

Scottish Charity No. SC021189

DUMFRIES AND GALLOWAY COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD

1 AUGUST 2024 TO 31 JULY 2025

Dumfries and Galloway College

Contents

	Page
Performance Report	
Performance Summary	
Principal's Statement on Performance	3
Purpose and Activities of Dumfries and Galloway College	4
Strategic Outcomes	5
Key Issues and Risks Affecting Dumfries and Galloway College	5
Performance Analysis	7
Accountability Report	
Corporate Governance Report	
Directors' Report	18
Statement of Board of Management's Responsibilities	20
Governance Statement	22
Remuneration and Staff Report	31
Independent Auditor's Report	39
Annual Accounts	
Financial Statements	42
Appendix – Accounts Direction from the Scottish Funding Council	65

The financial statements were approved and authorised for issue on 8 December 2025.

Professional Advisers

External Auditors:

Azets Audit Services
Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Internal Auditors:

For the period up to 31.07.25:

RSM Risk Assurance Services LLP
Fifth Floor
Central Square
29 Wellington Street
Leeds

From 2025-26:

Henderson Loggie Ltd
The Vision Building
20 Greenmarket
Dundee
DD1 4QB

Bankers:

Royal Bank of Scotland
2nd Floor
62 Hamilton Road
Motherwell

Solicitors:

Grieve, Grierson, Moodie and Walker
14 Castle Street
Dumfries

Morton Fraser MacRoberts, Solicitors
152 Bath Street
Glasgow

Thorntons Law
Whitehall House
33 Yeaman Shore
Dundee

Performance Report**Performance Overview**

The purpose of this Overview is to give a short summary, with sufficient information to provide an understanding of Dumfries and Galloway College, its purpose, key risks facing the College in achieving its objectives, and how the College has performed over the year ended 31 July 2025.

A detailed performance analysis is set out from Page 7.

This information should be considered alongside other sections of these financial statements in understanding how the financial management and performance supports the College in achieving its Strategic Priorities.

Principal's Statement on Performance

In academic year 2024–25, the College continued to demonstrate exceptional resilience and adaptability in the face of a challenging external environment. This progress is a testament to the continued hard work and dedication of the College team.

From a financial sustainability perspective, the College concluded the financial year with a modest adjusted operating surplus. This positive outcome reflects increased commercial activity and a continued focus on controlling operating costs. Nevertheless, staffing costs, flat cash funding allocations, inflationary pressures, and rising utility expenses continue to pose significant risks to the College's long-term financial sustainability.

Despite these pressures, confidence in the College's quality assurance and enhancement mechanisms remains strong. This was identified in a recent Education Scotland report on our Modern Apprenticeship activity where we receive Very Good in all aspects of the inspection.

We launched our new strategy Mission 2030 which represents the College's long-term vision to be a driving force for inclusive, sustainable growth across our region, aligning closely with national priorities for skills, innovation, and Net Zero. It focuses on transforming how the College supports learners, employers, and communities by delivering a future-ready curriculum, enhancing digital capability, and strengthening partnerships that stimulate regional economic development. Mission 2030 also sets out our commitment to organisational excellence and financial resilience, ensuring that by 2030 the College is recognised as a leading centre for learning, skills, and innovation that empowers people and businesses to thrive in a changing world.

The College continues to play a pivotal role in developing the skills base of regional employers and has seen continued growth in apprenticeship provision. While the reduction in Flexible Workforce Development Funding has limited our capacity to fully support employers, we have successfully leveraged alternative funding streams in 2024–25 to advance the region's ambitions in Net Zero training and workforce development.

Recognising the growing societal challenges affecting students' mental health and wellbeing, the College has continued to take a proactive and compassionate approach to supporting its learners. This year, our partnership network has been strengthened through the inclusion of Dumfries and Galloway Youthwork, enabling a more joined-up approach to supporting young people both within and beyond the College environment. In addition, continued funding from SportScotland has supported our Active Campus Co-ordinator, whose work has had a measurable positive impact on student engagement, wellbeing, and the overall range and quality of activities available to our College community.

Once again, the College has strengthened its overall organisational performance. We delivered beyond the credit threshold set by the Scottish Funding Council and demonstrated a sustained upward trajectory in student outcomes over the past four years. Our recruitment numbers for 2025–26 identify that we will have substantial numbers of students who are interviewed and will be placed on waiting lists. Performance across full-time and part-time Further and Higher Education continues to exceed the Scottish sector average, underlining the College's ongoing commitment to academic excellence and student success.

We achieved a remarkable increase in the student satisfaction rate, with a notable improvement in the overall college experience to 97.4%, reflecting the dedication of staff to student well-being and educational quality. Impressively over 76% of our further and higher education student responded to the satisfaction survey ensuring our results are representative of the student experience that students receive.

Our student performance in the latest SFC published statistics was 71.3% success for full time further education student and our full time higher education was 72.3%. In part time further and higher education we saw some 89.1% or so of students achieve their qualifications which enabled them to access further study, upskill or move into employment.

In conclusion, I am inspired by the College's resilience, adaptability, and determination to deliver outstanding learning experiences and outcomes for our students. Our ongoing contribution to the region's economic and social prosperity truly reflects our ambition to stay One Step Ahead

Douglas Dickson

Principal and Chief Executive Officer

Performance Report (continued)**Performance Overview (continued)****Purpose and Activities of Dumfries and Galloway College**

The Board of Management of Dumfries and Galloway College was established under The Further and Higher Education (Scotland) Act 1992 for the purpose of conducting Dumfries and Galloway College. The College is a registered charity (Scottish Charity Number SC021189) for the purposes of the Charities and Trustee Investment (Scotland) Act 2005, and is exempt from corporation tax and capital gains tax. The College receives no similar exemption in respect of Value Added Tax.

Dumfries and Galloway College is a single college in a single region. Dumfries and Galloway Council is the sole Local Authority for the region. The College is the only general further education college in the region and potential students and employers are dependent on it to deliver skills and training which meets their needs. The College delivers tertiary education across a broad range of curriculum areas from access level to SCQF level 8, to approximately 1,300 full-time and 3,000 part-time learners through its campus locations in Dumfries and 75 miles away in Stranraer.

Dumfries and Galloway College is a twin campus, multi award winning college set in the beautiful South-west Scotland. It is 77 miles from Glasgow and 79 miles from Edinburgh to the town of Dumfries, where the College's main campus is located. A smaller campus is located in Stranraer in the west of the region, 75 miles from Dumfries and offers a range of full and part-time programmes.

A detailed performance analysis of the College is set out on pages 6 to 19, but key achievements during 2024-25 included:

- Overall college student experience satisfaction rate of 97.4%
- Positive inspection of the College's Modern Apprenticeship activity by Education Scotland
- Continued development of widening access to education in Dumfries and Galloway with key partners, including degree pathways and Senior Phase offer.

The outlook for 2025-26 is positive, with zero early withdrawals reported to date and retention currently at 100%. The high level of enrolments, combined with strong part-time performance and growing renewable energy expertise, positions the curriculum area as a key contributor to regional skills development. However, challenges remain around full-time HE attainment, gender balance, mature learner participation, and SIMD20 representation. Addressing these will require targeted interventions.

Due to challenging economic outlook and regional demographics, the College will remain financially challenged. Dumfries and Galloway College continues to undergo a period of transformation to meet the challenges in academic, financial and resource, to ensure that the organisation is placed on a sustainable footing for the future.

The College's approach to learning is a reflection of the rural locality, the local economy and the changing patterns of lifestyles. As a major employer and a dynamic rural learning institution, the 'digital' revolution has been strongly embraced by us and its many forms are fast becoming the basis for the College's operations and delivery.

The College will continue to work with partnerships across the region. We are a College without walls – creating flexible learning opportunities to suit everyone. This means learning opportunities are varied and abundant – from full time courses to flexible, part time courses, learning in College and at home, work or elsewhere. The range of learning includes basic skill development to degree level, including articulation links with regional and national Universities.

Performance Report (continued)**Performance Overview (continued)****Strategic Outcomes**

Dumfries and Galloway College's previous Strategic Plan, Ambition 2025, had four supporting college strategies which aim to be future focused, student focused and dynamic. The progress achieved towards the strategy has led to the development of Mission 2030. The new strategy builds on the strengths of Ambition 2025, and is set against the College's improved student experience, and will emphasise some key elements:

- Our People
- Our Students
- Our Learning; and
- Our Partners

Critical to the College within the new strategy is growth and diversification of income, and work with partners to exploit opportunities where it is relevant to do so.

Key issues and risks affecting Dumfries and Galloway College

The College has a Risk Management Policy which outlines approaches and arrangements in respect of the management, oversight, control, mitigation, evaluation and reporting of risks associated with College operation and activities. The Policy ensures that significant risks are monitored and managed more closely and confirms roles and responsibilities of the Board of Management, Executive Leadership Team, and others in the effective management of risks. Risk Management processes were strengthened during 2023-24 following an Internal Audit review, and a programme of training for managers and Board members has been undertaken.

Risk Management is an integral part of the overall governance arrangements of the College, and as such there are specific responsibilities for people and groups undertaking different roles in the organisation. The Board of Management has responsibility to:

- establish the overall culture and ethos in respect of risk and opportunity management within the College as a whole.
- approve major decisions affecting the College risk profile or exposure in accordance with appropriate financial strategy and procedures and agree delegation limits.
- annually review the College approach to risk management, risk appetite and approve changes or improvements as necessary.
- enable the College Executive to discharge their duties in the management of risk.

The Board of Management has delegated responsibility for Risk Management to the Audit Committee. The Audit Committee monitor and report to the Board on internal controls and alert Board Members to any significant emerging issues.

The following risks from the College Risk Register have been identified as key risks, where the Residual Risk has been scored as a Moderate, Major or Critical Risk:

- Failure to achieve institutional sustainability – the current climate of public sector budget settlements including 'flat cash' core grant funding, and increasing costs have all impacted on the College's ability to maintain a balanced budget out-turn. Mitigation against those risks includes increasing commercial income, effective cost control, tracking of credits and forecasting, protection of funding through dialogue with SFC.

- Business Continuity Incident – Fire, failure of emergency procedures, health would all have a serious impact to the College's ability to operate and deliver education to students, safeguarding of staff and students, impact financial sustainability and reputation. Mitigations are in place to reduce the likelihood of the threat, including Business Continuity plans, staff CPD on business continuity themes, monitoring Public Health Advice, planning and careful phasing of processes, systems and equipment, asset registers, and effective management of GDPR.

Performance Report (continued)**Performance Overview (continued)**

- **Failure to achieve and maintain systems and operable and secure ICT** – could have a serious impact to the College's ability to operate and deliver education to students, financial loss, loss of data and reputation. Mitigations in place include documented disaster recovery procedures, Cyber Incident Recovery plan, Firewalls and anti-virus software in place, staff CPD place, ICT systems linked to Business Continuity plans, Ethical Hacker training and Cyber Essentials qualifications.

Health and Safety – possible consequences would be loss of reputation, financial penalties, and criminal liability. Mitigations in place include reporting and review procedure including 'near miss', Health and Safety and IOSH training for staff, and regular communication on responsibilities.

The College, in alignment with Colleges Scotland, continues to highlight its concerns at a high level regarding risks arising from the SFC funding settlement. A number of key reports associated with financial sustainability for the education sector have recently been published. The College Executive Leadership Team are pro-actively engaged in identifying opportunities for Dumfries and Galloway College as the landscape changes, to ensure that they remain One Step Ahead.

During 2024-25, the College again we continue to increase organizational performance, with credit delivery beyond the threshold provided by the Scottish Funding Council, and a sustained four year trend in student outcomes that are above the sector average performance.

In academic year 2024-25 the College had an inspection of its Modern Apprenticeship activity by Education Scotland who identified:

"Senior leaders, staff, and employers collaborate effectively to enhance apprenticeship learning through the College's self-evaluation and portfolio review process. This structured approach ensures all stakeholders contribute meaningfully to continuous improvement and training delivery."

"Refinements to the College onboarding process have significantly improved retention and performance across most frameworks. Effective use of eligibility and suitability tests helps ensure apprentices are placed on programmes that best match their qualifications and skill levels, maximising their potential to succeed."

In academic year 2024-25 the College delivered over 27,800 credits meaning that the SFC credit threshold was achieved.

The student results in 2024-25 continue to demonstrate a trend in student success in all level and modes of study that is above the sector average performance. This improved position demonstrates the embedding of the College's self evaluation system which is designed to enable teaching teams develop enhancements to improve student success.

The College has managed to end the financial year with a modest underlying surplus through an increase in our commercial activities and by continuing to control our operating costs. Staffing costs continue to present a risk to long term financial sustainability along with inflationary pressures and increased utility costs.

In order to adapt to the challenging economic environment and financial position, the College is working through a number of key levers which influence core delivery, commercial and development/replacement of core information systems. Challenges remain in being able to meet demand for those student interviewed and who are on waiting lists for College places. This is impacting on positive destinations for those who are hoping to transition from the school sector and the waiting lists are within the industry sectors expect to grown in the South of Scotland economy.

The College will continue to widen access to education in Dumfries and Galloway with our partners, we introduced in association with University of Scotland a new degree in Creative Practice and have worked with the Education Department partners to revise the Senior Phase offer, and re-examining access to our curriculum, and consider the key skills required to 2030.

Performance Report (continued)**Performance Analysis**

The purpose of this Performance Analysis is to give a detailed view of the performance of Dumfries and Galloway College for the year ended 31 July 2025. A detailed analysis of the College's academic performance as well as performance against financial and non-financial indicators has been set out in this section.

Academic Performance

Student Success in 2024-25 and previous years:

Mode	2024/25 Student Success	2023/24	2022/23
FT FE	71.60%	71.30%	71.40%
PT FE	90.40%	90.50%	88.10%
FT HE	72.80%	72.30%	76.90%
PT HE	84.30%	89.10%	84.40%

Retention and attainment rates continued to be a priority area for the College in 2024-25.

A number of key actions have been implemented to help improve these figures:

-In order to support the improvement of the KPIs our observation of Learning and Teaching continued to support the improvement of the KPIs. All members of teaching staff have undergone observations during AY 2024-25 receiving appropriate feedback. In addition the College's Advance Practitioners have been able to assist members of staff further development their pedagogy. This measure is further supported by "How 2?" which is an online platform which provides approach to classroom practice to assist student engagement in learning and teaching. In addition there is a well developed programme of staff development to enhance teaching practice.

- The College has showcased best practice based on techniques that were identified through self evaluation and observation of learning. This mechanism helped to disseminate practice within the College and enabled staff to further discuss successful pedagogical practice.

-The Self Evaluation system (DG-See) is also in its fourth year of implementation. There has been a strong uptake of this style of reflective analysis, and enabling more effective planning at curriculum level. This data is then used to shape different College areas, analyse for improvements and report on successes.

