audio Engineering	FTC04	2,460	2,460	9,840
49,149	Aeronautical and Aircraft Engineering	FTC09	14,161	30,021	120,085
0	- Zhenghou	FTC09 880	-12	0	0
0	- Chenjdu	FTC09 873	0	0	0
0	Electrical and Mechanical Systems	FTC10	0	20,213	80,850
69,970	- Hunan	FTC00 842	52,764	73,861	295,442
19,015	- HUUC	FTC00 868	34,660	26,101	104,402
168,854	Total Undergraduate		125,537	183,308	746,251
POST GRADUATE					
3,435	Management	FSC05	1,499	4,860	19,440
3,435	Total Post Graduate		1,499	4,860	19,440
TOTAL			127,036	188,168	765,691

3 MONTHS ACTUAL to 31-10-2016	PERTH COLLEGE	3 MONTHS ACTUAL to 31-10-2017	3 MONTHS BUDGET to 31-10-2017	12 MONTHS BUDGET to 31-07-2016
	STUDENT RESIDENCES			
	INCOME			
£74,256	RENTAL INCOME	£73,750	£73,750	£295,000
£25,456	SUMMER LETS	£22,683	£15,000	£60,000
	SUNDRY INCOME	£669	£875	£3,500
£99,711	TOTAL INCOME	£97,101	£89,625	£358,500
	EXPENDITURE			
£0	PLANNED MAINTENANCE	£0	£0	£0
£4,615	UNPLANNED MAINTENANCE	£5,347	£5,000	£20,000
£3,602	ELECTRICITY, WATER & GAS	£4,644	£4,418	£17,671
£0	WARDENS MATERIALS	£0	£0	£0
£1,689	EQUIPMENT/MATERIALS/HOSPITALITY	£1,213	£1,375	£5,500
£4	BANK CHARGES	£5	£0	£0
£0	Contract Cleaning of Halls	£0	£2,750	£11,000
£27,454	SUB CONTRACTED SERVICES - SYHA	£31,000	£31,000	£124,000
£22,910	AGENTS COMMISSION	£10,664	£9,750	£39,000
£60,274	TOTAL EXPENDITURE	£52,873	£54,293	£217,171
£39,437	SURPLUS / (DEFICIT) before Depreciation and Interest	£44,228	£35,332	£141,329
£21,542	DEPRECIATION	£21,542	£21,542	£86,166
£0	LOAN INTEREST	£0	£0	£0
£17,895	SURPLUS / (DEFICIT) after Depreciation and Interest	£22,686	£13,791	£55,163
Done				
3 MONTHS ACTUAL to 31-10-2016	CATERING	3 MONTHS ACTUAL to 31-10-2017	3 MONTHS BUDGET to 31-10-2017	12 MONTHS BUDGET to 31-07-2016
	INCOME			
£33,082	BRAHAN	£50,085	£42,000	£168,000
£37,891	GOODLYBURN	£82,945	£44,500	£178,000
£33,250	SHOP	£66,399	£49,250	£197,000
£104,223	TOTAL INCOME	£199,429	£135,750	£543,000
	EXPENDITURE			
£25,776	BRAHAN	£39,183	£78,750	£315,000
£44,733	GOODLYBURN	£102,560	£42,250	£169,000
£52,963	SHOP	£76,936	£34,000	£136,000
£123,472	TOTAL EXPENDITURE	£218,679	£155,000	£620,000
-£19,249	OPERATING SURPLUS / (DEFICIT)	-£19,250	-£19,250	-£77,000
Done				

PERTH COLLEGE												
OTHER INCOME GENERATING ACTIVITIES												
SUMMARY BY FACULTY/UNIT					3							
YEAR TO 31st July 2017		INCOME	EXPENDITURE	CONTRIBUTION	INCOME	EXPENDITURE	CONTRIBUTION	INCOME	EXPENDITURE	CONTRIBUTION	CONTRIBUTION	
To 31st October 2017		BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	ACTUAL	ACTUAL	ACTUAL	ACTUAL	
	FACULTY	YEAR TO	YEAR TO	YEAR TO	3 MONTHS	3 MONTHS	3 MONTHS	3 MONTHS	3 MONTHS	3 MONTHS	3 MONTHS	
		31-07-2017	31-07-2017	31-07-2017	31-07-2017	31-07-2017	31-07-2017	31-07-2017	31-07-2017	31-07-2017	30-07-2016	
	BMCL	109,500	46,100	63,400	27,375	11,525	15,850	8,974	7,687	1,287	10,340	
	STEM	778,279	121,331	656,948	194,570	30,333	164,237	153,191	56,936	96,255	150,616	
	CI	99,892	1,500	98,392	24,973	375	24,598	19,130	1,439	17,691	60,614	
	HESS	115,520	20,200	95,320	28,880	5,050	23,830	25,959	2,051	23,908	16,996	
	NURSERY	300,000	383,753	(83,753)	75,000	95,938	(20,938)	77,253	89,302	(12,049)	(18,300)	
	INTERNATIONAL RECRUITMENT - FEES	FIC 01	9,000	298,843	(289,843)	2,250	74,711	(72,461)	2,449	64,768	(62,319)	(68,803)
	INTERNATIONAL RECRUITMENT - ACCOM.	FIC01.L01/5	120,000	120,000	0	30,000	30,000	0	29,202	29,202	0	0
	Sub Total		1,532,191 0	991,727 0	540,464	383,048	247,932	135,116	316,158 0	251,385	64,773 0	151,464
	LANGUAGE SCHOOL - Commercial Income		108,180	31,000	77,180	27,045	7,750	19,295	25,937	26,118	(181)	4,951
	Grand Total		1,640,371	1,022,727	617,644	410,093	255,682	154,411	342,095	277,503	64,592	156,415
Note 1 - In the current year all teaching delivery costs have been charged through the funded cost centre (ALS01). No transfer of teaching costs has been made from the funded cost centre (ALS01) to the commercial cost centre (FLS01).												0
In addition to Note 1 above there may be other expenditure incurred in relation to commercial activity that is not charged through the commercial cost centres due to the difficulty in accurately splitting these costs out.												
	Comparatives to 31st October 2016							436,639	280,224	156,415		

PERTH COLLEGE										
INCOME & EXPENDITURE SUMMARY SHEET										
RESEARCH CENTRES										
To 31st October 2017										
	INCOME BUDGET YEAR TO 31-07-2017	EXPENDITURE BUDGET YEAR TO 31-07-2017	CONTRIBUTION BUDGET YEAR TO 31-07-2017	INCOME BUDGET 3 MONTHS 31-10-2017	EXPENDITURE BUDGET 3 MONTHS 31-10-2017	CONTRIBUTION BUDGET 3 MONTHS 31-10-2017	INCOME ACTUAL 3 MONTHS 31-10-2017	EXPENDITURE ACTUAL 3 MONTHS 31-10-2017	CONTRIBUTION ACTUAL 3 MONTHS 31-10-2017	CONTRIBUTION ACTUAL 3 MONTHS 30-10-2016
CENTRE FOR MOUNTAIN STUDIES	305,960	296,859	9,101	76,490	74,215	2,275	28,842	73,382	(44,540)	(15,616)
CENTRE FOR ALZHEIMERS RESEARCH	0	0	0	0	0	0	67	0	67	0
TOTAL RESEARCH	305,960	296,859	9,101	76,490	74,215	2,275	28,909	73,382	(44,473)	(15,616)
SURPLUS / (DEFICIT) AT 31st July 2016							37,205	52,821	(15,616)	

PERTH COLLEGE				
BREAKDOWN OF 'OTHER INCOME'				
3 MONTHS to 31st October 2017				
3 MONTHS to 31-10-2016 ACTUAL		3 MONTHS to 31-10-2017 ACTUAL	3 MONTHS to 31-10-2017 BUDGET	12 MONTHS TO 31-07-2017 BUDGET
364	HIRE OF ACCOMMODATION	£372	£350	£1,400
701	LIBRARY	£512	£1,000	£4,000
3,750	SCHOOLS DIRECT	£15,250	£15,250	£61,000
0	LEARNING TECHNOLOGY CENTRE	£3,366	£750	£3,000
4,890	CENTRAL ADMIN/FINANCE/MIS	£3,596	£1,775	£7,100
877	ACADEMIC CENTRAL ADMIN	£166	£500	£2,000
1,289	EXAM FEES	£37	£750	£3,000
19,265	SECONDMENT SALARY RECHARGES	£19,802	£17,243	£68,971
6,250	RECHARGES TO UHI	£7,000	£7,000	£28,000
210	COMMUNITY DEVELOPMENT/SVS PROJECTS	£5,751	£5,747	£22,987
4,000	NEW OPPORTUNITIES	£15,950	£1,250	£5,000
14,046	ADULT LITERACY PROJECT - 470	£0	£9,250	£37,000
682	SUNDRY INCOME & PROJECTS / STUDENTS UNION	£1,447	£125	£500
32,600	SALES OF BEAUTY THERAPY KITS	£29,080	£8,500	£34,000
36,042	CURRICULUM DEVELOPMENT FUND L & T PROJECTS -	£18,844	£750	£3,000
0	H.I.T.SCOTLAND BURSARY AWARDS	£0	£150	£600
5,617	PROPERTY	£7,856	£8,300	£33,200
0	APUC Fees from Partners	£0	£0	£0
1,803	PROPERTY CAR PARKING	£1,933	£12,000	£48,000
350	MARKETING/MARKET RESEARCH	£0	£0	£0
15,000	PRIZEGIVING / GRADUATION	£8,750	£2,500	£10,000
1,293	INTEREST RECEIVED	£498	£750	£3,000
4,016	ABD07 / WEE Centre Project	£975	£3,978	£15,911
400	H.R.& STAFF DEVELOPMENT	£0	£1,250	£5,000
7,088	STUDENT SERVICES	£2,000	£250	£1,000
2,356	STUDENT SUPPORT - ELS	£3,653	£6,250	£25,000
5,972	LEARNING CENTRES	-£348	£1,275	£5,100
4,574	CURRICULUM OTHER INCOME	£1,947	£7,000	£28,000
30,499	Essential Student Equipment - Bursary Funded	£28,235	£9,250	£37,000
0	FUTURE SKILLS FOR CREATIVE INDUSTRIES	£0	£500	£2,000
25,000	MANAGEMENT CHARGE TO AST	£25,000	£25,000	£100,000
173	NQ Sports	£300	£250	£1,000
8,833	TCI - Other Income	£2,300	£0	£0
330	ASW - Income	£41,494	£95,750	£383,000
0	Climbing Centre - Income	£22,072	£33,125	£132,500
512	Conference & Hospitality Services	£387	£250	£1,000
0	Materials Development	£379	£2,125	£8,500
0	DONATION FROM AST	£0	£0	£0
7,750	Sale/Purchase of Books	£1,083	£3,750	£15,000
0	Development Trust	£0	£0	£0
1,241	CREATIVE IND BURSARY FUND	£3,282	£1,500	£6,000
247,774		£272,970	£285,442	£1,141,769

