

Board of Management Report and Financial Statements

For the year ended 31 July 2024

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Principal Statement

The College continues to play a key role in socio economic developments across Ayrshire and Scotland. Collaborating with its employers, key stakeholders and third sector partners, the College is central to the development of a skills pipeline enabling the key sectors of Ayrshire and Scotland to thrive. The College also continues to have a strong community footprint, supporting individuals who live in the most deprived SIMD wards across Ayrshire.

During 2023-24, the College launched its new [Strategic Ambition](#) with a mission to 'empower people for a changing world'. Underpinning this are four enabling strategies covering infrastructure, skills and enterprise, business growth and people priorities needed to realise that ambition.

Aligned to these are our transformation projects. The College has continued to invest in the digital infrastructure and technology required by our staff and students, invested in aerospace facilities and resource, in response to industry requirements, and leadership and curriculum development to ensure our offer is reflective of industry practice and of the highest quality.

The College chairs the Regional Economic Strategy Skills Delivery Group which is informed by the following employer lead working groups: Clean Growth, Aerospace and Space, Food and Drink, Digital, Tourism and Hospitality.

As part of the Ayrshire Growth Deal (AGD) and Regional Economic Strategy (RES), the College has developed several bespoke training opportunities, including fast track programmes, enabling people to access employment in aerospace & engineering and hospitality. The College is also the lead partner, alongside South Ayrshire Council, in developing the Aerospace Skills Technology Application Centre (ASTAC) project. The College is working in partnership with Scotland's Rural University College to host, at our Ayr Campus, the Dairy Chain Innovation Centre which will support dairy businesses with the development of new products and the associated skills training. The College continues to be proactive in working with our Health and Social Care partners to deliver a range of access to employment programmes, apprenticeships and upskilling training.

Despite the academic year being disrupted by protracted industrial action, student attainment continues to be in the top quartile of the sector. Student satisfaction increased again by 1% to 97% which is 6% above the 2023-24 target. We were also recognised for our outstanding community work by winning our second UK Green Gown Award and two awards at Scotland's College Development Network Awards.

PERFORMANCE REPORT

Performance Overview

This section provides information on the purpose and objectives of Ayrshire College, the key issues and risks that it faces and a high-level assessment of its performance over the year.

Purpose and Activities

Ayrshire College's purpose is to inspire futures, transform lives and support communities by providing excellent education through a quality driven curriculum providing excellent education, skills and training. The College provides further and higher education in the Ayrshire region and delivers full-time and part-time education and training programmes.

The Principal and Chief Executive and the Board of Management have a clear vision that Ayrshire College is seen as a vibrant, dynamic and confident college that inspires success in its students and staff, delivers outstanding performance and is highly regarded by partners, employers and wider communities.

The College's strategic direction is set by the Board of Management, informed by education policy as determined by Scottish Ministers, and shaped by guidance provided by the Scottish Funding Council (SFC). The [Financial Memorandum](#) between the College and the SFC sets out the terms under which the College, as a fundable body, receives and is held accountable for the use of public funds.

In seeking to develop a relevant curriculum and provide educational opportunities that meet the social and economic needs of the region, the College collaborates closely with regional partners including other educational institutions, business and industry leaders, and community planning partnerships to enhance educational opportunities for students.

The College, in terms of the Further and Higher Education (Scotland) Act 1992, was established as a free-standing corporate body on 1 April 1993 and is recognised as a charity for the purposes of Section 505 of the Income and Corporation Taxes Act 1988 with Scottish Charity Number SC021177. The constitution and proceedings of the Board of Management are determined by Schedule 2 to the Further and Higher Education (Scotland) Act 1992, as amended (the 1992 Act). Its powers are determined by Section 12 of the 1992 Act, as amended. The Ayrshire College Board and its committees, and the executive team structure, are included in the Accountability Report.

Corporate Strategy

The College's [Strategic Ambition](#) was launched in August 2024 and covers the period 2024-27. It builds on the College's collective achievements over recent years, as the organisation strives for even greater success in pursuit of its three key strategic themes to:

- Deliver outstanding experiences.
- Be a partner of choice.
- Have a key role in enabling the future.

These new priorities are an evolution from the main strategic priorities of the previous Statement of Ambition 2030. The Strategic Ambition sets out three core objectives for the coming period:

1) Outstanding Experiences

Grounded in high quality learning and teaching, where our students are challenged to reach the highest standards, to thrive and succeed. We deliver outstanding experiences through:

- Personalised and inclusive approaches
- Building ambition
- Inspiring success

2) Partner of Choice

Our sense of place extends to our communities, our business partners, our region and beyond. We are regionally focused and globally engaged as a key partner through:

- Innovation and collaboration
- Impactful contributions
- Immersive relationships

3) Enabling the Future

We will shape the future positively, to drive transformation and continuous improvement, respond to challenges and bring new ideas to life through:

- Leading and influencing within our ecosystem
- Data informed and intelligence driven approaches
- Agile and responsive behaviours

With over 10,000 businesses across Ayrshire, our priority is to extend the reach of the College to new areas and develop strong partnerships, based on trust, success and innovation. We will also continue to have a clear focus on the key sectors of our local economy: engineering and aerospace, construction and clean growth, health and care, and visitor economy, to harness the strength of our collective aspirations and ambitions. Together, we will meet the challenges and capture the opportunities of the years ahead with purpose and determination in a world that is continually and rapidly changing. Through innovation and collaboration, locally, regionally and beyond, we will inspire outstanding achievement, both in ourselves and others, to build a better and more ambitious future for our students, business partners and stakeholders.

The College will continue to operate as a highly effective and efficient organisation, rigorously focusing on outcomes and quickly identifying where resources could be better utilised or performance enhanced. There will continue to be a College-wide approach to continuous improvement which recognises best practice, including strong financial and corporate controls, continued commitment to tackling climate change, investment in technology, and high standards of safety and governance.

Within the College operational financial parameters and despite the global pandemic the College has made progress in fulfilling its strategic priorities over the past five years. The College prepared and submitted the 2023-24 Regional Outcome Agreement (ROA) to the SFC in 2023 and this was published mid-2024. In addition to meeting the goals set in the Strategic Ambition, the College must satisfy the conditions of the SFC, when agreeing to goals set by them in the ROA.

The Agreement maintained the 2019-20 baseline for attainment but also focused activity into:

- Supporting the regional economy and employment
- Supporting progression into university with advanced standing and employment
- Increasing numbers of Schools College Partnership (SCP) senior phase students
- Increasing percentage of students from care experienced backgrounds
- Increasing percentage of students from SIMD10 data zones

Further information on the College achievements is shown on page 11 under the Regional Outcome Agreement Performance Indicators.

Learning and Teaching Performance Executive Summary

Ayrshire College provided education to 14,878 unique student enrolments during the year to 31 July 2024 (2022-23: 20,571). In doing so the College surpassed its credit target of 111,480 credits and achieved a 111,600 final credit out turn. The 2023-24 reduction in unique student enrolments is due to a combination of a reduction in the SFC credit target from circa 122,000 to 111,500 credits and the short notice removal of Flexible Workforce Development Fund (FWDF) by the Scottish Government. The FWDF reduction has reduced the opportunities for businesses to develop their workforces and the College is awaiting information on any replacement funding.

The overall retention rate (early and further) for FE and HE full-time increased slightly in 2023-24. FE full-time increased from 25.2% to 25.7% and HE full-time increased from 24.2% to 25.2%.

Early withdrawal rates improved significantly (Full time FE: 5.3% in 2023-24 from 13.8% in 2021-22 / Full time HE: 4.4% in 2023-24 from 9.3% in 2021-22) due primarily to a change in the census date that brought the College census date into alignment with universities.

There has been a shift from full-time to part-time provision with a 23% movement from 2020-21. This increase was led by courses funded through the Flexible Workforce Development Fund (FWDF) and Young Person Guarantee (YPG) skills boost courses. The College has refocused part-time provision into courses where there is increased demand, to rapidly upskill the population in sectors such as technology (especially data science) and care as well as basic entry-level employability programmes, all key to the College's and the regional economy's success in equipping students for work.

Key Issues and Risks

During the year, the table below identifies the five top risks faced by the College. The effect of these risks on the delivery of services is covered in other sections of the performance report. A range of mitigation plans were developed and implemented to reduce the potential impact of each of these risks, and through management of these risks there has not been any detrimental impact on the College's performance in the year.

Key Risks	Main Mitigating Actions
Financial Sustainability	<ul style="list-style-type: none"> The workforce development plan and further potential for cost saving and income growth are under continuous review to maintain financial sustainability. Voluntary severance schemes and a continual recruitment review process have conducted in 2023-24 have assisted in delivering a close to balanced adjusted operating position. Effective cash control and robust financial management.
Investing in College Infrastructure	<ul style="list-style-type: none"> Review and updating of College Infrastructure Strategy to include both physical and IT estate challenges. Development of robust working relationships with both the Scottish Funding Council and College professional advisors. Quarterly Committee report highlighting the work undertaken and the challenges faced by the College and wider sector. Robust curriculum planning arrangements allowing for limited resources to be focused on areas of greatest need.
Job Evaluation - National Bargaining	<ul style="list-style-type: none"> Senior staff present on national work and bargaining groups to influence future decisions and direction. There is strong partnership dialogue between management, unions and the Scottish Government. Strike contingency plans are in place.
Data Security	<ul style="list-style-type: none"> Increased intrusion detection and testing, business continuity readiness and secure configurations of College systems through the Security Operations Centre (SOC). Regular investment in cyber resilience including regular review of the cyber risk control matrix, and staff awareness training and development. Regular cyber testing and penetration exercises, and stress-testing business continuity plans.
People and Culture	<ul style="list-style-type: none"> Introduction of new College Corporate Strategy including the Ayrshire Way aimed at implementing positive behaviours across the College. Continued delivery of both the Aspire (management potential of staff) and Evolve (specific training to College managers) development programmes. Implementation of Staff Voice Forum and protected staff time that are designed to strengthen the already good working relationship between management and staff.

Job evaluation - national bargaining is now recognised as a significant risk to the future employment relations and financial sustainability of the College. The Covid-19 risk has been incorporated into a wider public health risk and is considered as a minimal risk. The national bargaining and financial sustainability risks are expected to continue unless there is additional funding and guidance provided by the Scottish Government to cover future cost of living pay demands and high inflation for supplies and services.

Key Performance Indicators

The College's Strategic Key Performance Indicators Dashboard is monitored by the Board of Management on a quarterly basis. The dashboard includes the following agreed performance indicators:

- Student Experience
- Skills Alignment
- Business Effectiveness
- Partnerships

Future Performance

The College published its updated [Strategic Ambition](#) in August 2024 with the key strategic goal of delivering a superb and distinctive student experience, where our staff and stakeholders are proud of what they collectively achieve. The College will deliver outstanding business support in our region and beyond and will lead successful and impactful collaborations. It will strive to enhance its technological readiness and digital performance to maximise the benefits of technology-enabled learning, teaching, student support and operational processes.

Each year the College reviews its portfolio of courses using an evidence-based approach which incorporates Scottish Government policy direction, national and regional labour market information, the Ayrshire Regional Economic Strategy and Ayrshire Growth Deal. Courses that are no longer in demand, not achieving success or not related to national, regional and local priorities are removed from the Curriculum Delivery Plan for the following academic year. This annual process ensures that the College's portfolio of courses is aligned to national, regional and local policy objectives.

The College intends to measure its success in terms of student achievements, staff satisfaction, contribution to local, regional, and national initiatives, and sustainable practices embedded throughout learning, teaching and operations. The College will improve its investment in digital services and develop commercial income streams towards achieving a balanced financial position.

PERFORMANCE ANALYSIS

Operational Review

Regional Outcome Agreement Performance Indicators

In accordance with SFC guidance the College is required to publish and report progress against targets for national priorities. These indicators monitor performance against the College's objectives. Most KPIs are measures of credits, student numbers, achievement and retention, all of which are linked to funding, financial performance and the reputation of the College.

KPI	Purpose	Note	2023-24	2022-23	2021-22
Performance against credit activity target	Measures student activity performance against target	1	111,600 100.1%	122,552 101.1%	127,676 101.8%
Unique student enrolments	Measures number of student enrolments	2	14,787	20,571	19,743
Full-time applications	Measures student demand	3	4,905	5,361	6,524
Student Retention Rate	FE Full Time	4	74.4%	74.9%	65.9%
	HE Full Time	5	74.7%	75.9%	73.1%
Student Success	FE Full Time	6	64.9%	68.5%	58.7%
	HE Full Time	7	61.6%	65.8%	62.5%
Adjusted operating position as % of total income	Measures AOP as % of total income	8	(0.7)%	(2.2)%	6.2%
Non SFC income as a % of income	Measures non SFC income as a % of total income	9	13.0%	12.7%	11.6%
Staff costs (excluding exceptional staff costs) as a % of total income	Measures staff costs excluding exceptional staff cost as a % of total income	10	64.9%	65.8%	63.8%

Note

1. The College has exceeded its 2023-24 credit target by 0.1%. The reduction in credits between 2022-23 and 2023-24 is reflective of a 10% credit reduction across the sector with no impact on the College Grant-in-Aid funding.
2. The reduction in unique student enrolments between 2022-23 and 2023-24 is reflective of the reduction in credit activity noted above and the removal of Flexible Workforce Development Funding (FWDF).
3. Full-time application across the sector have been falling for the last 3 years. The College has refocused part-time provision into courses where there is increased demand, to rapidly upskill the population in sectors such as technology (especially data science) and care as well as basic entry-level employability programmes, all key to the College's and the regional economy's success in equipping students for work.
4. In 2023-24, the student retention rate for learners on full-time FE programmes was 74.4%. This was a minor decrease of 0.5% from the previous year.