Curriculum

Portfolio reviews continue to be implemented twice annually. The College's offer is scrutinised and compared against the regional and national needs prior to the launch of applications. The system has been further enhanced due to the new quality framework - Tertiary Quality Enhancement Framework

This consistent approach enables the development of action plans to support improvement and updating.

- Portfolio review in 2 phases enables scrutiny of KPI's on an ongoing basis to test the robustness of action plans.
- Further expansion of induction into College during the summer. This activity promotes early engagement and offers students a welcome day during the summer vacation.
- The use of Purlos to speed up offers, acceptances and student information has been introduced which will be reviewed for effectiveness.
- The onboarding process was further refined with an information portal to support students.
- We have revised our processes to ensure that we are 'trauma informed' which means that we are able to support all students at the point of their need. This approach also ensures we continue to support our care experienced and estranged students.

Outcome Measures

In all modes of attendance and levels - there were approximately 4,000 students in attendance during academic year 2024-25, of these 1,076 were full time students.

In academic year 2024-25 the College delivered over the activity threshold of 27,800 credits, due to improvements in student outcomes we continue to experience greater demand for places than supply.

The College works to enable access for all students who wish to study to attend college, with various initiative to attract and support students access relevant courses. During academic year 2024-25 we, in partnership with D&G Council introduced a cohort of Project Search at our Stranraer campus. This programme creates access to employment for those young people with a disability

Performance Report (continued)**Performance Analysis (continued)****Volume and proportion of Credits delivered to learners in the most deprived 10% postcode areas (SIMD10).**

	2024/25	2023/24
Number	191	211
Success	69.10%	71.60%

Student success for those students from a SIMD 10 area has decreased by 2.5%. Given the rurality of D&G and the postcode method of identifying those in SIMD we do not consider this to be a significant change.

Care Experienced Students

In comparison to 2023-24 College is delivering to fewer students with experience of care.

	2024/25	2023/24
Number	118	171
Success	67.80%	64.90%

The success of care experienced students increased by 2.9%. We have dedicated support for our care experienced student and our long term aim is to ensure their success matches the overall College success levels.

Senior Phase Pupils Studying in College

In 2024-25 we again saw an increase in our senior phase success rate, it has now doubled since academic year 2019/20.

	2024/25	2023/24	2022/23
Number of senior phase students	241	170*	174*
Student Success	89%	80%	61%

*Note SFC methodology

Total number of Students by Mode and Level

	FT FE	FT HE	PT HE	PT FE	Total Number
2024/25	775	301	287	2,674	4,037
2023/24	821	312	208	3,029	4,370
2022/23	948	333	243	3,138	4,662
2021/22	848	379	273	2,383	3,883

Note by SFC qualifiers

Due to SFC reducing the credit threshold we have seen a corresponding drop in overall student numbers in all modes and levels.

Performance Report (continued)**Performance Analysis (continued)****Student Satisfaction and Engagement Survey**

Student Satisfaction – for session 2024–25 the overall College experience satisfaction rate is 97.4%, this continues to demonstrate the high levels of satisfaction that students have at Dumfries and Galloway College. In the early experience survey student gave the College 4.6 out of 5 for the onboarding and their induction to College.

Overall participation in the survey was positive with over 76% FE and HE student participating in the survey, this was the greatest return rate amongst the colleges SFC denote as large.

The results from the survey have been shared with relevant staff and feedback requested to note any actions taken in response to issues raised. The survey will form part of the planning for curriculum areas as part of the College self evaluation process.

During this academic year student satisfaction was measured using the Student Satisfaction and Engagement Survey (SSES). The most recent SSES in 2024–25 identified that 98.6% of full time FE students were satisfied, and 97.5% of full time HE students were satisfied.

The College is pleased with these strong student satisfaction results but will continue to look at the comments and the small percentage of students who had issues, to make improvements where possible.

SSES Survey – The percentage of students Overall, satisfied with their College Experience

Mode	2024/25	National
FT FE	98.7%	95.2%
PT FE	98.6%	96.7%
FT HE	97.5%	93.0%
PT HE	100%	92.3%

In the national satisfaction survey, SSES, all DGC indicators of satisfaction are above the national sector average.

College Leaver Destinations

A key College measure is post course student destinations, this measure is taken 6 months after a student has left the College and as a result there is a publication time lag.

Confirmed/Unconfirmed Destinations (All qualifiers)

	2024/25
No. of leavers	344
Confirmed destinations	344
Further study	91
Work	204

Performance Report (continued)**Performance Analysis (continued)****College Leaver Destinations (continued)**

The College has a high percentage of confirmed destinations of all leavers at 100% with a majority of students, some 204, continuing to work. Although this data was collected in 2024-25 it relates to those student who studied in 2023-24 due to the timing of collection.

Articulation

Again, this ROA information has a time lag in publication. The most recent information for AY 2022-23 identifies –

	2022/23
Total number of students who have achieved HNC or HND qualifications articulating to degree level courses with advanced standing	31
The total number of students who have achieved HNC or HND qualifications progressing to degree level courses	55
The proportion of successful learners who have achieved HNC or HND qualifications articulating to degree level courses with advanced standing	35.2%

(P) – no credit for prior learning. Note students may be offered AS or AP but may choose to start at Year 1 at university.

Student Achievements

The College had a number of key student achievements during 2024-25:

- Shortlisted for three national awards at the College Development Network (CDN) College Awards 2025: Digital Learning, Community Learning (PDA for CLD workforce) and Sustainability Action (Net Zero Skills Centre).
- Nominated for The Herald Education Award (Partnership with Schools category) for the 'Application Roadshows' initiative supporting school-to-college transitions.
- Student achievement: Ryan Hannah (Pre-apprenticeship Engineering Practice) won 3rd place in the inaugural national Augmented Reality Welding Competition.
- Student achievement: Kylie Watson won the 2025 'Jewson Cup' for outstanding bricklaying skills and secured an apprenticeship.
- Received a £50,000 grant from South of Scotland Enterprise (SOSE) for modern laptops and Wi-Fi upgrades to tackle digital poverty and improve digital access.
- Held the annual 'Above and Beyond Awards' (June 2025), recognising 17 Students of the Year and other award winners across the College's curriculum
- Supported the regional 'Lifelong Learning Awards' (March 2025), celebrating adult and community learning achievements across Dumfries and
- Advanced Equality, Diversity and Inclusion through student involvement in EDI committees and trauma-awareness training initiatives promoting an inclusive culture.

Performance Report (continued)**Quality Assurance and Enhancement**

We submitted an evaluation of performance, to Scottish Funding Council as part of the new quality arrangements for Universities and Colleges. This was in the form of a Self Evaluation and Enhancement Plan

During 2024–25 we were visited by QAA as part of the arrangements to review our SEAP, we engaged in professional discussion around our capacity to improve. Our Modern Apprenticeships were reviewed by Education and we were rated Very Good in all 3 elements of inspection.

We were visited by 10 Awarding Bodies for 50 Awarding Body visits throughout 2024–25 to scrutinise assessment decisions. We were identified as being fully compliant on all visits.

Equality & Diversity

Dumfries and Galloway College is committed to promoting equality and celebrating diversity in everything we do. Our recent work in defining and embedding our Values aims to further foster a welcoming culture for everyone across our College community.

The College's Equality and Diversity Report 2025 can be found on the College's website: <https://www.dumgal.ac.uk/wp-content/uploads/2025/04/Equality-and-Diversity-Report-2025-Master.pdf>. The report shows that there is encouraging progress in reducing pay gaps, improving outcomes for students with disabilities, addressing harassment, and achieving staff and student profiles which reflect those of our community. Long term challenges remain in addressing gender segregation for some subjects for both staff and students, and in remaining vigilant for the emerging effects of Cost of Living crisis.

Projects are underway to embed our Values into our policies and procedures, to continue with our work as an SCQF Inclusive Employer, and to increase Manager confidence in conducting Equality Impact Assessments.

Our Equality and Diversity Framework sets out how we 'mainstream' equality and diversity. This ensures we have the governance, policy, operational, improvement and monitoring structures in place to identify inequalities, take action to address these, and track our progress.

Curriculum Developments

We introduced a new hybrid/hybrid-digital course: PDA Introduction to Working with Communities (SCQF Level 6) for those in or looking to work/volunteer in the Community Learning & Development (CLD) workforce.

Expanded and enhanced Supported Learning pathways: including new "Introduction to LEAP (SCQF Level 3)" and "STAR (Sustained Transition and Routes)" for students needing more supported learning.

In partnership with Dumfries and Galloway Council we introduced Project Search to our Stranraer campus. This programme provided a pathway into work for young people with disabilities.

We won a College Development Network award for the work we do in developing employees, we developed an online approach to assessment which enabled us to provide feedback to students without the need to travel.

We have introduced in collaboration with University of the West of Scotland a degree in Creative Practice, this qualification recruited well in its first year.

We piloted online courses with 2 of our more remote schools, these schools would not normally participate in our College Academy. The evaluation of this pilot suggested that we should develop this further.

Our Sustainable Construction area moved to online assessment using online forms and video feedback. This practice was highlighted as good during a quality assurance visit by the Construction Industry Training Board (CITB)

We have fully embedded our curriculum review with clear curriculum priority sectors for the next 5 years including emerging and declining sectors.

All of our teaching staff continue to engage in our observation of learning process and use of How 2s, to develop engagement in the classroom.

Quality Assurance and Enhancement

Several CPD days offered as compulsory training for teaching staff including pedagogy, sharing best practice and self-evaluation.

We worked with College Development Network to enhance our curriculum through ideation workshops and also examining how we can be trauma informed.

We concluded the Student Experience Strategy in 2023-24 and in 2024-25 started to monitor progress against the KPIs within Mission 2030. In our first, baseline year, we made good progress in all areas of the new strategy.

We will continue to work collaboratively with community partners to reduce barriers to entry to college education which has led to provision as part of the Local Employability Partnership, and develop degree pathways in association with the University of the West of Scotland.

Dumfries and Galloway College is a key partner in Developing the Young Workforce and does this through offering Modern Apprenticeships in the South of Scotland and the delivery of Foundation Apprenticeships pathways. The development and delivery of Modern Apprenticeships is essential for effective workforce development, and the College is working with industry-bodies including SECTT, CITB, SNIPEF and SDS to achieve an increase in this activity. We currently have some circa 400 MAs in a broad range of subject areas.

Future Developments

The College will continue to widen access to education in Dumfries and Galloway with our partners.

Priority outputs to be delivered in 2025-26 are:

- Achieving the student activity target of 27,800 credits;
- Maintain the high levels of student success.
- Work with our Education Department partners to ensure equity of access for all College Academy school partners
- Continue to develop digital solutions which enhance the student experience and curriculum delivery
- Introduce a institution led review of quality (ILQR) pilot as part of the requirements of the Tertiary Quality Enhancement Framework
- Continued numbers of students entering positive destinations particularly those from key groups
- Further develop the use of meta skills in curriculum areas

We continue to demonstrate our relevance and contribution to the achievement of both Scottish Government and the Scottish Funding Council priorities. We are committed to regularly monitoring progress towards the delivery of the outcomes set out in this agreement.

Financial Performance

Financial Objectives

The College's financial objectives following reclassification are:

- To operate a balance between operating income and expenditure, and achieve a break-even position;
- To manage the College's annual budget in line with the requirements of the Scottish Public Finance Manual, HM Treasury's Consolidated Budget Guidance and balance the budget in Resource and cash terms each year;
- To maintain cash balances throughout the year at a level that is compatible with the efficient operation of the College.

The College requires to manage its income and expenditure against Scottish Government budget control limits, and maintain broadly the same level of working capital year on year.

How we measure performance

The College Outcome Framework and Assurance Measures (OF&AM) with the Scottish Funding Council (SFC) sets out what the College plans to deliver in return for funding. The OF&AM reflects the College's commitment to responding to the educational and skills needs within the Dumfries and Galloway Region. The College Strategic Outcomes set out in the 2024-25 OF&AM supports the Scottish Funding Council's priority outcomes.

Performance Report (continued)**Outcomes for 2024-25**

1. Ensured funding is used as intended and delivered high-quality provision (Funding regularity)
2. Maintain good governance and robust financial plans (Good governance; Financial viability)
3. Ensure the estate and digital infrastructure support modern learning (Estates & infrastructure)
4. Deliver high quality teaching and learning experiences (High quality learning)
5. Widened access, supported students through success, and promoted EDI (Student interests, access & success; EDI cross-cutting)
6. Engage with employers and aligned curriculum to skills needs (Skills & work-based learning)
7. Embed sustainability/net-zero practices in strategy and operations (Net zero cross-cutting)

Financial Out-turn for the period

The College operating results are for a twelve month accounting period, from 1 August 2024 to 31 July 2025. The underlying results for the year, which exclude the non-cash adjustments and other material one-off or distorting items required by the SORP, show a net surplus of £10,000 as noted below.

The overall results in the Statement of Comprehensive Income for the year show an operating deficit of £1.540m (2023-24 deficit of £2.151m). The operating results include a total charge of £239k for a technical accounting adjustment to reflect the costs of the Support staff and middle management job evaluation project for the period to date, which has not been matched by grant funding. Note 11 sets out this technical accounting adjustment together with the other adjustments prescribed by SFC – a non-cash depreciation net of deferred grant release of £852,000, and a net charge of £459,000 for the pension valuation changes and unfunded pension provisions at 31 July 2025.

The Balance Sheet at 31 July 2025 shows total net assets of £22.22m (2023-24 – £17.656m). Due to the change in the accounting treatment of the Support Staff and Middle Management Job Evaluation project for 2023-24, accrued costs of £1.437k at 31 July 2025 are not matched by grant funding. This change in accounting treatment of the Job Evaluation project removes the certainty of receiving government funding to cover the cost of the project and has increased the College's deficit position in 2024-25 by £239k and in 2023-24 by £1.198m. The provision recognised at 31 July 2025 and 31 July 2024 is set out at Note 18.

Performance Report (continued)**Financial Out-turn for the period (continued)**

In order to adapt to the challenging economic environment and financial position, the College is working through a Strategic Plan to help safeguard our financial sustainability in the context of the increasing financial pressures on the sector including inflationary pressures, as well as invest in staff and digital capabilities to enable the development of the College and its curriculum offer and to enhance outcomes for all learners. Challenges remain in being able to meet demand in curriculum, such as Construction and Engineering, and future sustainability will require further investment.

Several changes have already been implemented to reduce staffing and other costs, including a recruitment freeze, re-alignment of non-staff budgets, and re-opening of the VS scheme during 2024-25.

We revised our communication strategy to support an increase in delivery of commercial courses and other training as well as work-based learning.