PERTH COLLEGE		3		
3 MONTHS ACTUAL to 31-10-2016	ANALYSIS OF PROPERTY COSTS	3 MONTHS ACTUAL to 31-10-2017	3 MONTHS BUDGET to 31-10-2017	12 MONTHS BUDGET 31-07-2016
£101,242	PLANNED BUILDING PROJECTS	£55,876	£82,637	£330,549
£0	FURNITURE REPLACEMENT	£0	£0	£0
£52,339	PLANNED MAINTENANCE	£50,167	£17,500	£70,000
£0	ADDITIONAL PLANNED MAINTENANCE	£2,412	£0	£0
£54,379	UNPLANNED MAINTENANCE EPC15	£33,484	£30,000	£120,000
£0	UNPLANNED MAINTENANCE - Acad Equip	£233	£1,250	£5,000
£0	UNPLANNED MAINTENANCE - ASW	£1,854	£2,500	£10,000
-£3,831	CAR PARK REPAIRS AND MAINTENANCE	£9	£7,000	£28,000
2,506	CATERING COSTS	£2,015	£3,000	£12,000
£5,485	GROUND UPKEEP	£3,663	£6,250	£25,000
£60,622	ELECTRICITY	£51,757	£61,632	£246,527
£0	ELECTRICITY EPC20	£12,708	£12,500	£50,000
£8,469	GAS EPC17	£12,970	£16,221	£64,883
£0	GAS EPC20	£1,606	£5,000	£20,000
£21,394	RATES EPC17	£22,044	£22,318	£89,270
£0	RATES EPC20	£0	£3,500	£14,000
£0	RATES - REBATE	£0	£0	£0
£6,617	WATER METERED RATES EPC17	£6,745	£6,744	£26,975
£0	WATER METERED RATES EPC20	£0	£1,250	£5,000
£10,800	CONTRACT CLEANING EPC20	£0	£0	£0
£3,481	CLEANING EQUIPMENT EPC16	£3,979	£3,500	£14,000
£513	CLEANING EQUIPMENT EPC20	£778	£250	£1,000
£4,566	JANITORIAL SUPPLIES EPC16	£5,602	£7,500	£30,000
£356	JANITORIAL SUPPLIES EPC20	£0	£500	£2,000
£3,456	PROPERTY SECURITY EPC15	£3,069	£3,125	£12,500
£17,485	HIRE OF SKIPS EPC15	£15,233	£13,750	£55,000
£0	HIRE OF SKIPS EPC20	£2,506	£500	£2,000
£15,056	Hire of Portacabins EPC01	£433	£0	£0
-£194	SUPPLIES & SERVICES ETC. EPC01	£2,125	£1,375	£5,500
£13,219	SUPPLIES & SERVICES ETC. EPC20	£5,709	£1,875	£7,500
£0	SUPPLIES & SERVICES ETC. EPC21	£4,341	£1,500	£6,000
£5,452	EQUIPMENT RENTAL ASW EPC20	£16,355	£23,250	£93,000
£0	EQUIPMENT RENTAL Climbing EPC21	£249	£0	£0
£0	Computer Maintenance Agreements EPC20	£7,897	£0	£0
£9,376	TRANSPORT HIRE/TRAVEL EPC16	£9,121	£8,775	£35,100
£2,278	Vehicle Maintenance	£941	£2,250	£9,000
£0	Insurance Claims	£250	£250	£1,000
£5,635	CAR PARK MANAGEMENT	£1,923	£5,000	£20,000
£806	FACULTIES/DEPT MARKETING ASW EPC20	£0	£1,500	£6,000
£0	FACULTIES/DEPT MARKETING ASW EPC21	£0	£1,500	£6,000
401,507	PER BOARD ACCOUNTS - NON STAFFING COSTS	£338,054	£355,701	£1,422,804
£49,108	ADMIN SALARIES	£45,713	£33,985	£135,941
£0	ADMIN SALARIES EPC20	£41,522	£51,752	£207,009
£0	ADMIN SALARIES EPC21	£28,680	£34,804	£139,215
£19,815	TECHNICIAN SALARIES	£21,967	£21,542	£86,169
£57,041	CARETAKERS SALARIES	£71,563	£60,786	£243,143
£56,060	CLEANERS SALARIES	£68,906	£80,313	£321,252
182,024	PER BOARD ACCOUNTS - STAFFING COSTS	£278,351	£283,182	£1,132,729

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3 MONTHS ACTUAL to 31-10-2016	PERTH COLLEGE			3	
	ANALYSIS OF International Activity		3 MONTHS ACTUAL to 31-10-2017	3 MONTHS BUDGET to 31-10-2017	12 MONTHS BUDGET 31-07-2017
	Income				
	Fees - Students		26,087	£71,249	284,997
	Fees - Partners (China)		101,174	£99,961	£399,844
	Fees - Summer School		£14,121	£5,625	£22,500
	Fees - Language School		£11,816	£21,420	£85,680
	Residences - Host Family		£29,202	£30,000	£120,000
	Other Income		£6,711	£2,250	£9,000
	Total Income		£189,111	£230,505	£922,021
	Expenditure				
	Staff				
	Teaching - (Others)		£0	£0	£0
	Teaching - (China)		£2,525	£0	£0
	Admin Salaries - International Centre		£39,663	£45,336	£181,343
	Summer School		£4,916	£2,000	£8,000
	Language School		£3,545	£2,000	£8,000
	Management		£5,000	£5,000	£20,000
			£55,649	£54,336	£217,343
	Non Staff				
	Residences Costs - Host Family		£29,202	£30,000	£120,000
	Supplies & Services		£5,808	£2,875	£11,500
	Supplies & Services - China		£3,462	£17,583	£70,331
	Supplies & Services - Summer School		£9,232	£1,000	£4,000
	Supplies & Services - Language School		£0	£875	£3,500
	Travel		£2,865	£10,000	£40,000
	Travel - China		£18,050	£0	£0
	Agents Commission		£13,206	£6,875	£27,500
	Membership fees & Subscriptions		£7,638	£4,000	£16,000
	Bad Debt		£3,750	£3,750	£15,000
	Advertising - India		£328	£1,875	£7,500
	Advertising - Other Overseas		£0	£1,875	£7,500
	Total Expenditure		£93,541	£80,708	£322,831
	OPERATING SURPLUS / (DEFICIT)		£39,921	£95,462	£381,847

PERTH COLLEGE				3	
3 MONTHS ACTUAL to 31-10-2016	ANALYSIS OF ASW		3 MONTHS ACTUAL to 31-10-2017	3 MONTHS BUDGET to 31-10-2017	12 MONTHS BUDGET 31-07-2017
	<u>ASW</u>				
	<u>Income</u>				
	Sports Hall Income		£13,465	£17,750	£71,000
	Gym Income		£777	£0	£0
	Hire of Rooms/Events		£0	£9,375	£37,500
	Other Income		£726	£6,250	£25,000
	Membership - Students		£18,023	£62,375	£249,500
	Membership - Commercial		£2,377	£0	£0
	Membership - Staff		£4,508	£0	£0
	Total Income		£39,876	£95,750	£383,000
	<u>Pay Expenditure</u>				
	Admin Salaries		£41,522	£51,752	£207,009
			£41,522	£51,752	£207,009
	<u>Non Pay Expenditure</u>				
	Maintenance		£1,854	£2,500	£10,000
	Electricity		£12,708	£12,500	£50,000
	Gas		£1,606	£5,000	£20,000
	Rates		£0	£3,500	£14,000
	Water Meter		£0	£1,250	£5,000
	Cleaning Equipment		£778	£250	£1,000
	Janitorial Supplies		£0	£500	£2,000
	Hire of Skips		£2,506	£500	£2,000
	Equipment/Materials		£5,709	£1,875	£7,500
	Equipment Rental		£16,355	£23,250	£93,000
	Computer Maintenance Agreements		£7,897	£0	£0
	Marketing		£0	£1,500	£6,000
	Total Expenditure		£49,413	£52,625	£210,500
	OPERATING SURPLUS / (DEFICIT)		-£51,059	-£8,627	-£34,509
	<u>Climbing Centre</u>				
	<u>Income</u>				
	Climbing Centre Income		£20,251	£33,125	£132,500
	Hire of Equipment		£1,405	£0	£0
	Other Income		£416	£0	£0
	Membership Fees - Students		£504	£0	£0
	Membership Fees - Commercial		£1,115	£0	£0
	Total Income		£23,691	£33,125	£132,500
	<u>Pay Expenditure</u>				
	Salaries		£28,680	£34,804	£139,215
			£28,680	£34,804	£139,215
	<u>Non Pay Expenditure</u>				
	Equipment/Materials		£4,341	£1,500	£6,000
	Equipment Rental		£0	£0	£0
	Marketing		£0	£1,500	£6,000
	Total Expenditure		£4,341	£3,000	£12,000
	OPERATING SURPLUS / (DEFICIT)		-£9,330	-£4,679	-£18,715

Paper for Consideration

Subject: Human Resources Update

Author: Susan Hunter, Head of Human Resources and Organisational Development

Date of paper: 21 November 2017

Date of meeting: 29 November 2017

Action requested of committee:

(Tick as appropriate) For information only:
For discussion:
For recommendation/approval:

Cost implications:

(Tick as appropriate) Yes: No:

Executive Summary:

The purpose of this paper is to provide Finance and General Purposes Committee with an overview of key HR Performance Indicators for discussion/monitoring purposes.

Information recorded in College minutes and papers is subject to release under the Freedom of Information (Scotland) Act 2002 (FOI(S)A). Certain exemptions apply: financial information relating to procurement items still under tender, legal advice from College lawyers, items related to national security.

Status of Papers Open Closed

An **open** item is one over which there would be no issues for the College in releasing the information to the public in response to a freedom of information request.

A **closed** item is one that contains information that could be withheld from release to the public because an exemption under the Freedom of Information (Scotland) Act 2002 applies.

The College may also be asked for information contained in minutes and papers about living individuals, under the terms of the Data Protection Act 1988.

Do the papers contain items which may be contentious under the terms of the Data Protection Act 1988? Yes No

Perth College UHI Staff Management – Key Statistics For Year 2017/2018

This paper reports on the key staff management statistics as at the first quarter of the academic year 2017/18 and a comparison with other years' statistics as appropriate.

1. Staffing Numbers from 2013 to 2016 and the first quarter of the Academic year 2017/18

	July 2013	July 2014	July 2015	July 2016	July 2017	October 2017 – 1 st qtr
Managers	28	27	26	26	25	23
Lecturers	142	151	161	169	172	185
Hourly Paid Staff	141	110	143	144	128	172
Support Staff	198	197	215	216	240	280
Headcount	509	485	545	555	565	630
FTE	304	307	319	324	340	352.14

2. Sickness Absence Rates

The following table provides the total sick days lost, average sick days per head and % working time lost as at the end of 2015/2016, 2016/2017 and quarter 1 of 2017/2018— these figures do not include hourly paid staff as there are no work patterns applied due to the flexibility within their contract. Perth College UHI statistics below show that there has been a reduction in the average sick days per head, 7.6 days per employee for 2016/17 compared to the year before 9.24 days. The % of working time lost has decreased from the previous year by 0.16%.

CIPD'S annual absence management survey 2016 reports an average of 6.3 days sickness absence per employee overall – this is a 5% trimmed mean and average absence levels has decreased in all sectors compared with last year (6.9 days). It is important to highlight that although the average absence rates have decreased in all sectors, the public sector has seen only a small reduction compared to 2015 statistics. The average absence rates remain the highest in the public sector and the CIPD'S annual absence management survey 2016 states 'on average public sector employees have over three days more absence each year than their private sector counterparts'.

The average sick days lost per employee for the public sector is 8.5 days – this is a 5% trimmed mean and is up from 8.3 days from the year before.

The UK national average for lost time rate for all industries is 3.8% with a 5% trimmed mean of 2.8%. The public sector lost time rate is 4.3% (mean).