5. The overall student retention rate for learners on full-time HE programmes was 74.7% in 2023-24, which was a decrease of 1.2% on the previous year.
6. In 2023-24, the student success rate for learners on full-time FE programmes was 64.9%. This was a decrease of 3.6% from the previous year. Despite improvements in early retention figures, further withdrawal and partial success rates increased and, correspondingly, overall success rates decreased. There is no doubt that the concentrated strike action by EIS-FELA members for 25 days across April, May and June 2024 affected the higher rates of further withdrawal and partial success.
7. In 2023-24, the student success rate for learners on full-time HE programmes was 61.6%. This was a decrease of 4.2% from the previous year. Despite improvements in early retention figures, further withdrawal and partial success rates increased and, correspondingly, overall success rates decreased. There is no doubt that the concentrated strike action by EIS-FELA members for 25 days across April, May and June 2024 affected the higher rates of further withdrawal and partial success.
8. The College objective is to have a small positive adjusted operating position. However, as the College is in the process of transformation through several key strategic projects and is required to incur voluntary severance costs with no financial support, it is not possible to achieve this objective.
9. Although the level of non-SFC income has been slowly increasing, the College has set itself an objective of increasing the level of non-SFC income to deliver between 15-20% of total income from alternative sources.
10. The College continues to operate with circa 65% of its income being expended on staff costs. If NPD support and the release of deferred capital grants (non-cash) are excluded from income this percentage rises to closer to 80%. The ability of the College to invest in other non-staff costs is therefore constrained under the current funding model.

Student Activity Performance Highlights

Delivery of Widening Access and Progression Targets

	Note	2023-24	2022-23	2021-22
Student Gender Balance	1			
Female		47%	49%	52%
Male		52%	50%	47%
Prefer not to say		1%	1%	1%
Students with a disability % of credits	2	41%	35%	18%
Student success rate		70%	69%	63%
Student from a minority ethnic group ¹	3	194	159	147
Student Success Rate		71%	76%	67%
Students from SIMD10 data zone ¹	4	1,768	1,746	1,766
Student success rate		68%	68%	60%
Schools College Partnership pupils ¹ (Senior Phase)	5	532	435	378
Care-experienced students ¹	6	914	824	636
Student success rate		66%	66%	59%

¹ 160 hours or more of teaching

Note

1. Ayrshire College is recognised as an inclusive College. A consistent and proactive focus on access, inclusion and diversity has created a strong ethos amongst staff and students. This has been a critical success factor in increasing student outcomes year on year and it will continue to be a driver for improvement in student outcomes over the next three years.
2. A key Scottish Government priority area of focus is to improve the access and outcomes for students with a declared disability. Over the eight years from 2015-16 to 2023-24 there has been a significant increase in the number of students declaring a disability with 20% in 2015-16 rising to 41% in 2023-24 of all enrolments declaring a disability. Over the same period those students have seen their success rates increase from 61% in 2015-16 to 70% in 2023-24
3. The College is committed to equality of opportunity and outcome for students and staff who share protected characteristics, and to a culture that respects difference. In April 2024, the College published its annual [Mainstreaming Equality and Equality Outcomes Progress Report](#), (including Equality Outcomes and Gender Action Plan) following awareness training workshops to staff, to meet equalities legislation and set out the progress made towards mainstreaming equality across the College, reporting to the Board of Management and the Learning, Teaching and Quality Committee. The report was approved by the Board of Management in March 2024 and published on the College website in April 2024. It includes detailed progress made in all the equality outcome areas: Accessibility, Gender, Poverty, Mental Health, LGBT+, Racial and Religious Discrimination and Care Experience.
4. East and North Ayrshire local authorities are amongst the top six councils with the highest local share of Scottish Index of Multiple Deprivation 20% most deprived data zones (SIMD20) in Scotland. Ayrshire has circa 26 areas which are among the most deprived 5% in Scotland. In 2023-24 the College supported 1,768 students living in the 10% most deprived postcode areas. The College aims to ensure that the percentage of students living in the 10% most deprived postcode areas is representative of the Ayrshire region in line with national targets.
5. School College Partnership numbers relating to Developing Young Workforce (DYW) pupils was achieved this year. The target for DYW courses, where school pupils in senior phase attended vocational courses with recognised qualifications at Level 5+ was 500 students. The College enrolled 532 students; 32 students more than target. Schools reprioritised on 'lost learning,' due to Covid within their institutions and as a result in 2023-24 a return to the higher delivery levels and targets has been realised.
6. The SFC has set ambitious targets for all of Scotland's colleges to deliver successful outcomes for care experienced students, aiming for parity with their peers. In 2023-24, Ayrshire College had 914 care experienced student enrolments on courses lasting 160 hours or more. This represents a 11% increase in care experienced student enrolments when compared to 2022-23. The College has a very close working relationship with the Local Authorities Children's Partnerships, ensuring the best transition support is possible.

Student Satisfaction

In 2023-24, overall College satisfaction stood at 97%, 6% above target, with 95% of students replying to the College's satisfaction survey stating that they felt their course had prepared them with the appropriate knowledge and skills for the workplace (a 4% improvement). A key point in the College's Action Plan following the Education Scotland annual engagement visit in December 2023 was to increase the numbers of participants in the survey, which was achieved.

Improved Support to Increase Progression to University

The latest available published figures demonstrate that, following successful completion during 2021-22, 272 (48%) HN students articulated to degree programmes, with advanced standing. It should be noted that Covid-19 restrictions were still in place and many students opted not to accept a place at university due to the continuation of online learning only.

The College continues to work closely with several universities through strategically focussed forums to ensure a continued sustainable infrastructure for articulation to university routes. Articulation pathways are available to students both within and out with the region. The College expects the proportion of students articulating to degree programmes, with advanced standing to be 65% in 2023-24.

Student Destination

The most recent College Leavers Destination (CLD) survey report focused on students who studied in 2022-23 and completed their course in June 2023 with a successful outcome. The survey reports on the status of the students as at 31 March 2024.

The College achieved a return rate of 89% (up 4% from the previous year) confirming the destinations of 2,920 out of a total of 3,298 college leavers. This exceeded the SFC completion target of 80% and was marginally higher than the sector average completion rate of 88%. The return rate for FE learners was 91% (up 1% from the previous year) while the return rate for HE learners was 84% (up 5% from the previous year).

For the College the main point to note is that 94% of confirmed HE leavers and 93% of confirmed FE leavers are in a positive destination six months after completing their course of study. Most students (75%) were undertaking further study six months after successful completion of their full-time course (67% of HE confirmed leavers and 79% of FE confirmed leavers) with a further 18% of confirmed leavers having moved into employment.

The SFC has advised that the 2022-23 CLD Survey will not be published until February 2025, therefore sector benchmarking data is unavailable.

Infrastructure Strategy

The College's vision is to have a College estate that delivers a high quality, technologically advanced and sustainable learning environment enabling and enhancing successful learning and skills outcomes for students, staff and other communities. The College estate is based across three main campuses at Kilmarnock, Kilwinning and Ayr. During the year, the College continued to invest in technology, its curriculum areas and the maintenance of its buildings in accordance with the SFC's capital funding criteria, regulatory compliance and work prioritisation through a review of the risks facing the overall College estate.

The strategic aims of the College are as follows:

- To maximise the use of all assets through improved space utilisation / intelligent design and to minimise our environmental impact by using smart technologies
- Implement rolling investment plan to improve service design and delivery methods
- To significantly enhance the student and staff experience through dynamic and impactful digitally enabled on and off-campus environments
- To minimise the environmental impact of the College and maximise sustainable outcomes
- To prioritise seeking collaborations as a means of delivery through partnerships with other education providers and stakeholders
- To further enhance our cybersecurity position to ensure the protection of sensitive data, maintain system integrity, meet regulatory compliance and foster a culture of cybersecurity awareness among staff and students

The College Infrastructure Strategy is aligned to the Scottish Funding Council College Infrastructure Strategy (CIS) which lays down how the SFC plans to deliver Scotland's College Infrastructure Investment Plan as published in November 2022. The CIS describes the Scottish Funding Council's approach to investment in Scotland's college estate and other infrastructure, setting out a collective approach between the SFC and colleges to develop an Infrastructure Investment Plan for Scotland's colleges covering the 10-year period to 2034. The plan will identify future infrastructure investment, including investment for net zero, training equipment and digital, needed for a sustainable college estate to deliver the desired outcomes for students, staff, and their communities.

The College ensures that its capital expenditure priorities adhere to the 2017 SFC Condition Survey Report, and that other capital receipts are spent in accordance with funding criteria. In 2023-24, estate projects included the upgrading and refurbishment of College buildings, general upgrades have also been applied to LED lighting, flooring works, and roofing throughout the main campus buildings.

The College continued to improve the estate condition through regular repair and maintenance, and spending wisely to improve its sustainability credentials. There were new and upgraded energy efficiency measures installed across all campuses and improved security of buildings for staff, students and stakeholders in the form of upgraded CCTV. Health and safety are a key priority with the onsite team completing key deliverables in the year which included upgrades to fire doors. Regular health and safety meetings are held across each campus giving staff, unions and students the opportunity to highlight any potential issues or concerns to management. Improved procedures and guidance were made available to all staff and students this year.

During 2023-24, there was continued investment in the College's IT core infrastructure and systems, including the purchase of new laptops and lockers. The College continues to modernise and upgrade its campus networks to incorporate modern control architecture to better provide the policies, automation and analytics required to adapt to change, simplify and scale operations, and to protect against threats.

All staff and students' systems operate on the best-in-class license available from Microsoft, providing not only the usual business applications, but also offering advanced security, compliance and analytical capabilities. This includes security features to guard against sophisticated attacks such as phishing and computer software vulnerability; a powerful business analytics platform, and a cloud-based solution that helps protect the College from many types of advanced cyber-attacks.

Sustainability Report

The College [Sustainability Strategy](#) outlines the commitment to sustainable development and our aim to reduce emissions, minimise the organisational impact on the environment and encourage biodiversity. The Strategy has set a net zero strategies aligned to the 2045 national legally binding target. The College complied with its duties under the Climate Change (Scotland) Act 2009 to report on sustainability to the Scottish Government in 2023-24. Copies of the annual Public Bodies Climate Change Duties reports can be found on the [College website](#).

Maintaining the level of carbon reduction and achieving future targets will be extremely challenging. Addressing the emissions associated with heating, which is primarily from natural gas will be the hardest to decarbonize. However, the College continues to work with the Scottish Funding Council and Scottish Government to invest in further efficiencies in the College estate. This includes exploring the options for heat pumps and photovoltaics at the Kilwinning and Kilmarnock campuses. Early discussions have taken place with several local councils to explore using low carbon district heating systems at campuses in the future. Whilst the College will make every effort to reduce its carbon emissions, some level of carbon sequestration (offsets and insets) will be required to meet net zero. As part of the Sustainability Strategy refresh due in 2025 the College will look to develop a suitable sequestration policy, taking note of advice from the Scottish Government and peers to ensure the policy meets ethical and quality standards.

Report on Progress

For 2023-24 the College's operational carbon footprint is 4,874 tCO₂e which is a 41% reduction in emissions from the 2022-23 position of 8,256 tCO₂e. This is the result of the following factors:

- During 2022-23 the College was unable to make full use of the Kilmarnock campus bio-mass boiler which resulted in the gas boilers being fully utilised over the winter period. During 2023-24 the bio-mass boiler was used to its maximum capacity resulting in the 54% reduction in gas used.
- The College has been working with the facility management companies at both its Kilmarnock and Kilwinning campuses to reduce electricity usage through improved use of building management systems and a continuation of a light replacement programme.
- The College continues to refine its scope 3 emissions reporting which includes supply chain emissions, working from home and business travel. The 95% of scope 3 emissions is from the College supply chain. The Annual Procurement report which is available on the [College website](#) details the work being undertaken to reduce these emissions.
- The 2023-24 Public Bodies Climate Change Duties Compliance Report is also available on the [College website](#). The report details the work being undertaken by the College to address the climate challenge.

Emission Scope	2023-24 Actual tCO ₂	2022-23 Actual tCO ₂	Average previous 8 years
1 - Created directly by the College e.g. gas usage	1,044	2,282	1,093
2 - Indirectly created through purchased energy e.g. electricity	710	1,054	1,110
3 - Indirect emissions that occur through College operations	3,120	4,920	579
Total Emissions	4,874	8,256	2,782

In line with Scottish Government recommendations the College published its supply chain emissions for the first time in 2022-23. The 3,073 tCO₂e (2022-23: 4,892 tCO₂e) (additional to the operational footprint) result from the emissions generated by the College's supply chain. Whilst the methodology is recognised as poor, the Scottish Government considers it important that organisations report their carbon footprint in its entirety and that publishing now will also help to improve the methodology. To address these emissions, the College is developing a supply chain emissions reduction plan working up to 2030 in partnership with Advanced Procurement for Universities and Colleges.

The College continues to work with a range of partners at national and community level including:

- Membership of the Environmental Association of Universities and Colleges.
- Active participants on the College Development Network's Climate Emergency Experts Group.
- Partnering with the three local councils assisting on delivering their individual climate change strategies.