The College Balance Sheet at 31 July 2025 shows net current liabilities of £1,882,000. Included in creditors are deferred capital grants of £807,000 which do not represent a future outlay, and unspent student support funds of £379,000.

Financial Performance Indicators:

	<u>2024/25</u>	<u>2023/24</u>
Operating deficit (inclusive of IAS 19 adjustments)	(£1,540)	(£2,151)
Deficit as a % of total income	10.17%	15.62%
Deficit as a % of total expenditure	9.23%	13.51%
Staff costs (excluding fundamental restructuring costs) as a % of total expenditure	67.58%	65.4%
Ratio of current assets to current liabilities	0.48	0.51
Days cash to total expenditure excluding depreciation	23	28
Non SFC income as a % of total expenditure	18.28%	15.79%

Adjusted operating position

The Statement of Comprehensive Income presents the financial performance during the year in accordance with the 2019 Statement of Recommended Accounting Practice (SORP): 'Accounting in Further and Higher Education' and Financial Reporting Standards FRS 102. The adjusted operating position (as defined by SFC) is intended to reflect the financial performance of the College after allowing for non-cash adjustments and other material one-off or distorting items required by the SORP. The adjusted operating position is therefore designed to smooth any volatility in reported results arising from FRS 102 and also to recognise that some of the reported costs do not have an immediate cash impact on the College. This should give a better indication of the College's operational cash generative capacity.

Performance Report (continued)**Financial Out-turn for the period (continued)**

An adjustment of £1,198,000 was applied in 2023-24 to reflect the costs for the Support staff and middle management Job Evaluation exercise as set out above, which are not matched by grant revenue. Costs of £239,000 are reflected below for 2024/25.

	2024/25	2023/24
	£000	£000
(Deficit) before other gains and losses (FE/ HE SORP basis)	(1,540)	(2,151)
Add back:		
- Depreciation (net of deferred grant release) on both government funded and privately funded assets	852	865
- Non-cash pension adjustments - Net service cost	432	61
- Non-cash pension adjustments - Net interest cost	30	21
- Non-cash pension adjustments - early retirement provision	(3)	13
- Costs of Support staff and middle management job evaluation exercise not matched by revenue	239	1,198
Deduct:		
- Non-government capital grants	0	0
Underlying operating surplus	10	7

Payment Practice Code

The College has implemented the 'Better Payment Practice Code'. As such, we aim to pay suppliers within the agreed credit terms and deal with all disputes and complaints as quickly as possible. The proportion of year-end creditors to the aggregate invoiced amounts during the academic year was 4.65% (2023-24 - 7.82%), with the increase due to the timing of invoices at the year end. The College did not pay any interest on late payments as defined under the Late Payment of Commercial Debts (Interest) Act 1998.

Taxation Status

The College has been entered into the Scottish Charity Register (Reference SC021189) and is entitled, in accordance with section 13 (1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a Charity registered in Scotland. The College is recognised by HM Revenue & Customs as a charity for the purposes of Section 505, Income and Corporation Taxes Act 1988 and is exempt from corporation tax on its charitable activities. The College receives no similar exemption in respect of Value Added Tax.

Performance Report (continued)**Environmental Considerations and Sustainability Reporting**

Dumfries and Galloway College continues to actively monitor and report its carbon emissions in line with the Public Bodies Climate Change Reporting Duties, with active reporting to the Board and its Committees as well as to the Senior Leadership Team to ensure measures are considered as part of the College strategic decision making processes.

During 2024-25, the College has been undertaking implementation of two funding grants, to support the ambition of its Net Zero targets. These are :

- ' - UK shared Prosperity Funding (UKSPF), this has provided additional teaching space at our Dumfries campus through the use of Eco friendly modular buildings, and was completed before the end of the year.
- Green Public Sector Decarbonisation Scheme (GPSEDS), this project is ongoing, and will provide a range of environmentally friendly improvements to the internal and external fabric of our Dumfries campus, and is due to be completed during 2025/26.

Significant LED Lighting upgrades, as well as wider energy optimisation works, which will continue to drive the Colleges carbon emissions down in line with its year on year targets

The College continues to work in line with the Climate Change Action Plan 2020-25. The plan sets out how the College is taking action to help fight our carbon footprint, and focus on key areas to reduce carbon emissions. A copy can be found on the College website: <https://www.dumgal.ac.uk/climate-change-action-plan>

The College confirms that it complies with Scottish Government sustainability reporting in line with the requirements of the Climate Change (Scotland) Act 2009.

Social Matters**Respect for Human Rights**

The College's Equality Impact Assessment template requires consideration of Human Rights as a mandatory step in the Policy Approval process. Assessments are completed for all new or reviewed policies, procedures, strategies or plans. This ensures that all our activities support the human rights of our staff, students and stakeholders. EIA findings are published as an Equality Impact Assessment Results Summary which is updated each year. We have found no detriment to Human Rights through College activity and recorded considerable positive impact in terms of strengthening rights to education, employment, privacy and family life.

Anti-corruption and anti-bribery

The College has an established Anti-Fraud and Corruption Policy, which is updated on a regular basis. Any instances of fraud or corruption by College employees, Board members or contractors will be treated as a serious breach of discipline and as potentially criminal acts. The overriding principle applied is to prevent any acts of fraud or corruption. Preventative measures adopted by the College are:

- Policies and procedures - to reduce as far as possible the risks from fraud or corruption, these measures include risk management processes, procurement, and the scheme of delegation;
- Systems - incorporating internal controls, and segregation of duties;
- Internal audit - the internal audit programme supports the systems and procedures in place;
- Culture - the College aims to maintain a culture of openness, honesty and accountability, which is also supported by a Whistleblowing Policy;
- Staff Recruitment, Induction and Training - references are taken up for all permanent and temporary staff, and part of the induction includes raising awareness of all policies and procedures pertinent to the post, including governance processes.

Performance Report (continued)**Going Concern**

The financial statements have been prepared on the going concern basis, which provides that the organisation will continue in operational existence for the foreseeable future and there will be a continuation of the provision of further education services in Dumfries and Galloway. The Operating Deficit reported in the Statement of Comprehensive Income includes non-cash items including net depreciation costs of £852,000, a net charge of £459,000 to reflect the pension valuation changes for the Local Government Pension Scheme, and £239,000 of provisions not matched by grant income for the Support staff and middle management Job Evaluation exercise as set out in this report. Deferred government capital grants of £24,454,000 have been disclosed as long-term creditors in the financial statements in accordance with FRS 102, and the Scottish Funding Council have advised that The Scottish Government and Scottish Funding Council remain committed to the Job Evaluation project. The creditors relating to deferred capital grants do not represent future cash outflows for the College. These technical accounting adjustments are not considered to have an impact on the College's ongoing financial sustainability.

The College continues to have an ongoing dialogue with SFC. The budget for 2025-26 has been prepared on the basis that proactive actions continue to be taken to reduce costs and increase efficiencies, as well as increase commercial income. Work is ongoing to ensure the budget is sustainable for future years, and given the significant challenges the sector is likely to face for the medium term due to external factors and the national economic outlook, the College will continue to take proactive measures to maintain financial sustainability.

Douglas Dickson

Principal

Accountability Report

The Accountability Report comprises the Corporate Governance Report and the Remuneration and Staff Report, and is signed by the Chair and the Principal.

Corporate Governance Report

The Corporate Governance Report comprises the following sections:

- Directors' Report
- Statement of the Board of Management's Responsibilities
- Governance Statement
 - Statement of Compliance
 - Governance Structure
 - Self Evaluation
 - Corporate Strategy
 - Risk Management and Internal Control
 - Going Concern

Directors' Report**Composition of the Board of Management**

Caroline Stuart has acted as Chair throughout 2024/25.

The undernoted individuals are the current members of the Board of Management:

Gillian Brydson
George Clark (from September 2024)
Douglas Dickson (Principal from April 2025)
Kirsty Duncan (from September 2024)
Honor Gibson (Student Member from August 2024)
Kate Glendye (Staff member)
Sharon Hodgson
Ann Hill
Alastair Irons (from September 2024)
Karen McIntosh (Student Member from August 2025)
Susan McLellan (Staff Member)
Inga McVicar (from September 2024)
Jamie Ross
Caroline Stuart (Chair)
Peter Woods (Staff Trade Union member)

The following individuals were also Board members in the period from August 2024 up to 31 July 2025:

Joanna Campbell (Principal and Chief Executive until March 2025)
David Burns (Staff Trade Union Member until March 2025)
Richard Nash (resigned March 2025)
Claire McLean (resigned May 2025)
Will Dowson (resigned March 2025)
Sue Irving (resigned July 2025)
Eddie Black (resigned August 2024)
Shane Saunders (Student Member until August 2025)
Annette Cameron (Student Member until August 2024)
Adnan Dogrultan (Student Member until August 2024)
Malcolm MacLeod (resigned August 2024)

The Governance Professional maintains a register of financial and personal interests of the members of the Board of Management. A short biography of each Board member, together with their Register of Interests, can be accessed on our website using the following link:
<https://board.dumgal.ac.uk/committees/board-of-management/>

Lorraine Grierson has acted as Governance Professional throughout the year.

Accountability Report

Corporate Governance Report

Directors' Report (continued)

Composition of Senior Management and Committees

Executive Leadership Team

The Board of Management has delegated day to day responsibility for running the College to the Executive Leadership Team.

The undernoted individuals are the current members of the Executive Leadership Team:

Douglas Dickson (Principal and Chief Executive)

Phil Storrer (Vice Principal Student Experience – from April 2025)

Karen Hunter (Vice Principal Corporate Services – from August 2025)

Committee Members

The Board of Management has formally constituted several committees with terms of reference. These committees act with delegated authority. Information on the Board's committees and Committee Structure is set out in the Governance Statement on page 24.

Current Committee Members are as follows:

Board Development Committee

Caroline Stuart (Chair), Honor Gibson, Alasdair Irons, Susan McLellan, Jamie Ross, George Clark.

Remuneration Committee

Sharon Hodgson (Chair), Ann Hill, Alasdair Irons, Jamie Ross, Caroline Stuart, George Clark

Audit Committee

Jamie Ross (Chair), Gillian Brydson, Kirsty Duncan, Ann Hill, Alastair Irons.

Finance and General Purposes Committee

George Clark (Chair), Douglas Dickson, Kate Glendye, Sharon Hodgson, Inga McVicar, Caroline Stuart.

Learning and Teaching Committee

Gillian Brydson, Kirsty Duncan, Honor Gibson, Ann Hill, Alastair Irons (Chair), Susan McLellan, Inga McVicar, Caroline Stuart, Peter Woods.

Grievance/ Appeals Committee

Caroline Stuart (Chair), Ann Hill, Jamie Ross

The HR Sub-Committee was disbanded after the May meeting and subsumed into FGP. The membership at that date was:

Claire McLean (Chair), George Clark, Ann Hill, Sue Irving, Kate Glendye, Susan McLellan

Data Security

No personal data-related incident were reported to the College Data Protection Officer during the year, and no incidents required to be reported to the Information Commissioners Office (ICO). The College maintained security measures and staff training throughout the year to prevent data breaches. No other personal data related incidents occurred during the 2024-25 financial period and up to the date of approval of the financial statements.

Accountability Report**Corporate Governance Report****Statement of the Board of Management's Responsibilities**

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

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

The Board of Management is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992, the 2019 Statement of Recommended Practice 'Accounting in Further and Higher Education', the 2024-25 Government Financial Reporting Manual (FReM) issued by the Scottish Government, and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Funding Council and the College's Board of Management, the Board of Management, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, the Board of Management has ensured that:

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are made that are reasonable and prudent;
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Financial statements are prepared on the going concern basis unless it is inappropriate to presume that the College will continue in operation and there will be a continued provision of further education services. The Board of Management is satisfied that it has adequate resources to continue in operation for the foreseeable future and for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board of Management has taken reasonable steps to:

- Ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the College and prevent and detect fraud;
- Secure the economical, efficient and effective management of the College's resources and expenditure.

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

- Clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- A comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- Regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;

Accountability Report

Corporate Governance Report

Statement of the Board of Management's Responsibilities (continued)

- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Management;
- Comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Finance and General Purposes Committee;
- Professional internal audit team whose annual programme is approved by the Audit Committee and endorsed by the Board of Management and whose head provides the Board of Management with a report on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

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

Auditor

The Auditor General for Scotland has appointed Azets Audit Services to undertake the audit for the year ended 31 July 2025.

Disclosure of Information to Auditors

The Board members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each Board member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Board on 8 December 2025 and signed on its behalf by:

Caroline Stuart

Regional Chair

Accountability Report**Corporate Governance Report****Governance Statement**

Dumfries and Galloway College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes how the College has applied the Principles of the Code of Good Conduct for Members of the Board of Management and the 2022 Code of Good Governance for Scotland's Colleges. The Board also complies with the sector Board Development and Evaluation Framework.

This governance statement is designed to supplement the information provided in the financial statements by providing an overview of the College's governance structure, risk management and internal control processes for the year to 31 July 2025 and the Board's assessment of the effectiveness of those arrangements.

Statement of full compliance with the Code of Good Governance for Scotland's Colleges

In the opinion of the Board of Management, the College complies with all the principles of the 2022 Code of Good Governance for Scotland's Colleges, and it complied throughout the year ended 31 July 2025.

Governance Structure**Board of Management**

Dumfries and Galloway College Board of Management was established under the provisions of the Further and Higher Education (Scotland) Act 1992, and became a regional college under the provisions of the 2013 Act. The College is also a charity registered in Scotland in terms of the Charities and Trustee Investment (Scotland) Act 2005 with registered number SC021189. The Constitution and Standing Orders of Dumfries and Galloway College Board of Management set out the Board's policy and practice on those issues which it has powers to determine.

The Board of Management comprises of representatives from industry, commerce and education, and benefits greatly from Members' extensive expertise of business and public life together with practical experience in education and training. The private and public sectors are represented, as is the College's Executive Management Team (by the Principal), teaching and support staff and the student body.

The Board's key duties are to:

- Set the strategic direction and priorities of the College;
- Promote commitment to the values and ethos of the organisation, including equality and diversity;
- Ensure satisfactory delivery of the organisation's performance and financial objectives, high quality learning and outcomes, and a good learning experience;
- Be accountable to and maintain the trust of key stakeholders;
- Comply with relevant legal and financial requirements, including the Scottish Public Finance Manual;
- Ensure identification and control of the main risks to the organisation's responsibilities and business objectives;
- Adhere to the sector's Code of Good Governance and the organisation's Financial Memorandum.

The Regional Board for Dumfries and Galloway College comprises of the Chair, the Principal, two student members, two staff members (one of which is currently vacant), two trade union members, and eight non-executive members, one of which is the Senior Independent Member. The College recognises the important role Board members have in acting as ambassadors for the College as well as providing a governance role.