Ciphr	2015/2016 (full year)			2016/2017 (full year)			2017/2018 Quarter 1		
	Total Sick Days	Average Sick Days per Head	% Working Time Lost	Total Sick Days	Average Sick Days per Head	% Working Time Lost	Total Sick Days	Average Sick Days per Head	% Working Time Lost
Management	207.50	7.98	3.24%	115	4.6	1.92%	63	2.74	4.15%
Support	2802	12.97	5.57%	2841	11.59	5.35%	510	1.82	2.75%
Academic	788.5	4.66	2.03%	1184	6.8	3.09%	257.5	1.38	1.09%
Total	3798	9.24	3.61%	4140	7.6	3.45%	830.5	0.75	1.99%

It is important to note that quarter 1 covers the summer holiday and therefore absence rates, particularly for academic staff are not reflective at this point of the year.

Total number of staff that had absences in the first quarter of 2017/2018		TBC
Type of Absence (Q1)	No of Staff	Action Taken
Long Term >= 20 consecutive days	12	9* referred to Occupational Health
Short Term >= 06 sporadic days in 12 month period	7	Managers alerted and advised to arrange discussion with individual
One or 2 days over one or 2 occasions	50	

* In some instances, members of staff have been referred to Occupational Health without necessarily meeting the trigger of being absent for 20 consecutive days

HR is working hard to begin to address absence issues. Both long term absences and short term sporadic absence have not been managed and there has not been a collective approach with managers. As such, HR are now reviewing absence on a monthly basis and line managers are now very involved in the associated processes. It is anticipated that this proactive approach will reduce the absence rates.

Sickness absence reasons and rates currently need to be sourced from CIPHR who were unable to meet the deadline required, as such an addition will follow.

Sickness Absence – Stress Related (number of staff absent)

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Work related	1	7	8	4	6	5
Non-work related	2	5	5	5	7	9

Self-referred to Rowan Counselling (stress related)				
	2013	2014	2015	2016
Work related	5	4	9	8
Non-work related	4	0	0	0

Due to the low referral rates to Rowan, a meeting is being held with Occupational Health and Rowan in December with an initial discussion of options with HR and Ablemed taking place on 27 November 2017. EDIT also discussed awareness raising of the service as such Kathleen Connor is working with marketing to produce a poster that advertises both the staff and student service.

3. Staff Turnover

The XpertHR Survey 2015 reported average total labour turnover in the UK as 20.7% (up from 20.6% from the previous year); and median total labour turnover as 18.5% (up from 16% from the previous year). Below is a breakdown for the last 7 years (excluding AST Staff)

	Average Staff	Starters	Leavers	Annualised Wastage %
2010/2011	531.5	109	144	27.09
2011/2012	512	85	90	17.57
2012/2013	518	94	57	11.00
2013/2014	508	122	76	14.96
2014/2015	519.5	124	61	11.74
2015/2016	544	111	84	15.44
2016/2017	588	157	122	20.75

4. Disciplinary Cases/Grievances

Items included in the table below, from Q1 2017/2018 are formal disciplinary/grievance cases. A central record of all informal and formal cases is now held within HR.

Disciplinary Cases/Grievances						
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Disciplinary	3	2	2	3	1	0
Grievance	2	2	2	1	5	1

5. Staff Training and Development

ROSCO Target

The Review of Scotland's Colleges (ROSCO) Report (2007) recommended that all College staff receive a minimum of 6 days of Continuous Professional Development (CPD) per year (pro-rata for part time staff). The College target is 6.5 days of CPD per person per year (pro-rata for part time staff).

College managers are issued with reports for their teams, tracking progress in relation to achieving the target of 6.5 days CPD per year. Managers need to review this report and ensure individual members of staff are undertaking relevant CPD.

Average CPD days per person (including hourly paid staff)

2012/13	2013/14	2014/15	2015/16	2016/17
7.99	11.88	5.6	5.27	3.92

Industrial action impacted the number of CPD days undertaken by College staff.

Mandatory CPD

All staff will be required to undertake refresher training and these figures will be updated during 2017/2018.

6. Teaching Qualifications

The SFC benchmark for number of permanent teaching staff with TQFE or equivalent is 90%. The table below indicates figures for teaching qualifications as at the year end of 2016/17

% of permanent teaching staff with TQFE or equivalent	151	88%
No of staff who undertook TQFE and completed in 16/17	7	4%
No of staff without TQFE or equivalent*	14	8%

* TQFE planned for 2017/18

Forward Calendar for F&GP Committee 2017-18

	F&GP Committee Meeting			
	27 Sept 17	29 Nov 17	7 March 18	30 May 18
Accounts	Draft Perth College Management Accounts 12 months to 31 July 2016	Perth College Management Accounts - Final Report and Commentary Year to 31 July 2017	Perth College Management Accounts 6 months to 31 January 2018	Perth College Management Accounts 9 months to 30 April 2018
		Draft Perth College Group Financial Statement Year ended 31 July 2017		
		Perth College Management Accounts 3 months to 31 October 2017		Perth College Development Trust 2004 Accounts to March 2018
	Draft AST Management Accounts 12 months to 31 July 2016	AST Management Accounts 3 months to 31 October 2017	AST Management Accounts 6 months to 31 January 2018	AST Management Accounts 8 months to 31 March 2018
Financial Management	2016/17 Budget Proposals			Perth College Financial Forecast to 31 July 2018
				Financial Forecast Return Update
				3 yr Financial Forecast 2018-2021
				Indicative Budget 2018-19
Reporting			Balanced Scorecard	
Estates	Update		Update	Update
HR	Update	Update	Update	Update
Standing Committee	JNC – Support Staff & Lecturers	JNC – Support Staff & Lecturers	JNC – Support Staff & Lecturers	JNC – Support Staff & Lecturers
Committee Organisation	Review of ToR	Review of ToR	Review of ToR	Review of ToR
				Draft Calendar of meetings 2018-19

Topic Specific papers which may be brought to Committee: Shared Services, Student Residencies, Financial Regulations, Financial Memorandum

PERTH COLLEGE UHI

JNC : Support Staff

Note of Meeting held on Thursday 26 October 2017
1.30pm, Room 019, Brahan

Present: **Management Representatives**
Susan Hunter (Chair), Head of HR & OD
Dr Margaret Cook, Principal

Support Staff Representatives

Jane Edwards, UNISON
Winston Flynn, UNISON

Note Taker: Carolyn Sweeney-Wilson

Summary of Action Items

Ref	Action	Responsibility	Timeline
6.	HR Key Statistics – End of Year 2016-17		
	<ul style="list-style-type: none"> SH to provide a breakdown of the staff training and development figures by Lecturers and Support Staff. SH to provide Unison with a breakdown of fixed term versus permanent contracts for Support Staff. 	Susan Hunter	14/12/17
		Susan Hunter	14/12/17
7.	Overseas Allowance Proposal		
	SH to arrange to meeting with Unison to formalise the Overseas Allowance Procedure.	Susan Hunter	ASAP
9.	Redundancy Procedure		
	<ul style="list-style-type: none"> To be added to 'Point 4 – Consultation', is wording to indicate that when it comes time for notifying staff that there was a possible redundancy situation, unions to be contacted first. To be added to 'Point 4.2 - Individual Consultation', is wording to indicate that unions have reps who can help staff with the production of their CV. 	Susan Hunter	14/12/17
		Susan Hunter	14/12/17

Summary of Action Items

Ref	Action	Responsibility	Timeline
	<ul style="list-style-type: none"> Pay Protection period equalisation with Lecturers for Support Staff to be looked at, with a view to this being added to the Support Staff T&Cs, until this is overtaken by national bargaining. 	Susan Hunter	14/12/17

Minutes

Item	ACTION
<p>1. Welcome and Apologies</p> <p>Susan Hunter (SH) welcomed all to the JNC for Support Staff meeting. SH particularly welcomed the Principal, Dr Margaret Cook (MC). SH explained that as there had been no appointment yet to the role that Pam Wilson (PW) had filled, then MC would be attending the JNCs until someone was appointed into that role.</p> <p>There were no apologies.</p>	
<p>2. Minutes of the last Meeting</p> <p>The notes of the JNC for Support Staff meeting held on 15 June 2017, having been circulated, were approved as an accurate reflection of the discussions that had taken place.</p>	
<p>3. Review of Actions / Matters arising not included elsewhere on the Agenda</p> <ul style="list-style-type: none"> Staff Conference Days <p>SH advised that the next Staff Conference Day was due to be held on Friday 17th November and the theme would be reflection and review. HR were in the process of planning the details of the day. However, SH gave a brief outline for the day, in that MC would open with a presentation and there would be the text wall again. Skills Development Scotland would be presenting, as well as Barbara Nelson, HMI. SH indicated that if the action plan was signed off in time, then there would be some discussion regarding the reviews. The afternoon session would then be spent talking to staff about how to take forward the reviews, which would be used to feed into the CMT Away Day in January 2018.</p> <p>JE asked if there was to be a working group to look at the Staff Conference Days. SH said that this had been briefly spoken about at a high level. SH said that the November day would be planned first and then SH would look to discuss who would be included in a working group for planning future conference days.</p>	

Item		ACTION
	<p>MC asked if coffee and pastries could be provided for staff. CSW advised that the College usually provides lunch.</p>	
4.	<p>National Bargaining update (including annual leave)</p> <p>SH advised that she had implemented annual leave and the back dated pay in the August pay run and everyone's holidays had also been rolled over. SH indicated that she had received notification that there had been a meeting earlier in October to discuss the next agreement, but no agreement was reached, so another meeting had been scheduled. SH said she would be attending the HRPG meeting on Wednesday and that if there was a further update, then she would circulate this to JNC members. Graeme Stephen, the person tasked with looking at Job Evaluation, would be attending the HRPG meeting on Wednesday to discuss his progress. There had been 3 suggested options and Graeme had been asked to provide a fuller explanation of the pros and cons for each option, before further consideration could be given to them. It is this that Graeme will be discussing at the HRPG. As part of this exercise the Colleges were also asked to supply additional data.</p> <p>MC noted that the first option was based on the HE model, which allowed each to decide their grade boundaries. However, the option for implementation was still under discussion and to be agreed.</p> <p>WF asked what would happen with those Colleges who had already completed a Job Evaluation exercise. SH said that Colleges would have to accept whichever tender was agreed through national bargaining, even if that was different from the system they were using. However, it would mean that those Colleges, having already gone through Job Evaluation, would be experienced in how the evaluation process worked. If Perth had to take on a different solution, then a new Job Evaluation exercise would have to be undertaken. MC said that even if the agreed system was the same as the College was using, then a new evaluation exercise might have to be undertaken anyway.</p> <p>SH said that the process wasn't out to tender yet, although the implementation date was supposed to be September 2018. However, this may have to be moved, given that the tender was not out yet.</p>	
5.	<p>Financial Update</p> <p>SH advised that while the financial year end had passed, the final accounts were not ready for dissemination yet as they were being reviewed by the Auditors. Jackie Mackenzie (JM), VP Finance and Estates, spoke at the recent CMT meeting and advised that she would provide the accounts at the next CMT meeting in November. SH advised that JM would also attend the next JNC meeting and speak to the accounts then.</p>	