Fair Work Approach

The College is committed to advancing fair work for all employees and is committed to delivering on the criteria outlined by the Scottish Government which defines fair work as work that offers all individuals an effective voice, opportunity, security, fulfilment, and respect.

Our staff play a key role in delivering our vital services to students and communities across the regions we serve. The College aims to provide a positive working environment with high quality and engaging work, where our staff feel they belong and can thrive. We care about their safety, health and wellbeing and seek to maximise their talent and skills. The College:

- Has **appropriate channels for effective voice**, engaging regularly with our recognised Trade Unions on matters for negotiation and consultation, supported through facility time arrangements. The College also consults our staff directly to seek views and makes extensive use of surveys, workshops and feedback sessions. We encourage our leaders to have regular supportive contact with their team members in conversations about wellbeing, performance, development, and learning.
- **Invests in staff development.** We provide training for leaders to improve their support for our diverse and talented workforce to realise their full potential. Our learning approach provides a wide range of formal and informal learning resources, face-to-face and online, to enhance skills, increase knowledge and build capability across the organisation. We require all our staff to complete mandatory training, including on equality and diversity.
- Has **no inappropriate use of zero hours contracts**, with all our staff securely engaged on terms stating regular working hours.
- Reports on **the gender pay gap and seeks to create a more diverse and inclusive workplace.** As part of our Public Sector Equality Duties (PSED) report, we publish our Equality Outcomes in support of a fully diverse and inclusive organisational culture. Our approach is to enhance diversity and inclusion in the workplace to focus improvements within the organisation, and where possible to create opportunities more widely across the regions it serves.
- Is an **accredited real Living Wage employer**, paying at least the real Living Wage to all employees and outsourced service workers. The College is part of the formal national arrangements to collectively bargain changes to pay and terms and conditions with our Trade Unions.

- **Offers progressive and flexible family friendly working practices for all our staff** to support diversity and inclusion, and to enable the balancing of work life with personal needs.
- **Opposes the use of fire and rehire practices** and works to avoid such an approach in any circumstance. The College also provides redeployment opportunities during programmes of organisational change.

The College's position on Fair Work will continue to be developed in consultation with our staff and their formal representatives.

Financial Objectives and Review

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

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

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

The College is focused on expanding commercial and other income streams whilst delivering lower operational costs, where possible. In view of the flat cash funding settlement from the Scottish Government, the College identified a requirement for an additional £4.2m income or cost savings to maintain financial sustainability over the three-year period to 2026-27.

2023-24 Position

The 2023-24 income and expenditure position is summarised below:

	2023-24 £000	2022-23 £000	Variance £000
Income per financial statements	46,541	52,713	(6,172)
Write off SFC job evaluation funding	5,077	-	5,077
Operational income	51,618	52,713	(1,095)
Expenditure per financial statements	(53,808)	(56,609)	2,801
Restructuring costs	638	1,385	747
Estate costs (PFI settlement and diminutions in value)	911	1,510	599
Strategic project costs	218	-	(218)
Operational expenditure	(52,041)	(53,714)	1,673
Operational deficit for the year before exceptional items	(423)	(1,001)	578
Exceptional Items			
Job evaluation income write off	(5,077)	-	(5,077)
Restructuring costs	(638)	(1,385)	747
Estate costs (PFI settlement and diminutions in value)	(911)	(1,510)	599
Strategic project costs	(218)	-	(218)
Deficit per Statement of Comprehensive Income and Expenditure	(7,267)	(3,896)	(3,371)
Unrealised surplus on revaluation of assets	5,802	(5,836)	11,638
Actuarial Gain/Loss	314	(10,868)	11,182
Unfunded pensions	(348)	-	(348)
Total comprehensive expenditure for the year	(1,499)	(20,600)	19,101

The Statement of Comprehensive Income and Expenditure has an operational deficit, before accounting for several non-core exceptional items, of £(0.4)m compared to a 2022-23 operational deficit of £(1.0)m. The operational deficit represents 0.8% of total operational income and is considered by the College to be close to a break-even position.

The operational deficit is then adjusted for exceptional staff, pension and estate costs that are included in the deficit for the year. These adjustments represent a mixture of cash and non-cash movements. After these exceptional adjustments, the income and expenditure account show a deficit of £(7.3)m compared to the £(3.9)m deficit recorded in the previous year.

Income

Income of £46.5m is lower by £6.2m in comparison to 2022-23.

The main element of the income reduction £5.1m, is the write down to nothing of funding that was due to be paid to the College from the SFC towards the settlement of the national support staff job evaluation project. The SFC Accounts Direction, in conjunction with advice from Audit Scotland, requires that the College does not recognise a debtor due to the uncertainty that the funds will be received.

In accordance with national agreements the College continues to recognise the liability to conclude the job evaluation process. The liability for this settlement has been transferred from an accrual to a provision to recognise the uncertainty as to when the job evaluation process will be completed.

The reduction in operational income is because of a combination of:

- Despite maintaining its core SFC teaching grant there has been a reduction in other SFC income primarily due to the removal of IT digital poverty and foundation apprenticeships funding.
- Tuition fees have increased by 6% due to a growth in apprenticeship numbers and additional funding from the Ayrshire Skills Investment Fund.
- Other income has reduced by 20% due to the withdrawal of Flexible Workforce Development Funding.

The College continues to have a significant reliance on the SFC for its funding which is in the form of recurrent grants. In 2023-24, the SFC provided 88% (2022-23: 88%) of the College's total operational revenue income. If specific funding to support the Kilmarnock campus NPD contract unitary charge is excluded SFC revenue income totalled 79% of total income (2022-23: 78%).

Expenditure

Expenditure at £53.8m is lower by £2.8m in comparison to 2022-23.

Core staff costs reduced by 3% after accounting for the settlement of pay negotiations due to:

- Staff turnover and efficiency savings.
- A reduction in support staff employer pension contributions effective from April 2024.

Other staff costs reduced by 50% due to a reduction in the annual actuarial level of pension adjustments and are all non-cash adjustments.

Other non-staff costs, despite stringent financial control being exercised, experienced a 10% increase in the year. This was due to an increase in the NPD unitary charge combined with a further provision being required to reflect the anticipated costs of exiting the Kilwinning PFI (see note 17 for further information).

Balance Sheet

Fixed assets at the year-end total £122.5m, a net increase of £2.6m compared to the prior year (£119.9m). This is the result of the desk-top valuation exercise resulting in the indexation of land and buildings at 31 July 2024 increasing by £5.8m, and depreciation charges of £3.9m during the year being offset by additions of £1.0m, consisting of the SFC funded high priority backlog maintenance projects and IT investment.

Net current assets decreased by £1.3m as the result of a higher decrease in debtors due within one year than the decrease in creditors at the year end.

At 31 July 2024, the College had an accumulated surplus of £14.6m (2022-23: £20.6m surplus) on its Income and Expenditure Account, and in complying with FRS102 s28 (Retirement Benefits) the pension asset is a net position of £0 (£0 in 2022-23) (driven by the introduction of an asset ceiling cap as explained in Note 20 to the accounts) with corresponding movements in the Income and Expenditure Account reserve.

Cash Flow

There was a net cash outflow of £(0.6)m (2022-23: £(1.0)m). At 31 July 2024, the College held cash and deposits of £11.0m (2022-23: £11.7m), of which £0.3m (2022-23: £0.6m) related to student support funds. These are managed in accordance with the College's Financial Regulations and SFC's funding guidance. The College held long-term debt of £35.9m (2022-23: £38.3m) which is attributable to the Kilwinning PFI and Kilmarnock NPD contracts.

Adjusted Operating Position

Under Central Government budgeting rules, the non-cash depreciation and pension adjustments are reported under separate budget lines from the operating position. The accounts direction requires the disclosure of an adjusted financial position. This removes the impact from accounting adjustments for pensions from the College's deficit. It also removes the impact of the College spending net depreciation funding on those items prioritised by the SFC. The adjusted position on this basis is shown in the table below.

	Note	2023-24 £000	2022-23 £000
Deficit after other gains and losses		(7,267)	(3,896)
Add back:			
Depreciation (net of deferred capital grant release) on both government funded and privately funded assets including NPD assets	1	2,869	3,129
Exceptional non-restructuring costs	2	911	1,510
Pension adjustment – Net service cost	3	309	1,035
Pension adjustment – Net interest cost	4	5	(385)
Pension adjustment – Early retirement provision	5	154	(102)
Write down of SFC job evaluation funding debtor	6	5,077	0
Deduct:			
Revenue funding allocated to loan repayments	7	(954)	(954)
NPD income applied to reduce NPD balance sheet debt	8	(1,440)	(1,490)
Adjusted Operating Deficit		(336)	(1,153)

Through the regular forecast reporting process, the SFC was aware that the College was likely to report a deficit position and has not indicated any concerns. The SFC acknowledges that having unfunded voluntary severance and cost of living pay awards will incur additional expenditure which will affect the College's adjusted operating position.

Note

- 1) Depreciation does not have a cash impact on the College and any capital expenditure will mainly be funded by government grants, therefore the charge is taken out. See note 12 for depreciation and note 2 and 4 for deferred capital grants.
- 2) The adjustments relate to exceptional property costs related to the PFI final payment provision.
- 3) The adjustments to the pensions charge represent the net service cost (i.e. the present value of projected benefits resulting from employee service in the current year less cash contributions paid).

- 4) The net interest income/cost is the interest accumulated on the pension asset/liability and this is offset against the current year's interest earned on pension assets.
- 5) The early retirement provision adjustment relates to the change in the assumptions and the interest rate during the year.
- 6) The adjustment relates to the write off re the SFC Job Evaluation debtor per the SFC Accounts Direction.
- 7) Revenue funding is included in income, but the loan repayment is not reflected in the costs therefore this amount is adjusted.
- 8) NPD grant income is included in the SOCI, but the payment is applied to reduce the balance sheet liability and as this would overstate the surplus is therefore adjusted.

Creditor Payment Policy

It is the College's policy to agree payments with its suppliers in advance and to make payment, where practicable, in accordance with those terms, subject to satisfactory performance by the supplier. Where necessary, suppliers are made aware of the terms of payment. The average number of creditor days for 2023-24 was 28 days (2022-23: 29 days). There was no interest paid under the Late Payment of Commercial Debts (Interest) Act 1998.

Going Concern

The annual financial statements have been prepared on a 'going concern' basis.

The College meets its day-to-day and medium to long-term funding requirements through a combination of cash draw-down from the SFC and income generated from commercial and other activities. The College has in place a Private Finance Initiative agreement associated with its Kilwinning campus due to terminate in June 2025 and a Non-Profit Distributing agreement associated with its Kilmarnock campus due to terminate in October 2046. The College must meet certain financial covenants which were met during 2023-24.

In August 2024, the Board of Management approved a new College Strategic Ambition which outlines key strategic priorities for the period 2024 to 2027.

The Board of Management recognises that the most significant risk to the College relates to financial sustainability directly linked to the College's ability to manage its activities and deliver its outcomes within the current funding environment. The College concluded a staff voluntary severance scheme during the year in which it delivered further efficiency savings to enable it to operate within its reduced real term funding level. The College is planning for growth in recurring alternative income (non- SFC) to mitigate future pay and funding pressures. The Key Issues and Risks section of the Performance Report on page 7 outlines the College's top risks and mitigation plans which includes financial sustainability.

Funding allocations are confirmed by the SFC on an annual basis and the 2024-25 allocation has been agreed. The College continues to provide three-year financial forecasts to the SFC annually. The College believes that the SFC will provide the liquidity funding required and therefore it is appropriate to prepare the accounts using the going concern basis.

The performance report is approved by the Board of Management on 12 December 2024 and is signed on its behalf by:

A Cox

Principal and Chief Executive

ACCOUNTABILITY REPORT

Corporate Governance Report

Statement of Board of Management's Responsibilities

Remuneration and Staff Report

Corporate Governance Report

Directors' Report

The membership of the Board of Management during the year to 31 July 2024 is outlined at page 29 and includes all members who served for part or the whole of the reporting period. The respective Register of Interests for these members still serving is available on the [College website](#).

The Board complies with the refreshed [2022 Code of Good Governance for Scotland's Colleges](#) ('the Code') as developed and owned by the College sector. Further to this, the Board has adopted and operates under the model code of conduct developed by the Standards Commission. There has been no requirement during the year to report any personal data-related incidents to the Information Commissioner's Office.

The Board's authority, reserved matters and the delegation of authority are set out in the [Scheme of Delegation](#). Delegation of authority in relation to financial decision-making is further detailed in the [College's Financial Regulations](#).

All agendas, minutes and relevant reports from Board and Committee meetings are published on the [College website](#) in the interests of ensuring transparent decision-making, and in accordance with the model Publication Scheme for public authorities provided by the Scottish Information Commissioner.

The Executive Team, who also influences the decisions of the College as a whole, comprises:

- Angela Cox, Principal and Chief Executive
- Anne Campbell, Vice Principal Skills and Innovation
- David Davidson, Vice Principal People, Performance and Transformation
- Alan Ritchie, Vice Principal Finance and Infrastructure (from October 2023)

Statement of the Board of Management's Responsibilities

The Board of Management defines its overall responsibilities in accordance with the Code:

- to lead the College and set its strategic direction and values
- to ensure effective management and financial controls to support the student experience within a framework of public accountability and transparency
- to deliver high quality learning and outcomes.

