



**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 JULY 2023**

**The financial statements were approved and authorised for issue on 05 December 2023**

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## PERFORMANCE REPORT FOR THE YEAR ENDED 31 July 2023

### PERFORMANCE OVERVIEW

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

### PERFORMANCE SUMMARY

#### Principal and Chief Executive's Statement

West Lothian College is a growing college.

We play a vital role in developing people, strengthening communities and supporting the economy in our region. An ever-growing number of people, employers and communities are attracted to, working with, and benefitting from college provision. Against trends in the college sector, we experienced our highest ever number of student enrolments in 2022-23. This growth continues in 2023-24.

We are a successful college.

While many colleges needed to use flexibilities offered by the Scottish Funding Council to try and meet their activity targets in 2022-23 we did not and exceeded our credit target yet again, despite claiming fewer credits for full-time courses for the second consecutive year.

As enrolments grew, so too did student attainment. We experienced our best ever overall student success, with part-time attainment remaining very high and significant increases in full-time attainment. This, despite some lecturers withholding student results from May 2023 as they participated in national action short of strike organised by their trade union. While this only affected a very small proportion of students in our college, it was a stressful time for those impacted.

Excellent teaching was recognised in an extremely positive report from Education Scotland (<https://education.gov.scot/media/zaygg5er/west-lothian-college-vl-280323.pdf>) in 2023, high levels of student satisfaction throughout the year, and being shortlisted in nine categories at the 2023 College Development Network Awards. Such significant and consistent success is a result of a whole-college approach to improvement that has students at the centre of everything we do. We sought feedback from students throughout the year and acted in-year to address any challenges they faced to enhance their chances of success.

We are a caring college.

In August 2022, all lecturers, all full-time and many part-time students returned to campus. While most were excited to be back on campus, others were nervous about being back in large gatherings. We were very aware of these concerns and worked hard to help people build back confidence. We made extensive use of our outdoor spaces for our staff conference and student freshers fair, and increasing numbers of lecturers in a wide range of subjects delivered classes outdoors that helped reduce fear of virus transmission and build relationships between students.

Although pandemic restrictions had been lifted, the negative consequences of two years of disruption to learning and social development amongst young people were very apparent. Learning gaps were very evident amongst students starting college straight from school and we experienced a higher than normal number of challenging behaviours and a significant increase in safeguarding referrals.

We introduced measures to improve the experience of students, particularly on engagement, learning and teaching, financial and wellbeing support. We continued to provide a range of measures to mitigate student poverty and the resulting mental health challenges that often arose from the difficulties they faced. This included continuing to provide a free hot breakfast and lunch for all students, creating an anti-poverty fund with support from West Lothian Council, and making very good use of student funding to help students get through the cost of living crisis.

To provide opportunities for students to build friendships and engage with others, we created an outdoor recreational park complete with table tennis, chess and football tables. We made improvements to our wellbeing garden for students to get away from the bustle of the campus and spend time in a peaceful outdoor space. In response to student feedback, we created “head space” for neurodivergent students who needed quiet time away from the bustle of the campus at break times.

We are an innovative and resourceful college.

Despite a difficult financial environment, we secured alternative funding to improve our physical learning estate, make progress on our net zero ambitions and enhance course provision to meet changing demand in the labour market. This resulted in the college continuing with its planned programme of investment which was estimated to be £3 million in 2022-23.

We introduced widely-welcomed and much-applauded initiatives including our new Alex Linkston Skills Centre for Sustainable Living, CyberDrive to stimulate interest in tech amongst young people, and the West Lothian Woodworking Initiative to upskill primary teachers in introducing practical skills in their schools to support their STEM curriculum. These initiatives were funded from West Lothian Council, the Scottish Government and the Housing, Construction and Infrastructure Skills Gateway which is part of the Edinburgh and South East Scotland City Deal.

We are an influential college.

Our whole-college approach to being trauma informed and responsive was further embedded in 2022-23, evaluated externally by the College Development Network, and instrumental in the development of a sector-wide training programme now being delivered to all colleges.

We were acknowledged nationally for our second year of a week-long UN Sustainable Development Goals (SDGs) Teach-In that saw 210 students facilitating 37 workshops for over 500 pupils from 13 local primary schools. Students achieved assessments in the process and feedback from teachers and pupils attested to the success of the week in enhancing their knowledge of, and commitment to, addressing the SDGs.

## West Lothian College

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We are a collaborative college.

Partnership working is in the DNA of the college and an ever-increasing number of organisations worked with us in 2022-23 to achieve shared goals for the people, communities and economy of West Lothian. Fourteen public and third sector organisations based themselves in our new Compass Point partnership hub to join up support for students and collaborate on making this even better.

Strong and ever-growing relationships with employers, industry partners, the City Deal and those responsible for regional economic development led to a wide range of projects that addressed shared objectives.

We are a 'can do, will do' college.

Against all odds, 2022-23 was the most successful year yet for West Lothian College and this looks set to continue. The outlook for 2023-24 and beyond remains very positive, despite facing a very challenging financial situation resulting from the public sector funding crisis. Continued population growth, confirmed in the most recent census, our growing reputation amongst employers as a college that delivers, and our generous and productive approach to collaboration and partnership working are leading to significant opportunities for the college.

During 2022-23 inflationary pressures impacted on the college's financial sustainability. As part of long-term planning to secure the long-term sustainability of the college, we have embarked on the development of a comprehensive financial plan. With full engagement of our Board, in the forthcoming year we will lay the foundations to ensure continued success of the college as a learning provider and employer.

We are a growing college, with growing ambition and a growing reputation. The success we experienced in 2022-23 is wholly attributed to the 'can do, will do' ethos of our talented staff who truly lead with vision and empathy.

### **About West Lothian College**

Originally established as Bathgate Technical College in 1965, the college moved to its current Livingston campus in 2001.

The West Lothian region is situated on the M8 corridor between the country's two largest cities and this strategic location is a major reason for the area experiencing one of the fastest growing populations in Scotland and having a relatively strong economy.

The college provides a wide range of further and higher education courses to meet the needs of West Lothian's people, communities and economy. These support government priorities such as Developing the Young Workforce, the Young Person's Guarantee, widening access to higher education and the National Strategy for Economic Transformation. Hundreds of senior school pupils in West Lothian's twelve secondary schools take part in college courses each year alongside their school qualifications and the college continues to be the top choice for school leavers.

West Lothian College plays a critical role in achieving community planning partnership priorities to address the skills needs of employers and enable people to be better educated with access to quality learning and job opportunities. The college has a symbiotic relationship with West Lothian Council and increasingly with third sector organisations across the region.

West Lothian College is a free-standing corporate body under the provisions of the Further and Higher Education (Scotland) Act 1992, as amended by the Further and Higher Education (Scotland) Act 2005 and subsequently the Post-16 Education (Scotland) Act 2013. It is governed by a Board of Governors and receives most of its funding directly from the Scottish Funding Council (SFC). The college is listed on the Scottish Charity Register 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 (SC021216).

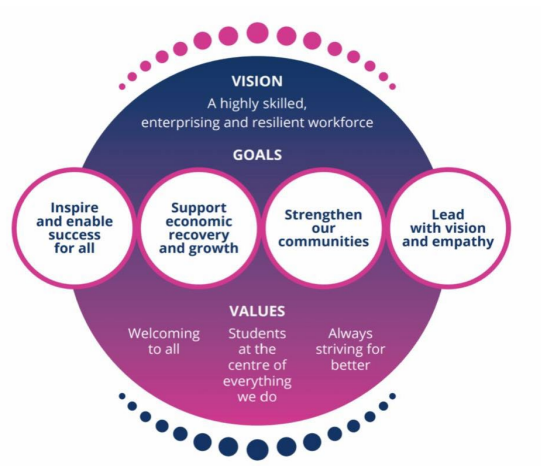
## Vision, Goals and Values

The college's vision is to develop a highly skilled, enterprising and resilient workforce. Four strategic goals help us to achieve that vision:

- Inspiring and enabling success for all
- Supporting economic recovery and growth
- Strengthening our communities
- Leading with vision and empathy.

Three values underpin our approaches to all that we do, including how we achieve our vision and strategic goals. They are:

- Welcoming to all
- Students at the centre of everything we do
- Always striving for better.



## PERFORMANCE ANALYSIS

This section provides an analysis of the indicators used to monitor performance.

### Credit Delivery

Against national trends, the college continued to exceed its activity target in 2022-23, delivering 47,269 credits against a target of 46,862 (2021-22 exceeded its target by 2%). Because of high demand for our courses, we did not need to make use of the flexibilities allowed by the SFC to achieve our credit target.

It was unfortunate that colleges received less Young Person's Guarantee credit funding than we had been told to assume for 2022-23. This meant we were not able to fulfil anticipated demand.

The proportion of credits delivered to students resident in SIMD10\* postcodes remained steady and the proportion of credits delivered to care experienced students increased to 9.4%, the highest proportion in the last five years. The proportion of credits delivered to ethnic minority students (6.3%) increased for the fifth consecutive year.

### Student Recruitment and Retention

In 2022-23, we experienced our highest ever number of enrolments at 9,940 (7,308 2021-22), of which 6,548 were funded by credits. While full-time enrolments decreased in 2022-23, the number of full-time enrolments in 2023-24 has almost returned to the pre-pandemic levels of 2018-19.

The college continued to be the top destination for school leavers in West Lothian, for further and higher education qualifications. Of all school leavers who moved onto college, 76.1% chose West Lothian College (an 8.1 percentage point increase on the previous year). Of school leavers who went onto study higher education qualifications, 19% studied at the college (the highest of any institution) with the University of Edinburgh next at 12%.

Nine out of ten full-time students lived in West Lothian, with just over a third of these in Livingston and the remainder from the other towns and villages across the region.

Overall, 80% of students studied at FE (further education) level and 20% at HE (higher education) level. This was different for full-time students, 65% of whom studied FE qualifications (up to and including SCQF Level 6) and 35% studied HE (SCQF Level 7 and above). Three quarters of all enrolments were part-time.

Overall early and further withdrawal rates improved on the previous year, particularly for full-time students. FEPT early withdrawal rates increased marginally, as did early and further withdrawal rates for HEPT students. The introduction of the course tutor role in August 2022 and a process for identifying students at risk of withdrawal were critical factors in the retention of full-time students.

The overall number of senior phase pupils on college courses was down on the highest number recorded in the previous year. The number of senior phase age pupils studying vocational qualifications at the college fell by 14% to 272 and we enrolled 196 pupils on Foundation



Apprenticeships, fewer than planned. This is almost certainly related to schools adjusting in the post-pandemic period.

## Student Attainment

We had another very successful year for student attainment. Overall student success in 2022-23 (encompassing all modes and levels) was 85.1%. This is our best ever performance and up by 1.4 percentage points on 2021-22. Successful outcomes improved for care experienced, disabled and ethnic minority students, as well as for students living in SIMD10\* areas.

Further Education Full Time (FEFT) student success improved by 6.3 percentage points to 70.4%, our best ever performance and reflects the actions highlighted in our 2022-23 Outcome Agreement to improve attainment of these students. Higher Education Full Time (HEFT) student success improved by 6.2 percentage points to 67.9%, a significant improvement following the decline experienced in 2021-22.

Further Education Part Time (FEPT) student success remained high at 90.9% and Higher Education Part Time (HEPT) success improved by 1.5 percentage points to 89.4%.

	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Overall</b>	80.3%	77.9%	81.3%	83.7%	85.1%
<b>FEFT</b>	67.8%	62.9%	60.3%	64.1%	70.4%
<b>HEFT</b>	70.5%	68.3%	71.4%	61.7%	67.9%
<b>FEPT</b>	85.6%	83.9%	89.1%	91.0%	90.9%
<b>HEPT</b>	80.1%	89.8%	83.2%	87.9%	89.4%

Overall attainment for West Lothian College students in 2021-22 was almost 14 percentage points above the sector average and the highest of all regional colleges. For enrolments over 160 hours, student success was 77.4%, again the highest of all regional colleges. We continued to perform very well for students in all key groups measured by SFC with sector-leading attainment for female students (both FE and HE), SIMD10\*, SIMD20\*, ethnic minorities, disabled and care experienced.

\*The Scottish Index of Multiple Deprivation (SIMD) is a tool used in Scotland to identify areas facing significant challenges in various aspects of life. It's like a map that highlights which parts of the country are struggling the most.