Accountability Report**Corporate Governance Report****Governance Statement****Governance Structure (continued)**

The College's Regional Board is responsible for bringing independent judgement to bear on issues concerning the College's strategic direction, performance, resources and standards of conduct. In addition the Board is responsible for systems of internal control. The Board reviews its effectiveness on an annual basis through a robust self evaluation process. The members who served on the Board of Management during the year and up to the date of signature of this report are set out below.

The Board is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against targets, capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. Agendas and papers of all meetings are updated on the College website: www.dumgal.ac.uk

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

The Board of Management of Dumfries and Galloway College adopted the 'Code of Conduct for Members' in June 2014. This was reviewed by the Standards Commission in 2022 and adopted by the Board. The Board also adopted the code of Good Governance for Scotland's Colleges in January 2015, this too has been reviewed and updated by the Good Governance Steering Group. The Regional Board complies with the 'College Sector Board Appointments: 2014 Ministerial Guidance' when appointing all non-executive board members.

The Board of Management supports the work being done by the College Sector Good Governance Steering Group.

Dumfries and Galloway College Board of Management met five times during the 2024-25 financial period and conducts its business through a number of committees. All of these committees are formally constituted with terms of reference approved by the Board of Management. The committees comprise non-executive members of the Board of Management and are all chaired by a Member of the Board. These committees include a Finance and General Purposes Committee, a Board Development Committee (includes appointments), a Remuneration Committee, a Learning and Teaching Committee, Audit Committee and a Grievance/ Appeals Committee. The HR-Sub Committee was disbanded after the May meeting in 2025 and subsumed back into Finance and General Purposes Committee. All committees are required to report back to the Board on their activities.

The Board has considered the Risk Management Process. The Risk Register is considered by all Committees to ensure that their collective expertise is focused on specific risks. A summary of the current risks is set out on page 5.

Accountability Report**Corporate Governance Report****Governance Statement****Governance Structure (continued)**

The Board of Management recognise that the most significant risk to the College relates to institutional sustainability. Work towards financial sustainability is continuing as the Executive Team implement the refreshed Strategic plan, Mission 2030.

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

All Board Members are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the College's Governance Professional, who is responsible for ensuring compliance with all applicable procedures and regulations. The appointment, evaluation and removal of the Governance Professional are matters for the Board of Management as a whole.

Appointments to the Board of Management

Following regionalisation of Scottish colleges and their designation as public bodies, Regional Chairs are appointed by the Scottish Ministers and are subject to the Public Appointments process.

Any new appointments to the Board of Management are a matter for consideration by the Board as a whole. The Board has a Board Development Committee, which is responsible for the selection and recommendation to appoint any new member for the Board's consideration. Any appointment is also subject to approval by the Cabinet Secretary for Education and Lifelong Learning.

As noted in the Director's Report at page 21, the Board of Management has formally constituted several committees to act with delegated authority and their own terms of reference. Current membership of the key committees is also set out in the Directors' Report.

The remit of each committee is set out below.

Board Development Committee

The Board Development Committee was previously the Selection and Appointments Committee. The remit of this committee was revised and strengthened during 2015-16 to ensure compliance with the Code of Good Governance for Scotland's Colleges and the Board Development Framework. The Board Development Committee now has responsibility for advising the Board of Management on matters relating to members of the Board of Management, including Board Member appointment, balance of skills and experience, induction and training, balance in relation to equality as well as Board evaluation and development. The Committee meets at least once per year.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration, terms and conditions (and, where appropriate severance payments) of the Principal, members of the Executive Management Team, Directors, and the Secretary to the Board. The Committee meets at least once per year. Details of the remuneration of senior post-holders for the period ended 31 July 2025 are set out in note 7 to these financial statements.

Audit Committee

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

The Audit Committee meets a minimum of four times a year, and provides a forum for reporting by the College's internal, regularity and financial statements auditors. The auditors have access to the Committee for independent discussion, without the presence of College management.

Accountability Report**Corporate Governance Report****Governance Statement****Governance Structure (continued)****Audit Committee (continued)**

The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input, and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed audit recommendations and internal auditors undertake periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Board of Management on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work.

Finance and General Purposes Committee

The Finance and General Purposes Committee is responsible for ensuring compliance with the Financial Memorandum and Financial Regulations. It recommends the annual budget to the Board and monitors actual performance against budget. The Committee also makes recommendations to the Board on matters relating to the development and management of its property, facilities, Human Resources, and Commercial and Marketing activity. The Committee meets four times per year.

HR Sub-Committee

The HR Sub Committee is responsible for the human resource and equality and diversity element of the Finance and General Purposes Committee remit in order to ensure full consideration is given to these important areas and ensure the College is operating within legal requirements relating to employment law. The HR-Sub Committee was disbanded after the May meeting in 2025 and subsumed back into Finance and General Purposes Committee.

Learning and Teaching Committee

The Learning and Teaching Committee has overall responsibility for monitoring the direction and performance of learning and teaching and the quality of the learners experience at the College. The Committee meets four times per year.

Grievance/ Appeals Committee

The Grievance and Appeals Committee's remit is to hear any grievance or appeal of decision made by the Principal in accordance with discipline, grievance and capability procedures.

Self Evaluation

The Chair meets with each member of the Board on an annual basis as part of the Board's process of evaluating the effectiveness of board members. The evaluation of the Regional Chair is undertaken by the Vice Chair or Senior Independent Member. The performance of the Regional Chair is also evaluated by the Scottish Government, as regional college chairs are appointed by the Scottish Ministers and are personally accountable to them.

An Externally Facilitated Effectiveness Review of the Board was conducted by College Development Network in 2024, in line with the requirements of the Code of Good Governance, and the final report was issued in November 2024. The Code states that the relevant governing board must have in place a robust self-evaluation process, at para D. 24: *'The Board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally facilitated evaluation of its effectiveness at least every three to five years'*. The previous Board self evaluation had been undertaken in March 2021, and the 2024 report noted that there has been a clear focus on improving the governance arrangements

The Effectiveness Report concluded that:

- This is an effective Board which benefits from strong, insightful leadership from the Chair who has established a culture of respect, accountability and
- The quality of the student experience is core to board discussions and there is ambition for student success. The College recently received a very positive report following the Education Scotland Annual Engagement Visit.
- The governance of Dumfries and Galloway College is effective, robust, and demonstrates best practice in every aspect of college governance. There is a clear alignment with the requirements of the Code of Good Governance for Scotland's Colleges (the Code) with a 'Code of Good Governance Checklist' which is reviewed by the Audit Committee before it is shared with the Board. This provides valuable assurance to Board members.

One recommendation was made in the review, which noted that given the number of new members, and more to be recruited over the coming year, building the new Board team should be a priority. This requires careful planning, and consideration should be given to including this in the Board

- building the confidence of newer members, encouraging them to have a voice and use their skills and experience to provide constructive challenge and support
- enabling newer members to develop their understanding of the sector and the current challenges
- creating space for members to get to know each other and build effective working relationships

Accountability Report**Corporate Governance Report****Governance Statement****Self Evaluation (continued)**

A recruitment campaign to attract new non-executive Board Members commenced in September 2025, which included a focus on attracting individuals with skills, knowledge and expertise to complement the existing Board.

The table below details the attendance of members at Board meetings during the period August 2024–June 2025:

Name	Board	Audit	F&GP	HR Sub	L&T	Rem	BDC	Grievance/ Appeals
C Stuart	5/5		5/5		3/3	3/3	3/3	
S Irving	4/5	3/4		2/3		3/3	1/3	
J Campbell	4/4		3/3					
D Dickson	1/1							
A Hill	4/5	1/4		3/4	2/4	3/3		
R Nash	2/3 – 1 as attendee		3/3			0/2	0/2	
W Dowson	2/3 – 1 as attendee	2/3				2/2		
G Brydson	4/5	1/4			3/4		0/1	
C McLean	2/4		0/4	2/3		0/2	0/2	
S Hodgson	5/5				3/4	3/3	3/3	
J Ross	5/5	4/4	0/1			3/3		
S McLellan	4/5		1/1	2/3	4/4		3/3	
K Glendye	3/5		3/4	2/3	1/1			
H Gibson	5/5				4/4		2/3	
S Saunders	1/5				1/4			
D Burns	2/4		2/3					
P Woods	4/5				4/4			
G Clark	5/5		3/3	3/3				
I McVicar	4/5		3/3		2/3 – 1 as attendee			
A Irons	4/5	2/3			3/3			
K Duncan	4/5	2/3			2/3 – 1 as attendee			

Board Appraisal and Development

All board members attended a Strategy day in May 2025, which was very successful allowing a team building opportunity for board members. Future strategy events are planned into the meeting schedules for May of each year.

The Board has recently conducted its annual self evaluation review of individual and committee performance. All board members have undergone a performance review, and development requirements are incorporated in the Board Development Plan and progress towards this will be monitored over the forthcoming year.

Corporate Strategy

The Board of Management receives recommendations from its committees, the Principal and Executive Management Team to inform strategic developments. In addition to the scheduled Board meetings, Board Development sessions are held each year to provide an opportunity to focus discussions on the strategic direction for the College.

The Board of Management adopted the Code of Good Governance for Scotland's Colleges in January 2015. The remit of the Board Development Committee includes Board Member induction and training as well as Board Evaluation. An annual self-evaluation process has been established which includes a review of performance over the last 12 months, and an assessment of external and internal changes which are likely to impact on the Board in the next 12 months. Areas for development are identified and a Development Plan produced which is monitored throughout the year. Progress against the Development Plan is assessed as part of the following year's performance review.

Accountability Report**Corporate Governance Report****Governance Statement****Corporate Strategy (continued)**

The Board are overseeing implementation of the Strategic Plan, Mission 2030. The plan will help ensure that the student experience remains at the core of the College's values and will focus on continuous improvements, and making a positive contribution to local and national priorities.

As noted above, work has been undertaken to launch the refreshed Strategic Plan, Mission 2030. The new strategy builds on the strengths of Ambition 2025, and is set against the College's improved student experience, and focuses on four key pillars:

- Our People
- Our Students
- Our Learning; and
- Our Partners

Each pillar represents a vital component of the College's mission to cultivate a thriving, inclusive and sustainable college. Mission 2030 will help ensure the College strategic direction is aligned with the wider Scottish Government priorities including the Scottish Funding Council's strategy, the National Strategy for Economic Transformation (NSET), the Regional Economic Strategy (RES) and Scotland's National Performance Framework (NPF) outcome, to deliver a positive and impactful contribution for our region and Scotland.

Risk Management and Internal Control***Scope of Responsibility***

The Board of Management is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. The Board determines the appropriate Risk Appetite for the College, sets the tone of risk management throughout the organisation, and approves Risk Management arrangements. However, such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The College maintains a corporate level Risk Register, which is under the ownership of the Secretary to the Board. The register is intended to cover wide risks which are so significant or pervasive that they pose a risk to strategic objectives.

The Board of Management has delegated the day-to-day responsibility to the Principal, as Accountable Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between Dumfries and Galloway College and the SFC. He is also responsible for reporting to the Board of Management any material weaknesses or breakdowns 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 College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Dumfries and Galloway College for the period ended 31 July 2025 and up to the date of approval of the annual report and accounts.

Accountability Report**Corporate Governance Report****Governance Statement****Risk Management and Internal Control (continued)*****Capacity to handle risk***

The Board of Management has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. 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 has been in place for the period ending 31 July 2025 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Management.

Risk and control framework

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

- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines;
- the adoption of formal project management disciplines, where appropriate.

The College manages the risks faced by adopting robust management practices. The planning processes, self-evaluation and sector review, and audit processes are designed to identify and manage risks. A detailed risk register is maintained and updated on a regular basis. The risk register is discussed at each meeting of the Audit Committee.

The Audit Committee has recently discussed the effectiveness of the current risk register within the College and asked that more scrutiny and attention should be paid to documenting individual risks and control measures assigned to them. In line with this, a new format to the register has been introduced. The main register provides an overview of the key risks, which are graded in terms of probability of occurrence and severity of impact. In addition to the main register, each risk has supporting documentation outlining in detail monitoring and mitigation processes, and the relevant risk appetite. The reporting of risks has been recently reviewed and strengthened to clearly show the 3 lines of defence. The supporting documentation for risks is presented to each meeting of the assigned committee for scrutiny and agreed further action is noted. A scoring matrix for risk appetite was introduced during 2024-25 to enable the Board to identify risks out with the appetite and introduced the Risk Owners spreadsheet which identifies who is responsible across college for ensuring effective controls are in place and implemented.

Each Audit Committee meeting also undertakes a 'deep dive' exercise on specifically selected risks through detailed risk discussion to assess the adequacy of controls and mitigations, and to receive assurance from risk owners that the process for mitigating and monitoring is clear, thorough and rigorously applied. Any concerns are highlighted to the full Board.

Dumfries and Galloway College has an internal audit service, the work of which is informed by an analysis of the 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 Committee. On an annual basis, a report is provided to the Board of Management detailing internal audit activity in the College. The report includes the internal auditors' independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

The 2024-25 Internal Audit Annual Report gave a positive opinion based on the work undertaken during the year 'The organisation has an adequate and effective framework for risk management, governance, internal control and economy, efficiency and effectiveness'. Any outstanding audit recommendations will be followed up and progress on implementation monitored by the Audit Committee during 2025-26.

Accountability Report

Corporate Governance Report

Governance Statement

Risk Management and Internal Control (continued)

The Audit Committee meets with internal and external auditors independently of College staff, to gain independent reassurance.

The College's Senior Leadership Team and Executive Management Team keep risk management under regular review, reporting into all Committee and the Board. Any urgent or escalating risks are also reported to the Chair in addition to this process.

Significant risks and management action that have been considered and agreed during 2024-25 are set out at page 5 of the Performance Report in these financial statements.

The Board of Management recognise that the most significant risk to the College is potential failure to achieve financial sustainability. The Strategic Risk Register reflects the ongoing mitigations being taken by the College to control costs and increase income, with pressure remaining on all public sector finances.

The Principal and Executive Leadership Team routinely review the Strategic Risk Register to reflect the risks the College is facing and mitigation applied to each risk. The risk management processes have been subject to internal audit review, and further steps have been introduced to update the Risk Management Policy and document the ownership framework for operational controls to increase the effectiveness of risk management.

Review of effectiveness

As described on Page 5 of the Performance Report, Risk Management is an integral part of the overall governance arrangements of the College, and as such there are specific responsibilities for people and groups undertaking different roles in the organisation.

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

- the work of the internal auditors;
- the work of the senior managers within the College who have responsibility for the development and maintenance of the internal control framework;
- comments made by the College's financial statements auditors and the regularity auditors in their management letters and other reports.