Item	ACTION
<p>However, SH said she could confirm to JNC members that the accounts would show that the College had ended the year on a breakeven point. JM further advised CMT that the accounts would show a large income amount, relating to money which had been received from the 'Arm's Length Fund' (ALF), however, this related to expenditure for the build of ASW, so wasn't to be viewed as the College having a large surplus.</p> <p>JE asked how much was left in ALF. MC said it was approx. £40-£50K.</p> <p>SH indicated that Deborah Lally (DL), Head of Student Records, gave an update to CMT regarding student numbers for 2017-18. She advised that recruitment was 50FTE down on HE numbers, but she was quietly confident that these numbers could be made up with the number of part-time students likely to enrol in semester 2. DL advised that no definitive figure was available yet re FE numbers, as the census date had not yet been passed and, as the College did not get paid for any students who left before this date, it was important that every effort was made to try and keep students. To that end, the key message to teams was for early intervention to help students who may be vulnerable of exiting early.</p>	
<p>6. HR Key Statistics – End of Year 2016-17</p>	
<p>SH advised that the Key Statistics were for the whole year 2016-17.</p> <p>It was noted that there was a downward trend in sickness absences, but SH said there was still more long term absences than would be liked. She advised that HR had not been able to pro-actively manage the absences to-date but, after a team meeting to discuss this, HR now have a plan in place to regularly keep on top of this and to have earlier intervention meetings with those who have been absent.</p> <p>SH advised that the College's Occupational Health provider, AbleMed, had been taken over by MediGold. SH would be meeting with them shortly. SH also indicated that she would be meeting with Rowan to try and close the link between counselling and occupational health.</p> <p>In reference to the reasons given for 'Sickness Absence', SH said she was interested to note that the College was not following national trends, with stress and anxiety not being listed as a reason for absence. However, SH said she was not sure if this was not still a problem and HR would be actively highlighting Rowan's counselling services across the College.</p>	
<p>SH said that of particular note in Rowan's statistics, was that there was a lower number of men than women accessing their services. SH said there had been a discussion at EDIT regarding this and the</p>	

Item		ACTION
	<p>counselling services would now be actively advertised to staff and students across the campus.</p> <p>Staff turnover had increased from last year, but SH said it was unclear how many bank staff had been used and this would affect the figures.</p> <p>The 'Staff Training & Development' figure was down to 3.92. However, SH said HR were in the process of updating CIPHR records and once that was completed, a request would be sent out to staff to ask them to ensure their CIPHR account was up to date. JE asked for a breakdown of these figures by Lecturers and Support Staff.</p> <p>JE asked how many support staff were on temporary contracts versus permanent contracts. SH said she would get a breakdown of those figures and distribute them to Unison.</p> <p>Action:</p> <ul style="list-style-type: none"> • SH to provide a breakdown of the staff training and development figures by Lecturers and Support Staff. • SH to provide Unison with a breakdown of fixed term versus permanent contracts for Support Staff. 	<p>SH</p> <p>SH</p>
7.	<p>Overseas Allowance Proposal</p> <p>SH indicated there had been an agreement in place that staff below CMT level would receive £40 as an overseas allowance. However, it would appear that the procedure had not been formally agreed, although there was to have been a meeting with JNC members, outwith the JNC, to formalise this procedure.</p> <p>SH said this would need to be formalised soon and she would arrange a meeting with Unison to discuss this.</p>	SH
8.	<p>Organisational Change Procedure</p> <p>SH advised that the Organisational Change Procedure (OCP) and the Redundancy Procedure (RP) were related. There were 3 organisational change reviews ongoing - SMT, HR and Nursery, so it had been pressing for these procedures to be drafted up. SH took JNC members through the procedure.</p> <p>JE queried whether or not Job Evaluation should be included in this procedure. SH said that in terms of national bargaining, Job Evaluation didn't meet the definition of organisational change. When it does get brought in nationally, it would be agreed at NJNC how Colleges go through the process and so this procedure wasn't the ideal place for details to be recorded about Job Evaluation. JE said</p>	SH

Item		ACTION
9.	<p>that if an area was having an ordinary re-organisation and staff jobs changed as result, then should something about re-evaluation be included in the procedure. MC said she would expect these steps to be done automatically when any area was going through a normal organisational change process, for example, having got agreement from the HR team as to their job roles, SH will be putting the roles through job evaluation, as part of the normal organisation process.</p> <p>The OCP was agreed and approved by this JNC.</p> <p>Redundancy Procedure</p> <p>JE queried if the College was anticipating any redundancies. SH said she couldn't say for certain. However, one proposal for the Nursery re-organisation would require one person less to make savings, but no model had been approved for the Nursery.</p> <p>MC said she was not anticipating wholesale redundancies. There may be a need to look at numbers, now that the funding letter was out. If student numbers fall this impacts on funding and already, the International budget was £100K less than anticipated. MC said she wanted to bring in lean methodology to look at savings.</p> <p>Unison requested, when it came time for notifying staff that there was a possible redundancy situation, that unions be contacted first. Unison asked for this point to be added to 'Point 4 – Consultation'. Unison felt that redundancy could be very emotive for staff and it would help if union members had forewarning of this, so that they could be better prepared to help staff.</p> <p>At 'Point 4.2 - Individual Consultation' Unison requested that it be noted the union had reps who could help staff with the production of their CV. SH agreed to write this in to the Procedure.</p> <p>In regard to 'Point 5 – Redeployment and Retraining' Unison asked if wording was to be added to indicate there would be a redeployment pool and state what that period would be. SH said that staff would be considered for redeployment at the time they were notified they were at risk of redundancy. JE said that this was not a very long period of time, only 30 days. JE felt that there should be a longer period of redeployment. MC said that by extending the redeployment period, Unison were effectively suggesting that staff would have a longer period of notice. This would need to be replicated for those on fixed term contracts, as parity was required. This couldn't be offered, as JE pointed out that the pay protection period for Lecturing staff was 2 years. SH said that Lecturers had a contractual pay protection period, whereas support staff didn't have this. WF asked if this pay protection period could be added for support staff. SH said that pay protection would be agreed through the national bargaining process and, as such, any agreement would be an interim one, that would be superseded by any national agreement. SH and MC agreed to review the pay protection period</p>	

Item		ACTION
10.	<p>for support staff. JE said that if possible, Unison would like to have this added in to Support Staff T&Cs, to have equal parity with Lecturers on this. MC said that she didn't think there would be equalisation, as this didn't happen elsewhere in the sector. However, the College could look at equalisation, until it is overtaken by national bargaining.</p> <p>At 'Point 10.3 - Other Support' JE asked if the College would consider paying for staff to do some further training. MC said she was happy to look at this on a case by case basis. SH said she was planning to have an annual training programme and a planner would then be circulated at the beginning of each year, so this should cover that.</p> <p>Action:</p> <ul style="list-style-type: none"> • To be added to 'Point 4 – Consultation', is wording to indicate that when it comes time for notifying staff that there was a possible redundancy situation, unions to be contacted first. • To be added to 'Point 4.2 - Individual Consultation', is wording to indicate that unions have reps who can help staff with the production of their CV. • Pay Protection period equalisation with Lecturers for Support Staff to be looked at, with a view to this being added to the Support Staff T&Cs, until this is overtaken by national bargaining. <p>Subject to the changes, the Redundancy Procedure was agreed and approved by this JNC.</p> <p>AOCB</p> <p>Trade Union Recognition at UHI EO</p> <p>JE queried if Management had heard anything about trade union recognition at UHI EO. WF suggested that as EO had the new nursing contract, they would need union recognition for this. MC said they should be doing something, but she hadn't heard what.</p>	<p>SH</p> <p>SH</p> <p>SH</p>
11.	<p>Date and time of next meeting:</p> <ul style="list-style-type: none"> • 18th January 2018 • 8th March 2018 • 14th June 2018 <p>All meetings take place on Thursdays, 1.30-3.00pm, in room 019.</p>	

PERTH COLLEGE UHI

JNC : Lecturers

Note of Meeting held on Thursday 26 October 2017
3.00pm, Rm 019, Brahan

Present: **Management Representatives**
Susan Hunter (Chair), Head of HR & OD
Dr Margaret Cook, Principal

Academic Staff Representatives
Sara O'Hagan, EIS-FELA
Declan Gaughan, EIS-FELA

Note Taker: Carolyn Sweeney-Wilson

Summary of Action Items

Ref	Action	Responsibility	Timeline
5.	HR Key Statistics – End of Year 2016-17 SH to organise for the leavers and starters list to be sent regularly to EIS.	Susan Hunter	ASAP
7.	Organisational Change Procedure SH to add to the Redundancy Procedure a sentence to indicate the method for proper consideration of the appropriate selection pool.	Susan Hunter	ASAP

Minutes

Item	ACTION
1.	<p>Welcome and Apologies</p> <p>Susan Hunter (SH) welcomed everyone to the JNC for Lecturers meeting.</p> <p>SH explained that as there had been no appointment yet to Pam Wilson's (PW) role, then the College Principal, Dr Margaret Cook (MC), would be attending JNCs until an appointment was made. SH</p>

Item		ACTION
	welcomed MC to the JNC.	
	There were no apologies.	
2.	Minutes of the Last Meeting	
	The notes of the JNC for Lecturers meeting held on 15 June 2017 were circulated prior to the meeting and were approved as an accurate reflection of the discussions that had taken place.	
3.	Matters Arising not included elsewhere on the Agenda / Review of Actions	
	None.	
4.	Financial Update	
	SH advised that Jackie Mackenzie (JM), Vice Principal Finance and Estates and Ian Martin (IM), Head of Finance, had given an update to CMT yesterday (Wednesday 25 th) where they advised that the year-end accounts, while completed, were in the process of being reviewed by the auditors, so weren't available yet for dissemination. However, JM advised CMT that the year was ending at break-even. JM further advised CMT that the accounts would be showing a large income amount, relating to money which had returned from the 'Arm's Length Fund' (ALF), however, this related to expenditure for the build of ASW, so wasn't to be viewed as the College having a large surplus.	
	SH indicated that Deborah Lally (DL), Head of Student Records, had given an update to CMT regarding student numbers for 2017-18. She advised that recruitment was 50FTE down on HE numbers, but she was quietly confident that these numbers could be made up with the number of part-time students likely to enrol in semester 2. DL said that no definitive figure was available yet for FE numbers, as the census date had not yet passed. As the College did not get paid for any students who left before this date, it was important that every effort was made to try and keep students. To that end, the key message to teams was for early intervention to help students who may be vulnerable of exiting early.	
	SH advised that at the next CMT meeting in November, JM would provide a review of the final accounts and, thereafter, JM would attend the next JNC to discuss the same.	
5.	HR Key Statistics – End of Year 2016-17	
	SH advised that the statistics were for the whole of year 2016-17.	
	It was noted that there was a downward trend in absences, but SH said there was still more long term absences than would be liked.	