SIMD10 focuses on the 10% of areas that are the most deprived — these are the places where people face the toughest situations in terms of income, health, education, and more. Similarly, SIMD20 covers the 20% most deprived areas.

## Student Progression

Pathways for all full-time courses were identified and widely promoted to enable students to make informed choices. Throughout the year, we held a number of industry sector-specific events at which employers and universities raised awareness of opportunities available to progress onto university or into work. For example, during Scottish Apprenticeship Week, we showcased the apprenticeship family and in spring 2023 held a speed-dating event, connecting engineering companies with students. Sector-specific employment fairs (including the emergency services, healthcare and digital) took place throughout the year, with full engagement from industry experts.

Half of our 226 foundation apprenticeship students in 2021-22 and 44% of the 450 students attending other school/college partnership courses that year progressed to full-time courses at the college in 2022-23. Of the 545 students who studied a full-time Level 6 FE qualification in 2021-22, 47% enrolled on a HEFT course in 2022-23.

Universities took part in events and engaged directly with HE and Scottish Widening Access Programme (SWAP) student cohorts throughout the year to raise awareness of progression opportunities. An illustration of student progression to university from our 2022-23 cohort include:

- Almost all HND Cyber Security and Software Development graduates went straight into third year of degrees at Edinburgh Napier University. Others secured graduate apprenticeships with companies like IBM.
- Forty SWAP Access to Nursing and HNC Healthcare Practice students received a total of 85 offers for a wide range of universities to study degrees in Midwifery, Paramedic Science, and Nursing.
- HNC Art students received the highest ever number of university offers between them, including seven that were direct entry into year 2 of degrees at Duncan of Jordanstone College of Art & Design.

The efforts made by the college in the last three years to increase progression pathways to university is reflected in the latest available statistics. In 2021-22, 353 students progressed to university, and 172 students (an increase of 34% compared to the previous year) articulated with advanced progression. Both figures are the highest in the last five years.

Of SWAP students who moved onto university in 2021, 93% were still at university at the end of their first year, an increase of two percentage points on the previous cohort and five percentage points above the SWAP East retention average.

The College Leaver Destinations Report (December 2022) showed that 95.8% of qualifiers had a positive destination on leaving West Lothian College, a decrease of 1.5 percentage points on the previous year.

### **Student Satisfaction**

An objective in our 2022-23 Outcome Agreement was to enhance the student voice by improving response rates to surveys by improving our survey tool and process. Working in conjunction with the Student Association we introduced a new platform and process which supported three major surveys over the year – an induction survey in September 2022, the Student Association's SPARKLE survey in November 2022 and the Student Satisfaction and Engagement Survey (SSES) in April 2023.

Over the year, we saw consistent increases in participation in these surveys from students at all modes and levels, culminating in an overall response rate for SSES of 76% (full-time completion rose from 28% to 82%) with a very high satisfaction rate of 96%. This was the highest response rate ever achieved by the college and gave us confidence that the feedback received is highly representative of the views of our students.

## Student Funds

As well as paying out bursary and educational maintenance allowance payments to students, the Student Funding team also processed a number of additional payments to students throughout the year helping those who were facing hardship, from low income households and care experienced students.

## Improving our Physical and Digital Learning Estate

In 2022-23 we continued to upgrade and improve the college in line with our Learning Estates Plan. As well as making good use of our SFC estates grant, we secured funding from a range of partners to cover the cost of the work.

After breaking ground on our Skills Centre for Sustainable Living (ECOHOUSE) in February 2023, it was completed in just five months.

In Building No.2, we created new plumbing and mixed trades workshops, started work on a new green skills zone and created a new flexible classroom inside the garage.

In Building No.5, we transformed most of our hair and beauty salons, created individual pods in our main art studios, and installed a refitted Mac room for art students.

In Building No.1, we refurbished the learning support area and installed soft furnishing in the consultation rooms located next to the team.

We extended our outdoor gym to include even more equipment for wheelchair users, created a campus park with fixed table tennis, football and chess tables, and the wellbeing garden has been tidied up for students and staff to enjoy outdoor relaxation, as well as for curriculum use.

To shape the college's future digital direction, we launched our digital strategy, *Human-Led, Data-Driven, Tech-Powered*. We fully used the SFC Digital Poverty budget, investing in additional laptops, desktop computers and audio-visual equipment. We also committed £229,000 to replace all our core network switches, upgrade the fibre connections from all buildings back to the main communications room and replace the campus security camera system.

To further strengthen our resilience against cyber attacks, we were re-accredited with Cyber Essentials Plus in May 2023 and introduced a cyber security risk register using the National Institute of Standards and Technology framework.

## Fair Work Employer

The college is committed to the principles of Fair Work and implementing our People Strategy, a commitment recognised in August 2023 when we were presented with our Investors in People Gold accreditation. The following is a brief summary of progress made in 2022-23 on the five dimensions of the Fair Work Framework.

### *Effective Voice*

There is a strong culture of openness and transparency in the college which was acknowledged by staff in surveys and in the Investors in People assessment. Staff members on the Board provide a direct input for employee voice on strategic and governance matters. Engagement with trade union representatives took place through quarterly EIS and UNISON meetings.

In August 2022, we held an all-staff conference at which teams focused on how they are helping to achieve our four strategic goals. Board members interacted directly with staff at this event and other all-staff gatherings throughout the year. The principal held regular group drop-in conversations with staff that enabled them to share concerns and make suggestions for improvement. In April and June 2023, all-staff meetings took place to provide updates on progress in-year and on the budget planning process.

Our annual staff survey is a valuable barometer of staff views and the November 2022 survey had a response rate of 74%. The high response rate gives managers and the Board confidence that the results are a reliable reflection of staff views. There was continuing high positive feedback.

### *Security*

The college is a Living Wage Accredited Employer and immediately implemented the increase in the Real Living Wage rate announced in September 2022 (despite being given until May 2023 to do so). Our workforce is paid at least the real living wage, including the Modern Apprentices we employ.

As far as possible, we issue permanent contracts to employees. For fixed-term contracts, clarity is provided on the period covered by the contract. National terms and conditions provide a route map for eligibility for permanency. The college does not make use of zero-hours arrangements, ensuring fairness and predictability for earnings and work commitments which is particularly important for those with caring responsibilities.

The college focuses on staff health and wellbeing and supports staff through occupational sick pay provision, free access to occupational health, physiotherapy, counselling, flu vaccination and protections afforded through pension schemes in times of ill health. Pension schemes' life protections provide further security to an employee's family or nominated beneficiary.

We are committed to job security for staff through a Protection of Employment policy. Leadership, management and planning is focused on enhancing and safeguarding the sustainability of the college and employment through effective financial stewardship. The college does not use 'fire and rehire' employment practices.

### *Respect*

A comprehensive Employee Assistance Programme is used well by staff and includes free counselling and physiotherapy sessions. Policies are in place to foster positive workplace relationships. While informal resolution is encouraged, measures such as internal workplace mediation and formal resolution mechanisms are also available. Any allegations of workplace bullying or harassment are promptly addressed.

Individual and team successes continued to be recognised each week in an update sent out to all staff by the principal. As well as acknowledging employees, the staff survey confirmed that this is an effective way of sharing good practice across the college and in helping colleagues connect with the college community.

### *Fulfilment*

The college held regular all-staff online and in-person events throughout the year for development, communication and celebration purposes. These had consistently high levels of participation. Our annual Celebrating Success ceremony recognises staff achievements and in June 2023 over 200 colleagues took part in an on-campus celebration for which we received the highest ever number of nominations from almost all parts of the college. Throughout the year staff can also nominate colleagues for recognition on a virtual 'recognition wall', also aligned to college values and behaviours.

Each February, during the student study week, an annual wellbeing festival for all staff takes place with a wide range of in-person as well as virtual workshops on physical and mental wellbeing. Regular awareness raising of the wide range of mental and physical health support available to all colleagues reminds them of the benefits of this. Staff participated in May's walking challenge and September's 'Cycle September' challenge, encouraging physical exercise and social connection in an engaging way.

### *Opportunity*

The college was presented with Investors in People Gold accreditation in August 2022, external verification of how we invest in people, engage with staff and make work better for employees. We were accredited as a Disability Confident Leader Employer in June 2023, the highest level of the Disability Confident scheme run by the Department of Work and Pensions to support people with disabilities in employment. We are the only Scottish college or university to have achieved this level. Accreditation and adjustments to processes make a difference for colleagues with disabilities who already with us and prospective staff applying to work with us.

In 2022-23, the college also achieved the Carer Positive employer award and the Armed Forces Covenant Bronze employer award – demonstrating the support for prospective and existing staff, increasing the opportunities for those with caring responsibilities and armed forces experience respectively.

We continued to deliver and support a wide range of learning and development activities to enable staff to carry out their responsibilities well, to further develop their skills for career progression and to increase satisfaction with their work. Some staff benefited from mental health and wellbeing training delivered by a local third sector organisation whilst others completed mental health first aid training.

## Key Issues and Risks

The college's risk management framework includes a risk management policy, a Strategic Risk Register with each member of the executive leadership team assigned as a risk owner for each risk and the risk appetite set by the Board of Governors at an annual risk workshop facilitated by the college's internal auditors.

The Board of Governors undertook a review of the strategic risks in 2022-23 and agreed 10 risks facing the college. The risks that carried the highest risk rating were:

- Failure to deliver on our commitment to being net zero by 2040 due to a lack of funding and resources
- Not able to budget for or achieve break-even or a surplus on an annual basis due to insufficient levels of SFC funding and/or failure to grow or secure alternative funding streams
- Unaffordable pay awards and terms and conditions negotiated through the national bargaining process and impact of industrial action
- Our estate not adequately reconfigured in line with the college's ambition for growth due to insufficient resources
- Risk of a cyber security breach

The key actions taken to mitigate against those risks were:

- Net Zero Plan in place with targets being taken forward and successfully bid for Scottish Government funding to decarbonise one building following energy audit findings
- Budget setting process overseen by college leadership team with actions agreed at each meeting to arrive at a balanced budget and college given an increase in credits in 2022-23
- Regular engagement with industry, community bodies and individual organisations to identify new funding opportunities and partnership working
- Cost of living pay award built into 2022-23 budget and working with college leadership team to mitigate impact of industrial action
- Setting aside money each year from our estates grant to continue campus improvements and communication with local Members of the Scottish Parliament and SFC to highlight need for additional resources
- Cyber security scorecard introduced, with the college currently classified as A graded and mandatory cyber security training completed annually and updated in line with cyber threat landscape

## Financial Review

### Nature, Objectives and Strategies

The college's management and control ensures financial stability is sound, and there are clear management structures and reporting arrangements in place with performance indicators and risk management processes to support delivery of outcomes.

To monitor progress against its Outcome Agreement, the college focuses on a range of key performance indicators which are reviewed by managers and the Board of Governors on a

regular basis. Unaffordable pay awards, the impact of any strike action and funding estates developments were among the key risks identified in the college's 2022-23 strategic risk register.

The board presents its report and the audited financial statements for the year ended 31 July 2023. The Board of Governors has approved these accounts on the basis the college is a going concern. The audited financial statements have been prepared under the historic cost convention in line with the principles and guidance set out in the Statement of Recommended Practice, Accounting for Further and Higher Education and with the Government Financial Reporting Manual (FReM).

### **Scope of the Financial Statements**

The Financial Statements cover all activities of the college.

### **Financial Position**

#### *Financial Results for the year ended 31 July 2023*

The college generated a deficit before other gains and losses in the year of £2,796,000 (2022 - deficit of £2,636,000), with total comprehensive income deficit of £1,932,000 (2022 – surplus of £18,564,000). The total comprehensive income in 2023 recorded an actuarial gain in respect of pension funds of £864,000 (2022 – gain of £17,321,000).

The cumulative deficit on the Income and Expenditure account increased by £1,301,000 from £2,142,000 (restated) deficit to £3,443,000 deficit.

This cumulative deficit comprises of £332,000 for holiday pay accrual, £2,211,000 for voluntary agreed PFI termination loan, £2,540,000 for early retirement provisions and £900,000 for trading activities which are partially off-set by a surplus, £2,540,000 for defined benefit pension obligations (see Note 15).

The college is reporting net total assets of £6,712,000 in its balance sheet, which includes deferred Government Grant, reported as deferred income within creditors. The grant is allocated between creditors due within one year and due after more than one year as appropriate.