The Principal has been advised on the implications of the results of her review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Accountability Report (continued)**Corporate Governance Report****Governance Statement*****Review of effectiveness (continued)***

The Executive Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Executive Leadership Team and the Audit Committee also receive regular reports from the internal auditor, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board of Management's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Executive Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2025 meeting, the Board of Management carried out the annual assessment for the period ended 31 July 2025 by considering documentation from the Executive Leadership Team and internal audit, and taking account of events since 31 July 2025.

Going Concern

As noted on Page 17 of the Performance Statement, the College continues to prepare budget forecasts to ensure that adequate resources are available for the foreseeable future, and there will be a continued provision of further education services in the future. Medium-term financial forecasts and costs modelling have been prepared to inform strategies for future years, and proactive actions continue to be taken to reduce costs and increase efficiencies to help ensure the College is financially sustainable going forward. Given the significant challenges the sector is likely to face for the medium term due to external factors and the national economic outlook, robust workforce planning and financial planning will continue. After making appropriate enquiries, the Board of Management considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Conclusion

In our opinion during 2024-25 the College has a framework of internal control that provided assurance regarding the effective and efficient deployment of resources to achieve the College aims.

Approved by order of the members of the Board on 8 December 2025 and signed on its behalf by:

Caroline Stuart
Regional Chair

Douglas Dickson
Principal

Accountability Report**Remuneration and Staff Report****Introduction**

The College is required to prepare and publish within its financial statements an annual Remuneration Report under the 2024-25 Government Financial Reporting Manual (FReM) issued by the Scottish Government, which is relevant for the financial period ended 31 July 2025.

The report sets out the remuneration and accrued pension benefits of the Senior College Executives, which comprises the Regional Chair, College Principal and Executive Leadership Team. The Regional Chair and College Principal are the only two members of the Regional Board who receive remuneration in respect of their post, and as Board members have responsibility for directing the major activities of the College during the period in accordance with the FReM.

The report also provides information on the number of College employees, including Executive Leadership Team members, whose total actual remuneration was £60,000 or more, this information being disclosed in salary bandings of £10,000 above £60,000. The following report has been prepared in accordance with the aforementioned Regulations.

The College's External Auditor is required to audit certain parts of the remuneration report and give a separate opinion in their report on the Statement of Accounts as to whether the Remuneration Report has been properly prepared in accordance with the Regulations. All the tables in this report are subject to audit except those relating to gender composition, remuneration policy, staff turnover, sickness absence, Trade Union facilitation, staff members allowances and expenses disclosures.

Remuneration Policy

The remuneration of the Regional College Chair is set by the Scottish Government, and is a non-pensionable post.

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration, terms and conditions (and, where appropriate severance payments) of the Principal, members of the Executive Leadership Team and the Secretary to the Board. The Committee meets at least once per year. Details of the remuneration of senior post-holders for the period ended 31 July 2025 are set out in note 7 to the financial statements.

Remuneration including salary entitlements

Remuneration of the Executive Leadership Team is set out in note 7 of the financial statements.

The College's employees receiving more than £60,000 remuneration during the period covered by the financial statements are shown below. This information is disclosed in salary bandings of £10,000 above £60,000 or more.

	12 Month period ended 31 July 2025		12 Month period ended 31 July 2024	
	Number			
	senior post-holders	Number other staff	Number senior post-holders	Number other staff
£60,001 to £70,000	0	5	0	1
£70,001 to £80,000	1	1	1	1
£80,001 to £90,000	2	0	0	0
£90,001 to £100,000	0	0	1	0
£100,001 to £110,000	1	0	0	0
£110,001 to £120,000	0	0	1	0
£120,001 to £130,000	0	0	0	0
	4	6	3	2

Accountability Report

Remuneration and Staff Report (continued)

Pay Multiples and Median Remuneration	2024-25	2023-24	Change
	£	£	%
Range of workforce remuneration			
Highest paid official remuneration	110,000	112,000	-1.79%
Median	33,927	34,785	-2.47%
Ratio	3.24	3.31	-2.11%
25th percentile	29,604	30,874	-4.11%
Ratio	3.71	3.72	-0.27%
75th percentile	48,357	48,357	0.00%
Ratio	2.27	2.38	-4.62%
Lowest paid official remuneration	24,856	24,856	0.00%

The banded remuneration of the highest paid official in the College in financial year 2024-25 was £110,000 (2023-24 £112,000). This was 3.24 times (2023-24 3.3 times) the median remuneration of the workforce which was £33,927 (2023-24 £34,785).

The reduction in the ratio reflects the impact of the VS scheme and changes in team structures during the year.

The figures above are based on FTE/ total pay. No non-consolidated performance pay and benefits in kind/ non-cash benefits were payable during 2024-25 or 2023-24.

Salary entitlements

The following table provides detail of the remuneration and pension interests of Senior Executives.

Name	12 months ended 31 July 2025			12 months ended 31 July 2024		
	Actual			Actual		
	Salary	Pension benefit *	Total	Salary	Pension benefit	Total
	£'000	£'000	£'000	£'000	£'000	£'000
J. Campbell (1)	75-80	10-15	90-95	110-115	0-5	115-120
D. Dickson (2)	100-105	105-110	210-215	95-100	55-60	150-155
J. McGraw	80-85	25-30	100-105	75-80	25-30	100-105
P. Storrier (3)	80-85	15-20	100-105	0	0	0
C. Stuart	20-25	0	20-25	20-25	0	20-25

* Pension Benefits are calculated as real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decreases due to a transfer of pension rights.

(1) J Campbell acted as Principal for the period up to 31 March 2025. Her full-time equivalent salary was £115k-£120k

(2) D Dickson acted as Vice Principal for the period to 31 March 2025, then Principal from 1 April 2025. His full-time equivalent salaries for those appointments were £90k-£95k and £110k-£105k

(3) P Storrier was Acting Vice Principal for the period 1 April 2025 to 31 July 2025. His full-time equivalent salary for the role was £80k-£85k

The salary and pension benefits above are shown in bands of £5,000 in accordance with the 2024-25 Government Financial Reporting Manual.

Pension benefits for all College employees except the Regional Chair are provided through the Scottish Teacher's Superannuation Scheme (STSS), a defined benefit scheme which is externally funded and contracted-out of State Earnings-Related Pension Scheme or the Local Government Pension Scheme (LGPS) Dumfries and Galloway Pension Fund.

The Pension Benefits noted above include benefits from the Local Government Pension Scheme for one Senior Executive, and the Scottish Teachers Superannuation Scheme for three Senior Executives for the period.

Contribution rates for both pension schemes are set annually for all employees, as set out at note 20.

Accountability Report

Remuneration and Staff Report (continued)

Changes to the Local Government Pension Scheme

Changes were made to the LGPS scheme from 1 April 2015. The pension after that date for members will be calculated on a career average basis, and the pension age will align with the state retirement age.

Scheme members will be able to choose to leave the scheme and draw their pension from state retirement age, or choose to work longer. Pension benefits would be reduced if the member retires before the state retirement age, and increased if they choose to work longer.

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

Pension benefits built up by members in the scheme up to 31 March 2015 are protected, and will still be based on their final salary on leaving and the state retirement age in the current scheme. Member benefits build up in the new way from April 2015.

Senior Executives Pension

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

	Accrued pension at pension age at 31 July 2025	Accrued lump sum at pension age at 31 July 2025	Real increase in pension 1 August 2024 to 31 July 2025	Real increase in lump sum 1 August 2024 to 31 July 2025 *	CETV at 31 July 2025	CETV at 31 July 2024 *	Real increase in CETV *
Name	£'000	£'000	£'000	£'000	£'000	£'000	£'000
J. Campbell (leaver 31.03.25)	30-35	75-80	0-2.5	-2.5-0	704	667	7
D. Dickson	35-40	95-100	5-7.5	10-12.5	916	768	123
J. McGraw	0-5	0	0-2.5	0	54	26	21
P. Storrier (Acting Vice Principal from 01.04.25)	10-15	0	0-2.5	0	175	153	3
C. Stuart	0	0	0	0	0	0	0

* Opening CETV values have been updated to reflect the values unadjusted for inflation. Real increases to pension, lump sum and CETV updated to disclose real movement including where this is a negative value (if any negative values). Real increase in CETV also updated to reflect deduction of employee contributions.

Cash Equivalent Transfer Value

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

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

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

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

Accountability Report**Remuneration and Staff Report (continued)****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.

Compensation for loss of office

10 employees left under voluntary exit/ early retirement terms during the year as part of the College Transformation Plan (2023-24 - 7 employees). The table below summarises the exit packages for those staff who left during 2024-25. It includes payments made to staff and the accrued pension cost of added years.

Exit package cost band	Year to 31 July 2025			2024
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total number of exit packages by cost band
< £10,000	0	1	1	4
£10,000-£25,000	0	2	2	1
£25,000-£50,000	0	4	4	2
£50,000-£100,000	0	2	2	0
£100,000-£150,000	0	1	1	0
Total number of exit packages	0	10	10	7
Total cost (£)	0	£475,387	£475,387	£153,087

Exit packages

No Board member or senior manager left under voluntary or compulsory exit schemes in 2024-25 (2023-24 - none)

Staff Report

The Staff Report contains information relating to staff costs and staff numbers.

Staff Costs

Staff costs for the year were as follows:

	Seconded		2024-25 Total £'000	Directly employed staff £'000	Seconded and agency staff £'000	2023-24 Total £'000
	Directly employed staff £'000	and agency staff £'000				
Wages and salaries	8,121	3	8,124	7,836	71	7,907
Social security costs	870	-	870	739	-	739
Other pension costs	2,126	-	2,126	1,684	-	1,684
Total	11,117	3	11,120	10,259	71	10,330
Average number of FTE	184	0.05	184.05	190	1	191.00

The College employee gender split is 64.6% female and 35.4% male as at 31 July 2025. Of the three College Senior Executives at July 2025, three are male and none are female.

Accountability Report**Remuneration and Staff Report (continued)****Staff Turnover**

Staff turnover during 2024-25, based on headcount, was 16.4% (2023-24 21.86%). The decrease in staff turnover reflects continued Workforce Planning measures throughout the period.

Sickness Absence

The total number of days lost per full-time equivalent (FTE) to sickness absence during 2024-25 was 8 days, which was unchanged from 2023-24.

Social Matters, Respect for Human Rights

The College's Equality Impact Assessment (EIA) requires consideration of Human Rights as a mandatory step in the policy approval process. Assessments are completed for all new or reviewed policies, procedures, strategies and plans. This ensures that our activities support the human rights of our staff, students and stakeholders. EIA findings are published as an Equality Impact Assessment Results Summary which is updated each year. We have found no detriment to Human Rights through College activity and recorded considerable positive impact in terms of strengthening rights to education, employment, privacy and family life.

Equality, Diversity and Inclusion

Dumfries and Galloway College is committed to promoting equality and celebrating diversity in everything we do. Our recent work in defining and embedding our Values aims to further foster a welcoming culture for everyone across our College community. The 2025 Equality and Diversity Report provides a detailed update on and is available on the College website: <https://www.dumgal.ac.uk/wp-content/uploads/2025/04/Equality-and-Diversity-Report-2025-Master.pdf>

We aim to achieve equality for all regardless of age, disability, sex and gender, gender identity, marriage and civil partnership, pregnancy and maternity, race, religion or belief and sexual orientation. In addition, we recognise and prioritise equality for those who are carers, care experienced, suffer from mental health difficulties, are veterans of the armed services or those who are disadvantaged socio-economically. By fostering a culture of dignity and respect, we aim to ensure that everyone across our College family achieves their full potential.

Our equality and diversity work is structured and tracked through a continuous improvement system, the Equality and Diversity Framework. This is underpinned by our Equality and Diversity Policy, and tracked through an annual Equality Report which meets the reporting requirements of the Equality Act (2010) Specific Duties (Scotland) (2012), the SFC and Scottish Government. A tabular action plan is used to track outputs. Accountability is assured through submission of these reports to the Board, College Leadership Team and cross-College Equality and Diversity Forum (which includes as members the President and Vice-Presidents of the Students' Association, and a cross section of staff and managers from different functions and levels). An HR Sub-Committee has ensured full consideration has been given to important areas relating to human resource and equality and diversity issues during 2024-25.

Accountability Report**Remuneration and Staff Report (continued)****Equality, Diversity and Inclusion (continued)****Disability**

We are a Disability Confident employer. We operate an Equality Impact Assessment system which ensures that every strategy, plan, policy and procedure we have is checked for barriers or negative impacts for people with disabilities. We look for opportunities to broaden our support. For example, as part of our recent co-location project with the University of the West of Scotland, an additional toilet with Changing Places functionality was added to our estate in Dumfries.

Our data indicates that 7% of staff choose to disclose a disability, while 22% actively decline to make a disclosure. This year in recruitment terms 5.4% of applicants for posts declared a disability and 0% of candidates appointed had disclosed a disability. We plan to re-issue a request for personal information across all protected characteristics to update our records

Employment issues including employee consultation and or participation

The College continues to be represented at College Employers Scotland. College Employers Scotland is the body through which the Scottish Government's policy of National Bargaining is delivered and implemented, in partnership with trade unions.

The national Job Evaluation project remains ongoing across the Scottish College sector, but timescales for the development of pay and grading options have been delayed.

Trade Union colleagues and College staff continued to meet on a regular basis throughout 2024-25 to help form policy changes.

All staff have access to an employee benefits portal through 'Vivup', which incorporates an Employee Assistance Programme (EAP) A Shared Cost AVC scheme for local government pension scheme members is available

Accountability Report**Remuneration and Staff Report (continued)****Health & Safety at Work**

Dumfries and Galloway College is committed to continuous improvement in health, safety and safety performance. It recognises its duty of care to employees, students, members of the public and employees of sub-contractors in all college situations. A number of processes and procedures are in place in order to comply with statutory responsibilities, which are set out in our Health and Safety Policy which is reviewed and updated regularly. The College provides information, instruction, training and supervision for all individuals, as well as maintaining suitable reporting lines and implementing corrective measures where appropriate. Reporting on Health and Safety matters goes initially through the Health and Safety Committee which is attended by members of trade unions and College colleagues from all levels. Health and Safety is also a standard agenda item at Senior Leadership and Board of Management meetings.

Trade Union Relationships

Dumfries and Galloway College recognises the Trades Unions listed in the National Recognition Procedures Agreement (NRPA). Locally our staff are represented by EIS/FELA and Unison who attend our Local Joint Negotiating Committee (LJNC). Staff who are elected representatives of the trade unions are provided support through paid facility time, and those details are set out on page 40.