Item		ACTION
6.	<p>SH said the HR team had met and discussed what more they could do to provide additional support to staff and they now had a new procedure in place for this. This would mean HR staff would be able to liaise earlier in the process with staff and managers.</p> <p>In reference to the reasons given for 'Sickness Absence', SH said she was interested to note that the College was not following national trends, with stress and anxiety not being listed as a reason for absence. However, SH said she was not sure if this was not still a problem and HR would be actively highlighting Rowan's counselling services across the College. SH said that of particular note in Rowan's statistics was that men were lower in numbers than women in terms of accessing their services. SH said there had been a discussion at EDIT regarding this and the counselling services would now be actively advertised to staff and students across the campus.</p> <p>The statistics also showed that staff turnover was higher than in previous years, but SH said she was unclear if more bank staff had been used than in previous years, as that would affect this statistic.</p> <p>EIS requested an update of leavers and starters so they could contact staff about the union.</p> <p>Action: SH to organise for the leavers and starters list to be sent regularly to EIS.</p> <p>SH noted that the 'Disciplinary & Grievances Case' figures had increased, but she thought this was partly due to the particular cases, where there had been multiple grievances within individual cases.</p> <p>'Staff Development and Training' was down to 3.92 average number of days per person. SH advised that Linda Lamont was keying in the outstanding data into CIPHR accounts and once this was done, an email would be sent out to all staff to ask them to ensure their records were up-to-date and then the figures would be reviewed thereafter. SH advised that Unison had asked for a breakdown of these figures by Lecturers and Support Staff.</p> <p>The figures for TQFE for Lecturing staff were on track.</p> <p>SH advised EIS that Unison had also asked for a breakdown of fixed term versus permanent contracts.</p> <p>SH said that the last update she had received, of 6th October, indicated that further discussions would be taking place, with a further meeting scheduled for November. SH advised that she would be attending an HRPG meeting in the next week and hoped</p>	SH

Item		ACTION
7.	<p>that there would be a further update then. At the last HRPG meeting there had been a presentation from Graeme Stephen (GS), who was undertaking the Job Evaluation project, where GS presented 3 potential models. At that meeting GS was asked to flesh out the models with pros and cons for each and SH said he would be returning to the next meeting of HRPG to give an update on this.</p> <p>SH indicated that while the agreed implementation date for Job Evaluation was September 2018, as Job Evaluation had not yet gone out to tender, that date was likely to move.</p> <p>SH advised EIS, that further to the previous JNC, where the role descriptions for the promoted Lecturers were reviewed, she had discussed with MC and it was agreed that David Gourley (DG), Curriculum and Business Engagement Director, would take over PW's role in discussions, providing the academic context, and JM would continue to attend the meetings as the SMT representative. SH said she would be in touch with EIS to arrange a further meeting to discuss this.</p> <p>EIS advised they had received a request for a Sector Manager to attend the meetings and the group had advised that the representative would be Christiana Margiotti, Sector Manager for Creative Industries. SH said she was happy for the Sector Managers to have a representative at the next meeting.</p> <p>Organisational Change Procedure</p> <p>SH advised that the Organisational Change Procedure (OCP) and the Redundancy Procedure (RP) were related. There were 3 organisational change reviews ongoing - SMT, HR and Nursery, so it had been pressing for these procedures to be drafted up.</p> <p>EIS indicated that they had briefly reviewed the documents, but had not had a full in depth look and asked if SH could take members through the documents. SH then reviewed the document with JNC members.</p> <p>After reviewing the OCP document, SH advised Unison had indicated at their JNC, that they were happy with the document. Once it was approved, it would become a managers' guide on how to go through an organisational change.</p> <p>EIS asked about timescales, as the document didn't mention any. SH said it would depend on each set of circumstances as to how long the timescale would be. SH said she had developed a standard template that would be used at the initial staff consultation open meeting and this would have a timeline. However, this would be starred, indicating that the timeline could change depending on the circumstances.</p>	

Item		ACTION
	<p>Where there's likely to be redundancy, EIS queried the 'pool' criteria. SH said that this would be assessed and would depend on the circumstances. However, the staff group would be assessed and appropriate criteria applied so that those affected were correctly identified; not all the group might go into a 'pool'. EIS requested some text be added to the document regarding this. SH said this would probably be better added to the redundancy procedure, rather than the OCP.</p> <p>Action: SH to add to the Redundancy Procedure a sentence to indicate the method for proper consideration of the appropriate selection pool.</p> <p>Subject to the above amendment, the OCP was agreed and approved by this JNC.</p>	<p>SH</p>
<p>8.</p>	<p>Redundancy Procedure</p> <p>SH reviewed the Redundancy Procedure (RP) with JNC members.</p> <p>SH advised that at their JNC, Unison requested, when it came time for notifying staff that there was a possible redundancy situation, that unions be contacted first. Unison asked for this point to be added to 'Point 4 – Consultation'. Unison felt that redundancy could be very emotive for staff and it would help if union members had forewarning of this, so that they could be better prepared to help staff.</p> <p>SH advised that the section on pay protection was pulled direct from Lecturing staff T&Cs. Unison had requested that the Support Staff T&Cs be changed to equalise with EIS.</p> <p>SH referred to 'Point 10 – Occupational Health via Ablemed' and advised that Ablemed had been bought over and the group were now MediGold. This point in the procedure would be updated.</p> <p>SH indicated that Management were also committed to consulting through the Staff Consultation Forum, which the unions attend, so SH would now seek feedback from the non-union staff on the Forum.</p>	
<p>9.</p>	<p>AOCB</p> <p>Update on back payment for hourly paid staff.</p> <p>EIS requested an update on this matter. For those who weren't aware, SH updated the JNC that a group of staff did not receive the back pay in the August pay run. This had now been resolved for those currently employed. However, there was still a need to review those staff who were no longer employed by the College and check whether or not they received the back pay.</p>	

Item		ACTION
10.	<p data-bbox="284 194 756 230">Date and time of next meeting:</p> <ul data-bbox="331 271 644 383" style="list-style-type: none"><li data-bbox="331 271 644 306">• 18th January 2018<li data-bbox="331 309 644 344">• 8th March 2018<li data-bbox="331 347 644 383">• 14th June 2018 <p data-bbox="284 423 1219 459">All meetings take place on Thursdays, 3.00-4.30pm, in room 019.</p>	

DRAFT

Perth College

Year ended 31 July 2017

Annual Audit Report

Audit Committee – 29 November 2017



Building a better
working world

Contents

Section	Appointed auditor responsibility	Pages
Executive summary		1-3
Accounting and audit matters in respect of the financial statements	Provide an opinion on audited bodies' financial statements	4
	Review and report on, as appropriate, other information such as annual governance statements, management commentaries and remuneration reports	5-11
Wider scope audit	Demonstrate compliance with the wider public audit scope by reviewing and providing judgements and conclusions on the audited bodies:	
	• financial position and arrangements for securing financial sustainability	13-16
	• suitability and effectiveness of corporate governance arrangements	17
	• effectiveness of performance management arrangements in driving economy, efficiency and effectiveness in the use of public money and assets	18
Appendices	Undertake statutory duties, and comply with professional engagement and ethical standards:	
	Appendix A: audited bodies' responsibilities	20
	Appendix B: required auditor communications	21-22
	Appendix C: auditor independence	23
	Appendix D: management representation letter	24-25
	Appendix E: action plan	26

About this report

This report has been prepared in accordance with Terms of Appointment Letter from Audit Scotland dated 31 May 2016 through which the Auditor General for Scotland has appointed us as external auditor of Perth College (the College) for financial years 2016/17 to 2020/21. We undertake our audit in accordance with the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and our responsibilities as set out within Audit Scotland's Code of Audit Practice (the Code), issued on 26 May 2016.

This report is for the benefit of the College and is made available to the Auditor General and Audit Scotland (together the Recipients). This report has not been designed to be of benefit to anyone except the Recipients. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Recipients, even though we may have been aware that others might read this report.

Any party other than the Recipients that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Recipient's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, Ernst & Young LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Recipients.

Complaints

If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with Stephen Reid who is our partner responsible for services under appointment by Audit Scotland, telephone 0131 777 2839, email sreid2@uk.ey.com. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, or with how your complaint has been handled, you can refer the matter to Russell Frith, Assistant Auditor General, Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN. Alternatively you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

Purpose of this report

In accordance with section 21 of the Public Finance and Accountability (Scotland) Act 2000, the Auditor General for Scotland appointed EY as the external auditor of Perth College (the College) for the five year period 2016/17 to 2020/21. We undertake our audit in accordance with the Code of Audit Practice (the Code), issued by Audit Scotland in May 2016; Auditing Standards and guidance issued by the Financial Reporting Council; relevant legislation; and other guidance issued by Audit Scotland.

This Annual Audit Report is designed to summarise our key findings and conclusions from our audit work. It is addressed to both the members of the College and the Auditor General for Scotland, and presented to both College management and those charged with governance, identified as being the Board and the College's Audit Committee. It will be published on Audit Scotland's website.

We draw your attention to the fact that our audit was not designed to identify all matters that may be relevant to the College. Our views on internal control and governance arrangements have been based solely on the audit procedures performed in respect of the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

Scope and responsibilities

The Code sets out the responsibilities of both the College and the auditor. We provided details of these in our Annual Audit Plan, which was presented to the Audit Committee on 23 May 2017. We summarise the responsibilities of the College in Appendix A.

Our Annual Audit Plan also provided you with an overview of how we intended to carry out our responsibilities as your auditor. We carried out our audit in accordance with this plan.

We planned our procedures using a materiality of £350,000 and a Tolerable Error of £262,500. We reassessed this using the actual year-end figures, to confirm that the materiality remained appropriate for the audit. No adjustment was made to materiality amounts communicated in our Annual Audit Plan. The threshold for reporting audit differences was £17,500.

Status of the audit and audit opinion

[Subject to receipt of third party confirmations of year end bank balances; review of the final version of the financial statements; and completion of subsequent events review to the date of approval of the financial statements; and receipt of signed management representation letter, we intend to issue an unqualified opinion.]

We [have issued] an unqualified opinion that the financial statements:

- give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council (SFC) of the state of the affairs of the College as at 31 July 2017 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).

Key contacts

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Acknowledgement

We would like to thank all members of the College's management and staff who have been involved in our work for their co-operation and assistance during our audit work.

Accounting and audit matters – our reporting on the College's financial statements

Preparation of financial statements

- While the core financial statements were provided during the audit process the performance, accountability, remuneration reports and the corporate governance statement were provided after the onsite audit work was completed.
- The draft financial statements presented for audit required a number of amendments to comply with the Statement of Recommended Practice (SORP) disclosure requirements. The most significant presentational adjustment required was the disclosure of a College only statement of comprehensive income and expenditure.
- There were no adjusted audit difference identified to bring to your attention. There were no unadjusted audit differences.

Significant risks

- Our testing has not identified any material misstatements from revenue and expenditure recognition. Overall our audit work did not identify any material issues to indicate any misreporting of the College's financial position based on manipulation of revenue or expenditure transactions.
- We have not identified any material weaknesses in the design and implementation of controls tested as part of our audit, or evidence of material management override through inappropriate judgements being applied.

Other inherent risks

- We are satisfied that management has adequate arrangements to ensure that property, plant and equipment is appropriately valued within the financial statements. Management enhanced the disclosure of the College's adopted accounting policy of supplementing the quinquennial valuation with an interim professional valuation, in compliance with the requirements of both the SORP and the FReM.
- The Tayside Pension Fund defined pension scheme liabilities were estimated using actuarial assumptions which we consider to be reasonable. We have undertaken appropriate testing of underlying data to support the calculation of the liability.

Other matters and reporting requirements

- Our testing on opening balances was completed satisfactorily. We have no matters to bring to your attention in respect of our work on the qualitative aspects of the financial statements.
- In respect of our responsibility to report on the regularity of transactions, we have concluded that 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.
- In respect of our 'Opinions on other prescribed matters', which includes the Performance Report, the auditable part of the remuneration report and the Governance Statement we have concluded that our opinion is unqualified. We have not identified any other matters on which we are required to report by exception.

Wider scope audit dimensions – our judgements and conclusions on the College's arrangements

Financial management

- The College reported a surplus of £6.4 million for the year (2015/16: deficit of £0.5 million). This improved year end position is predominantly due to income of £7.3 million in the form of a non-government grant from the Scottish Colleges Foundation in relation to the building of the Academy of Sport and Wellbeing. This grant was recognised fully in year in line with performance conditions and in accordance with FRS 102. The College also reported that it had operated within its resource limits for the year ended 31 March 2017.
- The College has well established financial management arrangements, and we are satisfied that these are adequate for the management of its financial activities.

Financial sustainability

- We have concluded that achieving financial sustainability continues to represent a significant challenge for the College. Financial planning is constrained by the requirement to deliver in year resource targets. The College is working through the implications of the national pay bargaining settlement and how that affects its longer term financial forecasts.
- While the Financial Forecast Return is based on the best available information available to management at the time of preparation, there remain a number of assumptions and sensitivities that could significantly impact the College's sustainability going forward.