#### *Cash Budget for Priorities*

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

Colleges have now each been given a fixed cash budget for priorities which must be spent on agreed government priorities as outlined in the table below. Spend of the college's cash budget for priorities, and impact on the operating position for the academic year, is detailed below.

## West Lothian College

*Table of cash budget for priorities spend*

	<b>2022-23 £'000</b>	<b>2021-22 £'000</b>
<b>Revenue Priorities</b>	-	-
<b>Total impact on operating position</b>	-	-
<b>Capital</b>		
Loan repayments	-	-
Early retirement provision payments	190	190
<b>Total Capital</b>	<b>190</b>	<b>190</b>
Total cash budget for priorities spend	190	190

SFC has confirmed that a deficit resulting from the college following its guidance should be treated as a 'technical' deficit and should not be interpreted, on its own, as a challenge to the college's ongoing financial sustainability. Audit Scotland accepts that a deficit arising from the use of cash funding originally provided for non-cash depreciation does not indicate an underlying financial sustainability concern.

### Adjusted Operating Position

The Statement of Comprehensive Income (SOI) presents the underlying operating performance during the accounting period in accordance with the FE/HE SORP. The adjusted operating position is intended to reflect the underlying operating 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 cash generative capacity.

	<b>Note</b>	<b>2022-23 £'000</b>	<b>2021-22 £'000</b>
Deficit before other gains and losses (FE/HE SORP basis)		(2,796)	(2,636)
Add back:			
- Depreciation (net of deferred capital grant)	1	644	409
- Pension adjustment – Net service cost (FRS 102)	2	603	2,071
- Pension adjustment – Net interest cost	3	22	265
Deduct:			
- Cash Budget for Priorities (CBP) allocated to Early Retirement Payments (see table above)	4	190	190
<b>Adjusted operating (deficit)/surplus</b>		<b>(1,717)</b>	<b>(81)</b>

- Note 1 Depreciation net of deferred capital grant is added back in recognition that this has a non-cash budget from the Scottish Government.  
 Note 2 The non-cash element of current and past service pension cost less cash contributions paid.  
 Note 3 The non-cash element of interest earned on pension assets less interest cost on pension liabilities.  
 Note 4 Cash payments in respect of the Early Retirement Provision included in CBP.



In 2022-23 the college budgeted for an adjusted operating deficit of £198k (breakeven after transfers to and from the revaluation and pension reserves). The significant increase in the actual adjusted operating deficit is due to four main factors:

- Significantly less than anticipated Young Person's Guarantee grant and Flexible Workforce Development Fund

The budget assumptions on Scottish Funding Council (SFC) grants were based on guidance issued by SFC in June 2022. SFC did not confirm funding for Young Person's Guarantee and Flexible Workforce Development Fund until January 2023, six months into the financial year. The actual allocations were significantly less than colleges were told to assume in the guidance and resulted in the college forecasting an increased adjusted operating deficit. Given the lateness in being informed and outwith the control of the college, the Board of Governors approved the increased deficit.

- Salary cost increase

In March 2023 SFC advised colleges to increase the cost of living salary increase built into the 2022-23 budget (which colleges had been told to assume in June 2022). The change in assumption significantly increased salary costs and further increased the adjusted operating deficit.

- Estates Grant

In May 2023, the Board of Governors held a financial strategy session to discuss the college's financial position and sustainability. In the 2022-23 budget £398k of estates costs were matched by SFC estates grant. The Board agreed that, as these costs could be met by the college, the estates grant should be transferred into the 2023-24 budget to reduce the likely deficit in that year. The Board was aware that this would further increase the adjusted operating deficit and approved it on the basis that it did not present the college with any cash flow difficulties.

- Clawback of Foundation Apprenticeship Funding

In June 2023, SFC made the decision to clawback funding from colleges for the under delivery of Foundation Apprenticeship (FA) credits in 2021-22. This was unexpected as Colleges Scotland had been seeking clarification on this since the start of the 2022-23 academic year. This was particularly disappointing given the college had exceeded its overall credit target by 2% without using any of the flexibilities allowed by SFC. Indeed, West Lothian College was just one of two colleges to meet its credit target in that year. The value of the credits we over delivered exceeded the value of the FA clawback. The recruitment of school pupils to FAs in 2021-22 was significantly impacted by Covid19 and outwith the control of the college.

Despite the increased deficit the college continues to maintain a positive cash balance. SFC was kept informed of the college deficit throughout the year.

### *Taxation Status*

The college is registered with the Office of the Scottish Charities Regulator as a Scottish Charity and is exempt from corporation tax and capital gains tax. The college receives no similar exemption in respect of Value Added Tax.

### *Cash Flows*

Cash flow projections are prepared annually, broken down on a monthly basis to ensure that these are sufficient to meet the needs of the college. These are reviewed monthly and reports are provided to the Executive Leadership Team and the Finance and General Purposes Committee. Bank balances are checked on a daily basis and day-to day surplus funds are deposited overnight in a high interest bank account.

### *Liquidity*

The college uses a number of ratios to assess the college's liquidity. The two key ratios are current assets to current liabilities and days cash to total expenditure. However, as a result of Office for National Statistics (ONS) reclassification, the college is only able to hold minimum cash reserves. At the end of 2022-23 current assets: current liabilities were 1: -1.4 and days cash to total expenditure was 25 days reflecting the ONS requirement.

### *Creditor Payment Policy*

The college complies with the CBI Prompt Payment Code and has a policy of paying its suppliers within 30 days of invoice unless the invoice is contested. All disputes and complaints are handled as quickly as possible. The college did not pay any late interest payments during the year.

The Scottish Public Finance Manual sets a Government target for the payment of invoices within ten working days of their receipt. While this is a difficult target for the college to achieve, it nevertheless strives to pay all invoices as promptly as possible.

### *Post-Balance Sheet Events*

There are no post-balance sheet events.

### **Human rights, anti-corruption and anti-bribery matters**

West Lothian College is committed to upholding human rights, anti-corruption and anti-bribery within the college and through the supply chain.

### **Environmental matters**

West Lothian College recognises that it has a role to play in the conservation and protection of the environment. The college works towards improving its own environmental and sustainable practices and promoting an awareness of environmental responsibilities amongst our staff and students.

Through our Environment and Sustainability Policy we:

- comply with and exceed when possible all applicable legislation, regulations and codes of practice
- ensure that all environmental risks are assessed, managed and controlled
- integrate sustainability considerations into all our business decisions
- minimise the impact on the environment and our sustainability of our core activities, and
- review and continually strive to improve our sustainability and lessen our impact on the environment.

The college has continued the Central & South Scotland College Partnership with EAUC, Borders College and Forth Valley College, which has been extended until the end of 2024. The Sustainability Project Manager employed by the partnership has helped deliver sustainability-related initiatives; including securing funding and creating an updated Net Zero Plan. The updated Net Zero Plan will be launched in 2023-24, including ambitious targets, a detailed action plan and a governance structure inspired by the Climate Action Roadmap for FE Colleges.

Throughout 2022-23 the college has continued to promote the UN Sustainable Development Goals through events and initiatives to raise awareness. Teaching staff took part in the Global Goals Teach-In for the second time – an international event which highlights the contribution of education toward the SDGs.

The college secured capital funding from the Scottish Green Public Sector Estate Decarbonisation Scheme to replace gas heating with air source heat pumps and to install energy conservation measures in Building 4, as identified through the energy audit of the campus last year. Construction commenced in summer 2023 and we will continue to apply for funding to make further improvements in 2023-24.

In 2022-23 the college completed construction of the Alex Linkston Skills Centre for Sustainable Living, consisting of two semi-detached houses to demonstrate sustainable construction methods and renewable technologies.

In 2022-23 the college published an updated Travel & Subsistence Policy which encourages sustainable travel choices through the Sustainable Travel Hierarchy.

### **Climate Change (Scotland) Act compliance**

The college complied with the Scottish Government sustainability reporting in line with the requirements of the Climate Change (Scotland) Act 2009 and in 2022 included commuting, supply chain and homeworking emissions in reporting for the first time.

### **Equality and Diversity**

The college has promoted equality of delivery of service and had due regard to its public sector equality duty under the Equality Act 2010 – see page 25 of the Remuneration and Staff report.

## **Future Plans**

The college will continue to deliver on its strategic goals, fund improvements in the physical learning estate, make progress on net zero ambitions and enhance course provision to meet changing demand in the labour market.

The Performance Report is approved by the Principal on

**Jackie Galbraith**

Principal and Chief Executive

## ACCOUNTABILITY REPORT

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

### Remuneration and Staff Report

The Remuneration Committee makes recommendations to the Board of Governors on the service arrangements and remuneration of the Principal and determines the service arrangements and remuneration of Vice Principals.

### Remuneration including salary and pension entitlements - AUDITED

#### *Salary Entitlements<sup>1</sup>*

The following table provides detail of the remuneration and pension interests of college senior management.

Single total figure of remuneration						
	12 months ended 31 July 2023			12 months ended 31 July 2022		
Name	Actual Salary £'000	Pension Benefit* £'000	Total £'000	Actual Salary £'000	Pension Benefit* £'000	Total £'000
Alex Linkston, Chair of the Board of Governors	20-25	-	20-25	20-25	-	20-25
Jackie Galbraith, Principal	115-120	65-70	185-190	115-120	45-50	160-165
Simon Earp, Vice Principal, Performance and Improvement	75-80	50-55	130-135	75-80	10-15	90-95
Sarah-Jane Linton**, Vice Principal, Learning and Attainment	75-80	50-55	130-135	75-80	130-135	210-215
Jennifer McLaren, Vice Principal Finance and corporate Services	75-80	50-55	130-135	75-80	30-35	110-115

\*The value of pension benefits is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The x20 multiplier aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20-year period which is the estimated life span following retirement.

\*\*Sarah-Jane Linton joined the college September 2020. The pension benefit is significantly higher in 2021-22 due to the fact that Sarah-Jane Linton transferred in benefits from previous service during 2020-21.

<sup>1</sup> Note:

- a) The salaries in the above table represent the amount earned in the financial year
- b) The value of pension benefits is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The x20 multiplier aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20 year period which is the estimated life span following retirement.

## West Lothian College

### *Median Remuneration*

Colleges are required by the FReM to disclose the relationships between the remuneration of the highest paid official and the median remuneration of their workforce. Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

	2022-23 £'000	2021-22 £'000	Change %
Range of workforce remuneration	£19,838 - £118,000	£18,018 - £118,000	n/a
%age change in salary and allowances for employees as a whole			10% increase at lowest range and 0% at highest
Highest paid official remuneration	£117,500	£117,500	0%
Performance pay/bonus for highest paid director (disclose for employees as a whole where applicable)	n/a	n/a	n/a
Median (total pay and benefits)	£33,753	£32,753	3%
Median (salary only)	£33,753	£32,753	3%
Ratio	1:3.5	1:3.6	
25 <sup>th</sup> percentile (total pay and benefits)	£26,934	£25,283	6.5%
25 <sup>th</sup> percentile (salary)	£26,934	£25,283	6.5%
Ratio	1:4.4	1:4.7	
75 <sup>th</sup> percentile (total pay and benefits)	£43,357	£43,357	0%
75 <sup>th</sup> percentile (salary)	£43,357	£43,357	0%
Ratio	1:2.7	1:2.7	

There are very few changes to the above metrics, the 22-23 pay award has not yet been agreed, however the college applied the real living wage rate immediately once this was announced resulting in some small changes.

Based on the twelve-month equivalent figures above, the banded remuneration of the highest paid official in the organisation in the financial year 2022-23 was £115k-£120k (£115k-£120k in 2021-22). Based on banded remuneration this was 3.5 times (3.6 times in 2021-22) the median remuneration of the workforce which was £30k-£35k (2021-22 £30k-£35k).

### *Accrued Pension Benefits*

Pension benefits for employees are provided through the Scottish Teacher's Superannuation Scheme (STSS), a defined benefit scheme which is notionally funded, and the Local Government Pension Scheme (LGPS). Both STSS and LGPS are career average salary pension schemes.

The scheme's normal retirement age is the scheme member's state pension age.

Contribution rates are set annually for all employees. There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the

## West Lothian College

Finance Act 2004. The accrual rate guarantees a pension based on final pensionable salary and years of pensionable service.