In addition, the Board of Management is required to prepare financial statements for each budget year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year. The Board of Management also confirms that the annual report and accounts as a whole are fair, balanced and understandable. The Board of Management also confirms that as far as it is aware there is no relevant audit information of which the auditors are unaware, and that it has taken all reasonable steps to make it aware of any relevant audit information and to establish that the entity's auditors are aware of this information.

The Board of Management governance framework sets out the roles, accountabilities and expectations for board members, board committees, staff and students. The Board of Management Articles of Governance are publicly available via the [College website](#).

Corporate Governance Statement

Introduction

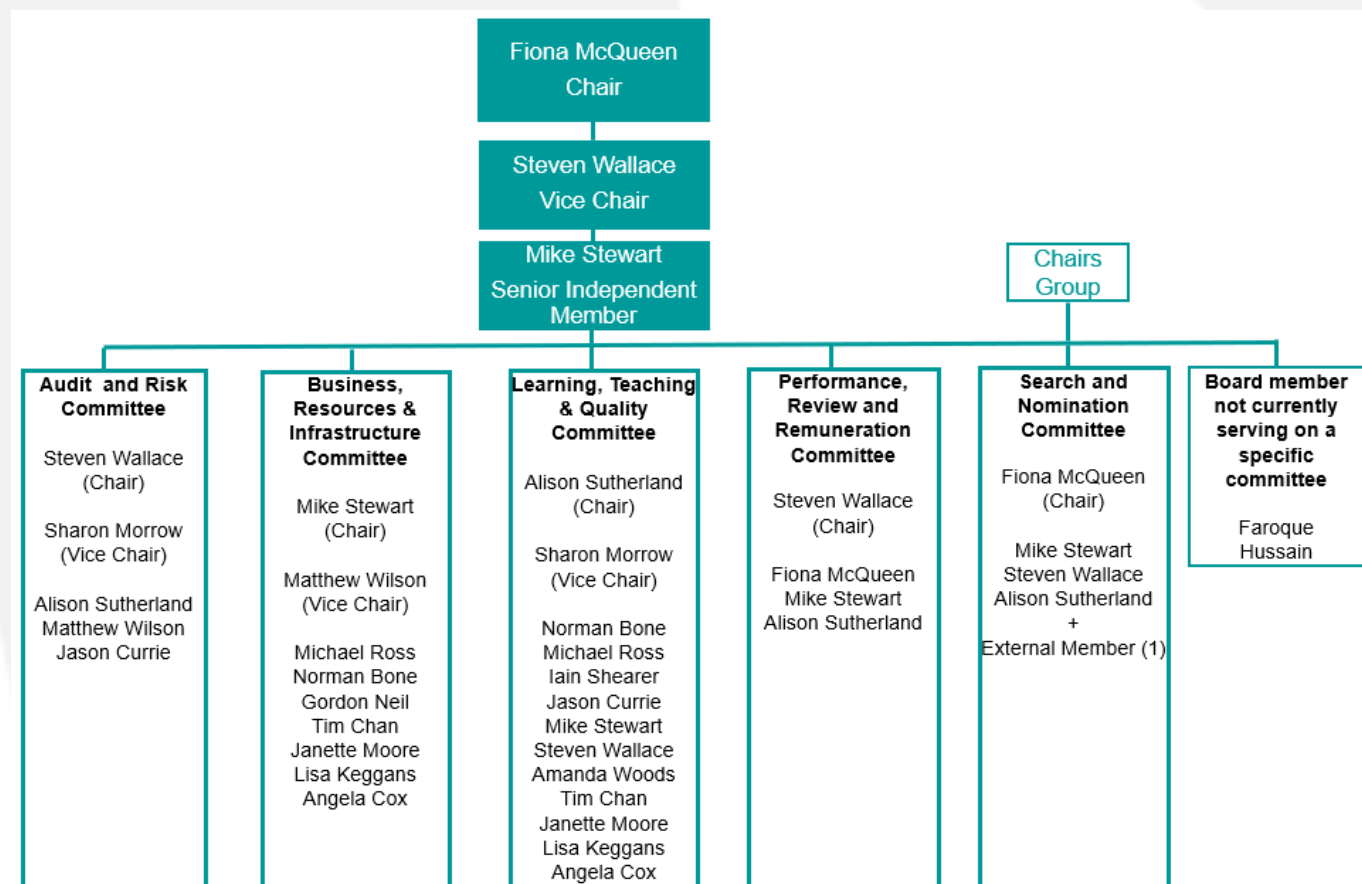
The College is committed to complying with best practice in all aspects of corporate governance. This summary describes the way the College has applied the principles of the Code of Conduct for Members of the Board of Management of Ayrshire College, and the 2022 Code of Good Governance for Scotland's Colleges. It is a condition of the Financial Memorandum that Ayrshire College meets the principles of good governance set out in the Code of Good Governance for Scotland's Colleges.

Governance Framework

The Board and its committees play a vital role in the oversight of College business and hold management accountable for performance against targets and performance indicators, specifically Regional Outcome Agreement targets, the recommendations of self-evaluation activity against the 'How Good is Our College' framework and the delivery of key College strategies and plans.

All committees operate under the authority of, and with terms of reference approved by, the Board. Meetings of the Board and its committees are conducted in accordance with the Standing Orders and Scheme of Delegation approved by the Board on 14 December 2023, and minutes of these meetings are published on the [College's website](#).

The membership and key responsibilities of each committee of the Board as at the year-end is set out below.



Audit and Risk Committee

The Audit and Risk Committee's remit and terms of reference address those principles listed under Audit and Risk Management in the Code and conform to guidance in the Audit Committee Handbook incorporated in the Scottish Public Finance Manual.

The Audit and Risk Committee met four times in 2023-24. The Committee comprised 4 non-executive members initially, and then 5 non-executive members from 15 April 2024. There were no co-opted independent members during 2023-24. During the year, the College maintained non-executive members with relevant financial experience. As a result of the most experienced non-executive member (The Chair) leaving towards the end of the year, a successful recruitment drive concluded with the appointment of a new member for 2024-25 with appropriate financial experience.

The College's internal auditors were represented at all meetings. The College's internal auditors regularly present the findings from internal audits and monitor implementation of agreed management actions in response to these audits. A representative from the College's external auditor attended the second, third and fourth meetings of the Audit and Risk Committee in 2023-24.

The Chair of the Board and Principal & Chief Executive attend meetings annually but are not members of the Committee. Committee members meet with auditors without members of the College Executive present for part of a meeting during the year.

Business, Resources and Infrastructure Committee

The remit of this Committee is to oversee the strategic and operational financial planning of the College and provide assurance to the Board on the financial expenditure, financial management and performance. The Committee is responsible for overseeing all matters related to continuing organisational development including oversight of the development, planning, and delivery of the overarching People Strategy. In addition, the Committee oversees the strategic and operational planning of the estates function within the College and provides assurance regarding College estates matters to the Board.

The Committee met four times in 2023-24 and is comprised of 5 non-executive board members, a support staff member, a student member, and a teaching staff member.

Learning, Teaching and Quality Committee

The remit of this Committee is to oversee and provide assurance to the Board on all matters related to the strategic development and delivery of learning, teaching and the student experience, including monitoring and reporting on the associated quality and performance.

The Committee met four times in 2023-24. The Committee included lecturing staff and student board members alongside initially 6 non-executive members, and an extended co-opted membership of staff.

Performance Review and Remuneration Committee

Membership of this Committee comprises the Chair of the Board of Management, the Vice Chair, the Senior Independent Member, and the chairs of each of the Board's committees. The Committee is chaired by a non-executive member of the Board and cannot be chaired by the Chair of the Board of Management. The Principal is not a member of the Remuneration Committee.

This Committee's responsibilities are to oversee all matters related to Performance Review and Remuneration of those members of staff whose remuneration consideration lies out with the scope of the National Recognition and Procedures Agreement (NRPA) and provide assurance to the Board on all such matters. In undertaking its deliberations, the Committee will take account of any advice given by the SFC in terms of remuneration any guidance issued by the Scottish Government or HM Treasury.

Students and staff have a role in contributing views and evidence to the Committee as appropriate.

The Board Chair will report on the performance of the Principal and make recommendations in relation to the Principal's remuneration accordingly.

The Committee shall meet as appropriate, but not less than once per academic year. Meetings should coincide with pay review outcomes and performance review outcomes. During 2023-24 there was one meeting held in June 2024.

Search and Nomination Committee

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

During 2023-24 the Committee met twice, in September 2023 and June 2024, in addition to participating in recruitment shortlisting and interview & selection panels.

Board of Management

Membership

The Board comprises a Chair appointed by Scottish Ministers, the Principal and Chief Executive, 12 non-executive members whose appointments are made in accordance with the relevant guidance and approved by both the Chair and Scottish Ministers, two staff members elected respectively by the academic and support staff of the College and two student members nominated by the College Students Association. In addition, one elected teaching staff EIS-FELA Union member was included from 28 March 2024.

The College's Board of Management is drawn from industry and the professions. The wide experience of the Board ensures the strategic direction of the College is set in conjunction with industry needs and that due attention is paid to maintaining a financially sustainable College.

Fiona McQueen was appointed as Chair of the Ayrshire College Board of Management by the Scottish Government, through an open public appointments process, on 01 November 2022. Steven Wallace, a non-executive board member, fulfilled the role of Vice Chair until 31 July 2024.

The Board has in place a Board Governance Advisor whose duties are consistent with those set out in the Code of Good Governance for Scotland's Colleges.

The members who served the College during the year were as follows:

Board Member	Committees Served	Status of Appointment	Date of Appointment	Date of Resignation
Norman Bone	<ul style="list-style-type: none"> Business, Resources & Infrastructure Learning, Teaching & Quality 	Non-Executive Board Member	01/08/2021	N/A
Chris Boyce	<ul style="list-style-type: none"> None 	Elected staff – EIS- FELA teaching union	28/03/2024	N/A
Beth Clelland	<ul style="list-style-type: none"> Business, Resources & Infrastructure Learning, Teaching & Quality 	Non-Executive Board Member	07/09/2020	04/09/2023
Angela Cox	<ul style="list-style-type: none"> Business, Resources & Infrastructure Learning, Teaching & Quality 	Principal Ex- Officio	05/09/2022	N/A
Linda Corbett	<ul style="list-style-type: none"> Business, Resources & Infrastructure Learning, Teaching & Quality 	Elected Student Member Student President	01/08/2023	30/01/2024
Tim Chan	<ul style="list-style-type: none"> Business, Resources & Infrastructure Learning, Teaching & Quality 	Elected Student Member Student Vice President	01/08/2023	30/06/2024
Jason Currie	<ul style="list-style-type: none"> Audit and Risk Learning, Teaching & Quality 	Non-Executive Board Member	15/04/2024	N/A
Faroque Hussain	<ul style="list-style-type: none"> None 	Non-Executive Board Member	01/08/2023	N/A
Lisa Keggans	<ul style="list-style-type: none"> Business, Resources & Infrastructure Learning, Teaching & Quality 	Elected Staff - Support	06/09/2022	N/A
Fiona McQueen	<ul style="list-style-type: none"> Performance, Review & Remuneration Search & Nomination 	Chair of Ayrshire College BOM Chair of Ayrshire Regional College BOM	01/11/2022	N/A
Janette Moore	<ul style="list-style-type: none"> Business, Resources & Infrastructure Learning, Teaching & Quality 	Elected staff - Curriculum	05/10/2020	N/A
Sharon Morrow	<ul style="list-style-type: none"> Learning, Teaching & Quality Audit & Risk 	Non-Executive Board Member	01/08/2021	N/A
Gillian Murray	<ul style="list-style-type: none"> Business, Resources & Infrastructure Learning, Teaching & Quality 	Non-Executive Board Member	06/12/2022	01/05/2024
Gordon Neil	<ul style="list-style-type: none"> Business, Resources & Infrastructure 	Non-Executive Board Member	06/12/2022	N/A
Michael Ross	<ul style="list-style-type: none"> Business, Resources & Infrastructure Learning, Teaching & Quality 	Non-Executive Board Member	15/04/2024	N/A
Iain Shearer	<ul style="list-style-type: none"> Learning, Teaching & Quality 	Non-Executive Board Member	15/04/2024	N/A

Board Member	Committees Served	Status of Appointment	Date of Appointment	Date of Resignation
Michael Stewart	<ul style="list-style-type: none"> Business, Resources & Infrastructure Learning, Teaching & Quality Performance, Review & Remuneration Search & Nomination 	Non-Executive Board Member & Senior Independent Member	01/08/2019	31/07/24
Alison Sutherland	<ul style="list-style-type: none"> Audit and Risk Learning, Teaching & Quality Performance, Review & Remuneration Search & Nomination 	Non-Executive Board Member	01/08/2019	N/A
Steven Wallace	<ul style="list-style-type: none"> Audit and Risk Learning, Teaching & Quality Performance, Review & Remuneration Search & Nomination 	Non-Executive Board Member Vice Chair of Ayrshire College BOM	01/08/2018	31/07/2024
Matthew Wilson	<ul style="list-style-type: none"> Audit and Risk Business, Resources & Infrastructure 	Non-Executive Board Member	07/09/2020	N/A
Amanda Woods	<ul style="list-style-type: none"> Learning, Teaching & Quality 	Elected Student Member Member of the Student Association Executive Committee	01/04/2024	30/06/2024

Jane McKie was the requisite external member of the Search and Nomination Committee.