Governance and transparency

- We have concluded that the College has generally established a sound basis to demonstrate good governance and transparency in its operational activity.
- There is a commitment to transparency, with the conduct and detail of business of the College made available on the website.
- The independent Board effectiveness review reported on the Board's commitment to continuous improvement of the governance of the College, with some areas of development identified.

Value for Money

- The College Strategic Plan 2016-21 aligns to the University of the Highlands and Islands' Regional Outcome Agreement. Its Vision 2021 strategy is the outcome of extensive consultation.
- In June 2017 the Board reviewed the final report on the College's performance for the academic year 2015-16 against the Strategic Plan 2013-2016. This included a summary of the key achievements. Performance information is published annually on the website as well as including key measures within the financial statements and Board and committee papers published on the website.

Appendices

We have confirmed our independence to act as auditor of the College. Auditor remuneration of £14,780 was agreed with management. Non-audit services were provided in relation to the College's student support and Educational Maintenance Allowance return.

We have made two recommendations for action by management, both of which have been accepted by management.

1. Financial statements and accounting

1. Financial statements and accounting



The College's annual financial statements enables the Board to demonstrate accountability for its resources and its performance in the use of those resources during the year. They are prepared in accordance with applicable law and UK Generally Accepted Accounting Practice.

Audit opinion

In respect of the financial statements, we report on the truth and fairness in accordance with the requirements of the Further and Higher Education (Scotland) 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended), and United Kingdom Generally Accepted Accounting Practice, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The detailed form and content of our audit report, plus the requirements underpinning the report, are contained in the Audit Scotland guidance at http://www.audit-scotland.gov.uk/uploads/docs/um/tgn_2017-7_further_education.pdf (Appendix 1).

We [issued] an unqualified opinion based on the satisfactory completion of our work.

Financial statements preparation

As part of our oversight of the Board's financial reporting process, we report on our consideration of the quality of working papers and supporting documentation prepared predominantly by the finance team to support the audit.

The financial statements were prepared in accordance with the 2015 Statement of Recommended Practice for Further and Higher Education (SORP) alongside the Government Financial Reporting Manual (FRM) 2016/17.

While the core financial statements were provided during the audit process the performance, accountability, remuneration report and the corporate governance statement were provided after the onsite audit fieldwork was completed. The draft financial statements presented for audit required a number of amendments to comply with disclosure requirements. The most significant presentational adjustment required was the disclosure of a College only statement of comprehensive income and expenditure.

Action plan point 1

Materiality

We planned our procedures using a materiality of £350,000. We reassessed this using the actual year-end figures, to ensure that our level of materiality remained appropriate. We did not change our assessment of materiality as a result of this reassessment. Our Tolerable Error for the audit was £262,500 and the threshold for reporting audit differences was £17,500. We also identified areas where misstatement at a lower level than materiality might influence the reader of the financial statements and developed a specific audit strategy for them. They include:

- Remuneration disclosures including any severance payments, exit packages and termination benefits - we applied a materiality of £1,000 based on the potential sensitivity of these disclosures.
- Related party transactions - we considered the nature of these disclosures individually.

Audit differences

There were no adjusted audit difference identified to bring to your attention.

There were no unadjusted audit differences.

Our Audit Plan identified key areas of focus for our audit of the College's financial statements, including significant risks. This report sets out the results of our audit procedures plus relevant observations, including our views on areas which might be conservative, and where there may be potential risk and / or exposure.

Significant risk – risk of fraud in revenue recognition

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue. In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We rebutted the presumed revenue recognition risk in relation to SFC core funding to the College. This was based on the fact that the funding is clearly allocated for delivery of activity within the financial year. Prior year College returns to the SFC have demonstrated that it has delivered on student credits (formerly SUMs) with no history of material clawback from the SFC. As there has been no history of issues or concerns raised through internal audit review of the College's data return for funding (FES) to the SFC, we considered the risk over potential clawback due to inaccurate data as low. However we recognise a revenue recognition risk for tuition income and other material income in respect of possible manipulation of cut-off around the financial year end. We also recognise the same risk around incorrect recognition of non-pay expenditure in line with Practice Note 10.

Results of audit procedures

We undertook the following procedures as part of our audit:

- Reviewed and tested revenue and expenditure recognition policies against the relevant accounting standards and the SORP. We also considered any accounting estimates on revenue or expenditure recognition for any evidence of bias.
- Developed a testing strategy in respect of material revenue and expenditure streams. For tuition fees and education contracts, we performed analytical review and substantive testing across a sample of contracts to ensure appropriate recognition. For SFC and other funding body grant income we reviewed all material grant funding recognised in the year for any indicators of either claw-back or that the terms and conditions of the financial memorandum have not been complied with in all material respects. In doing so, we considered the work of internal audit in respect of the College's FES return. We considered the conclusions of internal audit and their opinion on the return as providing additional assurance that there would be no potential reclaim of SFC funding paid to the College. For other income, we performed substantive testing over a sample of transactions to gain assurance.
- We performed focused additional testing around income and expenditure transactions posted at the year end to gain comfort that key items are recorded in the correct accounting period. In particular we focused on any transactions incurred after 31 July, but included in the 2016/17 financial ledger.
- We reviewed and tested a sample of debtor and creditor balances at the year end, including material balances. We undertook an assessment of aged balances held on the balance sheet at year end including investigation of unusual items, such as those past payment due date.

There are no matters to raise with you as a result of the work performed.

Significant Risk, fraud in income and expenditure recognition – what have we concluded?

- Our testing has not identified any material misstatements from revenue and expenditure recognition. Overall our audit work did not identify any material issues to indicate any misreporting of the College's financial position based on manipulation of revenue or expenditure transactions.

Significant risk – management override

What is the risk?

As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

Results of audit procedures

Test the appropriateness of manual journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements

We obtained a full list of journals posted to the general ledger during the year, and used our bespoke data analysers to identify any unusual journal types or amounts based on our identified risk areas for the audit. We then tested a sample of these journals, understood their purpose and agreed and corroborated them to supporting documentation.

Review accounting estimates for evidence of management bias, including management's retrospective consideration of prior year estimates

We identified and considered the appropriateness of key accounting estimates, including provisions, and their susceptibility to bias. Management has disclosed their consideration of the critical accounting judgements and key estimates in the financial statements. We have reviewed these and agree with the detail of the assessment performed.

Evaluate the business rationale for any significant unusual transactions

We did not identify any significant unusual transactions.

We have not identified any material weaknesses in the design and implementation of control arrangements tested as part of our audit, or evidence of material management override through inappropriate judgements being applied.

Significant risk, Management override – what have we concluded?

- We have not identified any material weaknesses in the design and implementation of controls tested as part of our audit, or evidence of material management override through inappropriate judgements being applied.

Other inherent risks

Valuation of property, plant and equipment

The College's property portfolio totals £33.1 million as at 31 July 2017, with the major elements of this being in respect of land and buildings. Land and buildings are revalued to fair value with a full revaluation taking place at least every five years.

Given the size of this balance and the fact that a number of assumptions are made in the valuation, we assign a higher inherent risk to property, plant and equipment.

Results of audit procedures

In response to the inherent risk we performed the following audit procedures:

- We agreed the carrying value of assets held to source data and enquired of management as to the procedures used to establish whether the source data is complete.
- We reviewed the basis of asset valuations rolled forward from previous years. No interim or full valuations had been undertaken in 2015/16 or 2016/17 with the next interim revaluation due in 2017/18.
- We reviewed the property valuation and challenged management on the possibility of any impairment to the estate in the year that should be recognised prior to the next valuation exercise

We are satisfied that management has undertaken sufficient procedures to gain assurance that property, plant and equipment is held at an appropriate value as at the reporting date. An interim professional valuation will be undertaken in 2017/18.

Other inherent risk, valuation of property, plant and equipment – what have we concluded?

- We are satisfied that management has adequate arrangements to ensure that property, plant and equipment is appropriately valued within the financial statements. Management enhanced the disclosure of the College's adopted accounting policy of supplementing the quinquennial valuation with an interim professional valuation, in compliance with the requirements of both the SORP and the FReM.

Other inherent risks

Valuation of pension liabilities

The College participates in two pension schemes; the Tayside Pension Fund (TPF), and the Scottish Teachers Superannuation Scheme (STSS). While both are defined benefit pension schemes, the College is unable to identify its share of the underlying assets and liabilities of the STSS scheme on a consistent and reasonable basis and therefore, the scheme is accounted for as if it were a defined contribution scheme.

TPF is accounted for as a defined benefit scheme. The net pension liabilities on the balance sheet as at 31 July 2017 arising from participation in the scheme were £9 million.

Results of audit procedures

In response to the identified inherent risk we:

- Obtained actuarial reports at the year end date for the TPF scheme and considered the reasonableness and consistency of assumptions underpinning such reports, in light of guidance available ensuring compliance with funding agreements.
- Utilised our in-house actuaries to assess the reasonableness of key assumptions such as discount rate, inflation and expected market return.
- Performed substantive testing on the valuation of the College's share of the pension assets and audited the calculation of the College's valuation and disclosure in the financial statements.

No matters were identified in respect of our testing over pension assets. In respect of the key assumptions around discount rates and inflation, our actuaries noted that the assumptions were within a range we consider acceptable for the year end date. However, they noted the underlying methodology used to obtain these assumptions was not as robust as they could be, in particular around the estimates of future cash flows for pension costs by the College.

While we are comfortable with the assumptions used for the 2017 financial statements there is a risk that future assumptions are not considered appropriate.

Action plan point 2

Other inherent risk, valuation of pension liabilities – what have we concluded?

- The TPF defined pension scheme liabilities were estimated using actuarial assumptions which we consider to be reasonable. We have undertaken appropriate testing of underlying data to support the calculation of the liability.

Our Audit Plan identified other aspects of our work which arise either in accordance with International Standards on Auditing (UK) or in accordance with the Code. These are set out below.

Other audit matters

Opening balances

International Standard on Auditing (UK) 510: *Initial audit engagements – opening balances* requires auditors to obtain sufficient, appropriate audit evidence that opening balances do not contain misstatements that materially affect the financial statements. The standard also requires auditors to verify that appropriate accounting policies are reflected in the opening balances and that they have been consistently applied in the current period's financial statements.

In response, we have:

- Reviewed prior year financial statements, annual audit reports and other reports issued by the former external auditor and held discussions with the former external auditor in respect of previous significant audit issues, corporate governance and as part of our audit risk assessment.
- Substantively tested material opening balances to ensure that they agree both to the prior year audited financial statements and closing trial balance.
- Undertaken a mix of testing on balances during 2016/17 which provides assurance on the judgements and estimates made as at 31 July 2016, in particular in relation to the true up of estimates at yearend 31 July 2016 in the 2016/17 financial statements.

We have no matters to report upon completion of these procedures which have not been separately commented on within this report.

Group financial statements

The College prepares group financial statements, consolidating the results of the College and its subsidiary undertakings, AST (Trading) Limited. We are satisfied that the consolidated financial statements have been prepared appropriately. We have also completed the audit of the subsidiary stand alone financial statements and [have issued / anticipate issuing] an unqualified audit opinion.

Student support returns

In addition to our audit of the financial statements, we have been engaged by the College to perform the audit of the student support and Educational Maintenance Allowance returns submitted to the SFC. We have completed our work in this respect and anticipate issuing unmodified opinions based on ISAE3000 'reasonable assurance' engagement requirements.

Opening balances / group financial statements – what have we concluded?