### *Senior Officials' Pension - AUDITED*

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

<b>Name</b>	<b>Accrued pension at pension age at 31/07/23 £'000</b>	<b>Accrued lump sum at pension age at 31/07/23 £'000</b>	<b>Real increase in pension 01/08/22 to 31/07/23 £'000</b>	<b>Real increase in lump sum 01/08/22 to 31/07/23 £'000</b>
Jackie Galbraith	23	-	4	-
Simon Earp	11	-	3	-
Sarah-Jane Linton	21	2	3	-
Jennifer McLaren	22	-	3	-

### *Cash equivalent Transfer Value (CETV)*

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

<b>Name</b>	<b>CETV at 31/07/23 £'000</b>	<b>CETV at 31/07/22 £'000</b>	<b>Real increase in CETV £'000</b>
Jackie Galbraith	367	295	72
Simon Earp	149	112	37
Sarah-Jane Linton	238	203	35
Jennifer McLaren	353	300	53

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:

- (i) 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.
- (ii) the accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period of time.

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### *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 - AUDITED**

Two employees left under voluntary exit terms during the year.

	<b>2022-23</b>	<b>2021-22 Restated</b>
<b>£'000</b>	<b>Number of Employees</b>	<b>Number of Employees</b>
<10	-	-
10-25	-	1
25-50	-	-
50-100	2	-
100-150	-	-
150-200	-	-
Total number of exit packages	2	1
<b>Total cost</b>	<b>£111,219</b>	<b>£14,581</b>

### **Staff Report - AUDITED**

#### *Salaries and Related Costs - AUDITED*

	<b>2023 £'000</b>			<b>2022 £'000</b>
	<b>Directly employed staff</b>	<b>Seconded and agency staff</b>	<b>Total</b>	<b>Total</b>
Wages and salaries	11,896	-	11,896	11,134
Social security costs	1,087	-	1,087	1,066
Other pension costs	2,781	-	2,781	4,201
Restructuring Costs	8	-	8	5
<b>Total</b>	<b>15,772</b>	<b>-</b>	<b>15,772</b>	<b>16,406</b>
Average number of FTE	293	-	293	302

The college employed 240 females (70%) and 101 (30%) males during 2022-23 (headcount). (2021-22 283 females, 70% and 124 males, 30%).

In the year ended 31 July 2023 staff turnover was 16.94%, (at 31 July 2022 16.95%).

### **Sickness Absence Data**

The total sickness absence percentage as at 30 June 2023 was 4.69%. This is slightly higher than the equivalent figure for 2021-22 (4.11%).



## Facility Time

In accordance with the Trade Union (Facility Time Publication Requirements) regulations 2017, the college provided the following support through paid facility time for union officials working at the college during the period 1 April 2022 to 31 March 2023

### *Relevant union officials*

Number of employees who were relevant union officials during the relevant period	8
Full time equivalent employee number	6.9

### *Percentage of time spend on facility time*

Percentage	Number of employees
0%	-
1%-50%	6.9
51%-99%	-
100%	-

### *Percentage of pay bill spend on facility time*

Total cost of facility time	£24,272
Total pay bill	£15,772,000
Percentage of the total pay bill spend on facility time	0.1%
Total cost of facility time	£24,272
Total pay bill	£15,772,000
Percentage of the total pay bill spend on facility time	0.1%

### *Paid trade union activities*

Time spend on trade union activities as a percentage of total paid facility time hours was 100%.

## Staff equality and diversity

The college is committed to its core value of being welcoming to all – ensuring all staff, regardless of background, and circumstances are welcomed, retained, encouraged, and developed. Recruitment processes have been revised to ensure that the college attracts a more diverse talent base and have gained some beneficial insight on inclusivity gained through the staff diversity census.

The framework and direction for action on equal opportunities are set by the college's People Strategy (<https://www.west-lothian.ac.uk/media/4937/people-str-2021-2025.pdf>), Equality, Diversity, and Inclusion Policy) [equality-diversity-and-inclusion-policy.pdf \(west-lothian.ac.uk\)](#) and other equality reporting explained in the college's Equality Mainstreaming Report (<https://www.west-lothian.ac.uk/media/5975/equality-mainstreaming-report-final-final.pdf>)

The college pays due regard to the key aims of the public sector equality duty by ensuring that all staff undertakes mandatory training at induction on equality diversity and inclusion. Further

training is undertaken for managers and staff for greater awareness around specific protected characteristics.

The college monitors and reports on the fairness and effectiveness of equality and diversity activities through workforce data monitoring, including an annual staff experience survey, and publishing of Equal Pay Audit Reports by gender, ethnicity, and disability. On particular equality themes, the use of external accreditation supports progressing equality and diversity in areas such as disability (Disability Confident Leader Employer) and sexual orientation (Gold LGBT Youth Scotland Charter Mark).

The college recognises and commits to the further need for action to ensure the workforce is representative of the local community. This encompasses equality and diversity and inclusion in its widest sense - work is undertaken to support and encourage applicants from across the community removing any real or perceived barriers to employment from applicants and ensuring all staff can make a full contribution to the college's work once in the post.

During the academic year, the college actively engages with students to understand their needs and made some in year changes to the college campus to allow greater access for those using wheelchairs. The college also promotes awareness of some of the barriers faced by staff and students due to being in protected groups, through events and marketing activities. This includes working in partnership with the council on 16 Days of Action on Gender Based Violence, LGBT History Month and promoting good mental health. The latter topic is also a key focus for the Student Association, who have a two year Student Mental Health Agreement with the college, which is recognised good practice by NUS Scotland and their Think Positive campaign.

### **Staff policies applied during the year**

The college's Recruitment and Selection Policy and Procedure highlights the importance of attracting and recruiting a diverse workforce. It includes provisions that interview and selection arrangements should account for disability and reasonable adjustments applied if necessary. The college is a Disability Confident Leader employer which is highlighted in job adverts which assures candidates who are disabled that they will be interviewed if they meet the essential requirements of the person specification of the post. The college's Equality, Diversity and Inclusion policy provides further provisions for supporting the recruitment of disabled people.

### **Continuing the employment of, and arranging appropriate training for, employees of the college who have become disabled persons during the period they were employed**

The college's Your Attendance Matters policy signposts to staff and managers the importance of obtaining occupational health advice and support and consideration of reasonable adjustments. The college's Maternity and Family Care policy outlines the support with time off for employee's dependents. The college's Flexible Working Policy offers a mechanism for staff with disabilities to work more flexibly to support their ongoing employment. The college's Equality, Diversity and Inclusion policy provides further provisions for supporting the retention of disabled people – including measures to promote respect and address discrimination and harassment should this arise.

### **Training, career development and promotion of disabled persons employed**

The college's Career Long Professional Learning Development policy outlines the training and career development opportunities for all staff.

#### **Other employee matters:**

##### *Employee consultation/participation*

Each year a staff survey is undertaken open to all staff. Response rates are around 75% with broadly positive feedback. Results are discussed at college and team level to address any issues. The Principal holds regular staff sessions, inviting feedback and providing information on current college activity and performance. The college board includes staff representation which provides a direct input for employee voice to strategic and governance matters. Each year an all-staff conference is held at which engagement in the college's aims and values is facilitated and encouraged. The college holds other regular all-staff online and in-person events throughout the year for development, communication and celebration purposes. Our annual Celebrating Success ceremony recognises staff achievements and in June 2023 over 200 colleagues took part in an on-campus celebration for which we received the highest ever number of nominations from almost all parts of the college. Throughout the year staff can also nominate colleagues for recognition on a virtual 'recognition wall', also aligned to college values and behaviours. Each February, during the student study week, an annual wellbeing festival for all staff takes place with a wide range of in-person as well as virtual workshops on physical and mental wellbeing.

##### *Trade union relationships*

Guided by Colleges Scotland Staff Governance Standard and the principles of Fair Work, the college engages constructively in partnership with recognised trade unions. Quarterly joint negotiating and consultative committees are held between trade unions and management.

##### *Human capital management*

The college achieved Investors in People Gold accreditation in May 2022 which provides external verification of how we invested in people, engaged with staff and made work better for employees. The college is working towards achieving Investors in People Platinum accreditation in 2025. The college undertakes a regular succession planning exercise with all faculties and departments. Each year staff undertake a personal learning plan discussion with their line manager to identify areas of development. We deliver and support a wide range of learning and development activities to enable staff to carry out their responsibilities well, to further develop their skills for career progression and to increase satisfaction with their work. Some staff benefited from mental health and wellbeing training delivered by a local third sector organisation whilst others completed mental health first aid training.

## *Pay Policy*

The college is part of the sector's national bargaining machinery and applies all nationally agreed pay and terms and conditions agreements. In addition, the college is an accredited Real Living Wage employer and ensures all staff are paid at least the real living wage.

## *Health and Safety*

West Lothian College operates mainly in a low risk environment, with medium risks associated with practical subjects, workshops activities and the inexperience of student, particularly at the start of their courses.

Control is operated via a proactive risk assessment approach, a full suite of policies and procedures, training for staff, students and managers, a health and safety committee which meets regularly and a full-time health and safety officer. We have a large first aid team and team of fire marshals who receive regular renewal training. Alongside these controls, we audit through spot checks, walkarounds and desk-based audit.

Regular business continuity planning is operated, supported by a working group comprising health and safety, cyber security and estates professionals, alongside senior managers. The college operates through a proactive board of governors who specifically oversee health and safety as part of the audit sub-committee.

There is also a strong network of support across Scotland with the health and safety officer linked in to College Development Network professional network, the Home Office, Police Scotland and NHS Lothian, as well as the West Lothian CONTEST multi-agency group. The number of reportable incidents and accidents is very low and we have had none since August 2021.

# West Lothian College

## Corporate Governance Report

The Corporate Governance Report comprises the following sections:

- Directors Report
- Statement of the Board of Governors responsibilities
- Governance Statement

## DIRECTORS REPORT

### Membership of the Board of Governors

The Post 16 Education (Scotland) Act 2013 requires that the board of a regional college must comprise in total between 15 and 18 members. A regional college board must have between 9 and 12 non-executive board members.

The Board of Governors members who held office during the year were as follows:

Name	Position	Appointed	Term
Alex Linkston	Chair	27/06/20	2
Sue Cook	Non-Executive member	01/03/19	2 (ended 05/03/23)
Frank Gribben	Non-Executive member	01/03/19	2 (ended 05/03/23)
Iain McIntosh	Non-Executive member	01/03/19	2 (ended 05/03/23)
Colin Miller	Non-Executive member	01/03/19	2 (ended 05/03/23)
Elaine Cook	Non-Executive member	02/05/23	2
Thomas Bates	Non-Executive member	01/08/21	2
Moira Niven	Non-Executive member	01/12/20	2
Sue Stahly	Non-Executive Senior Independent Member	14/11/19	1
Abel Aboh	Non-Executive member	05/01/22	1
Richard Lockhart	Non-Executive member	01/07/20	2
Seonaid Crosby	Non-Executive member	29/09/21	1
Jackie Galbraith	Principal and Chief Executive	06/08/18	N/A
Neil Sinclair	Teaching Staff member	25/06/19	1 (ended 30/06/23)
Virginia Toyi	Support Staff member	04/02/22	Resigned 30/04/23
Karine Bourdarias	Student Association member	01/07/22	1
Blair Stewart	Student Association member	01/07/22	1
Tony Sharkey	Non-executive member	21/12/22	1
Rehela Hussain	Non-executive member	05/03/23	1
Gavin Hamilton	Non-Executive member	05/03/23	1
Aruna Lopez	Non-Executive member	05/03/23	1
Michael Greenhalgh	Non-Executive member	05/03/23	1
Laura Murray	Teaching Staff member	20/06/23	1
Shelagh Fraser	Support Staff member	19/06/23	1

## Membership of the Executive Leadership Team

The Executive Leadership Team is responsible for the day to day management of West Lothian College's activities and operations and consists of:

Jackie Galbraith	Principal and Chief Executive
Simon Earp	Vice Principal Performance and Improvement
Sarah-Jane Linton	Vice Principal Learning and Attainment
Jennifer McLaren	Vice Principal Finance and Corporate Services

## Related Party Transactions

Due to the nature of the college's operations and the composition of its Board of Governors (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of the college's Board of Governors may have an interest, and will be recorded as such in the Minutes of the Meetings and/or the Register of Interest. All transactions involving organisations in which a member of the Board of Governors may have a material interest are conducted at arm's length and in accordance with normal project and procurement procedures. The related party transactions due to/by the college for the year ended 31 July 2023 and the amounts outstanding at this date are disclosed in note 23 and a link to the register of interests is provided below and a link to the register of interests is provided below.