Meetings and Attendance

The Board met 4 times between 1 August 2023 and 31 July 2024, with a further 4 meetings of each the standing committees of the Board also taking place within this period. In 2023-24 the Board and its committees continued to operate within the remit of its Standing Orders and associated terms of reference. All Board and committee meetings held in the period were quorate.

Overall attendance at Board and committee meetings remained very good at 83%, an increase of 12% from the previous year. Attendance across the Board and its committees throughout 2023-24 was as follows:

Committee	Attendance 2023-24 %	Attendance 2022-23 %
Board of Management	79	80
Learning, Teaching and Quality	83	70
Business, Resources and Infrastructure	78	80
Audit and Risk	92	81
Performance Review and Remuneration	100	100
Search and Nomination	100	100
Overall Attendance	83	71

Induction and Development

All new members receive a formal induction provided by the College, in line with the Board's Induction and Development Procedure. Other development sessions during the year focused on diversity, strategic thinking, learning and development opportunities, key strategic matters with implications for the College, governance in high stakes, and risk management and appetite.

Evaluation

The Board undergoes a robust evaluation process at the end of each academic year. This included individual review meetings with the Chair of the Board, committee operational reviews and a review of the Chair's performance led by the Vice Chair. The Vice Chair's report on the Chair's performance was presented to the Board on 15 June 2023.

Further to the qualitative data collected, a quantitative online survey comprising a series of questions focusing on current governance arrangements at the College and future enhancements was conducted.

The outcome of the self-evaluation process was very positive, and several actions were agreed to enhance the operation of the Board, including the development of the online Performance Dashboard to ensure live data was available to Board members.

The Board, at each of its 2023-24 meetings, continued to monitor progress against recommendations arising from reviews through its action logs and development plan. In addition to the normal Board and committee cycle, a Board strategy session, two online Board vision sessions, and two Board development sessions were held in 2023-24.

Risk Management

The Risk Management Policy and Procedure reflect the College's approach to risk management with the evaluation of internal controls forming a critical part of the College's internal control and corporate governance arrangements. A revised Risk Management Policy and Procedure was approved by the Board of Management in December 2023. The outcome of the review presented a revised risk management process that streamlined the identification of risks, the controls in place and the actions being taken to address the identified risks. The presentation of the risk register was also streamlined to assist in the identification and maintenance of the register.

The College Management Team regularly reviews internal controls and assurances through the 'three lines of defence' framework, reviews the College's operational risks and proposes updates to the Strategic Risk Register. Any proposed changes to the Strategic Risk Register are highlighted and discussed by the College Executive Team before being presented to all Board committees. The committees are requested to review the strategic risks faced by the College and whether there are any further risks, controls or mitigating actions that should be taken. The Board of Management at each meeting is responsible for the overall approval of the Strategic Risk Register based on the reports provided from committee meetings.

The Board of Management is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that have been in place for the period up to the date of approval of these financial statements which accords with good practice. This process is regularly reviewed by the Board of Management.

Statement of Internal Control

Scope of Responsibility

The Board of Management is responsible for ensuring the effectiveness of the College's systems of internal control.

The Board of Management has delegated the day-to-day responsibility to the Principal and Chief Executive, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives whilst safeguarding public funds and assets for which the Principal and Chief Executive is responsible, in accordance with the Financial Memorandum between the College and the SFC. The Principal and Chief Executive is also responsible for reporting to the Board of Management any material weaknesses or break-down in internal control.

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the College's policies, aims and objectives, to evaluate the likelihood of those risks occurring and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 July 2024, and up to the date of approval of the annual report and financial statements.

The table below shows the audit reports that have been reviewed by the Audit and Risk Committee in the period up to the date of approval of the annual report and financial statements:

Area of Audit	Overall Conclusion	Grading of Recommendations		
		High	Medium	Low
Budget and Monitoring	Strong	0	0	1
Estates Management	Weak	1	1	0
Student Retention	Strong	0	0	1
Overall Financial Controls	Strong	0	0	3
IT Security	Strong	0	3	1
Educational Maintenance Allowance	Unqualified	0	0	0
Student Support Funds	Unqualified	0	0	0
Student Activity (Credits)	Unqualified	0	0	0
Financial Statements	Unqualified	0	1	0

The one high level estate management recommendation was in relation to the College Infrastructure Strategy not being up to date. The December 2024 Board of Management meeting will receive for approval the College Infrastructure Strategy.

All recommendations and management actions continue to be monitored by the Audit and Risk Committee at each of its meetings through regular progress updates against a summary report of audit recommendations and through the Strategic Risk Register.

The Risk and Control Framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board of Management.
- regular reviews by the Board of Management of monthly, periodic and annual financial reports which indicate financial performance against forecasts.
- setting targets to measure financial and other performance.
- clearly defined capital investment control guidelines.
- appropriate assurances through a 'three lines of defence' framework aligned to top risks.
- the adoption of formal project management disciplines, where appropriate.

The College has an internal audit service, and the Board ensures that there is objectivity and independence in the selection of auditors for non-audit work through a competitive tendering process. The work of the internal audit service is informed by an analysis of the top risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board of Management on the recommendation of the Audit and Risk Committee.

The Chair of the Audit and Risk Committee provides the Board of Management with an annual report on its activities and internal audits conducted during the year. The report includes the Chair of the Audit and Risk Committee's independent opinion on the adequacy and effectiveness of the College's system of risk management, internal controls and governance procedures.

Review of Effectiveness

The Principal and Chief Executive has responsibility for reviewing the effectiveness of the systems of internal control. The review of effectiveness of the system of internal control is informed by:

- the work of the internal auditor. The conclusion in their 2023-24 annual report was:

'We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a conclusion as to the adequacy and effectiveness of the College's risk management, control and governance processes.'

In our opinion, Ayrshire College did have adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives at the time of our audit work. In our opinion, the College has proper arrangements to promote and secure value for money. However, we were only able to provide a weak level of assurance over the Estates Management review.'

- the work of the Executive Team and senior managers within the College who have responsibility for the development and maintenance of the internal control framework and annual assurance statements.
- comments and recommendations made by the College's external auditor.
- the work undertaken to sign the SFC annual assurance letter.
- the College's risk management processes and reporting procedures.

The Principal and Chief Executive has been advised on the implications of the result of the review of the effectiveness of the systems of internal control by the Audit and Risk Committee which oversees the work of the internal auditor, and associated plans to address weaknesses to ensure continuous improvement of the control systems in place. Based on these assurances, the Principal and Chief Executive can confirm that sound systems of governance, risk management and assurance, and internal controls are consistent with the requirements of the Scottish Public Finance Manual and the SFC's accounts direction which have operated for the year ended 31 July 2024 and up to the date of approval of the annual report and accounts.

The Executive Team receives reports setting out key performance and risk indicators and considers control issues brought to their attention by early warning mechanisms, which are embedded within the College's faculties and departments. The Executive Team and Audit and Risk Committee also receive regular reports from internal audit, which include management recommendations for improvement. The Audit and Risk Committee's role in this area is confined to a high-level review of the internal control arrangements.

The Board of Management's agenda includes a standing item for consideration of the College's strategic risks and controls, and it receives reports thereon from the Executive Team and the Audit and Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Board met on 12 December 2024 and approved the year-end financial statements, taking account of Audit and Risk Committee recommendation and the external auditor's annual report.

Internal Control Statement

In eight out of out of nine areas assessed in year, the internal auditor has expressed the opinion that the risk management activities and controls were found to be suitably designed to achieve the specific risk management, control, governance and value for money arrangements. Additionally, based on their verification reviews and sample testing, the risk management, control, and governance arrangements were operating with sufficient effectiveness to provide reasonable, but not absolute assurance that the related risk management, control, governance and value for money objectives were achieved for the period under review. In the one area, Estate Management – Infrastructure Strategy, identified with weak assurance, further work was identified and has been implemented to achieve this same level of assurance.

Compliance with the 2022 Code of Good Governance for Scotland's Colleges

The College Board of Management complies with all the principles of the 2022 Code of Good Governance for Scotland's Colleges and has complied throughout the year ended 31 July 2024.

Conclusion

The Board of Management is content that the arrangements in place relating to corporate governance are effective.

The College Board determined that given the guidance there is no need to prepare a Parliamentary Accountability Report. There are no significant losses or special payments that need to be reported in accordance with managing public money.

Based on the information above, it is the opinion of the Principal and Chief Executive and the Board of Management that there was an ongoing process for identifying, evaluating and managing the College's significant risks, and that it had been in place for the year ended 31 July 2024 and up to the date of approval of the annual report and accounts.

Approved by order of the members of the Board of Management on 12 December 2024.

F McQueen

Chair of the Board of Management

A Cox

Principal and Chief Executive

REMUNERATION AND STAFF REPORT

Remuneration Policy

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

The Principal's, Vice Principals' and Assistant Principals' salaries are on incremental salary scales, with annual contractual increments on the anniversary of their appointment. There are no contractual arrangements for either performance-related pay or for the payment of bonuses. The remuneration of the Chair is set by Scottish Ministers as detailed in Note 7a to these financial statements.

Remuneration of Regional Chair and Senior Management including salary and pension entitlements

Remuneration (salary, benefits in kind and pensions) – audited.

The following table provides details of the remuneration and pension interests of executive management and the Chair of the Board of Management:

Name	12 months ended 31 July 2024				12 months ended 31 July 2023			
	Salary	Pension Benefit	Total	Annual Salary	Salary	Pension benefit	Total	Annual Salary
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
A Cox, Principal ²	145-150	49	195-200	140-145	120-125	37	160-165	135-140
A Campbell, Vice Principal	105-110	14	120-125	105-110	100-105	(30)	70-75	100-105
D Davidson, Vice Principal ³	90-95	62	155-160	90-95	15-20	48	65-70	85-90
A Ritchie, Vice Principal ⁴	75-80	(7)	70-75	95-100	-	-	-	-
F McQueen, Chair ⁵	25-30	-	25-30	25-30	25-30	-	25-30	25-30
Movement During 2022-23								
C Turnbull, Principal ⁶	-	-	-	-	10-15			140-145
M Breen, Vice Principal ⁷	-	-	-	-	25-30			100-105
J Thomson, Vice Principal ⁸	-	-	-	-	60-65			90-95

There were no performance-related payments or bonuses paid in the year (2022-23: £zero). There were no benefits in kind or non-cash benefits paid in the year (2022-23: £zero).

² Commenced employment in September 2022

³ Appointed to position in June 2023

⁴ Appointed to position in October 2023

⁵ Appointed to the role of Interim Chair of the Board in 3 March 2022 and formally appointed as Chair of the Board in November 2022

⁶ Retired in September 2022

⁷ Resigned in October 2022

⁸ Resigned in June 2023

Board members not listed above received no remuneration. The Regional Chair is entitled to receive remuneration in accordance with instruction from Scottish Government. There is no remuneration for non-executive director posts on the Board of Management. Expenses incurred are paid because of carrying out the duties of the appointment including reasonable travel and subsistence.

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

Further details on senior post-holders' emoluments can be found in note 7a.

Accrued Pension Benefits

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

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

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

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

Senior Officials' Pension - audited

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

Name	Senior Official's Pension Scheme	Accrued pension at pension age at 31 July 2024 £000	Accrued lump sum at pension age at 31 July 2024 £000	Real increase in pension 1 August 2023 to 31 July 2024 £000	Real increase in lump sum 1 August 2023 to 31 July 2024 £000	CETV at 31 July 2024 £000	CETV at 31 July 2023 £000	Real increase in CETV £000
A Cox	SPF	47	-	3	-	87	34	53
A Campbell	STSS	34	87	1	(1)	677	612	65
D Davidson	SPF	63	1	4	-	408	296	112
A Ritchie	SPF	22	-	-	-	25	-	25

Cash Equivalent Transfer Value

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

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

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

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

Real Increase in CETV

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

Note 7a to the accounts provides information on senior post holders' remuneration.

Compensation for Loss of Office - Audited

In 2023-24 the College, in accordance with its SFC authorised voluntary severance scheme, approved 19 staff voluntary severance packages. During 2023-24 a total of 20 staff members (2022-23: 53) left the College with one member of staff having been approved during 2022-23. The table below provides a summary of the exit packages by cost band:

Exit Package Cost Band	2023-24			2022-23
	Number of compulsory redundancies	Number of other departures agreed (including any voluntary redundancies)	Total number of exit packages by cost band	Total number of exit packages by cost band
<£10,000	-	2	2	15
£10,000 - £25,000	-	9	9	11
£25,000 - £50,000	-	5	5	22
£50,000 - £100,000	-	4	4	5
Total number of exit packages	-	20	20	53
Total cost	-	£638,000	£638,000	£1,385,000

Fair Pay – Pay Multiples

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

The highest paid member of the management team was the Principal. The Principal's remuneration before pension benefits was in the range £145,000 - £150,000 (2022-23: £135,000-£140,000). This was 3.4 times (2022-23: 3.5 times) the median remuneration of the workforce which was £43,357 (2022-23: £38,672).