- In respect of opening balances, we have no matters to report.
- We are satisfied that the consolidated financial statements have been prepared appropriately. We have completed our audit of AST (Trading) Limited for the year ended 31 July 2017 and [have issued] an unqualified audit opinion.

1. Financial statements and accounting



In accordance with Audit Scotland requirements, our independent auditor's report also covers the key narrative statements such as the Performance Report, the Accountability Report and the Remuneration and Staff Report which the College is required to include within its Annual Report and Accounts.

Other reporting requirements

Performance Report

In accordance with the Code, we review the information contained within the Performance Report and confirm that this is consistent with the information reported within the financial statements. As a new responsibility in 2016/17, under the Code, Audit Scotland requires us to also express an opinion on whether the Performance Report has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

We are satisfied that the information with the Performance Report is consistent with the financial statements and has been prepared in accordance with applicable requirements.

Accountability Report, including the Governance Statement

Audit Scotland requires us to read the information in the annual governance statement and express an opinion on whether Governance Statement 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. We are satisfied that the information with the Governance Statement is consistent with the financial statements and has been prepared in accordance with applicable requirements.

Remuneration and Staff Report

Auditors are required by the Code to audit the disclosures of remuneration and pension benefit, pay bands, and exit packages and express a separate opinion within their independent auditor's report on whether they have been properly prepared in accordance with the Regulations. We are satisfied that auditable part of the remuneration and staff report has been properly prepared in accordance with regulations.

Regularity opinion

The Board of Management is responsible for ensuring the regularity of expenditure and income. Auditors are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000. 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.

Other reporting requirements – what have we concluded?

- We reviewed the other information presented within the financial statements and provided management with comments to enhance the content, structure and presentation of these. These were amended by management.
- In respect of our 'Opinions on other prescribed matters', which includes the management commentary, the auditable part of the remuneration report, and the annual governance statement, our opinion is unqualified.
- We have not identified any other matters on which we are required to report by exception.

2. Wider scope audit

2. Wider scope audit

In accordance with the Code, we provide judgements and conclusions in respect of our work on the four audit dimensions of public sector audit: financial management; financial sustainability; governance and transparency; value for money.

Wider scope audit risks

The Code requires us to undertake work in respect of each of the four dimensions on an annual basis. The Code also sets out an expectation that 'significant' risks identified through our planning process that relate to the wider scope dimensions will be communicated with you. In undertaking our risk assessment in respect of the wider scope audit areas, we distinguish between the definition of 'significant risks' which apply to the audit of the financial statements, by referring to 'Wider Scope Audit Focus Areas'.

In our Annual Audit Plan we did not identify any areas of wider scope audit focus in the current year. We have however, undertaken routine work in respect of each of the audit dimensions, by considering the evidence available to us through various aspects of our work.

Financial management

The College reported a surplus of £6.4 million for the year (2015/16: deficit of £0.5 million). This improved year end position is predominantly due to income of £7.3 million in the form of a non-government grant from the Scottish College Foundation in relation to the building of the Academy of Sport and Wellbeing. This grant was recognised fully in year in line with performance conditions and in accordance with FRS 102. The College also reported that it had operated within its resource limits for the year ended 31 March 2017, with no over or underspend.

Performance against budget

Performance during the year was broadly in line with original budget forecast. The level of SFC funding received was higher than projected. This was due to additional allocations received during the year which were not included within the original budget. The additional funding was partially offset by higher than forecasts operating costs. The most significant of these was the impact of capital grant income noted above and pay awards on teaching and administration staff costs.

Funding aspect	Budget - £m	Actual - £m	Variance - £m
Income	23.249	31.487	8.238
Expenditure*	(23.503)	(24.993)	(1.490)
Total surplus (before tax)	(0.253)	6.494	6.748

*Includes net non-operational expenditure

Capital Expenditure

During 2016/17 the College spent £1.9 million on capital additions. This was primarily in relation to the completion of the Academy of Sport and Wellbeing. The level of expenditure in the year was in line with financial forecasts.

Monitoring of expenditure

Financial performance is monitored through monthly management accounts and is subject to review by the head of finance. The reporting pack also includes an update on major capital projects. Financial performance is monitored by the Principal and senior management team. Performance is monitored and scrutinised by the finance and general purposes committee and the Board.

We reviewed the financial information monitored by senior management, committees and the Board and we are satisfied that the information is sufficiently detailed, including explanation of material variances to provide meaningful information to allow scrutiny and challenge of performance.

2. Wider scope audit



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

Financial management (continued)

Internal control

It is the responsibility of the College to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility, as auditor, is to consider whether the College has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Our first year audit has been predominantly substantive in nature, and therefore we have not tested the operating effectiveness of key controls. We have reviewed the high level procedures management have with respect to internal control.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control. We have not identified any such matters to report to you.

Internal audit

Henderson Loggie provide internal audit services for the College. Within the 2017 annual report to the Board, internal audit concluded:

“In our opinion 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 2016/17 and in prior years since our first appointment in 1998/99.”

We have considered the work performed by internal audit during the year and did not identify any material issues that would impact on our overall opinion on the financial statements or our consideration of the wider scope aspects.

Financial management - what have we concluded?

- The College reported a surplus of £6.4 million for the year (2015/16: deficit of £0.5 million). This improved year end position is predominantly due to income of £7.3 million in the form of a non-government grant from the Scottish College Foundation in relation to the building of the Academy of Sport and Wellbeing. This grant was recognised fully in year in line with performance conditions and in accordance with FRS 102.
- The College has well established financial management arrangements, and we are satisfied that these are adequate for the management of its financial activities.

2. Wider scope audit



Financial sustainability is focused on the medium to longer term financial viability, and considers how effectively an audited body is planning to deliver its services over the medium term.

Financial sustainability

Financial sustainability interprets auditors' requirements under ISA 570 *Going concern* and looks forward to the medium (two to five years) and longer-term (longer than five years) to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

Audit Scotland's sector report: Scotland's colleges 2016, highlighted that between 2011 and 2015/16 the Scottish Government funding to the sector reduced by 18% in real terms. While the College's core funding has remained relatively stable in the current year of £6.8 million (2016: £6.2 million) management recognise that savings will be required in future years with envisaged constraints on future public sector resources. This requires an ability to transform and deliver significant recurring efficiency savings, while at the same time ensuring that the impact on core delivery is minimised.

Financial performance

The College delivered a surplus for the year ended July 2017 of £6.4 million against a breakeven budget. Furthermore, the College reported that it achieved its resource targets for the year to 31 March 2017.

The 2017/18 budget was approved in June 2017. The College is budgeting a small deficit position of £358,000, taking into account non-cash expenditure of depreciation of £953,000. Management is continuing to review opportunities to deliver ongoing savings to achieve a breakeven position.

An important part of ongoing financial assurance is regular updates to the Board on monitoring of expenditure against budget and the forecast outcome for the year. Financial performance is scrutinised by the senior management team, the finance and general purposes committee and the Board.

Financial planning

The College has prepared its five-year financial forecasts 2017 to 2022 and submitted these to the SFC. These forecast marginal total comprehensive income for the next five years. The forecasts have been prepared on the basis of the Board's strategic plans and supporting aims and objectives. While the College has aligned its FFR to its strategic plans, we recognise that the annual resource limits and funding settlements constrain the mechanisms for longer-term financial planning for the sector.

The College's latest FFR forecasts for academic years 2018-19 and beyond are based on the 2017-18 budget adjusted for known and estimated financial impacts, including the recently determined estimated impact of the national pay bargaining settlement. The College's financial forecast return to the SFC provides a five yearly projection. The current forecast identifies key assumptions underpinning these. Furthermore, the College's risk register identifies those critical financial risks to the medium to long-term sustainability of the College.

The key assumptions and sensitivities from review of the financial forecasts are:

- SFC core funding to remain flat over the period from the 2017/18 established allocation.
- Other income includes forecasts for income from the College's trading subsidiary, AST, which continues to operate in a challenging environment and has experienced year on year reductions in revenue. Income is also included for the first time in relation to the College's new Academy of Sport and Wellbeing which came into operation in 2016/17.
- Staff costs increase by 1% annually over the period to 2021/22, from the base 2017/18 cost which takes into account the cost of the recently notified pay awards through national bargaining.

Financial sustainability is focused on the medium to longer term financial viability, and considers how effectively an audited body is planning to deliver its services over the medium term.

Financial planning (continued)

The forecasts demonstrate a good understanding of the long-term pressures facing the College. Management has not included planned savings measures in the FFR, meaning that the unaddressed deficit for the College will climb to £2.5 million by 2021/22 and an underlying operating deficit of £1.8 million. Management notes that in particular staffing levels will not be sustainable at their current level if the College is to achieve a breakeven underlying position.

Financial sustainability – what have we concluded?

- We have concluded that achieving financial sustainability continues to represent a significant challenge for the College. Financial planning is constrained by the requirement to deliver in year resource targets. The College is working through the implications of the national pay bargaining settlement and how that affects its longer term financial forecasts.
- While the FFR is based on the best available information available to management at the time of preparation, there remain a number of assumptions and sensitivities that could significantly impact the College's sustainability going forward.

2. Wider scope audit



Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision-making, and transparent reporting of financial and performance information.

Governance and transparency

The Board and management of the College are responsible for establishing robust governance arrangements. This includes ensuring effective systems of internal control, including arrangements to safeguard public money, and compliance with applicable laws and regulations. While we have not identified any significant risks in relation to the College's governance arrangements through our audit planning, we consider the adequacy and effectiveness of the College's governance arrangements as part of our audit work.

Governance arrangements

The College has in place a number of the key requirements for good governance. We have reviewed Board minutes and papers and found these to set out clearly the matters considered and discussed. Standing Orders regulate how the business of the College is conducted. The Board has approved detailed terms of reference for its standing committees.

During 2016/17 an external effectiveness review of governance arrangements was conducted by the College's internal auditor. The review highlighted the Board's commitment to continuous improvement of the governance of the College. Areas for development were included but not considered to be material gaps in the existing governance arrangements. An action plan of further areas of development was agreed with management and progress on the status of these actions will be monitored throughout 2017/18.

Effective risk management

The risk management policy outlines the approach to risk management, the roles and responsibilities of the Board, the senior management team, and other key parties. It also outlines the key risk management processes and identifies the main reporting arrangements.

Transparency

The College publicises Board and standing committee agendas, minutes and papers on their website on a timely basis. It is clear that the College endeavours to make as much information available as possible, redacting, for example, certain financial information only where it would be considered to be reserved under freedom of information requests.

Governance and transparency – what have we concluded?

- We have concluded that the College has generally established a sound basis to demonstrate good governance and transparency in its operational activity.
- There is a commitment to transparency, with the conduct and detail of business of the College made available on the website.
- The independent Board effectiveness review reported on the Board's commitment to continuous improvement of the governance of the College, with some areas of development identified.

2. Wider scope audit



Value for money is concerned with using resources effectively and continually improving services. This includes consideration of whether resources are being used effectively and how performance and outcomes are monitored.

Strategic planning and performance reporting

The College Strategic Plan 2016-21 aligns to the University of the Highlands and Islands' Regional Outcome Agreement. Its Vision 2021 strategy is the outcome of extensive consultation with students, staff, partners and community groups and is designed to take the College forward in the future as a tertiary institution. It recognises the contribution of all areas of the College to its five underlying aims.

The Board monitors the performance of the College against these targets using a balanced scorecard supplemented by a narrative which reports on four cross-cutting themes:

- ▶ Students and staff achieving their potential;
- ▶ Sustainability;
- ▶ Student activity measures and
- ▶ Student Satisfaction.