<https://www.west-lothian.ac.uk/corporate-and-governance/board-information/>

## Personal Data Related Incidents

Section 417 of the Companies Act 2006 requires that organisations report on personal data related incidents. In 2022-23, the college had no reported data incidents (2021-22: no incidents).

## Statement of the Responsibilities of the Board of Governors

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

In accordance with the Further and Higher Education (Scotland) Act 1992 as amended by the Further & Higher Education (Scotland) Act 2005 and subsequently by the Post-16 Education (Scotland) Act 2013, the Board of Governors 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 Governors 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 as amended by the Further & Higher Education (Scotland) Act 2005 and subsequently amended by the Post-16 Education (Scotland) Act 2013, the 2019 Statement of Recommended Practice - Accounting for Further and Higher Education, the Government Financial Reporting Manual 2021-22 (FReM) where applicable 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 Governors, the Board of Governors, 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.

The financial statements are prepared in accordance with the Accounts Direction issued by the Scottish Funding Council which brings together the provisions of the Financial Memorandum with other formal disclosures that the Scottish Funding Council require the Board of Governors to make in the financial statements and related notes.

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

- Select suitable accounting policies and apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare financial statements on the going concern basis, unless it is inappropriate to presume that the college will continue in operation. The Board of Governors 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 Governors 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 support 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
- 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 Governors
- 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 Governors and whose head provides the Board of Governors 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 Audit Scotland to undertake the audit for the year ended 31 July 2023.

### **Disclosure of Information to Auditors**

The Board of Governors certify that, so far as we are each aware, there is no relevant audit information of which the college's auditors are unaware; and as members of the Board of Governors we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the college's auditors are aware of that information.

The Board of Governors state that these accounts show a true and fair view of the affairs of the college.

Approved by order of the members of the board on and signed on its behalf by:

**Alex Linkston**  
Chair



## GOVERNANCE STATEMENT

### Statement of Compliance

The college is committed to exhibiting best practice in all aspects of corporate governance. This summary is written to assist the reader of the financial statements and describes the manner in which the college has applied the principles of good governance set out in 2016 Code of Good Governance for Scotland's Colleges and the Government's Scottish Public Finance Manual.

This governance statement is designed to supplement the information provided in the financial statements. It sets out the governance structures, risk management and internal control processes that have been operating in West Lothian College in the year ended 31 July 2023 and reports the board's assessment of the effectiveness of these arrangements.

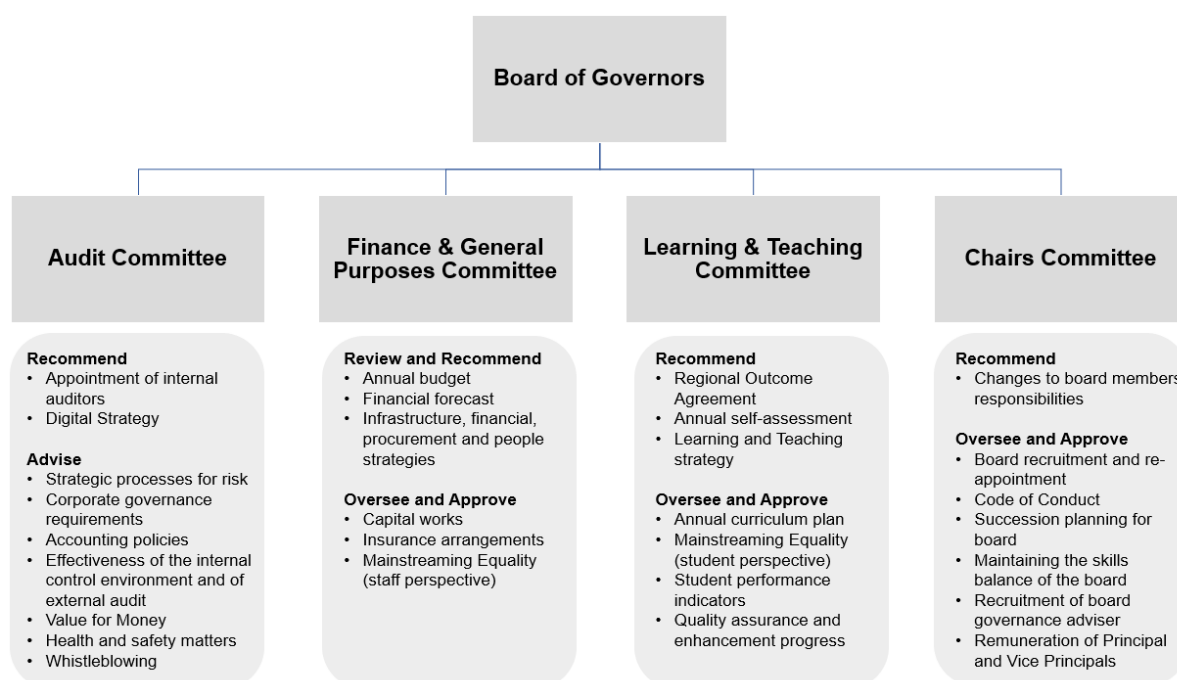
There have been no changes to the governance arrangements of the college resulting from the exceptional inflationary pressures extended on the sector.

The Board of Governors is of the opinion that throughout the year ended 31 July 2023, the college has been in compliance with all the principles set out in the 2016 Code of Good Governance for Scotland's Colleges and the Government's Scottish Public Finance Manual.

During 2022-23 there were changes to the board membership as noted in the table on page 36.

### Governance Structure

The college has an effective board and committee structure in place. All of the committees are formally constituted with terms of reference.



The full board meets four times a year. Post-Covid, meetings can be attended in person or through Microsoft Teams to facilitate attendance. In addition, two annual strategic events took place. In January 2023 the board invited the Chair of the Scottish Funding Council, and key members of the local business community to participate in a discussion on future ambitions. The board also arranged a strategic event in May 2023 which focused on developing a financial strategy for the college. Both events provided an opportunity for board members to meet face to face and for new members of the board to build relationships with both board members and college staff.

In May 2023, the board held a risk workshop facilitated by the college's internal auditors where risk tolerance levels for 2023-24 were discussed and agreed.

### **Board of Governor Committees**

The Audit Committee meets four times a year, with the college's external and internal auditors in attendance, as required. The committee considers detailed reports together with recommendations for the improvement of the college's systems of internal control and management's responses and implementation plans. It receives and considers reports from the Scottish Funding Council as they affect the college's business and monitors adherence to the regulatory requirements. The Principal and Chair attend meetings of the Audit Committee but are not members of the committee.

The Finance and General Purposes Committee recommends to the board the college's annual revenue and capital budgets and normally meets four times a year.

The Learning and Teaching Committee meets four times a year, recommends the annual Outcome Agreement to the board and focuses on the quality of the student experience.

The Chairs Committee is a meeting of the Board of Governors Chair, Committee Chairs, Senior Independent Member and an additional Non-Executive Member on a rotational basis and is responsible for all matters of nomination and remuneration. The committee meets four times a year or as is necessary. It is jointly chaired by the Board Chair and Vice-Chair to ensure there is independence on matters of remuneration.

The Chairs Committee considers board development, succession planning and recruitment and is responsible for selecting candidates for appointment by the Board of Governors to vacancies in its membership. The committee considers the balance of membership, including members' experience and skills and identifies any gaps. The committee tries to ensure that the membership of the board reflects the diversity of its community. The committee makes its recommendations to the board for consideration and approval.

The Principal is an attendee of the Chairs Committee for matters of recruitment and nomination. The Principal is excluded from matters of remuneration which is chaired by the Vice Chair.

## **Board of Governors Membership**

The college's Board of Governors comprises lay members, students and employees appointed under the Further and Higher Education (Scotland) Act 1992, as amended by the Further & Higher Education (Scotland) Act 2005 and subsequently by the Post-16 Education (Scotland) Act 2013. The majority of board members are non-executive members approved by Scottish Ministers.

The roles of Chair and Vice-Chair of the Board of Governors are separated from the role of the Principal.

At 31 July 2023, the gender balance for non-executive positions was 6 females and 6 males. Taking account of the Chair, the Principal, the two staff members and two student members, the overall gender balance of the Board was 9 females and 9 males. Gender balance remains an area of focus and is part of the assessment process for all recruitment.

In 2022-23, the college continued to enhance racial diversity on the board with the recruitment of a further two members from ethnic minority groups. A quarter of non-executive board members are from ethnic minorities.

Matters specifically reserved to the board for decision are set out in the college's Standing Orders, by custom and under the Financial Memorandum with the Scottish Funding Council. The board acknowledges the responsibility for the ongoing strategic direction of the college, approval of major developments and the receipt of regular reports from the Principal on the day to day operations of its business.

## **Board Effectiveness**

An annual review of all Board Members was completed for Non-Executive Members, and no issues were noted in terms of meeting attendance or performance of duties and all meetings met quorum requirements. The following table is a summary of attendance for all Board and Committee Members for the period 1 August 2022 to 28 July 2023.

## West Lothian College

Board Member	Board	Audit	Learning & Teaching	Finance & General Purposes	Chairs
<b>Actual Meetings</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>2</b>
Alex Linkston	4		3	3	2
Sue Cook *Note 1	2	3			1
Frank Gribben *Note 2	3			-	-
Iain McIntosh *Note 3	3		3		2
Colin Miller *Note 4	3	2			
Elaine Cook	3		2		
Richard Lockhart	4	4			-
Tom Bates	2		4		1
Moira Niven	4			4	2
Sue Stahly *Note 5	3	1		3	1
Jackie Galbraith	4	4	4	3	2
Seonaid Crosby	3	3			
Neil Sinclair *Note 6	4		4		
Virginia Toyi *Note 7	3	3			
Abel Aboh *Note 8	3		2	1	
Tony Sharkey *Note 9	4			4	
Rehela Hussain *Note 10	4	1	3		
Karine Bourdarias	2			4	
Blair Stewart	4		3		
Gavin Hamilton *Note 11	1		-		
Aruna Lopez *Note 12	1			1	
Michael Greenhalgh * Note 13	1		1		
Shelagh Fraser *Note 14	1				

Note 1: 2<sup>nd</sup> term ended 5 March 2023

Note 2: 2<sup>nd</sup> term ended 5 March 2023

Note 3: 2<sup>nd</sup> term ended 5 March 2023

Note 4: 2<sup>nd</sup> term ended 5 March 2023

Note 5: Transferred to Audit Committee from 5 March 2023

Note 6: 2<sup>nd</sup> term ended 30 June 2023

Note 7: Resigned 30 April 2023

Note 8: Transferred to Finance and General Purposes Committee from 5 March 2023

Note 9: Moved from co-opted position to formal 1<sup>st</sup> term of tenure commencing 21 December 2022

Note 10: Moved from co-opted position (15 March 2022) to formal 1<sup>st</sup> term of tenure commencing 5 March 2023

Note 11: Appointed 5 March 2023 – in attendance only for Board meeting of 28 February 2023

Note 12: Appointed 5 March 2023 – in attendance only for Board meeting of 28 February 2023

Note 13: Appointed 5 March 2023

Note 14: Appointed 19 June 2023

### Board Development Actions

The board and committees have adopted a continuous process of evaluation and improvement and progress is monitored for all development activity at the Chairs Committee and Board, every quarter. This includes highlighting opportunities for individual development, identified as part of the annual review or as part of the skills matrix assessment.

All actions are captured as SMART actions, with a clear and measurable outcome, and are reviewed by all Board Members. Current areas of development include:

- Revising the skills matrix in preparation for succession planning
- Providing development opportunities for non-executive members to participate across committees

- Onboarding new board members
- Implementing revised Government guidance for the appointment of Trade Union Nominees

As well as committee self-evaluations, an annual review process was completed for all board members in June 2023, and all areas of improvement identified by individual members, committees, board or overall governance have been captured on the Board Development and Training Plan. Progress will be monitored by the Board.

### **Risk Management**

The college maintains a Strategic Risk Register. Each strategic risk is assigned an owner from the Executive Leadership team who agree the risk register and quarterly updates. The Performance Report details key strategic risks identified during 2022-23 and the mitigating actions (Page 14).