Range of Workforce Remuneration	2023-24	2022-23	% Change
Highest paid official remuneration	£147,500	£138,000	6.9
Median (total pay and benefits)	£43,000	£39,000	10.3
Median (salary only)	£43,000	£39,000	10.3
Ratio	3.4	3.5	(3.1)
25th percentile (total pay and benefits)	£30,000	£26,000	15.4
25th percentile (salary only)	£30,000	£26,000	15.4
Ratio	4.9	5.3	(7.4)
75th percentile (total pay and benefits)	£47,000	£43,000	9.3
75th percentile (salary only)	£47,000	£43,000	9.3
Ratio	3.1	3.2	(2.2)

Staff Profile

At 31 July 2024, the College employed by headcount 500 (2022-23: 520) females and 304 (2022-23: 317) males. No member of staff currently identifies as non-binary or gender neutral. The College continues to promote trans and gender diverse inclusion to ensure all staff are supported.

The proportion of staff sickness absence during 2023-24 was 4.6% (2022-23: 4.6%).

Staff turnover (inclusive of all leavers regardless of circumstances) for 2023-24 was 9.5% (2022-23: 7.0%)

Salaries and Related Costs - Audited

	2023-24			2022-23
	Directly employed staff £000	Seconded and agency staff £000	Total £000	Total £000
Wages and salaries	26,558	34	26,592	27,133
Social security costs	2,472	-	2,472	2,519
Other pension costs	4,452	-	4,452	4,957
Total	33,482	34	33,516	34,609
Average number of FTEs			650	667

The College is a signatory to the National Recognition and Procedures Agreement (NRPA) and a member of the College Employers Association. The College received a national pay award circular in June 2024, for support staff, covering the period 1 September 2022 – 31 August 2025. The pay award consisted of a pay uplift of £1,500 for year one, backdated to 1 September 2022, and £2,000 for year two, backdated to 1 September 2023. The pay award for year one and two was paid to staff in their July salaries, which included payment for any backdated monies owed. The final part of the pay deal, year 3, is effective from 1 September 2024, when support staff salaries will be uplifted by £1,500

Trade Union Relationships

The College strives to work in partnership with the recognised trade unions (EIS-FELA and Unison) on issues affecting our employees and work together within the framework of the Recognition and Procedure Agreements. Local Joint Negotiation Committees (LJNC) were held during 2023-24 with EIS-FELA. LJNCs did not take place with Unison during 2023-24 due to an ongoing disagreement between Unison and the College.

Trade Union Facility Time

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the College provided support through paid facility time for union officials working at the College. The information for the year ended 31 July 2024 is set out below:

Relevant Union Officials	
Number of employees who were union officials during 2023-24	Employee number by FTE:
4	0.71

Percentage of Time Spent on Facility Time	
Percentage	Number of Employees
0%	0
1%-50%	4
51%-99%	0
100%	0

Percentage of Pay Bill Spent on Facility Time	
Total cost of facility time	£38,514
Total pay bill*	£34,751,647
Percentage of total pay bill spent on facility time	0.11%

Total time spent on trade union activities as a percentage of total paid facility time hours during 2023-24 was 100%. The College also releases union officials to support staff with other meetings as required.

*The total pay bill relates to the Fiscal Year 2023-24 (April 2023 – March 2024)

Off-Payroll working through an intermediary (IR35) – workers engaged through a company

The HM Treasury off-payroll working arrangements are in place to ensure that where an individual would have been an employee if they were providing their services directly, they pay broadly the same tax and NICs as an employee. The College has a procedure to ensure that if it plans to offer temporary employment to someone who works through their own intermediary, the off payroll working rules are applied accordingly.

Health, Safety and Wellbeing

It is the policy of the College to pursue progressive improvement in the health, safety and wellbeing of staff, students and visitors and take all reasonable steps to provide safe and healthy conditions in which to study, learn and work. Building upon the strong foundations from the prior years, a range of developments were undertaken during 2023-24 to promote the College's culture of health, safety and wellbeing including a range of initiatives to support staff and student mental health including a College wide challenge support the charity British Inspiration Trust (BRIT), the return of on-campus yoga sessions, as well as a walking programme. The College has continued to raise awareness of a range of health, safety and wellbeing issues through regular communication, training and update sessions. Wherever possible, the College has collaborated with other agencies working in health and safety and engaged in joint projects that would benefit the College. The College continues to align its health and safety activities to changes taking place within the sector and nationally including promoting wellbeing themes in partnership with NHS Ayrshire & Arran and other agencies.

Disability Policy

In most cases of absence, returning to the same post with the same duties will be considered College policy. However, under the Equality Act 2010, the College has a duty to consider any reasonable adjustments to either the post duties or the physical environment that would help an employee return to work. This law extends to both physical and mental disabilities defined as falling within the scope of the Act.

It may be necessary to consider making reasonable adjustments to the post or the workplace to enable an employee to return to work. In this instance the Access to Work team at the Department for Work and Pension may be able to assist with a full assessment and information about grants available to the College. This will ensure that the financial implications for making any necessary adjustments are fully considered. It may not always be possible to make reasonable adjustments, but each case will be fully evaluated with the involvement of the employee. Suitable alternative employment will be offered if available and if suitable for the individual case.

Monitoring

Performance reports relating to health and safety, staff turnover, sickness absence, recruitment and equality diversity and inclusion monitoring, are regularly reviewed and monitored by both the Senior Management Team and the Board of Management. Reports on staffing establishment and post occupancy are shared with managers monthly.

Equality and Diversity

Ayrshire College recognises the diversity of its students, staff, the community it serves and those it wishes to attract. Ensuring that equality is at the heart of everything we do, we consider the effects of intersectionality and factors such as the long-term impact of the Covid-19 pandemic, the cost-of-living crisis, the effects of adverse childhood experiences and deprivation. We continually strive to eliminate all forms of discrimination and support an inclusive culture that extends beyond the College's boundaries.

In 2021, the College laid out a set of four College Equality Outcomes to support the College to be a place of learning and work where:

- 1) Students and staff with protected characteristics most likely to experience hate, report that they feel safe while engaged in study or work.
- 2) Curriculum areas with a male or female student gender imbalance greater than a 75:25 ratio has improved.
- 3) The rates of disclosure, retention and attainment of male students with a mental health condition have improved.
- 4) The recruitment and disclosure rates of staff with a disability have improved.

In accordance with the Public Sector Equality Duty (PSED) the College published its most recent formal report in April 2023 with the follow-up of an interim progress report in April 2024. Each of these reports can be reviewed here:

[Mainstreaming Equality 2021 – 2023 & Equality Outcome Report April 2023](#)

[Mainstreaming Equality & Equality Outcomes Report 2021-2025 Progress Report April 2024](#)

In January 2023, the Scottish Funding Council published a set of National Equality Outcomes (NEOs) for colleges and universities to consider. The NEOs were aligned to the College's existing equality outcomes, which are based on local data and as such, are the best way in which the College can make a difference to the experience of our students and staff. The College Equality Outcomes are currently under review to enable the College to publish in April 2025 a new set of outcomes for the 2025 – 2029 reporting period. The NEO's can be viewed here: [SFC National Equality Outcomes](#)

Staff Development

A range of professional development activities took place during 2023-24, with a significant focus on artificial intelligence and digital skills to support blended learning approaches and use of innovative technologies. In addition, the College also continued to support staff to achieve formal qualifications with a specific focus on learning and teaching, including:

- Teaching Qualification in Further Education
- PDA Teaching Practice
- L&D Assessor Award
- L&D Verifier Award
- Specialist industry qualifications

In 2023-24, the College developed and implemented a leadership and management development programme for all Ayrshire College leaders and line managers. The programme had two key components, the first component consisted of technical internal workshops delivered by subject matter experts, including quality, HR, and Health, Safety and Wellbeing. The second component was externally sourced behavioural leadership and management workshops to develop leadership skills in emotional intelligence, giving and receiving feedback, strategic thinking, organisational change, building capability and innovative thinking. Alongside this, leaders were provided with the opportunity to better understand their leadership style through DISC personality profile analysis, 360 feedback and be supported by a coach to ensure the key development of their leadership skills. The programme aim was to develop leadership excellence for the future transformation of the College.

We also continued to deliver and support the Aspire Programme, a development pathway for staff who are aspiring to be the leaders of the future. The programme aims to create a pathway that supports succession planning and creates a cohort of leaders for the future, through the development of leadership skills and behaviours.

Student Involvement

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

The Remuneration Report has been approved by the Board of Management on 12 December 2024 and is signed on its behalf by:

F McQueen
Chair of the Board of Management

A Cox
Principal and Chief Executive

**INDEPENDENT
AUDITOR'S REPORT TO
THE BOARD OF
MANAGEMENT OF
AYRSHIRE COLLEGE, THE
AUDITOR GENERAL FOR
SCOTLAND AND THE
SCOTTISH PARLIAMENT**

Reporting on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Ayrshire College for the year ended 31 July 2024 under the Further and Higher Education (Scotland) Act 1992 and section 44(1) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Balance Sheet, and Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accompanying financial statements:

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

Basis for opinion

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

Conclusions relating to going concern basis of accounting

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

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

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

Risks of material misstatement

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

Responsibilities of the Board of Management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Using our understanding of the college sector to identify that the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 are significant in the context of the college;
- Enquiry of management, internal audit, and those charged with governance concerning the College's operations, the key policies and procedures, and the establishment of internal controls to mitigate risks related to fraud and non-compliance with laws and regulations, together with their knowledge of any actual or potential litigation and claims and actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the College's financial statements and the operations of the College through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of high-risk journal entries and other adjustments for appropriateness, including high value year end close down journals and journals with no identified user ID, evaluating the rationale of any

significant transactions outside the normal course of business and reviewing key accounting estimates including valuation of land and buildings and pension asset/liability;

- Other audit procedures responsive to the risk of fraud, non-compliance with laws and regulation or irregularity including testing the occurrence of income, assessing the completeness of non-pay expenditure and testing the completeness and existence of year end accruals; and
- discussion among our team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Reporting on other requirements

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

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

Other information

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

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

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

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Andrew Reid (for and on behalf of Azets Audit Services)

Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Date:

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

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR TO 31 JULY 2024

		Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Note			
INCOME			
SFC grants	2	45,575	46,044
SFC job evaluation grant write off	2	(5,077)	0
Tuition fees and education contracts	3	3,982	3,757
Other grants and contracts	4	93	75
Other income	5	1,968	2,452
Investment income	6	0	385
Total Income		46,541	52,713
EXPENDITURE			
Staff costs	7	34,681	37,057
Restructuring costs	7	638	1,385
Exceptional costs	8	911	1,510
Other operating expenses	9	11,237	10,214
Depreciation	12	3,942	3,895
Interest and other financial costs	10	2,399	2,548
Total Expenditure		53,808	56,609
Deficit before tax		(7,267)	(3,896)
Taxation	11	-	-
Deficit for the year		(7,267)	(3,896)
Unrealised surplus / (deficit) on revaluation of assets		5,802	(5,836)
Actuarial gain / (loss) in respect of pension schemes		314	(10,868)
Unfunded pension liability		(348)	-
Total comprehensive expenditure for the year		(1,499)	(20,600)

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

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

STATEMENT OF CHANGES IN RESERVES

	Income and Expenditure Account £000	Restricted Reserves £000	Revaluation Reserve £000	Total £000
Balance at 31 July 2022	33,775	466	57,305	91,546
Deficit from the income and expenditure statement	(3,896)	-	-	(3,896)
Revaluation	-	-	(5,836)	(5,836)
Transfers from pension reserve to income and expenditure reserve	(10,868)	-	-	(10,868)
Transfers between revaluation and income and expenditure reserve – Historical Cost Depreciation	1,594	-	(1,594)	-
Total comprehensive expenditure for the year	(13,170)	-	(7,430)	(20,600)
Balance at 31 July 2023	20,605	466	49,875	70,946
Deficit from the income and expenditure statement	(7,267)	-	-	(7,267)
Revaluation	-	-	5,802	5,802
Transfers from pension reserve to income and expenditure reserve	314	-	-	314
Unfunded Pensions	(348)	-	-	(348)
Transfers between revaluation and income and expenditure reserve – Historical Cost Depreciation	1,303	-	(1,303)	-
Total comprehensive expenditure for the year	(5,998)	-	4,499	(1,499)
Balance at 31 July 2024	14,607	466	54,374	69,447

BALANCE SHEET AS AT 31 JULY 2024

		Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Fixed Assets			
Tangible fixed assets	12	122,491	119,890
Total fixed assets		122,491	119,890
Net pension asset		-	-
Current Assets			
Stocks		26	36
Debtors	13	1,065	5,079
Cash and cash equivalents	19	11,048	11,685
Total current assets		12,139	16,800
Less: Creditors – amounts falling due within one year	14	10,706	14,110
Net current assets		1,433	2,690
Total assets less current liabilities		123,924	122,580
Less: Creditors – amounts falling due after more than one year	15	35,998	38,364
Less: Deferred capital grants due to be released after one year	16	9,562	10,318
Provisions			
Early Retirement Provision	17	1,050	994
Other Provisions	17	7,519	1,958
Net Assets excluding pension liability		69,795	70,946
Net pension liability	20	(348)	-
NET ASSETS INCLUDING PENSION LIABILITY		69,447	70,946
Income and expenditure account excluding pension reserve	18	14,607	20,605
Pension reserve	18	-	-
		14,607	20,605
Restricted Reserves		466	466
Revaluation Reserve	18	54,374	49,875
TOTAL RESERVES		69,447	70,946

The financial statements on pages 52 to 82 were approved by the Board of Management and are signed on its behalf by:

F McQueen
Chair of the Board of Management

A Cox
Principal and Chief Executive

CASH FLOW STATEMENT FOR THE YEAR TO 31 JULY 2024

		Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Note			
Cash outflow from operating activities			
Deficit for the year		(7,267)	(3,896)
Adjustment for non-cash items			
Depreciation	12	3,942	3,895
Net loss on disposal of fixed assets		286	-
Deferred capital grants released to income	16	(1,073)	(765)
Decrease in stock		11	7
Decrease/(increase) in debtors	13	4,014	(893)
(Decrease)/increase in creditors	15	(3,008)	1,947
Increase in provisions	17	5,617	1,173
Net return on pension liability	20	314	650
Returns on investments and servicing of finance		(5)	385
Cash flows from investing and financing activities			
Interest receivable	6	-	(385)
Interest payable	10	5	-
PFI/NPD capital payments	15	(2,690)	(2,673)
Purchase of tangible fixed assets	12	(1,027)	(2,826)
Deferred capital grants receipts	16	245	2,353
Decrease in cash and cash equivalents in the year		(637)	(1,028)
Reconciliation of net cash flow to movement in net funds			
Decrease in cash and cash equivalents in the year	19	(637)	(1,028)
Net funds at 1 August 2023		11,685	12,713
Net funds at 31 July 2024		11,048	11,685

1 Statement of Accounting Policies and Estimation Techniques

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

a) Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the 2023-24 Government Financial Reporting Manual (FReM) issued by HM Treasury and in accordance with applicable Accounting Standards. They have been prepared in a form prescribed by Scottish Ministers and in accordance with paragraph 28 of Schedule 2 of the Further and Higher Education (Scotland) Act 1992, the Charities and Trustee Investment (Scotland) Act 2005 (the 2005 Act), the Charities Accounts (Scotland) Regulations 2006 (the 2006 Regulations) and in accordance with the Accounts Direction and other guidance published by the Scottish Funding Council.

b) Basis of Accounting

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

c) Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Performance Report. The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying notes. The Board of Management is confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the Financial Statements and have therefore prepared these statements on a going concern basis.

d) Recognition of income

Grant Funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the income stream involved.

The Scottish Funding Council recurrent grant represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

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

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental, capital grants are recognised in income when the college is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

Fee income

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

e) Agency Arrangements

The College acts as an agent in the collection and payment of certain discretionary support funds and any other arrangements. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the college is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

f) Maintenance of Premises

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

g) Accounting for Post-Employment Benefits

Post-employment benefits to employees of the College are principally provided by the Scottish Teachers' Superannuation Scheme (STSS) and the Strathclyde Pension Fund (SPF).

Scottish Teachers' Superannuation Scheme (STSS)

The STSS is an unfunded scheme. Contributions to the STSS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries based on valuations using a projected unit method.

The STSS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The STSS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The SPF is a funded scheme. The assets of the SPF are measured using closing fair values. SPF liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Actuarial gains and losses are recognised immediately in actuarial gains and losses.

h) Short term Employment benefits

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

i) Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income in the year that the member of staff retires. In subsequent years, a charge is made to provisions in the balance sheet.

j) Tangible Fixed Assets

Private Finance Initiative (PFI) Assets

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

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

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

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

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

The annual cost of the service charge and finance cost are disclosed within Other Operating Expenses and Interest Payable notes 9 and 10 to these financial statements.

NPD Assets

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

The Scottish Futures Trust states that the:

“NPD model is defined by the broad core principles of:

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

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

The annual cost of the service charge and finance cost are disclosed within Other Operating Expenses and Interest Payable notes to these financial statements (notes 9 and 10).

Land and Buildings

Land and buildings inherited from the former Strathclyde Regional Council in 1993 are stated in the Balance Sheet at a valuation based on depreciated replacement cost for specialised properties and open market value for non-specialised properties, as at 31 July 2024, less amounts written off by way of depreciation.

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

Main buildings and infrastructure	up to 70 years
Temporary buildings	up to 10 years

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

Leased assets are depreciated over the life of the lease.

Equipment

Equipment is capitalised as follows:

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

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

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

k) Leased Assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure.

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

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

l) Investments

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

m) Stocks

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

n) Taxation

As a Scottish charity, the College benefits by being exempt from corporation tax on income and surpluses which have been derived in pursuing activities designed to conduct the main objects of its charitable status. The College is exempted from levying VAT on most of the services it provides to students. For this reason, the College is generally unable to recover input VAT it suffers on goods and services purchased for Curriculum Areas. The College can recover VAT on certain trading activities and can partially recover some input tax on other non-Curriculum Area expenditure.

o) Provisions and Contingent Liabilities

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

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

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the college. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

p) Financial Instruments

The College only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and other loans to related parties. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

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

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.
- Determine whether there are indicators of impairment of the College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty:

- **Tangible Fixed Assets**
Tangible fixed assets are depreciated over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on several factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are considered.

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on several factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability.

As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has recorded a notional surplus. The College consider that they will not be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, and therefore the surplus has not been recognised in these financial statements in line with the requirements of FRS102.

		Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Note			
2 SFC Grants			
	FE recurrent grant (including fee waiver)	37,551	37,216
	HE & FE childcare funds	263	392
	Release of deferred capital grants	980	691
	Maintenance grant	619	928
	NPD unitary charge grant (include capital)	4,926	4,863
	SFC Job evaluation grant	858	858
	Other SFC grants	378	1,096
	Sub-Total	45,575	46,044
	SFC Job evaluation grant write off	(5,077)	0
	Total	40,498	46,044
3 Tuition Fees and Education Contracts			
	FE fees – UK	610	558
	HE fees	1,761	1,890
	Education contracts	1,365	1,189
	Other contracts	246	120
	Total	3,982	3,757
4 Other Grant Income			
	Release of deferred capital grants	93	75
	Total	93	75
5 Other Operating Income			
	Catering	809	852
	Other income generating activities	417	905
	Income from Foundation	-	5
	Other income	742	690
	Total	1,968	2,452

	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Note		

6 Investment income

Net return on pension asset/liability

Total

-	385
-	385

7 Staff Costs

Wages and salaries

Social security costs

Other pension costs

Pension adjustments (FRS 102)

Pension provision movement - early retirees

Holiday pay accrual

Support staff job evaluation costs

Total

26,592	27,235
2,472	2,519
4,452	4,957
33,516	34,711
309	1,035
154	(102)
(156)	555
858	858
34,681	37,057

Curriculum departments

Curriculum services

Administration and central services

Premises

Catering

Sub-total

Pension adjustments (FRS 102)

Pension provision movement - early retirees

Holiday pay accrual

Support staff job evaluation costs

Restructuring costs

Total

17,865	18,340
5,376	5,905
8,243	8,358
1,508	1,533
524	575
33,516	34,711
309	1,035
154	(102)
(156)	555
858	858
34,681	37,057
638	1,385
35,319	38,442

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

	2024 No.	2023 No.
Academic/teaching departments	281	290
Academic/teaching services	126	112
Administration and central services	179	193
Premises staff	44	49
Catering staff	20	23
Total	650	667

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

	2024 No.	2023 No.
£60,001 to £70,000 per annum	20	1
£70,001 to £80,000 per annum	4	2
£80,001 to £90,000 per annum	1	3
£90,001 to £100,000 per annum	2	-
£100,001 to £110,000 per annum	1	1
£130,001 to £140,000 per annum	-	1
£140,001 to £150,000 per annum	1	-

7a Senior Post-holders' Emoluments

Note	Year ended 31 July 2024	Year ended 31 July 2023
	No	No

The number of senior post-holders, including the Principal was:

4 3

Senior post-holders' emoluments are made up as follows:

Salaries

Employers pension contributions

Total Emoluments

£000	£000
427	353
73	71
500	424

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

Salary Principal (C Turnbull to 5 September 2022)

Salary Principal (A Cox from 5 September 2022)

Total salary paid to the highest paid senior post-holder

Employers pension contributions

£000	£000
-	15
145	125
145	140
22	27

7a Senior Post-holders' Emoluments (continued)

In 2023-24 the Principal and two other senior post-holders were members of the Strathclyde Pension Fund and one senior post holder was a member of the Scottish Teachers Superannuation Scheme. All pension contributions were paid at the same rate as for other members.

The members of the Board of Management, other than the Chair (see below), the Principal and staff members, did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Chair's Remuneration

During 2023-24 the College has paid the Chair's remuneration £27,560 as set by Scottish Ministers (2022-23: £27,560) This remuneration is not pensionable.

	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Note		

8 Exceptional Costs

PFI final payment provision	850	1,400
Nethermains dilapidation provision	(225)	110
Irvine leasehold write off	286	-
Total	911	1,510

9 Other Operating Expenses

Teaching departments	1,624	1,607
Administration and central services	2,973	2,639
Kilwinning campus PFI service charge	965	841
Kilmarnock campus NPD unitary charge	1,814	1,558
Other premises costs	3,141	2,722
Childcare costs	263	392
Catering costs	457	455
Total	11,237	10,214

Other operating expenses include:

Auditors' remuneration

- external audit of these financial statements	54	51
- internal audit services	30	29

Operating lease payments	32	179
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	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Note		

10 Interest Payable

Kilwinning campus PFI interest charge		119	186
Kilmarnock campus NPD interest charge		2,275	2,362
Pension finance costs	19	5	-
Total		2,399	2,548

11 Taxation

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

12 Tangible Fixed Assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	PFI Building £000	NPD Building £000	Assets under Construction £000	Equip't £000	Total £000
Cost or Valuation							
At 1 August 2023	36,990	1,005	19,677	59,348	2,407	5,019	124,446
Adjustment	5,957	-	(970)	(2,580)	(2,407)	-	-
Additions	308	-	-	-	-	719	1,027
Revaluation	467	-	362	1,704	-	-	2,533
Disposals	-	(695)	-	-	-	(57)	(752)
At 31 July 2024	43,722	310	19,069	58,472	-	5,681	127,254
Depreciation							
At 1 August 2023	-	719	-	-	-	3,837	4,556
Provided during year	1,543	-	618	1,108	-	673	3,942
Write back re: revaluation	(1,543)	-	(618)	(1,108)	-	-	(3,269)
Disposals	-	(409)	-	-	-	(57)	(466)
At 31 July 2024	-	310	-	-	-	4,453	4,763
Net Book Value at							
31 July 2024	43,722	-	19,069	58,472	-	1,228	122,491
Net Book Value at							
31 July 2023	36,990	286	19,677	59,348	2,407	1,182	119,890
Inherited	27,529	-	9,719	17,126	-	-	54,374
Financed by capital grant	9,574	-	20	28	-	679	10,301
Other	6,619	-	9,330	41,318	-	549	57,816
At 31 July 2024	43,722	-	19,069	58,472	-	1,228	122,491

The College's Ayr, Kilwinning and Kilmarnock Campus properties were valued at 31 July 2024 by Gerald Eve in the capacity of external valuer. The basis of valuation adopted was that set out in FRS102 being fair value: market value for existing use or depreciated replacement costs (as defined by the Statements of Asset Valuation Practice and Guidance Notes issued by the Royal Institution of Chartered Surveyors), depending on the type of asset being valued.

		Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Note			
13 Debtors: Amounts falling due within one year			
Trade debtors – net of provision for doubtful debts		148	105
Other debtors		49	85
Prepayments and accrued income		868	4,889
		1,065	5,079
14 Creditors: Amounts falling due within one year			
Trade creditors		364	292
Other taxation and social security		1,266	618
Other creditors		862	728
Accruals and deferred income		3,996	7,739
PFI Capital payment < 1 year	15	864	1,250
NDP Capital payment < 1 year	15	1,502	1,440
Deferred capital grants to be released in <1 year	16	739	811
Amounts owed to Scottish Funding Council		792	631
Bursaries and Student Support Funds for future disbursements		321	601
		10,706	14,110
15 Creditors: Amounts falling due after one year			
Capital element of Kilwinning PFI expenditure:			
At 1 August 2023		2,114	3,297
Capital payments in year		(1,250)	(1,183)
		864	2,114
Less amount due within one year	14	(864)	(1,250)
At 31 July 2024		-	864
Capital element of Kilmarnock NPD expenditure:			
At 1 August 2023		38,940	40,430
Capital payments in year		(1,440)	(1,490)
		37,500	38,940
Less amount due within one year	14	(1,502)	(1,440)
At 31 July 2024		35,998	37,500
Total Kilwinning PFI and Kilmarnock NPD liability		35,998	38,364

16 Deferred Capital Grants

At 1 August 2023

	SFC £000	Non SFC £000	Total £000
Land and Buildings	7,633	2,645	10,278
Equipment	851	-	851
	8,484	2,645	11,129

Grants Received in the Year

Equipment	245	-	245
	245	-	245

Released to Income and Expenditure Account

Land and Buildings	(564)	(93)	(657)
Equipment	(416)	-	(416)
	(980)	(93)	(1,073)

At 31 July 2024

Land and Buildings	7,069	2,553	9,622
Equipment	679	-	679
	7,748	2,553	10,301

Split as follows:

Due to be released in <1 year	646	93	739
Due to be released in >1 year	7,102	2,460	9,562
	7,748	2,553	10,301

	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
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17 Provisions for Liabilities and Charges

Early Retirement Provision

At 1 August 2023	994	1,188
Expenditure in the period	(98)	(92)
Release of provision	154	(102)
At 31 July 2024	1,050	994

The above liability is in respect of future pension liabilities arising from early retirements prior to 2006 and now relating to 21 individuals receiving benefits (2022-23: 22). An external valuer has revalued the pension liability.