In June 2017 the Board reviewed the final report on the College's performance for the academic year 2015-16 against the Strategic Plan 2013-2016 which included a summary of the key achievements in the period. The College publishes its performance information annually on its website as well as including key measures within the financial statements and Board and committee papers published on the website.

Value for Money – what have we concluded?

- The College Strategic Plan 2016-21 aligns to the University of the Highlands and Islands' Regional Outcome Agreement. Its Vision 2021 strategy is the outcome of extensive consultation.
- In June 2017 the Board reviewed the final report on the College's performance for the academic year 2015-16 against the Strategic Plan 2013-2016. This included a summary of the key achievements. Performance information is published annually on the website as well as including key measures within the financial statements and Board and committee papers published on the website.

Appendices

- A. College responsibilities
- B. Required communications with the Audit Committee
- C. Auditor independence
- D. Management representations
- E. Action plan

A. College's responsibilities



The Code of Audit Practice summarises the responsibilities on all audited bodies falling within the public sector audit framework. We summarise these on this page.

Responsibilities of audited bodies

Corporate governance	<p>Each body, through its chief executive or accountable officer, is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies should involve those charged with governance (including audit committees or equivalent) in monitoring these arrangements.</p>
Financial statements and related reports	<p>Audited bodies must prepare an annual report and accounts containing financial statements and other related reports. They have responsibility for:</p> <ul style="list-style-type: none"> • preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation. • maintaining accounting records and working papers that have been prepared to an acceptable professional standard and support their financial statements and related reports disclosures. • ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority. • maintaining proper accounting records. • preparing and publishing, along with their financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report that are consistent with the disclosures made in the financial statements. Management commentary should be fair, balanced and understandable and also clearly address the longer-term financial sustainability of the body. <p>Management, with the oversight of those charged with governance, should communicate clearly and concisely relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework.</p> <p>Audited bodies are responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of their objectives and safeguard and secure value for money from the public funds at their disposal. They are also responsible for establishing effective and appropriate internal audit and risk-management functions.</p>
Standards of conduct / prevention and detection of fraud and error	<p>Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and also to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.</p>
Financial position	<p>Audited bodies are responsible for putting in place proper arrangements to ensure that their financial position is soundly based having regard to:</p> <ul style="list-style-type: none"> • such financial monitoring and reporting arrangements as may be specified • compliance with any statutory financial requirements and achievement of financial targets • balances and reserves, including strategies about levels and their future use • how they plan to deal with uncertainty in the medium and longer term • the impact of planned future policies and foreseeable developments on their financial position.
Best Value	<p>The Scottish Public Finance Manual sets out that accountable officers appointed by the Principal Accountable Officer for the Scottish Administration have a specific responsibility to ensure that arrangements have been made to secure best value.</p>

B. Required communications



There are certain additional communications that we must provide to the Audit Committee, in accordance with ISA (UK) 260 and other auditing standards, which are set out below.

Required communication - what is reported?	Our reporting to you
<p>Terms of engagement</p> <p>Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.</p>	<p>Audit Scotland Terms of Appointment letter – audit to be undertaken in accordance with the Code of Audit Practice</p>
<p>Planning and audit approach</p> <p>Communication of the planned scope and timing of the audit, including any limitations.</p>	<p>Annual Audit Plan</p>
<p>Significant findings from the audit</p> <ul style="list-style-type: none"> • Our view of the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Any significant difficulties encountered during the audit • Any significant matters arising from the audit that were discussed with management • Written representations we have requested • Expected modifications to the audit report • Any other matters significant to overseeing the financial reporting process • Findings and issues around the opening balance on initial audits 	<p>This Annual Audit Report.</p>
<p>Going concern</p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The adequacy of related disclosures in the financial statements 	<p>No conditions or events were identified, either individually or together to raise any doubt about the College's ability to continue for the 12 months from the date of our report.</p>
<p>Fraud</p> <ul style="list-style-type: none"> • Asking the Audit Committee whether they have knowledge of any actual, suspected or alleged fraud affecting the College • Unless all those charged with governance are involved in managing the entity, any fraud identified or information obtained indicating that a fraud may exist involving: <ul style="list-style-type: none"> (a) management; (b) employees with significant roles in internal control; or (c) others where the fraud results in a material misstatement in the financial statements. <p>► A discussion of any other matters related to fraud, relevant to Audit Committee responsibility.</p>	<p>This Annual Audit Report.</p>

Required communication - What is reported?	Our reporting to you
<p>Misstatements</p> <ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Significant corrected misstatements, in writing 	<p>This Annual Audit Report.</p>
<p>Significant deficiencies in internal controls identified during the audit</p> <ul style="list-style-type: none"> • Significant deficiencies in internal controls identified during the audit. 	<p>This Annual Audit Report</p> <p>No significant deficiencies were identified in the course of our audit which required immediate communication to the Audit Committee.</p>
<p>Related parties</p> <p>Significant matters arising during the audit in connection with the College's related parties including, where applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and/or regulations • Difficulty in identifying the party that ultimately controls the entity 	<p>We have no matters to report.</p>
<p>Subsequent events</p> <ul style="list-style-type: none"> • Where appropriate, asking the Audit Committee whether any subsequent events have occurred that might affect the financial statements. 	<p>We have asked management and those charged with governance. We have no matters to report.</p>
<p>Other information</p> <ul style="list-style-type: none"> • Where material inconsistencies are identified in other information included in the document containing the financial statements, but management refuses to make the revision. 	<p>We have no matters to report.</p>
<p>External confirmations</p> <ul style="list-style-type: none"> • Management's refusal for us to request confirmations • We were unable to obtain relevant and reliable audit evidence from other procedures. 	<p>We have received all requested confirmations.</p>
<p>Consideration of laws and / or regulations</p> <ul style="list-style-type: none"> • Audit findings of non-compliance where it is material and believed to be intentional. This communication is subject to compliance with legislation on "tipping off" • Asking the Audit Committee about possible instances of non-compliance with laws and/or regulations that may have a material effect on the financial statements, and known to the Audit ad Risk Governance Committee. 	<p>We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations.</p>
<p>Independence</p> <ul style="list-style-type: none"> • Communication of all significant facts and matters that have a bearing on EY's objectivity and independence. 	<p>This Annual Audit Report – Appendix C</p>

Professional ethical standards, and the Terms of our Appointment, require us to communicate all significant facts and matters that have a bearing on EY's objectivity and independence as auditor of the College.

What we are required to communicate?

Communicating key elements of the audit engagement partner's consideration of independence and objectivity such as:

- The principal threats
- Safeguards adopted and their effectiveness
- An overall assessment of threats and safeguards
- Information on the firm's general policies and processes for maintaining objectivity and independence
- Communications whenever significant judgments are made about threats to objectivity or independence and the appropriateness of safeguards.

Confirmations

We confirm that there are no changes in our assessment of independence since our confirmation in our Annual Audit Plan.

We complied with the Financial Reporting Council's Ethical Standards and the requirements of Audit Scotland's Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Audit Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the College Audit Committee on 29 November 2017.

Summary of fees

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 July 2017.

Our only non-audit fees in the year relate to our work over the student support and Educational Maintenance Allowance returns, as noted earlier in this report.

Our audit fee was not agreed with management at the time of our Audit Plan. Fees now agreed are shown in the table opposite.

Auditor remuneration	£14,780
Fixed costs *	£1,760
Non-audit fees	£1,500
Total fees	£18,040

* Fixed costs, which are determined by Audit Scotland, comprise £920 pooled costs, £840 contribution to Audit Scotland's costs.

ISA (UK) 580: *Written representations*, requires the auditor to obtain written representation that management, including those charged with governance, has fulfilled its responsibility for the preparation of the financial statements in accordance with the applicable financial reporting framework, including where relevant, their fair presentation.

Ernst & Young LLP

Atria One
144 Morrison Street,
Edinburgh, EH3 8EB
[Date]

This letter of representations is provided in connection with your audit of the financial statements of Perth College (“the College”) for the year ended 31 July 2017. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the College financial position as of 31 July 2017 and of its income and expenditure for the year then ended in accordance with applicable law and the Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

We understand that the purpose of your audit of our consolidated financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose – all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with applicable law and the Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.
2. We acknowledge, as members of management of the College, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the College and its group in accordance with applicable law and the Financial Reporting Standard 102 The Financial

Reporting Standard applicable in the UK and Republic of Ireland, and the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the College, we believe that the College has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with applicable law and the Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Fraud

1. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
2. 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.
3. We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the College’s internal controls over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by “whistleblowers”) which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the College.

C. Compliance with Laws and Regulations

1. We have disclosed to you all identified or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

D. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of the Board of Management of the College and its relevant committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meetings.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the College's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the College has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

E. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third parties.
4. No other claims in connection with litigation have been or are expected to be received.

F. Subsequent Events

1. As disclosed in the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Going concern

1. We have not identified any material uncertainties that may cast significant doubt about the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

H. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Management Commentary, the Remuneration Report, the Annual Governance Statement and the Statement of Responsibilities.
2. The disclosures within the Management Commentary reflects our understanding of the financial and non-financial performance of the College over the reporting year, is consistent with the financial statements and has been prepared in accordance with relevant guidance.
3. The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared reflects the College's governance framework, is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).
4. The information contained in the auditable part of the Remuneration Report has been prepared in accordance with Accounts direction.
5. We confirm that the content contained within the other information is consistent with the financial statements.

Yours faithfully,

Principal

Chair of the Board of Management of the College

This action plan summarises specific recommendations included elsewhere within this Annual Audit Report. We have graded these findings according to our consideration of their priority for the Board or management to action.

Classification of recommendations

Grade 1: Key risks and / or significant deficiencies which are critical to the achievement of strategic objectives. Consequently management needs to address and seek resolution urgently.

Grade 2: Risks or potential weaknesses which impact on individual objectives, or impact the operation of a single process, and so require prompt but not immediate action by management.

Grade 3: Less significant issues and / or areas for improvement which we consider merit attention but do not require to be prioritised by management.

No.	Findings and risk	Our recommendation and grading	Management response
1	<p>Preparation of the financial statements</p> <p>While the core financial statements were provided during the audit process the performance, accountability, remuneration reports and the corporate governance statement were provided after the onsite audit work was completed.</p>	<p>We have indicated with management that we will undertake a review of the timetable for the audit for 2017/18, building on our first year audit experience and to ensure continued improvement and efficiency in the process.</p> <p>As part of this, management should review their timetable for the preparation of all elements of the financial statements to enable a full draft financial statements to be available for review at the beginning of the audit process.</p> <p style="text-align: right;"><i>Grade 3</i></p>	<p>Agreed.</p> <p>Management will continue to work with the auditor to ensure the process is as efficient as possible.</p>
2	<p>Actuarial assumptions</p> <p>In respect of the key assumptions around discount rates and inflation used in the calculation of pension liabilities at year end, our actuaries noted that the assumptions were within a range we consider acceptable for the year end date.</p> <p>However, they noted the underlying methodology used to obtain these assumptions was not as robust as they could be, in particular around the estimates of future cash flows for pension costs by the College.</p> <p>While we are comfortable with the assumptions used for the 2017 financial statements there is a risk that future assumptions are not considered appropriate.</p>	<p>Management should ensure our audit findings are fed back to the actuaries in advance of the 2017/18 preparation of the FRS102 pensions report and assumptions calculation.</p> <p style="text-align: right;"><i>Grade 3</i></p>	<p>Agreed.</p> <p>Management has requested a detailed explanation of where the differences of opinion with regard to methodology lie to allow them to pass on to the scheme actuaries, and will review next year as soon as the assumption are known for the year.</p>

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