Staff Development and Workforce Planning

As our most valuable resource, the College recognises the importance of investing in and developing our staff to support the strategic objectives set out in our HR Strategy. The College believes that all employees have the potential to grow, both in their work role and personally, and endeavours to provide opportunities for this growth. A number of mechanisms are in place in order to help with this aim, including providing a broad range of development opportunities for staff. The College has processes and procedures in place to ensure that recruitment is carried out effectively and appropriate complaints processes are in place to encourage free communication between employees and their managers, and resolve any potential problems quickly and satisfactorily. Disciplinary, Attendance Management and Capability processes have been designed to help and encourage all employees to achieve and maintain standards of conduct, attendance and performance and consistent and fair treatment for all staff.

Fair Work Practices

Dumfries and Galloway College is committed to the principles of Fair Work First, the Scottish Government's policy for driving high-quality and fair work across the economy. As a publicly funded body, we recognise our responsibility to ensure that our employment practices reflect fairness, opportunity, and respect for all staff. This statement summarises the College's position and progress against the Fair Work First criteria for the year ended 31 July 2025.

Overview of Compliance

The College has assessed itself against all Fair Work First criteria, distinguishing between those that are mandatory and desirable.

As at 31 July 2025, we are fully compliant with the mandatory and desirable criteria – including the Real Living Wage and effective voice, and trade union recognition. We remain committed to improving all areas.

Payment of the Real Living Wage – the College is a Real Living Wage employer, and pay rates are assessed to ensure all staff, including apprentices, are paid at least the Real Living Wage.

Effective worker voice channels – we have regular scheduled meetings with our recognised trade unions through our Local Joint Negotiation Committee (LJNC) and trade union members play an active role in other committees within the College such as Values Ambassadors and Health and Safety Committee, as well as representation on the Board of Management.

Other measures in place to support this include regular meetings between staff and management, which included Staff 'Mission Pod' discussions, Bites and Insights meetings with the Principal, as well as development of Immersive Leadership opportunities for staff to showcase their areas to the Executive

The College does not use zero hours contracts and is opposed to the use of fire and rehire practice and works closely with our recognised trade unions on matters relating to staff.

Our Performance Review Development (PRD) process has a high percentage of completion rate. Staff development applications are encouraged as part of our PRD process and a newly formed Staff Development Committee to oversee/approve requests. Budget has also been set aside to develop lecturing staff to gain their TQFE qualifications.

Our mean Gender Pay Gap increased from 6.25% to 9.32% over the course of this year, partly attributable to legislative exclusions from reporting requirements e.g. staff on maternity and/or female staff who took VS, the Median Gender Pay Gap remained static at 28.28% to 28.80%. As we do not give bonuses to staff, there is no 'Bonus' Pay Gap to report for our College.

Accountability Report**Remuneration and Staff Report (continued)****Overview of Compliance (continued)**

Recruitment processes have been strengthened during the year, with a new HR system, People First, now embedded. The system includes protocols which support equality in recruitment and reduce barriers, including blind shortlisting, accessibility, alternative formats are made available, and shortlisting based strictly against published criteria.

Fair Work Practices

Whilst we continue to work through the action plans of the previous engagement survey we have recently launched the new Fair Work Survey, developed by the Fair Work Convention group. The Fair Work survey is designed to assess how well workplaces uphold the five principles of Fair Work: effective voice, respect, opportunity, security, and fulfilment. By gathering feedback from employees, the survey will highlight whether staff feel heard and included in decision-making (effective voice), treated with dignity and fairness (respect), provided with equal chances to learn and progress (opportunity), supported with stable and predictable working conditions (security), and able to find meaning and satisfaction in their roles (fulfilment). Once the surveys close we will be analysing the survey results against these principles which will help us identify strengths and address any gaps, ensuring that we continue to foster fairness, well-being, and long-term engagement.

Our Board of Management is 57.1% female. The majority of our people – 64.6% – are female, and 35.4% are male.

Our HR process ensure that family friendly working practices are in line with employment law requirements and procedures are updated on a regular basis due to any change in legislation, having included the recently agreed legislation on Neonatal Leave.

Facility Time

In accordance with the Trade Union (Time Facility Publication Requirements) Regulations 2017, the College provided the following support through paid facility time for union officials working at the College during the period April 2024 to March 2025:

Relevant Union Officials

Number of employees who were relevant union officials during the relevant period:	Full-time equivalent employee number:
3	0.2868
Percentage of time spent on facility time	
Percentage of time	Number of employees
0%	0
1-50%	3
51-99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time:	£18,663
Total pay bill:	£11,117,000
Percentage of total pay bill spent on facility time:	0.17%

Paid trade union activities

Time spent on trade union activities as a percentage of total paid facility hours:	74%
--	-----

Approved by order of the members of the Board on 8 December 2025 and signed on its behalf by:

Caroline Stuart

Regional Chair

Douglas Dickson

Principal

Independent auditor's report to the Board of Management of Dumfries and Galloway 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 Dumfries and Galloway College for the year ended 31 July 2025 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Reserves, Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of the college's affairs as at 31 July 2025 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:

- 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 and accuracy of income, assessing the completeness of non-pay expenditure and testing the completeness of year end accruals; and
- Assessing whether the engagement team collectively had 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 skillfulness 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

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

Statement of Comprehensive Income

		Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
	Note		
INCOME			
SFC grants	2	12,094	12,214
Support staff & middle management Job Evaluation write-off	2	0	(958)
Tuition fees and education contracts	3	1,899	1,879
Other grant income	4	663	216
Other operating income	5	475	413
Endowment and investment income	6	12	6
Total Income		15,143	13,770
EXPENDITURE			
Staff costs excluding exceptional costs	7	11,275	10,410
Fundamental restructuring costs	7	475	153
Other operating expenses	9	3,242	3,745
Depreciation	13	1,661	1,592
Interest and other finance costs	12	30	21
Total Expenditure		16,683	15,921
(Deficit)/ Surplus for the year		(1,540)	(2,151)
Unrealised deficit on revaluation of land and buildings	13	(140)	0
Actuarial gain/ (loss) in respect of pension schemes	20	10,292	5,643
Asset ceiling adjustment	20	(9,864)	(5,594)
Total comprehensive income for the year		(1,252)	(2,102)
Represented by:			
Unrestricted comprehensive income for the year		(1,252)	(2,102)

All items of income and expenditure relate to continuing activities.

The Statement of Comprehensive Income is prepared under the FE/ HE SORP. The SORP does not permit colleges to reflect the non-cash budget for depreciation in the Statement of Comprehensive Income. Note 10 provides details of the adjusted operating position on a Central Government accounting basis.

Statement of Changes in Reserves for the year ended 31 July 2024

		Income and expenditure reserve	Revaluation reserve	Total
	Note	£000	£000	£000
Balance at 1 August 2023		4,376	15,382	19,758
Surplus/ (Deficit) from the income and expenditure statement		(2,151)	0	(2,151)
Other comprehensive income		5,643	0	5,643
Asset ceiling adjustment		(5,594)	0	(5,594)
Transfers between revaluation and income and expenditure reserve (restated)	25	465	(465)	0
		<u>(1,637)</u>	<u>(465)</u>	<u>(2,102)</u>
Balance at 1 August 2024 (restated)		2,739	14,917	17,656
Surplus/ (Deficit) from the income and expenditure statement		(1,540)	0	(1,540)
Other comprehensive income		10,295	0	10,295
Asset ceiling adjustment		(9,864)	0	(9,864)
Unrealised (deficit) / surplus on revaluation of land and buildings		(140)	5,813	5,673
Transfers between revaluation and income and expenditure reserve		465	(465)	0
Total comprehensive income for the year		<u>(784)</u>	<u>5,348</u>	<u>4,564</u>
Balance at 31 July 2025		<u>1,955</u>	<u>20,265</u>	<u>22,220</u>

Balance Sheet as at 31 July 2025

	Note	Year ended 31 July 2025 £000	Year ended 31 July 2024 (restated) £000
Non-current assets			
Fixed assets			
Tangible assets	13	50,377	43,613
Pension asset	18	0	0
		<u>50,377</u>	<u>43,613</u>
Current Assets			
Trade and other receivables	14	740	772
Cash and cash equivalents	15	966	1,120
Total current assets		<u>1,706</u>	<u>1,892</u>
Less: Creditors – amounts falling due within one year	16	<u>(3,588)</u>	<u>(3,723)</u>
Net Current Assets/ (Liabilities)		<u>(1,882)</u>	<u>(1,831)</u>
Total Assets less Current Liabilities		<u>48,495</u>	<u>41,782</u>
Less: Creditors – amounts falling due after more than one year	17	(24,454)	(22,522)
Provisions			
Other provisions	18	(1,821)	(1,604)
Total net assets		<u><u>22,220</u></u>	<u><u>17,656</u></u>
Unrestricted Reserves			
Income and expenditure reserve – unrestricted (restated)	25	1,955	2,739
Revaluation reserve (restated)	25	20,265	14,917
Total reserves		<u><u>22,220</u></u>	<u><u>17,656</u></u>

The financial statements on pages 42 to 64 were approved by the Board of Management on 8 December 2025 and were signed on its behalf by:

Caroline Stuart
Regional Chair

Douglas Dickson
Principal

Statement of Cash Flows for the year ended 31 July 2025

		Year ended 31 July 2025	Year ended 31 July 2024
	Note	£000	£000
Cash flow from operating activities			
(Deficit)/ Surplus for the period		(1,540)	(2,151)
Adjustment for non-cash items			
Depreciation	13	1,661	1,592
Decrease/ (increase) in debtors		32	(333)
(Decrease)/ increase in creditors	16,17	(1,013)	(1,227)
Increase/ (decrease) in pension provision	18	409	30
Increase/ (decrease) in other provisions		239	1,198
Adjustment for investing or financing activities			
Interest Payable (pension liability)	12	0	0
(Gain)/ loss on sale of fixed assets	12	0	0
Net cash (Outflow)/ inflow from operating activities		(212)	(891)
Cash flows from investing activities			
Proceeds from sales of fixed assets	12	0	0
Payments to acquire fixed assets	13	(2,752)	(396)
Receipt of deferred capital grants	2,4,16,17	2,850	396
		98	0
Cash flows from financing activities			
Interest Paid		0	0
Repayment of leasing liabilities		(40)	(42)
		(40)	(42)
(Decrease)/ increase in cash and cash equivalents in the period		(154)	(933)
Cash and cash equivalents at beginning of the period		1,120	2,053
Cash and cash equivalents at end of the period		966	1,120

Notes to the Financial Statements

1. Statement of Accounting Policies

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

1.1 Basis of preparation

These financial statements have been prepared in accordance with the 2019 Statement of Recommended Accounting Practice (SORP): 'Accounting in Further and Higher Education'; the Financial Reporting Standards FRS 102 and the 2024-25 Government Financial Reporting Manual (FReM) issued by the Scottish Government and in accordance with applicable Accounting Standards. They conform to the Accounts Direction and other guidance issued by the Scottish Funding Council.

The College is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102.

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

The accounting policies contained in the FReM apply International Reporting Standards as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the College for the purposes of giving a true and fair view has been selected. The particular policies adopted by the College in dealing with items that are considered material to the financial statements are set out below.

1.2 Basis of accounting

In preparing the financial statements, the College is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The accounting policies have been approved by the Board of Management, and are consistent with previous years. The key areas where judgement and estimation have been applied are as follows:

Estimate

Basis of Estimation

Valuation of buildings

College buildings are of a specialist nature and are valued on the depreciated replacement cost basis.

Useful economic lives of buildings and equipment

Buildings are depreciated over their useful economic lives as assessed by an independent, qualified valuer. The useful life of each item of equipment is assessed by appropriately experienced senior College staff, and is based on previous experience, taking into account changes in how the asset will be used and technological advancement where relevant.

Recoverable amount of trade debtors

Trade debtors are reviewed by appropriately experienced senior College staff, with appropriate provision for potential irrecoverable balances being charged to the financial statements as required.

Obligations under the Local Government Pension Scheme

The College has relied on the assumptions made by suitably qualified Pension Scheme Actuaries, which have been reviewed and are considered to be reasonable and appropriate.

Notes to the Financial Statements (continued)**1. Statement of Accounting Policies (continued)****1.3 Recognition of income**

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

Fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Comprehensive Income and Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount.

All income from short-term deposits and investment income is credited to the statement of income and expenditure on a receivable basis.

The College acts as paying agent on behalf of two funding bodies - the Scottish Funding Council and the Student Awards Agency for Scotland - in the collection and payment of certain Student Support Funds. Where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction, those funds are excluded from the income and expenditure of the College.

Where the College has more discretion in the manner in which specific funds are disbursed, and those funds do not meet the definition of agency funds, those funds are shown as College income and expenditure.

Grant funding

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

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.

Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the College is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the College is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the restriction applied to the individual endowment fund.

Four main types of donations and endowments are identified within reserves:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the College has the power to use the capital.
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Notes to the Financial Statements (continued)**1. Statement of Accounting Policies (continued)****1.4 Fixed assets**

In line with FR&M all tangible assets must be carried at fair value. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings

Land and buildings are of a specialist nature and are valued on the depreciated replacement cost basis, using the revaluation model. The College has a policy of ensuring a full revaluation takes place at least every 5 years such that the value is not materially different to the current value. Depreciation and impairment losses are subsequently charged on the revalued amount.

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the College.

If a building is brought into use mid-way through a year the depreciation charge in the first year will be pro-rated to reflect the number of months that the asset was in use.

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

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2025. They are not depreciated until they are brought into use.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives.

The expected useful life of buildings can vary from 10 to 50 years as determined by professional opinion and valuation.

Equipment

Equipment, including computers and software, costing less than £10,000 per individual item, unless it is part of a group of items purchased as part of a discrete project, and motor vehicles costing less than £5,000 are recognised as expenditure. All other equipment is capitalised and depreciated in accordance with the depreciation policy.

Capitalised equipment is depreciated over its useful economic life as follows:

Buildings	10 to 50 years
Fixtures and fittings	10 years
Computer equipment	3 years
Other equipment	5 years
Motor vehicles	3 to 5 years

Where equipment is brought into use mid-way through a year the depreciation charge in the first year will be pro-rated to reflect the number of months that the asset was in use.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

Borrowing costs

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

Notes to the Financial Statements (continued)**1. Statement of Accounting Policies (continued)****1.5 Leased assets**

The College adopted IFRS 16 'leases' during 2021-22. IFRS 16 'Leases' replaces IAS 17 'Leases' and its interpretations. The adoption of this new standard had resulted in the College recognising right-of-use assets which have been acquired from 2021-22 under lease agreements.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low value assets the College applied the optional exemptions to not recognise right-of-use assets but to account for the lease on a straight line over the remaining lease term.

Total operating lease commitments are disclosed at Note 18 to the financial statements.