Other Provisions

At 1 August 2023	1,958	591
Expenditure in the year	(500)	(143)
Additional provision required in the year	6,061	1,510
At 31 July 2024	7,519	1,958

The above balance consists of the following:

Kilwinning PFI contracted residual payment	2,250	1,400
Support staff job evaluation	5,077	-
Nethermain's dilapidation	-	501
NPD lifecycle	57	57
European Social Fund	135	-
At 31 July 2024	7,519	1,958

The full harmonisation costs of national bargaining support staff and middle management will not be confirmed until the national job evaluation exercise is concluded, the outcome of which will be implemented from 1 September 2018. Up until 2023-24, the College has accrued support staff and middle management costs and the associated grant funding based on Colleges Scotland's February 2019 costings. Given the ongoing uncertainty about the timing of the conclusion of the job evaluation project, the previous accounting treatment is no longer appropriate. In line with the SFC Accounts Direction for year ending 31 July 2024, the College has recognised a provision in the accounts given the ongoing uncertainty about the timing of the conclusion of the job evaluation project and the uncertainty of the settlement value.

As at 31 July 2024, based on the SFC guidance it is estimated that the College will require to expend £5,077,000 to conclude the national job evaluation project. The College expects the Scottish Government to meet this cost in full.

18 Reserves

Income & Expenditure Account

	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
At 1 August 2023	20,605	22,257
Deficit for the year	(7,267)	(3,896)
Transfer from revaluation reserve	1,303	1,594
Unfunded pensions	(348)	-
Transfer to pension scheme	314	650
At 31 July 2024	14,607	20,605

Pension Reserve

At 1 August 2023	-	11,518
Current service cost	(1,969)	(2,965)
Employer contributions	1,633	1,905
Contributions re unfunded benefits	27	25
Net return on pension scheme	(5)	385
Actuarial gain in pension scheme	24,983	12,726
Asset ceiling adjustment	24,669	(23,594)
At 31 July 2024	-	-

Summary

Income and expenditure account	14,607	20,605
Pensions reserve	-	-
At 31 July 2024	14,607	20,605

Revaluation Reserve

At 1 August 2023	49,875	57,305
Revaluation	5,802	(5,836)
Transfer to income & expenditure account in respect of: Depreciation on revalued assets (include element re PFI capital reserve)	(1,303)	(1,594)
At 31 July 2024	54,374	49,875

19 Analysis of Changes in Cash and Cash Equivalents

	At 1 August 2023 £000	Cash Flows £000	Other Changes £000	At 31 July 2024 £000
Cash	11,685	(637)	-	11,048
Total	11,685	(637)	-	11,048

20 Pensions and Similar Obligations

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

	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
The total pension costs for the period were:		
STSS: contributions paid	2,819	3,027
SPF: Contributions paid	1,633	1,930
FRS 102 charge to the Income & Expenditure Account	309	1,035
Total Pension Cost (Note 7)	4,761	5,992

Scottish Teachers' Superannuation Scheme (STSS)

The last audited full actuarial and funding valuation was conducted at 31 March 2020. The results of this valuation were rolled forward to give an overall scheme liability of £31.5 billion at 31 March 2023.

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

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

Financial Assumptions at 31 March 2023

Rate of return (discount rate) 4.15%

Rate of Return in Excess of:

Earnings increases 0.50%

Price increases 1.70%

Employer contributions were payable to the STSS at a rate of 23% from August 2023 until March 2024 and at a rate of 26% from April 2024 until July 2024. Employer rates are reviewed every five years following a scheme valuation from the Government Actuary. The rate of employee's contributions vary dependant on the employee's salary.

Strathclyde Pension Fund (SPF)

The SPF is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution by the employer made for the year ended 31 July 2024 was £1,633,000

Under the requirements of Financial Reporting Standard 102 (FRS102), the College is required to disclose information on its share of assets and liabilities of the Strathclyde Pension Fund on a market value basis at the end of the accounting period. The figures quoted form the basis of the balance sheet and funding status of Ayrshire College as at 31 July 2024, in respect of its pension obligations under this Local Government Pension Scheme (LGPS). This information is set out below:

Principal Actuarial Assumptions

	At 31 July 2024 %	At 31 July 2023 %
Rate of increase in salaries	3.45	3.70
Rate of increase for pensions in payment/inflation	2.75	3.00
Discount rate for liabilities	5.00	5.05
Expected return on assets	0.00	0.00

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

Current pensioners	Males	20.2	19.1
	Females	22.9	22.0
Future pensioners	Males	20.7	20.3
	Females	24.5	23.9

The approximate allocation of scheme assets is as follows:

Equities	62	61
Bonds	25	27
Property	9	10
Cash	4	2
	100	100

The assets and the liabilities of the scheme were:

	Note	At 31 July 2024 £000	At 31 July 2023 £000
Total Market Value of Assets		85,264	78,475
Present value of scheme liabilities:			
Funded		(60,247)	(53,880)
Unfunded		(348)	(351)
Asset ceiling adjustment		(25,017)	(24,244)
Deficit in the scheme		(348)	-
Employer service cost (net of employee contributions)		1,969	2,965
Past service cost		-	-
Total operating charge		1,969	2,965
Analysis of pension finance income/(costs)			
Expected return on pension scheme assets		3,976	2,688
Interest on pension liabilities		(2,757)	(2,303)
Interest on the asset ceiling		(1,224)	-
Pension finance (costs)/income		(5)	385
Movements on Pension Scheme Deficit			
Surplus in scheme at 1 August 2023		-	11,518
Movement in year:			
Current service charge		(1,969)	(2,965)
Contributions by members		1,633	1,905
Contributions in respect of unfunded benefits		27	25
Net return on pension assets		(5)	385
Actuarial gains		24,983	12,726
Asset ceiling adjustment		(25,017)	(23,594)
Deficit in scheme at 31 July 2024	18	(348)	-

Asset and Liability Reconciliation

	At 31 July 2024	At 31 July 2023
Note	£000	£000

Reconciliation of Liabilities

Liabilities at 1 August 2023	54,231	64,871
Service cost	1,969	2,965
Interest cost	2,757	2,303
Contributions by members	666	593
Actuarial gain/(loss)	3,108	(14,900)
Estimated unfunded benefits paid	(27)	(25)
Estimated benefits paid	(2,109)	(1,576)
Liabilities at 31 July 2024	60,595	54,231

Reconciliation of Assets

Assets at 1 August 2023	78,475	76,389
Expected return on assets	3,976	2,688
Contribution by members	666	593
Contribution by employer	1,633	1,905
Contribution in respect of unfunded benefits	27	25
Actuarial loss/(gain)	2,623	(1,524)
Estimated unfunded benefits paid	(27)	(25)
Estimated benefits paid	(2,109)	(1,576)
Assets at 31 July 2024	85,264	78,475

Amounts for the current and previous accounting periods

Fair value of employer assets	85,264	78,475
Present value of defined benefit obligation	(60,595)	(54,231)
Asset Ceiling Adjustment	(25,017)	(24,244)
Deficit	(348)	-

As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has recorded a notional surplus. The College consider that they will not be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, and therefore the surplus has not been recognised in these financial statements in line with the requirements of FRS102.

21 Related Party Transactions

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

The SFC is regarded as a related party. During the year to 31 July 2024 Ayrshire College had various material transactions with the SFC and various Scottish Government Departments, as well as with other entities for which the Scottish Government is regarded as the sponsor via the Student Awards Agency for Scotland and several other colleges and higher education institutions. In addition, Ayrshire College has had transactions with Skills Development Scotland, Colleges Scotland and a small number of material transactions with other Scottish Government Departments and other central government bodies.

Due to the nature of the College's operations and the composition of its Board of Management (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of the College's Board of Management may have an interest.

All transactions involving organisations in which a member of the Board of Management may have a material interest are conducted at arm's length and in accordance with normal project and procurement procedures.

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

Board Member	Position	Organisation	Sales/ Purchases by the College in the year
Angela Cox	Board Member	College Development Network	Sales - £9,300 Purchases - £26,990
Angela Cox	Board Member	Ayrshire Chamber of Commerce	Sales - £Nil Purchases - £5,904
Fiona McQueen	Member	Scottish Police Authority	Sales - £1,921 Purchases - £21,984
Fiona McQueen	Member	Colleges Scotland	Sales - £19,525 Purchases - £78,505
Gillian Longmuir	Employee	Ayrshire Chamber of Commerce	Sales - £Nil Purchases - £5,904

There were no transactions exceeding £5,000 with any other organisations associated with Board Members in 2023-24.

During 2023-24 the following members of the Board of Management were employed by the College:

BoM Member	Job Title
Mrs A Cox	Principal and Chief Executive
Janette Moore	Staff Member Curriculum
Lisa Keggans	Staff Member Support
Chris Boyce	Elected EIS-FELA Staff Member

22 FE Bursary and Other Student Support Funds

	FE Bursary £000	FE Hardship £000	EMA's £000	Other £000	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Balance brought forward	1,662	(1,289)	-	-	373	653
Allocation received in year	8,717	1,037	437	128	10,319	10,852
	10,379	(252)	437	128	10,692	11,505
Expenditure	(7,920)	(1,873)	(437)	(128)	(10,358)	(10,487)
Repaid to SFC/SAAS	(1,662)	1,289	-	-	(373)	(645)
Balance carried forward	797	(836)	-	-	(39)	373
Represented by:						
(Retained by College) / Owed to SFC	797	(836)	-	-	(39)	373

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

23 FE & HE Childcare Funds

	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Balance brought forward	228	348
Allocation received in period	623	620
Total Funding Available	851	968
Expenditure	(263)	(392)
Repayable to SFC as clawback	(228)	(348)
Balance carried forward	360	228
Represented by: (Retained by College) / Owed to SFC	360	228

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

24 Commitments under Operating Leases

As at 31 July 2024, the College had annual commitments under non-cancellable operating leases as set out below:

	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Expiry within 1 year	36	45
Expiry within 2 to 5 years	711	356
Total	747	401

25 Capital Commitments

	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Contracted for at 31 July 2024	-	277

26 Ayrshire College Foundation

The Foundation, an independent Scottish Charity, has as its charitable objectives, the furtherance of the charitable objectives of the College which, broadly, are the advancement of education in Ayrshire. The College did not transfer any funds (2022-23: £zero) nor did it receive any income from the Foundation during 2023-24 (2022-23: £5,000 revenue funding and £300,000 in capital funding).

27 PFI Contract and Kilwinning Campus

Payments remaining to be made under the PFI contract at 31 July 2024 are as follows:

	Payment for services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
Payable within 1 year	552	864	49	1,465
Total	552	864	49	1,465

	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Balance at start of year	2,114	3,297
Payments made in the year	(1,250)	(1,183)
Balance outstanding at end of the year	864	2,114

28 NPD Contract and Kilmarnock Campus

Payments remaining to be made under the NPD contract at 31 July 2024 are as follows:

	Payment for services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
Payable in 2024-25	1,845	1,502	2,191	5,538
Payable within 2 to 5 years	7,795	6,497	7,861	22,153
Payable within 6 to 10 years	10,172	10,036	7,483	27,691
Payable > 10 years	13,672	19,465	4,709	37,846
Total	33,484	37,500	22,244	93,228

	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Balance at start of year	38,940	40,430
Payments made in the year	(1,440)	(1,490)
Balance outstanding at end of the year	37,500	38,940

29 Post Balance Sheet Events

There are no post balance sheet events.

30 Non-Cash Allocation

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

	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Deficit before other gains and losses (FE/HE SORP basis)	(7,267)	(3,896)
Add back: Non-cash allocation for depreciation (net of deferred capital grant)	2,869	3,129
Operating deficit on Central Government accounting basis	(4,398)	(767)

Under the FE/HE SORP, the College recorded an operating deficit of (£7,267,000) for the year ended 31 July 2024. After taking account of the Government non-cash budget, the College shows an “adjusted” deficit of (£4,398,000) on a Central Government accounting basis.

Appendix 1: Accounts Direction for Scotland's Colleges 2023-24

1. It is the Scottish Funding Council's direction that institutions⁹ comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts¹⁰.
2. Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RSB) (for assigned colleges).
3. Incorporated colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2023-24 (FReM) where applicable. In cases where there is a conflict between the FReM and the SORP, the latter will take precedence.
4. Incorporated colleges and Glasgow Colleges' Regional Board must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2024.
5. The annual report and accounts should be signed by the chief executive officer / Executive Director and by the chair, or one other member of the governing body.
6. Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council
18 September 2024

⁹ The term "institutions" includes colleges and Glasgow Colleges' Regional Board.

¹⁰ Glasgow Colleges' Regional Board's accounts are prepared on a consolidated basis, incorporating the results of City of Glasgow College, Glasgow Clyde College and Glasgow Kelvin College. New College Lanarkshire's accounts are also prepared on a consolidated basis, incorporating the results of South Lanarkshire College.

Appendix 2: Professional Advisers

Financial Statement Auditors

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Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Internal Auditors

WBG (formerly known as Wylie and Bisset)
168 Bath Street
Glasgow
G2 4TP

Bankers

Royal Bank of Scotland
30 Sandgate
Ayr
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Solicitors

Anderson Strathern
50 George Square
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Registered Address

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