During 2022-23 the Board of Governors continued with the process for identifying, reporting, evaluating and managing the college's significant risks which were agreed in 2021-22:

- The entire Strategic Risk Register is presented as an agenda item at every Board of Governors meeting for approval of any material changes
- The discussion is facilitated by the Chair of Audit Committee, with input from all the Committee Chairs, Independent Person and Board Members
- The Strategic Risk Register is presented with an executive summary which highlights material changes, and key themes or topics, on a rolling schedule
- Papers relating to the effectiveness of the control environment i.e. performance indicators, HR Report, Finance Reports continue to be presented to the Committees, providing the Committee Chairs and Members with insight on the Strategic Risk Register, but the Register is not presented as a separate agenda item at the Committees.

Reports by management have been received and reviewed by the board which have provided information as to how risks are being managed and what internal controls are in place.

### **Internal Audit**

West Lothian College also has an internal audit service, the work of which concentrates on areas of key activities determined in accordance with the annual internal audit plan approved by the Board of Governors. The internal auditors report to the Audit Committee, and have direct access to the chair of the Audit Committee if required. The internal auditors issue an annual report that gives an opinion of the adequacy, reliability and effectiveness of the college's internal control system.

Internal audit reports have been received on a range of areas within the college during 2022-23. In the internal auditor's opinion, the college has a framework of internal controls in place that provides reasonable assurance regarding the organisation's governance framework, internal controls, effective and efficient achievement of objectives and the management of key risks previous internal audit recommendations for the year ended 31 July 2023. Internal Audit reported that reasonable progress has been made in implementing previous internal audit actions.

## Internal Control

The college's Board of Governors is responsible for the college's system of internal control and for reviewing its effectiveness. The review of the effectiveness of the system of internal control is conducted through the work of the Board of Governors, the Finance and General Purposes Committee and the Audit Committee. The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The college has a range of internal financial controls which include:

- a budgeting system with an annual budget which is approved by the Board of Governors;
- the provision of management information on a planned, regular basis and as required;
- regular reviews by the Finance and General Purposes Committee of monthly and annual financial reports and key performance indicators which indicate financial performance against the forecasts; and
- financial regulations, which identify policy and set up a control system within which management can delegate authority whilst informing staff of correct financial procedures.

## Assessment of the effectiveness of internal controls

The Board of Governors is of the opinion that throughout the year ended 31 July 2023, the college has been in compliance with all the principles set out in the 2016 Code of Good Governance for Scotland's Colleges and the Government's Scottish Public Finance Manual.

The Board of Governors is of the view that there is a process for identifying, evaluating and managing the college's significant risks, that it has been in place for the year ended 31 July 2023 and up to the date of approval of the annual report and financial statements, that it is regularly reviewed by the Board of Governors and that it accords with the 2016 Code of Good Governance for Scotland's Colleges and the Government's Scottish Public Finance Manual.

## Going Concern

The Board of Governors has considered the college's forecasts and financial projections and considers that the college has adequate resources to meet its ongoing liabilities and continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the board on  
by:

and signed on its behalf

**Alex Linkston**  
Chair

**Jackie Galbraith**  
Principal and Chief Executive

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF GOVERNORS OF WEST LOTHIAN COLLEGE, THE AUDITOR GENERAL FOR SCOTLAND AND THE SCOTTISH PARLIAMENT

### Report on the audit of the financial statements

#### Opinion on financial statements

I have audited the financial statements in the annual report and financial statements of West Lothian College for the year ended 31 July 2023 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, Statement of Changes in Reserves, Balance Sheet, and 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 my opinion the accompanying financial statements:

- give a true and fair view of the state of the college's affairs as at 31 July 2023 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 there under 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

I conducted my 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. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 22 June 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the college in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the college. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Conclusions relating to going concern basis of accounting**

I 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 I have performed, I 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, I 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**

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

## **Responsibilities of the Board of Governors for the financial statements**

As explained more fully in the Statement of the Responsibilities of the Board of Governors, the Board of Governors 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 Governors 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 Governors 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**

My 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 my 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. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud.

Procedures include:

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

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

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

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### **Reporting on regularity of expenditure and income**

#### **Opinion on regularity**

In my 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 Governors is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am 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**

I have audited the parts of the Remuneration and Staff Report described as audited. In my 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 Governors is responsible for the other information in the annual report and financial statements. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

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

My opinion on the financial statements does not cover the other information and I 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 my 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 I am required to report by exception**

I am required by the Auditor General for Scotland to report to you if, in my 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
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

### **Conclusions on wider scope responsibilities**

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

### **Use of my 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, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Brian Battison, CA  
Senior Audit Manager  
Audit Scotland  
4<sup>th</sup> Floor  
102 West Port  
Edinburgh  
EH3 9DN

Date:

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

## West Lothian College

### STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	<b>Year Ended 31 July 2023 £'000</b>	<b>Year Ended 31 July 2022 £'000</b>
<b>Income</b>			
Scottish Funding Council (SFC) grants	2	15,446	16,135
Tuition fees and education contracts	3	2,724	3,064
Other income	4	1,880	1,705
<b>Total Income</b>		<b>20,050</b>	<b>20,904</b>
<b>Expenditure</b>			
Staff Costs	5	15,772	16,406
Other operating expenses	6	5,866	5,984
Depreciation	9	1,186	885
Interest payable	7	22	265
<b>Total Expenditure</b>		<b>22,846</b>	<b>23,540</b>
<b>Deficit before tax</b>		<b>(2,796)</b>	<b>(2,636)</b>
Taxation	8	-	-
<b>Deficit for the year</b>		<b>(2,796)</b>	<b>(2,636)</b>
<b>Unrealised Surplus on Revaluation of Assets</b>			
Actuarial (loss)/gain in respect of pension schemes		864	17,321
<b>Total comprehensive income for the year</b>		<b>(1,932)</b>	<b>18,564</b>
<b>Represented by:</b>			
Restricted comprehensive income		-	-
Unrestricted comprehensive income		(1,932)	18,564
		<b>(1,932)</b>	<b>18,564</b>

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

## West Lothian College

### STATEMENT OF CHANGES IN RESERVES

	<i>Income and Expenditure Account</i> £'000	<i>Revaluation Reserve</i> £'000	<i>Total</i> £'000
<b>Balance at 31 July 2021</b>	<b>(17,458)</b>	<b>7,538</b>	<b>(9,920)</b>
Deficit from statement of comprehensive income	(2,636)	-	(2,636)
Other comprehensive income restated	17,321	3,879	21,200
Transfers between revaluation reserve and income and expenditure account restated	631	(631)	-
<b>Total comprehensive income for the year restated</b>	<b>15,316</b>	<b>3,248</b>	<b>18,564</b>
<b>Balance at 31 July 2022 restated</b>	<b>(2,142)</b>	<b>10,786</b>	<b>8,644</b>
Deficit from statement of comprehensive income	(2,796)	-	(2,796)
Other comprehensive income	864	-	864
Transfers between revaluation reserve and income and expenditure account	631	(631)	-
<b>Total comprehensive income for the year</b>	<b>(1,301)</b>	<b>(631)</b>	<b>(1,932)</b>
<b>Balance at 31 July 2023</b>	<b>(3,443)</b>	<b>10,155</b>	<b>6,712</b>

### Note

In Financial year (FY) 21-22 the Other comprehensive income total was not split between income and expenditure account and revaluation reserve and the transfer between the revaluation reserve and the income and expenditure account for excess depreciation was under-stated. This has been corrected by a prior year restatement in FY 22-23. The impact of the restatement on the FY 21-22 financial statements is summarised below. There is no impact in FY 22-23.

	<i>Income and Expenditure Account</i>	<i>Revaluation Reserve</i>	<i>TOTAL</i>
<b>FY 21-22</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Other comprehensive income	(3,879)	3,879	-
Transfers between revaluation reserve and income and expenditure account	3,248	(3,248)	-
Total comprehensive income for the year (net impact)	(631)	631	-

## West Lothian College

### BALANCE SHEET AS AT 31 JULY

	<i>Notes</i>	<b>2023</b> <i>£'000</i>	<b>2022</b> <i>restated</i> <i>£'000</i>
<b>Non-Current Assets</b>			
Fixed Assets	9	22,428	23,045
<b>Current Assets</b>			
Trade and other receivables	10	2,255	2,254
Cash and cash equivalents	16	1,575	2,829
		3,830	5,083
<b>Less: Creditors; amounts falling due within one year</b>	11	<b>(5,423)</b>	<b>(5,133)</b>
<b>Net Current Assets / (Liabilities)</b>		<b>(1,593)</b>	<b>(50)</b>
Defined benefit obligations	14	2,540	2,334
<b>Total Assets less Current Liabilities</b>		<b>23,375</b>	<b>25,329</b>
Creditors: amounts falling due after more than one year	12	(13,845)	(13,916)
<b>Other provisions</b>	14	<b>(2,818)</b>	<b>(2,770)</b>
<b>Total Net Assets / (Liabilities)</b>		<b>6,712</b>	<b>8,643</b>
<b>Unrestricted Reserves</b>			
Income and expenditure account	15	(3,443)	(2,142)
Revaluation reserve		10,155	10,785
<b>Total Reserves</b>		<b>6,712</b>	<b>8,643</b>

The financial statements on pages 44 to 75 were approved by the Board of Governors on \_\_\_\_\_ and signed on its behalf on that date by:

**Alex Linkston**  
Chair

**Jackie Galbraith**  
Principal

**STATEMENT OF CASH FLOWS**

	<b>Year Ended 31-Jul-23 £'000</b>	<b>Year Ended 31-Jul-22 £'000</b>
<b>Cash flow from operating activities</b>		
Deficit for the year	(2,796)	(2,636)
<b>Adjustment for non-cash items</b>		
Depreciation	1,186	885
Deferred capital grants released to income	(542)	(476)
(Increase) in debtors	-	(627)
Increase in creditors due within one year	192	793
Increase / (Decrease) in provisions	81	(195)
Pension costs less contributions payable	603	2,071
<b>Adjustment for investing or financing activities</b>		
Investment income	-	-
Interest payable	22	265
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(1,254)</b>	<b>80</b>
<b>Cash flows from investing activities</b>		
Interest received	-	-
	-	-
<b>Cash flows from financing activities</b>		
Repayments of amounts borrowed	-	-
	-	-
<b>Increase/(Decrease) in cash and cash equivalents in the year</b>	<b>(1,254)</b>	<b>80</b>
Cash and cash equivalents at start of the year	2,829	2,749
Cash and cash equivalents at end of the year	1,575	2,829



## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2023

### 1. STATEMENT OF ACCOUNTING POLICIES

#### a) Basis of Preparation

The financial statements will be prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019, and in accordance with Financial Reporting Standards FRS 102 and the 2022-23 Government Financial Reporting Manual (FReM) issued by the Scottish Government. They conform to the Accounts Direction and other guidance published by the Scottish Funding Council (FReM 1.1.4).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the college's accounting policies.

#### b) Basis of Accounting

The financial statements will be prepared under the historical cost convention as modified by the revaluation of surplus land and 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 will be selected. The particular policies adopted by the college in dealing with items that are considered material to the financial statements are set out (FReM 1.1.4).

#### c) Going Concern

The activities of the college, together with the factors likely to affect its future development and performance will be set out in the Performance Report. The financial position of the college, its cash flow and liquidity will be presented in the Financial Statements and accompanying Notes.

The college's forecasts and financial projections indicate that the college has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

### **d) Recognition of Income**

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

Fee income will be stated gross of any expenditure which is not a discount and credited to the Statement of Comprehensive Income over the period in which students are studying.

Income received in advance will be recognised as deferred income within creditors on the balance sheet and then released to the Statement of Comprehensive Income in the period it is earned.

All income from short-term deposits and Investment income will be credited to the Statement of Comprehensive Income on a receivable basis.

Funds the college receives and disburses as paying agent on behalf of a funding body will be excluded from the Statement of Comprehensive Income.

### **e) Grant Funding**

Government revenue grants including the recurrent grants from the Scottish Funding Council will be 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 will be 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-governmental sources will be 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 will be recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

### **f) Capital Grants**

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

### **g) Short Term Employment Benefits**

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

### **h) Pension Schemes**

Retirement benefits to employees of the college are provided by the Teachers' Superannuation Scheme (Scotland) (STSS) and the Lothian Pension Fund (LPF). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme until March 2016.