For any new contracts entered into on or after 1 August 2021, the College considers whether a contract is, or contains a lease. A lease is defined as 'a contract for, or part of a contract, that conveys a right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the College assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the College
- the College has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the College has the right to direct the use of the identified asset throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the College recognises a right-of-use asset and a lease liability on the Balance Sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of lease liability, any initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The College depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The College also assesses the right-of-use asset for impairment when such indicators exist.

At lease commencement date, the College measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the College's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or gain / loss if the right-of-use asset is already reduced to zero.

The College has elected to account for short term leases and leases of low value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the Income and Expenditure account on a straight line basis over the lease term.

In the Balance Sheet, right-of-use assets have been included in Fittings and Equipment and Motor Vehicles and lease liabilities have been included in Creditors.

1.6 Cash and cash equivalents

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

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes to the Financial Statements (continued)**1. Statement of Accounting Policies (continued)****1.7 Taxation**

The College is an exempt charity within the meaning of the Trustee Investment and Charities (Scotland) Act 2005 and as such, is a charity within the meaning of Section 506 (1) of the Income and Corporation Taxes Act 1988. The College is recognised as a charity by HM Revenue and Customs and is recorded on the index of charities maintained by the Office of Scottish Charity Regulator. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

1.8 Accounting for retirement benefits

All new College employees have the option of joining a pension scheme. The schemes currently open to new members are the Scottish Teachers' Superannuation Scheme and the Dumfries and Galloway Council Pension Fund. Both of the schemes are defined benefit schemes, which are externally funded and contracted out of the State Second Pension (S2P).

Scottish Teachers' Superannuation Scheme

The Scottish Teachers' Superannuation Scheme (STSS) pension scheme provides benefits based on career average salaries. The assets of the scheme are held separately from those of the College. The STSS is a multi-employer scheme for which it is not possible to identify the assets and liabilities to College members due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme.

Dumfries and Galloway Council Pension Fund

The Dumfries and Galloway Council Pension Fund is a pension scheme providing benefits based on career average salaries. The assets and liabilities of the scheme are held separately from those of the College.

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined Benefit Plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the College's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the College. The College should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the College is able to recover the surplus either through reduced contributions in the future or through refunds to the extent to which the College is able to recover the surplus either through reduced contributions in the future or through refunds.

1.9 Employment benefits

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

1.10 Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) the College has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Notes to the Financial Statements (continued)**1. Statement of Accounting Policies (continued)****1.10 Provisions, contingent liabilities and contingent assets (continued)**

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.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

1.11 Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the College, are held as a permanently restricted fund which the college must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
2 SFC Grants		
SFC FE recurrent grant (including fee waiver)	10,808	10,808
Support staff & middle management Job Evaluation write-off	0	(958)
FE childcare funds	41	49
SFC Capital grants received	200	230
Release of deferred capital grants	717	670
Digital capacity grant	0	52
Other SFC grants - FE provision	328	405
Total	12,094	11,256

Scottish Funding Council advised in their Accounts Direction for 2023-24 that the funds previously held by them for the Support staff and middle management job evaluation project have been returned to Scottish Government, and although the Scottish Government remains clear that responsibility for job evaluation funding commitments now rests with it until the process is complete, the recognition of revenue previously recognised now requires to be derecognised. The income write-off is £958k for the period to July 2023, and the additional provision for £240k for 2023-24 which is not matched by revenue income, is shown as an adjusting item in the Adjusted Operating Position for 2023-24 at note 11.

3 Tuition Fees and education contracts

FE fees - UK	606	660
HE fees	482	519
SDS contracts	319	327
Education contracts	492	373
Other contracts	0	0
Total	1,899	1,879

4 Other grant income

Release of deferred capital grants	92	57
Other grants	571	159
Total	663	216

Notes to the Financial Statements (continued)

	Year ended 31 July 2025	Year ended 31 July 2024
5 Other operating income	£000	£000
Residences and catering	357	354
Other income-generating activities	48	34
Other income	70	25
Total	475	413
6 Endowment and investment income	£000	£000
Net interest income on pension liability (note 18)		0
Other interest	12	6
	12	6
7 Staff costs	£000	£000
Wages and salaries	8,121	7,836
Social security costs	870	739
Other pension costs (including IAS 19 adjustments of £432k (2024 - £61k) note 20)	2,126	1,684
Total pay costs	11,117	10,259
Other employee related non-pay costs	158	151
Total staff costs excluding exceptional costs	11,275	10,410
Exceptional costs - severance costs	475	153
Staff costs including exceptional costs	11,750	10,563
Academic/ Teaching departments	6,023	5,117
Academic/ Teaching services	1,191	1,736
Administration and central services	2,912	2,515
Premises	669	640
Other expenditure	322	251
Catering and residences	0	0
	11,117	10,259
Exceptional costs - severance costs	475	153
Other employee related non-pay costs	158	151
Total	11,750	10,563

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

	No.	No.
Academic/ Teaching departments	77	77
Academic/ Teaching services	12	12
Administration and central services	70	80
Premises	18	16
Other expenditure	7	5
Catering and residences	0	0
Total	184	190

Notes to the Financial Statements (continued)

7 Staff costs (continued)

The number of staff, including senior post-holders and the Principal, who received total annual emoluments (excluding pension contributions and compensation for loss of office) in the following ranges were:

	Year ended 31 July 2025		Year ended 31 July 2024	
	Number senior post-holders	Number other staff	Number senior post-holders	Number other staff
£60,001 to £70,000 per annum	0	5	0	1
£70,001 to £80,000 per annum	1	1	1	1
£80,001 to £90,000 per annum	2	0	0	0
£90,001 to £100,000 per annum	0	0	1	0
£100,001 to £110,000 per annum	1	0	0	0
£110,001 to £120,000 per annum	0	0	1	0
	4	6	3	2

8 Senior post-holders' emoluments

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

2025 No.	2024 No.
4	3

The emoluments of the Principals and other senior post-holders' emoluments are as follows:

J. Campbell (period to 31 March 2025/ 2024 – 12 months)

	Year ended 31 July 2025 £	Year ended 31 July 2024 £
Salary	77,698	114,961
Pension contributions	20,201	27,633
Total	97,899	142,594

D. Dickson (from 1 April 2025)

	Year ended 31 July 2025 £	Year ended 31 July 2024 £
Salary	38,718	0
Pension contributions	10,067	0
Total	48,785	0

Other senior post-holders (2 FTE)

	Year ended 31 July 2025 £	Year ended 31 July 2024 £
Salary	176,968	309,937
Pension contributions	38,376	66,441
Total	215,344	376,378

Total emoluments of senior post-holders

	Year ended 31 July 2025 £	Year ended 31 July 2024 £
Total	362,028	518,972

During the year the role of Principal was held by Joanna Campbell until 31 March 2025 and subsequently by Douglas Dickson from 1 April 2025. The remuneration disclosed above for 2024–25 relates to the period of office served by each.

Both Principals and one other senior post-holder were members of the Scottish Teachers' Superannuation Scheme. One senior post-holder was a member of the Local Government Pension Scheme. All pension contributions were paid at the same rate as for other members of staff.

The members of the Board of Management, other than the Principal, Regional Chair, 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. Travel expenses reimbursed to six members of the Board of Management during the year amounted to £2,096.

Notes to the Financial Statements (continued)

	Year ended 31 July 2025	Year ended 31 July 2024
	£000	£000
9 Other operating expenses		
Teaching departments	452	619
Administration and central services	1,360	1,497
Premises costs	882	904
Planned maintenance	127	219
Agency Staff Costs	3	72
Residences and catering	418	434
	3,242	3,745
Transfer to Arms Length Foundation	0	0
Total	3,242	3,745
Other operating costs include:		
Auditors' remuneration		
- external audit of these financial statements	32	28
- internal audit services *	59	57
- other services	5	7
Hire of plant and machinery - operating leases (note 19)	1	1

* External and Internal Audit services are provided by different professional firms.

10 Impact of Depreciation Budget on Statement of Comprehensive Income

Following reclassification, colleges received a non-cash budget to cover depreciation but this additional budget is not recognised under the FE/HE SORP accounting rules. Colleges may show a deficit equivalent to net depreciation as a result of having to meet Government accounting rules and the requirement to spend the cash allocation.

Under the FE/ HE SORP, the College recorded an operating deficit of £1,540,000 for the year ended 31 July 2025. After taking account of the Government non-cash budget and non-cash pension adjustments, the College shows an 'adjusted' deficit of £1,150,000 on a Central Government accounting basis.

This deficit is attributable to other factors reflected in the adjusted operating table as explained in the Performance Report at Page 17 and the Adjusted Operating Position at note 11.

	Year ended 31 July 2025	Year ended 31 July 2024
	£000	£000
(Deficit) before other gains and losses (FE/ HE SORP basis) for academic year	(1,540)	(2,151)
Add: Depreciation budget for government funded assets (net of deferred capital grant) for academic year	390	390
Operating (deficit) on Central Government accounting basis for academic year	(1,150)	(1,761)

11 Adjusted Operating Position

The Statement of Comprehensive Income presents the financial performance during the accounting period in accordance with the SORP. The AOP is intended to reflect the financial performance after allowing for material one-off or distorting items required by the SORP or other items out with the control of there College. The AOP is therefore designed to smooth any volatility in reported results arising from FRS 102 and also to recognise that some of the reported costs do not have an immediate cash impact on the College.

Notes to the Financial Statements (continued)

11 Adjusted Operating Position (continued)

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
(Deficit) before other gains and losses	(1,540)	(2,151)
Add Back:		
- Depreciation (net of deferred grant release) on both government funded and privately funded assets (1)	852	865
- Pension adjustments - Net service cost (2)	432	61
- Pension adjustments - Net interest cost (3)	30	21
- Pension adjustments - early retirement provision (4)	(3)	13
- Costs of Support staff and middle management job evaluation exercise not matched by revenue (5)	239	1,198
Deduct:		
- Non-government capital grant (6)	0	0
Adjusted operating surplus	10	7

(1) Depreciation is a non-cash item and is therefore excluded when calculating the adjusted operating position.

(2) The adjustments to the pensions charge represents the non-cash element of service cost (i.e. including the present value of projected benefits resulting from employee service in the current year) less cash contributions paid.

(3) The net interest cost is the interest accumulated on the pension liability and this is offset against the current year's interest earned on pension assets. These are non-cash adjustments.

(4) The adjustment for early retirement provision represents the non-cash movement in the provision for unfunded pensions for the year.

(5) The provision of costs for the Support staff and middle management job evaluation project are not matched by revenue income to date, as set out at Note 18.

(6) Where grants have been received from non-government sources for equipment, the income is not matched by expenditure as it has been used to fund capital assets which will be depreciated over the life of the asset.

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
12 Interest payable		
Net interest cost on pension liability (note 18)	30	21

Notes to the Financial Statements (continued)

13 Tangible Fixed Assets

	Land and Buildings £000	Fittings and Equipment £000	Motor Vehicles £000	Assets in the Course of Construction £000	Total £000
Cost or valuation					
At 1 August 2024	44,793	1,337	83	351	46,564
Additions	350	37	0	2,365	2,752
Disposals	(590)	(315)	(27)	0	(932)
Transfers	351	0	0	(351)	0
Gain on revaluation	2,835				2,835
At 31 July 2025	47,739	1,059	56	2,365	51,219
Depreciation					
At 1 August 2024	2,073	830	48	0	2,951
Provided during period	1,482	158	21		1,661
On disposals	(590)	(315)	(27)	0	(932)
Written-back on revaluation	(2,838)	0	0	0	(2,838)
At 31 July 2025	127	673	42	0	842
NBV at 1 August 2024	42,720	507	35	351	43,613
NBV at 31 July 2025	47,612	386	14	2,365	50,377
Inherited	3,470	0	0	0	3,470
Financed by capital grant	44,142	369	0	2,365	46,876
Other - Right of use assets	0	17	14	0	31
At 31 July 2025	47,612	386	14	2,365	50,377

Land and buildings were subject to a full revaluation exercise at 31st July 2025 by Ryden , Chartered Surveyors in the capacity of independent valuer. A Desktop Valuation was undertaken by DM Hall, Chartered Surveyors, at July 2024. The basis of valuation adopted was depreciated replacement cost and the valuation was made in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual.

Inherited Land and Buildings with a net book value of £3,470,000 have been partially financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Council, to surrender the proceeds.

Notes to the Financial Statements (continued)

14 Debtors: Amounts falling due within one year

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Trade debtors - net of provision for doubtful debts	83	166
Prepayments and accrued income	657	606
	740	772

15 Cash and cash equivalents

	31 July 2025 £000	31 July 2024 £000
Cash and cash equivalents	966	1,120

The College receives certain Scottish Funding Council grants on an agency basis. The funds are available solely for students and the College acts only as paying agent. The funds held in trust are reflected on the balance sheet as both cash and a current liability.

Agency funds relating to student support of £379,000 are included in the cash and cash equivalents at the year end.

16 Creditors: Amounts falling due within one year

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Trade creditors	152	293
VAT	2	3
Other taxation and social security	191	153
Pension	182	165
Accruals and deferred income	1,844	1,822
Lease liabilities	31	40
Deferred capital grants	807	732
Bursaries and Access funds for future disbursement (note 15)	379	515
	3,588	3,723

Notes to the Financial Statements (continued)

17 Creditors: Amounts falling due after more than one year

	Year ended 31 July 2025	Year ended 31 July 2024
	£000	£000
Lease liabilities	0	31
Deferred capital grants	24,454	22,491
	24,454	22,522

Deferred capital grants to be released within one year are included within current creditors, and the balance of deferred capital grants within long term creditors at note 15 in accordance with the requirements of FRS 102 and the 2019 SORP.

18 Provisions for liabilities and charges

	Support staff job evaluation exercise	Early Retirement pension costs	Defined Pension obligations	2024-25 Total £000	2023-24 Total £000
At 1 August 2024	1,198	406	0	1,604	425
Expenditure in the period	0	(53)	(771)	(824)	(864)
Transfer to provision from accruals	0	0	0	0	958
Additional provision required in period	239	0	1,203	1,442	1,113
Revaluation adjustment	0	(3)	(10,292)	(10,295)	(5,643)
Interest charged/ (income)	0	19	11	30	21
Asset celling adjustment	0		9,864	9,864	5,594
At 31 July 2025	1,437	369	15	1,821	1,604

In accordance with the SFC Accounts Direction and technical guidance issued by Audit Scotland, the estimated costs for the Support staff and middle management job evaluation exercise are recognised as provision. Costs of £239k were provided during 2024-25.

The Early Retirement pension costs provision has been revalued by Hymans Robertson LLP.

Hymans Robertson LLP have provided the College with guidance and professional support in understanding the net asset position for the financial statements. In accordance with Audit Scotland guidance, and based on the actuary's assessment, an Asset Ceiling Adjustment has been applied to the pension obligations as at 31 July 2025 and 2024 as detailed at Note 20.