#### *i) STSS*

The college is unable to identify its share of the underlying assets and liabilities of the STSS on a consistent and reasonable basis and therefore, as required by FRS 102, will account for the scheme as if it were a defined contribution scheme. The amount charged to the Statement of Comprehensive Income will represent the contributions payable to the scheme in respect of the year. The contributions will be determined by qualified actuaries on the basis of periodic valuations using the projected unit method.

#### *ii) LPF*

The college's share of LPF scheme assets and liabilities are valued by the LPF actuary, Hymans Robertson. Contributions to the schemes will be charged to the Statement of Comprehensive Income so as to spread the cost of pensions over employees working lives with the college. The contributions will be determined by an actuary on the basis of triennial valuations. In accordance with FRS 102, the amount charged to the Statement of Comprehensive Income will represent the service cost expected to arise from employee service in the current year.

The costs of enhanced early retirement benefits are borne directly by the college.

### **i) Tangible Fixed Assets**

In line with the FReM all tangible assets must be carried at fair value.

#### *i) Land and Buildings*

Land and Buildings will be measured using the revaluation model. Under the revaluation model assets are revalued to fair value. Where appropriate Depreciated Replacement cost will be used as a measure of fair value for land and buildings otherwise Market Value will be used. The college has a policy of ensuring a full revaluation takes place at least every 5 years such that the fair value is not materially different to the current value. Depreciation and impairment losses will be subsequently charged on the revalued amount.

Freehold land will not be depreciated as it is considered to have an indefinite useful life.

College buildings will be depreciated over 30 years and transferred car parking areas will be depreciated over 25 years, both commencing in the first full financial year after the date of transfer of the estate to public ownership (2 April 2007). Other additions to the estate will be depreciated over 10 years from the date they are brought into use.

## West Lothian College

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Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, will be capitalised to the extent 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 the asset was in use.

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

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

### *ii) Fixed Plant and Equipment*

Equipment will be capitalised at cost and carried at depreciated historical cost, which is used as a proxy for fair value when it is expected to be in use within the business on a continuing basis for at least 3 years. Depreciated historical cost is deemed to be more appropriate than revaluing for equipment as it is common for such assets to reduce in value rather than to increase as they are utilised by the college (FReM 6.2).

Assets of a low value may be capitalised where they form part of a group of similar assets purchased at approximately the same time in the same financial year and cost over £2,500 in total.

Capitalised equipment will be depreciated over its useful economic life from the date it is brought into use as follows: -

Fixed Plant	5-29 years
Equipment	4 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 will be reviewed at the date of preparation of each Balance Sheet.

### *iii) Operating Leases*

Costs in respect of operating leases will be charged on a straight-line basis over the lease term. Any lease premiums or incentives will be spread over the minimum lease term.

### *iv) Finance Leases*

Leases in which the college assumes substantially all the risks and rewards of ownership of the leased asset will be classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities will be initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments will be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge will be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment will be accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

### **j) Maintenance of Premises**

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

### **k) Stocks**

Stocks will be written off in the year of acquisition on the basis of non-materiality.

### **l) Cash**

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.

### **m) 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 (ICTA) 1988. The college is recognised as a charity by HM Revenue & Customs and is recorded on the index of charities maintained by the Office of Scottish Charity Regulator and therefore not liable for corporation tax.

Non-recoverable Value Added Tax arising from expenditure on non-trading activities is charged to the Statement of Comprehensive Income.

The college benefits by being exempt from corporation tax on income it receives from tuition fees, interest and rents.

### **n) Provisions**

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

### **o) Agency Arrangements**

The college acts as an agent in the collection and payment of certain Student Support Funds. These funds will be excluded from the college Statement of Comprehensive Income; movements will be disclosed in the notes. Where the college has more discretion in the manner in which specific funds are disbursed, and these funds do not meet the

definition of agency funds, the income and expenditure relating to those funds will be shown in the college Statement of Comprehensive Income.

### **p) Financial Instruments**

The college only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and other loans to related parties.

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, will be measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

### **q) Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, management will make the following judgements:

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

Other key sources of estimation uncertainty

- Valuation of Property

The valuation of the College's estate which is subject to revaluation are subject to significant estimation due to a number of factors, including ongoing changes to estimates around the costs of replacing existing assets, the market value fluctuation of comparable assets used for valuation, the current condition and future maintenance costs of assets, changes to regulatory standards and the remaining useful economic lives of the assets. Given the material nature of the College's assets, there is a high likelihood that changes in these estimates will result in material changes in the valuation of assets on the balance sheet. The total value of the College's assets at 31 July 2023 is outlined and broken down by asset category at note 9

- Depreciation

Tangible fixed assets will be depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes will be taken into account.

- Local Government Pension Scheme

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

As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has recorded a notional surplus. The college has applied accounting standard FRS 102 and limited the pension asset disclosed to nil as at 31 July 2023, as detailed in Note 17, page 68.

- Job Evaluation

The National Job Evaluation Scheme is an ongoing exercise whereby both roles and salary costs are being reviewed for support staff across the College sector. Any changes to salary costs would be effective from 1 September 2018 and therefore any revisions would be backdated. Colleges Scotland prepared estimated costings of the exercise in February 2019 which the Scottish Funding Council has utilised to inform Colleges of the expected grant award to fund the cost of implementing and costs to be accounted for. In line with SFC guidance, the College has accrued the estimated backdated pay costs and the estimated grant income in the last three financial years. At 31 July 2023, the College had accrued for income and expenditure of £1.5 million. Payment of the grant income will not be made until the exercise has fully concluded.

## West Lothian College

### 2 SCOTTISH FUNDING COUNCIL (SFC) GRANTS

	<i>Year Ended 31 July 2023 £'000</i>	<i>Year Ended 31 July 2022 £'000</i>
SFC Teaching & fee waiver grant	13,022	13,330
Childcare funds	367	484
Release of deferred capital grants (SFC)	542	476
Other SFC Grants	1,515	1,845
	<b>15,446</b>	<b>16,135</b>

### 3 TUITION FEES AND EDUCATION CONTRACTS

	<i>Year Ended 31 July 2023 £'000</i>	<i>Year Ended 31 July 2022 £'000</i>
Further Education Fees - UK	1,018	822
Higher Education Fees - UK	1,281	1,541
Skills Development Scotland contracts	425	701
	<b>2,724</b>	<b>3,064</b>

### 4 OTHER INCOME

	<i>Year Ended 31 July 2023 £'000</i>	<i>Year Ended 31 July 2022 £'000</i>
Residence and catering	261	141
European funds	(4)	4
Other income generating activities	1,140	1,033
Other income	483	527
	<b>1,880</b>	<b>1,705</b>



## West Lothian College

### 5 STAFF COSTS

The average weekly number of persons (including senior post-holders) employed by the college during the period was:

	<b>Year Ended 31 July 2023 FTE</b>	<b>Year Ended 31 July 2022 Restated FTE</b>
Teaching departments	<b>171</b>	172
Teaching support services	<b>26</b>	30
Administration	<b>48</b>	49
Premises	<b>23</b>	24
Catering and residences	<b>6</b>	6
Other Income-generating activities	<b>17</b>	18
Other staff	<b>2</b>	3
	<b>293</b>	302
<b>Analysed as:</b>		
Staff on permanent contracts	<b>266</b>	253
Staff on temporary contracts	<b>27</b>	49
	<b>293</b>	302

Note:

The total 302 FTE remains the same for 2022 however some staff movements between departments has resulted in a minor re-statement of the FTE split by area.

## West Lothian College

	<i>Year Ended 31 July 2023 £'000</i>	<i>Year Ended 31 July 2022 £'000</i>
<b>Staff Costs for the above persons</b>		
Wages and salaries	11,856	11,134
Social security costs	1,087	1,066
Other pension costs	2,781	4,201
Restructuring costs	48	5
	<b>15,772</b>	<b>16,406</b>
<b>Analysed as:</b>		
Staff on permanent contracts	14,452	13,634
Staff on temporary contracts	669	666
Pension charge less contributions paid	603	2,071
Restructuring costs	48	5
	<b>15,772</b>	<b>16,406</b>
	<i>Year Ended 31 July 2023 £'000</i>	<i>Year Ended 31 July 2022 £'000</i>
<b>Analysed as:</b>		
Teaching departments	9,333	9,007
Teaching support services	1,341	1,330
Administration	2,177	1,991
Premises	796	737
Catering and residences	233	209
Other income-generating activities	700	663
Other staff	541	393
Pension charge less contributions paid	603	2,071
Restructuring costs	48	5
	<b>15,772</b>	<b>16,406</b>

## West Lothian College

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### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the college and are represented by the Senior Team which comprises the Principal and three Vice Principals.

### Emoluments of Key management personnel, Accounting Officer and other higher paid staff

The number of key management personnel including the Accounting Officer was:

<b>Year Ended 31 July 2023 No.</b>	<b>Year Ended 31 July 2022 No.</b>
<b>4</b>	<b>4</b>

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	<b>Key management personnel</b>		<b>Other staff</b>	
	<b>Year Ended 31 July 2023 No.</b>	<b>Year Ended 31 July 2022 No.</b>	<b>Year Ended 31 July 2023 No.</b>	<b>Year Ended 31 July 2022 No.</b>
	£70,001 to £80,000	<b>3</b>	<b>3</b>	-
£110,001 to £120,000	<b>1</b>	<b>1</b>	-	-
	<b>4</b>	<b>4</b>	-	-

## West Lothian College

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Key management personnel emoluments are made up as follows:

	<b>Year Ended 31 July 2023 £'000</b>	<b>Year Ended 31 July 2022 £'000</b>
Salaries	<b>354</b>	347
Benefits in kind	-	-
	<b>354</b>	347
Pension contributions	<b>70</b>	69
Total emoluments	<b>424</b>	416

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place. The above emoluments include amounts payable to the Accounting officer (who is also the highest paid officer) of:

	<b>Year Ended 31 July 2023 £'000</b>	<b>Year Ended 31 July 2022 £'000</b>
Salaries	<b>119*</b>	117
Benefits in kind	-	-
	<b>119*</b>	117
Pension contributions	<b>24</b>	23
Total emoluments	<b>143</b>	140

\*The Principal did not receive a pay award in 2022-23, the increase in salary relates to the late application of the 2021-22 pay award made to all staff

### Compensation for loss of office paid to former key management personnel

	<b>Year Ended 31 July 2023 £'000</b>	<b>Year Ended 31 July 2022 £'000</b>
Compensation paid to former post-holders	-	-
Estimated value of other benefits, including provision for pension benefits	-	-

### Overseas Activities

There were no costs incurred during 2022-23 in respect of overseas activities, which were carried out in accordance with the strategy approved by the Board of Governors.

## West Lothian College

### 6 OTHER OPERATING EXPENSES

	<i>Year Ended 31 July 2023 £'000</i>	<i>Year Ended 31 July 2022 £'000</i>
Teaching departments	807	1,215
Teaching support services	218	292
Administration	1,649	1,763
Premises	2,155	1,866
Catering	162	111
Other income generating activities	348	174
Overspend on student support funds	-	-
Childcare fund costs	367	483
Other	160	80
	<b>5,866</b>	<b>5,984</b>

Other Operating Expenses (Administration) include:

Auditors Remuneration (including irrecoverable VAT)

- Internal audit
- External audit

30	29
25	16
<b>55</b>	<b>45</b>

### 7 INTEREST PAYABLE

	<i>Year Ended 31 July 2023 £'000</i>	<i>Year Ended 31 July 2022 £'000</i>
On bank loans, overdrafts and other loans	-	-
Pension finance costs	22	265
	<b>22</b>	<b>265</b>

### 8 TAXATION

The board does not believe the college was liable for any corporation tax arising out of its activities during this period.

## West Lothian College

### 9 FIXED ASSETS

	<i>Land and Buildings</i>	<i>Fixed Plant</i>	<i>Equipment</i>	<i>Total</i>
	<i>Freehold £'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Cost or valuation</b>				
At 31 July 2022	21,318	1,767	80	23,165
Additions	493	-	76	569
Disposals	-	-	-	-
<b>At 31 July 2023</b>	<b>21,811</b>	<b>1,767</b>	<b>156</b>	<b>23,734</b>
<b>Depreciation</b>				
At 31 July 2022	86	-	33	119
Charge for Period	857	310	20	1,187
Disposals	-	-	-	-
<b>At 31 July 2023</b>	<b>943</b>	<b>310</b>	<b>53</b>	<b>1,306</b>
<b>Net Book Value At 31 July 2023</b>	<b>20,868</b>	<b>1,457</b>	<b>103</b>	<b>22,428</b>
Net Book Value At 31 July 2022	21,232	1,766	47	23,045
<b>Financed by: Capital Grant</b>	<b>20,868</b>	<b>1,457</b>	<b>103</b>	<b>22,428</b>

Under FRS102 the board gives annual consideration to assessing the value of buildings and equipment to be included in the annual accounts. The basis of valuation adopted was depreciated replacement cost. Had they not been re-valued, inherited and owned land, buildings and fixed plant would have had a historic net book value of £13,357,000 (2022: £13,915,000).