19 Leases

The College has leases for some vehicles and equipment. With the exception of short term leases and leases of low value underlying assets, each asset is reflected on the balance sheet as a right-of-use asset and a lease liability. The College classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Leases of vehicles are for 3 years and equipment 5 years, and lease payments are fixed.

Additional information on the right-of-use assets is as follows:

Assets:	Fittings and Equipment £000	Motor Vehicles £000	Total £000
At 1 August 2024	33	38	71
Additions	0	0	0
Depreciation charge in year	(16)	(24)	(40)
At 31 July 2025	17	14	31

	Year ended 31 July 2025	Year ended 31 July 2024
	£000	£000
Lease liabilities:		
Maturity analysis - contractual undiscounted cash flows		
Less than one year	31	40
One to five years	0	31
More than five years	0	0
Total undiscounted lease liabilities at 31 July included in the balance sheet	31	71

Notes to the Financial Statements (continued)

19 Leases (continued)

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Amounts recognised in Income and Expenditure account		
Expenses relating to short-term leases	<u>1</u>	<u>1</u>
Amounts recognised in the statement of cash flows		
Total cash outflow for leases	<u>40</u>	<u>42</u>

20 Pensions and similar obligations

The College's employees belong to two principal pension schemes, the Scottish Teachers Superannuation Scheme (STSS) which is administered by the Scottish Public Pensions Agency and the Local Government Pension Scheme (LGPS) – The Dumfries and Galloway Council Pension Fund.

The total pension costs for the institution was :

	12 months to July 2025 £000	12 months to July 2024 £000
Contribution to STSS	1,061	855
Contribution to LGPS	633	768
Pension costs as a result of implementing FRS 102	432	61
Total pension cost	<u>2,126</u>	<u>1,684</u>

Employer contribution rates during the period were:

STSS – 23% from 1 September 2019 to 31 March 2024

– 26% from 1 April 2024

LGPS – 21.2% from April 2018 to April 2024

– from 1 April 2024 – 16.6%

The Scottish Teachers Superannuation Scheme

(a) Dumfries and Galloway College participates in the Scottish Teachers' Pension Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The 2016 valuation set employer contribution rates at 23.0% from 1 September 2019 until 31 March 2023, although the UK Government has since stated that the rates would continue until 31 March 2024. Member contributions continued at the same rates within a range of 7.2% to 11.9% and are anticipated to deliver a yield of 9.4%.

The valuation carried out as at 31 March 2020 confirmed that an increase in the employer contribution rate from 22.4% to 26.0% will be required from 1 April 2024 to 31 March 2027. In addition, member pension contributions since 1 April 2024 have been paid within a range of 7.35% to 12.14% and have been anticipated to deliver a yield of 9.6%

(b) Dumfries and Galloway College has no liability for other employers' obligations to the multi-employer scheme.

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

(d)

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

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

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

Notes to the Financial Statements (continued)**20 Pensions and similar obligations (continued)****The Scottish Teachers Superannuation Scheme (continued)**

(iv) While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/ Sargeant (Firefighters scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

(v) Dumfries and Galloway College's level of participation in the scheme is 0.13% based on the proportion of employers' contributions paid in 2023-24.

Further information on the Scottish teachers' Pension Scheme is available on the relevant section of the SPPA website: <https://pensions.gov.scot/teachers>

The Local Government Pension Scheme (LGPS)

The LGPS is a defined benefit scheme, with the assets held in separate trustee administered funds.

The triennial valuation of the main Dumfries and Galloway Council Pension Fund was carried out as at 31 March 2023 by Hymans Robertson LLP.

The Actuary has provided a Results Commentary for the valuation report at 31.07.25:

Assets – individual LGPS Fund investment performance % returns have typically being lower than assumed (compared to last year's accounting discount rate assumption).

Obligations – the discount rate has increased compared to last year and this places a lower value on the obligations.

Change in demographic assumptions – using a more up-to-date longevity improvement assumption at the Accounting Date typically leads to a small loss on the obligations.

The 'Other experience' item captures any adjustments made to the roll forward approach to allow for actual experience over the period.

Following the revaluation of the whole Dumfries and Galloway Council Pension Fund at 31 March 2020, the actuary determined that the funding level for Dumfries and Galloway College's element of the fund has increased from 102% as at 31 March 2017 to 103% as at 31 March 2020. The proposed employer rate has been derived using a risk based approach, taking into account the employers' perceived risk to the Fund and the time horizon over which funding takes place as well as the cost of the build up of pension by current active members and the actuarially calculated funding level. For the years ending 31 March 2024 to 31 March 2027 the actuary has proposed an employer contribution rate for Dumfries and Galloway College of 16.6% of pensionable pay.

Employer contribution rates applied previously were as follows:

2017-18 – 20.3% of pensionable pay plus £25,000

2018-19 to 2020-21 – 21.2% of pensionable pay

2018-19 to 2020-21 – 21.2% of pensionable pay

2021-22 to 2022-23 – 22.7%

And from 2023-24 – 16.6% as noted above.

Assumptions

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	As at 31/07/25	As at 31/07/24
	%	%
Discount rate	5.75%	4.95%
Future salary increases	3.50%	3.45%
Inflation/ pension rate increase	2.80%	2.75%

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2024 model, with core parameterisation, initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. for both males and females.

All other demographic assumptions are as per the latest funding valuation of the D&G Council pension fund.

An allowance is included for future retirements to elect to take 70% of the maximum additional tax-free cash up to HMRC limits.

Scheme assets and expected rate of return for LGPS

The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment

Notes to the Financial Statements (continued)

20 Pensions and similar obligations (continued)

The fair value of the plan assets and return on those assets were as follows:

	Year ended 31 July 2025 Fair value £000	Year ended 31 July 2024 Fair value £000	Year ended 31 July 2023 Fair value £000
Equities	18,195	15,127	16,141
Corporate bonds	8,087	9,570	7,236
Property	6,402	5,557	4,453
Other	1,011	618	0
	33,695	30,872	27,830
Actual return on plan assets	1,122	1,505	(1,644)
		As at 31 July 2025	As at 31 July 2024
	Note	£000	£000
Total Market Value of Assets		33,695	30,872
Present value of scheme liabilities:			
Funded		(23,831)	(25,261)
Unfunded		(15)	(17)
Asset ceiling adjustment		(9,864)	(5,594)
Deficit in the scheme		(15)	0
		Year ended 31 July 2025	Year ended 31 July 2024
		£000	£000
Charged to staff costs:			
Current service cost		(797)	(795)
Past service costs		(406)	(78)
Total charged to staff costs		(1,203)	(873)
Credit/ charge for net return on pension scheme:			
Interest income		1,531	1,413
Interest cost		(1,265)	(1,161)
Interest on the effect of the Asset Ceiling		(277)	(253)
Net interest charged		(11)	(1)
Credit/ charge to other comprehensive income:			
Return on assets		3,131	1,505
Other experience		244	(2,501)
Gains and losses on changes in financial assumptions		1,122	894
Changes in demographic assumptions		(76)	499
Changes in the effect of the Asset Ceiling		5,871	5,259
Actuarial Gain/ (Loss)		10,292	5,656
Total charge to the SOCI		9,078	4,782

Notes to the Financial Statements (continued)

20 Pensions and similar obligations (continued)

	Year ended 31 July 2025	Year ended 31 July 2024
	£000	£000
Analysis of the movement in deficit during the year:		
Surplus/ (Deficit) in scheme at start of year	0	0
Service costs	(1,203)	(873)
Employers contributions	771	812
Net interest costs	(11)	(1)
Actuarial gain/ (loss)	10,292	5,656
Surplus/ (Deficit) in scheme at end of year	9,849	5,594
Asset ceiling cap applied to valuation	(9,864)	(5,594)
Surplus/ (Deficit) in scheme as disclosed in financial statements	(15)	0

Hymans Robertson LLP have provided the College with guidance and professional support in understanding the net asset position for the financial statements. In accordance with Audit Scotland guidance, and based on the actuary's assessment, an Asset Ceiling Adjustment has been applied to the pension obligations as at 31 July 2025 and July 2024.

21 Related Party Transactions

The Board of Management of Dumfries and Galloway College is a body incorporated under the Further and Higher Education (Scotland) Act 1992 and is funded by the Scottish Funding Council (SFC).

SFC and the Scottish Executive Enterprise and Lifelong Learning Department (SEELLD) are regarded as related parties. During the year Dumfries and Galloway College had various material transactions with these bodies and with other entities for which they are either the Funding Council or are regarded as the sponsor Department, e.g. Student Awards Agency for Scotland, and a number of other colleges and higher education institutions including the Local Authority, Dumfries and Galloway Council.

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 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.

During the year under review, the College had no transactions with non-public bodies in which a member of the Board of Management has an interest and which, in aggregate, exceeded £5,000 except as disclosed below.

The College had transactions during the year, or worked in partnership with, the following publicly funded or representative bodies or companies in which members of the Board of Management hold, or held, official positions.

Member	Organisation	Position
G. Brydson	Dumfries and Galloway Council	Executive Director Education, Skills and Community Wellbeing
S. Irving	Loreburn Housing Group	Director of Housing Services
J Campbell	Jisc	Board Member

The College provided training for and had some staff secondments to Dumfries and Galloway Council during the year ended 31 July 2025, as well as claiming grant funding for the UK Shared Prosperity Fund. Invoices to Dumfries and Galloway Council amounted to £832,906. No amounts were due to the College from Dumfries and Galloway Council at 31 July 2025.

The College purchased goods and services amounting to £199,502 from Dumfries and Galloway Council during the year ended 31 July 2025 in addition to rates payments of £136,509. No payments were due to Dumfries and Galloway Council from the College at 31 July 2025 other than the pension strain on funds.

Payments to the Dumfries and Galloway Council Pension Fund are detailed in note 20, and amount to £633,342 for the year ended 31 July 2025. In addition, strain on funds for the VS leavers amounted to £270,000, with £135,000 accrued at 31 July 2025.

Notes to the Financial Statements (continued)

21 Related Party Transactions (continued)

The College provided training for Loreburn Housing Group during the year ended 31 July 2025. Invoices to Loreburn Housing Group amounted to £566. No balances were due to the College from Loreburn Housing Group at 31 July 2025.

The College purchased services amounting to £38,598 from Jisc during the year ended 31 July 2025. No balances were due by the College to Jisc at 31 July 2025. Sales invoices amounting to £374 were issued to Jisc during the year ended 31 July 2025, and no balances were outstanding to the College from Jisc at 31 July 2025.

The members of the Board of Management, other than the Principal, Regional Chair, 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. Travel expenses reimbursed to six members of the Board of Management during the year amounted to £2,096.

Remuneration of the Executive Leadership Team is set out in note 7.

22 FE Bursaries and other Student Support Funds

	FE			Year ended 31 July 2025	Year ended 31 July 2024
	Bursary	EMA's	Other	2025	2024
	£000	£000	£000	£000	£000
Balance brought forward	232	0	0	232	469
Allocation received in year	2,222	103	267	2,592	2,532
	2,454	103	267	2,824	3,001
Expenditure	(1,987)	(103)	(330)	(2,420)	(2,350)
Repaid to SFC as clawback	(212)	0	0	(212)	(423)
College Contribution to funds	0	0	0	0	4
Virements	(64)	0	63	(1)	0
Balance Carried forward	191	0	0	191	232

Represented by:

	191	0	0	191	232
Repayable to SFC as clawback	0	0	0	0	0
Retained by College for Students	191	0	0	191	232

The student support grants detailed above are available solely for students, the College acting only as paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

23 FE and HE Childcare Funds

	Year ended 31 July 2025	Year ended 31 July 2024
	£000	£000
Balance brought forward	121	49
Allocation received in year	40	200
	161	249
Expenditure	(41)	(49)
Repaid to SFC as clawback	(121)	(79)
Virements	1	0
Balance Carried forward	0	121

23 FE and HE Childcare Funds (continued)

	Year ended 31 July 2025	Year ended 31 July 2024
	£000	£000
Represented by:		
Repayable to SFC as clawback	0	121
Retained by College for Students	0	0
	<u>0</u>	<u>121</u>

Childcare Fund transactions are included within College Income & Expenditure in accordance with accounts direction from SFC, as the College has more discretion in the manner in which these funds are disbursed.

24 Capital Commitments

Provision has not been made for the following capital commitments at 31 July 2025:

	Year ended 31 July 2025	Year ended 31 July 2024
	£000	£000
Commitments contracted for	<u>110</u>	<u>0</u>

25 Prior Year Adjustment

Revaluation Reserve

The accounts figures for the year ended 31 July 2024 have been restated due to an error in the calculation of the annual release of the Revaluation Reserve, which had not been aligned to the 2023 increase in valuation of the College land and buildings. The opening balances for Revaluation Reserve and Income and Expenditure reserves has been restated to reflect this correction.

The impact of this change on the College's accounts is as follows:

Statement of Changes in Reserves

	Income and Expenditure Reserve	Revaluation Reserve	Total
	£000	£000	£000
Balance at 1 August 2023	4,376	15,382	19,758
Surplus/ (Deficit) from the income and expenditure statement	(2,151)	0	(2,151)
Other comprehensive income	5,643	0	5,643
Asset ceiling adjustment	(5,594)	0	(5,594)
Transfers between Revaluation and Income and Expenditure reserve for the year ended 31 July 2024	214	(214)	0
Balance at 31 July 2024 - as previously stated	<u>2,488</u>	<u>15,168</u>	<u>17,656</u>
Prior period adjustment - correction to release of revaluation reserve	251	(251)	0
Balance at 31 July 2024 - re-stated	<u>2,739</u>	<u>14,917</u>	<u>17,656</u>

Balance Sheet as at 31 July 2024

	As previously stated	Prior Period Adjustment - Correction to release of Revaluation	Re-stated balance
	£000	£000	£000
Unrestricted Reserves			
Income and expenditure reserve	2,488	251	2,739
Revaluation reserve	15,168	(251)	14,917
Total reserves	<u>17,656</u>	<u>0</u>	<u>17,656</u>

Accounts direction for Scotland's Colleges 2024-25

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

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).

Incorporated colleges and Glasgow Colleges' Regional Board (2) are also required to comply with the Government Financial Reporting Manual 2024-25 (FReM) where applicable. In cases where there is a conflict between the FReM and the SORP, the latter will take precedence.

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 2025.

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.

Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council
14 August 2025

(1) The term "institutions" includes colleges and Glasgow Colleges' Regional Board

(2) Glasgow Colleges' Regional Board was dissolved on 30 July 2025. The Scottish Funding Council will be responsible for preparing the 2024-25 accounts. This applies to all references made to Glasgow Colleges' Regional Board throughout this document.