The majority of capital additions (the ECOHOUSE), in FY 22-23 were funded by a local authority grant received and deferred in FY 21-22.

## West Lothian College

### 10 TRADE AND OTHER RECOVERABLES

	<i>Year Ended 31 July 2023 £'000</i>	<i>Year Ended 31 July 2022 £'000</i>
Trade Debtors	476	506
European Funding	-	80
Prepayments and accrued income	1,779	1,668
Amounts Owed by SFC	-	-
	<b>2,255</b>	<b>2,254</b>

### 11 CREDITORS: Amounts falling due within one year

	<i>Year Ended 31 July 2023 £'000</i>	<i>Year Ended 31 July 2022 £'000</i>
Trade Creditors	825	646
Taxation and Social Security	484	570
Accruals and Deferred income	3,314	3,008
Deferred Income – Deferred capital grant < 1 year	574	476
Deferred Income – SFC capital grants	-	12
Deferred Income – SFC revenue grants	32	183
Unspent Student Funds	194	238
	<b>5,423</b>	<b>5,133</b>

### 12 CREDITORS: Amounts falling due after one year

	<i>Year Ended 31 July 2023 £'000</i>	<i>Year Ended 31 July 2022 £'000</i>
Amounts Owed to SFC	2,211	2,211
Deferred Income – SFC Capital grants	11,634	11,705
	<b>13,845</b>	<b>13,916</b>

## West Lothian College

### 13 MATURITY OF DEBT

Scottish Funding Council Loan is repayable as follows:

	<b>Year Ended 31 July 2023 £'000</b>	<b>Year Ended 31 July 2022 £'000</b>
In one year or less	-	-
Between one and two years	-	-
Between two and five years	474	315
In five years or more	1,737	1,896
	<b>2,211</b>	<b>2,211</b>

The college voluntarily terminated its PFI contract in April 2007, at which point the title of the college buildings transferred to the college. The college received total funding from SFC in April 2007 of £27.7million to enable it to terminate the contract. This comprised a grant of £22.16 million and a repayable advance of £5.54 million representing the college's own contribution towards the cost of the assets previously held under the PFI contract.

The £5.54 million advance is interest free and was repayable in equal instalments over 16 years. The first repayment was made in August 2010 and at 31 July 2019 the amount outstanding was £2,369,055. In March 2014 the college made an upfront payment of £650,000 towards the loan and negotiated a reduced annual payment of £157,937 per annum with the Scottish Funding Council from April 2015.

In 2020 the Scottish Funding Council agreed to the suspension of repayments on the loan from July 2021 to July 2025 inclusive, recommencing in July 2026. As a result, the loan period has been extended to July 2039.

### 14 PROVISIONS

	<b>Defined Benefit Obligations £'000</b>	<b>Early Retirement Provision £'000</b>	<b>SFC Clawback £'000</b>	<b>Total £'000</b>
At 1 August 2022	(2,334)	2,770	-	436
Expenditure in the period	(1,126)	(197)	278	(1,045)
Other movements in period	920	(33)	-	887
<b>At 31 July 2023</b>	<b>(2,540)</b>	<b>2,540</b>	<b>278</b>	<b>278</b>



## West Lothian College

Defined benefit obligations relate to liabilities under the college's membership of the Local Government pension scheme. Further details are given at Note 17

The early retirement provision is in accordance with a valuation carried out by Hymans Robertson, an independent firm of actuaries at 31 July 2023.

The SFC Clawback is in relation to under delivery of Foundation Apprenticeships credits although the college consistently deliver above target overall.

### 15 RESERVES

#### Analysis of income and expenditure account

	<i>I&amp;E Account Trading Activities</i>	<i>I&amp;E Account Holiday Pay</i>	<i>I&amp;E Account PFI Loan</i>	<i>I&amp;E Account Early Retirement</i>	<i>I&amp;E Account Defined Benefit Pension</i>	<i>Total</i>
	£'000	£,000	£'000	£'000	£'000	£'000
<b>At 31 July 2022 restated</b>	821	(316)	(2,211)	(2,770)	2,334	<b>(2,142)</b>
Total comprehensive income for the year (excluding revaluation)	(2,155)	(16)		33	206	<b>(1,932)</b>
Transfer from Revaluation Reserve	631					<b>631</b>
Payments for early retirement	(197)			197		<b>-</b>
<b>At 31 July 2023</b>	<b>(900)</b>	<b>(332)</b>	<b>(2,211)</b>	<b>(2,540)</b>	<b>2,540</b>	<b>(3,443)</b>

### 16 CASH AND CASH EQUIVALENTS

	<i>At 1 August 2022 £'000</i>	<i>Cash Flows £'000</i>	<i>Other £'000</i>	<i>At 31 July 2023 £'000</i>
Cash	2,829	(1,254)	-	<b>1,575</b>
Debt due within 1 year	-	-	-	<b>-</b>
Debt due after 1 year	(2,211)	-	-	<b>(2,211)</b>
	<b>618</b>	<b>(1,254)</b>	<b>-</b>	<b>(636)</b>

## 17 PENSION COMMITMENTS

The college's employees belong to two principal pension schemes: the Scottish Teachers' Superannuation Scheme (STSS), and the Lothian Pension Fund (LPF).

<b>Total pension cost for the period</b>	<b>Year Ended 31 July 2023 £'000</b>	<b>Year Ended 31 July 2022 £'000</b>
STSS contributions paid	<b>1,052</b>	1,043
LPF Pension scheme:		
Contributions paid	<b>1,126</b>	1,087
FRS 102 (28) charge	<b>603</b>	2,071
Charge to the Statement of Comprehensive Income	<b>1,729</b>	3,158
<b>Total Pension Cost for the period within staff costs</b>	<b>2,781</b>	4,201

Contributions amounting to £172,000 (2022: £192,000) were payable to the schemes at 31 July and are included within creditors.

### Scottish Teachers Superannuation Scheme

The Scottish Teachers' Superannuation Scheme is a notional fund valued every year by the Government actuary. Contributions are paid by the college at the rate specified. The Scheme is unfunded and contributions are made to the Exchequer. The payments from the scheme are made from funds voted by the Scottish Parliament. The contribution rate payable by the employer since 1 April 2015 is 17.2% of pensionable salaries. From 1 September 2019 this rate increased to 23%.

Under the definitions set out in Financial Reporting Standard 102 (28.11) (FRS 102), the STSS is a multi-employer pension plan. The college is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the college has taken advantage of its exemption in FRS 102 and has accounted for its contributions as if it were a defined contribution plan. The college has set out above the information available on the plan and the implications for the college in terms of the anticipated contribution rates.

### Lothian Pension Fund Scheme

The Lothian Pension Fund is valued every three years by professionally qualified independent actuaries using the projected unit credit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the LPF actuary reviews the progress of the LPF scheme.

## West Lothian College

The Lothian Pension Fund is a funded defined-benefit plan, with assets held in separate funds administered by City of Edinburgh Council. The total contributions made for the year ended 31 July 2023 were £1,126,000 and employees' contributions totalled £346,000. The agreed contribution rates for future years for the employer are 19.8% from 1 April 2020. For employees, contribution rates range from 5.5% to 12.0% depending on salary.

### Principal Actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2020 updated to 31 July 2023 by a qualified independent actuary.

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	3.5%	3.3%
Future pensions increases	1.5%	1.5%
Discount rate for scheme liabilities	5.1%	3.5%
Inflation assumption (CPI)	3.0%	2.8%
Commutation of pensions – pre April 2009	50%	50%
Commutation of pensions – post April 2009	75%	75%

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

	Males	Females
Current pensioners	19.8 years	22.7 years
Future pensioners	21.0 years	24.5 years

The college's share of assets in the scheme and the expected rate of return are:

	<i>Long term rate of return</i>	<b>Fair Value at 31 July 2023 £'000</b>	<i>Long term rate of return</i>	<b>Fair Value at 31 July 2022 £'000</b>
Equities	5.05%	22,447	3.5%	21,215
Bonds	5.05%	4,676	3.5%	4,183
Property	5.05%	2,494	3.5%	2,092
Cash	5.05%	1,559	3.5%	2,390
<b>Total fair value of employer assets</b>		<b>31,176</b>		<b>29,880</b>
<b>Actual return on employer assets</b>		<b>430</b>		<b>1,667</b>

## West Lothian College

The amount included in the balance sheet in respect of the pension plan is as follows:

	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
<b>Defined benefit pension plan</b>		
Fair value of employer assets	31,176	29,880
Present value of funded liabilities	(23,483)	(27,546)
<b>Net Defined Pension Asset</b>	<b>7,693</b>	<b>2,334</b>
Unfunded (Early Retirement) benefits	(2,540)	(2,770)
<b>Net pension asset</b>	<b>5,153</b>	<b>(436)</b>
FRS 102 Ceiling adjustment	(5,153)	-
<b>Net pension asset post FRS 102 adjustment</b>	<b>-</b>	<b>(436)</b>

As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has recorded a notional surplus.

The unfunded obligations comprise of £183k (21-22 £201k) in respect of LGPS and £2,357k (21-22 £2,569k) in respect of teachers unfunded pensions.

Accounting standard FRS 102 limits the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling is defined as the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. As there is no unconditional right to a refund, the actuaries have calculated whether there are economic benefits in the form of reduction in future contributions, in accordance with FRS 102.

For FRS 102 accounting purposes, the actuary has calculated that the net present value of the future contributions, £9,458m exceeds the future service costs £9,164m, by £294,000 a negative contribution. As a result of this calculation FRS 102 advises that no defined benefit plan asset should be recognised in the college's balance sheet and there is no requirement to recognise the £294,000 as a liability.

The college has therefore reported no long- term asset or liability in the balance sheet for Pensions at 31 July 2023, amending the balance sheet as above and in line with the requirements of FRS102.

## West Lothian College

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

	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
<b>Amounts included in staff costs</b>		
Current service cost	1,729	3,158
Past service cost	-	-
<b>Total</b>	<b>1,729</b>	<b>3,158</b>

<b>Amounts included in Pension Costs</b>		
Net pension costs	(71)	210
<b>Total</b>	<b>(71)</b>	<b>210</b>

<b>Amounts recognised in Other Comprehensive Income</b>		
Return on pension assets	(630)	1,223
Change in demographic assumptions	84	158
Change in financial assumptions	8,291	15,154
Other experience	(1,854)	173
<b>Total</b>	<b>5,891</b>	<b>16,708</b>

Movement in net defined benefit (liability) during year	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
<b>Net defined benefit (liability) at start of period</b>	<b>2,334</b>	<b>(12,093)</b>
Movement in period:		
Current service costs	(1,729)	(3,158)
Past service costs	-	-
Employer contributions	1,126	1,087
Net interest on the defined liability	71	(210)
Actuarial (loss)/gain	5,891	16,708
Asset ceiling adjustment	(5,153)	-
<b>Net defined benefit (liability) at end of period</b>	<b>2,540</b>	<b>2,334</b>

Net position disclosed in balance sheet includes the unfunded (early retirement) provision as per the table on page 68 and provisions note 14.

## West Lothian College

### Asset and Liability Reconciliation

#### Changes in fair value of plan assets

	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
<b>Fair value of plan assets at start of period</b>	<b>29,880</b>	27,357
Interest on plan assets	1,060	444
Past Service cost	-	-
Return on plan assets	(630)	1,223
Employer contributions	1,126	1,087
Contributions by plan participants	346	337
Benefits paid	(606)	(568)
<b>Fair value of plan assets at end of period</b>	<b>31,176</b>	29,880

	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligation at start of period</b>	<b>27,546</b>	39,450
Current service cost	1,729	3,158
Past service cost	-	-
Interest cost	989	654
Contributions by plan participants	346	337
Changes in demographic assumptions	(84)	(158)
Changes in financial assumptions	(8,291)	(15,154)
Other experience	1,854	(173)
Benefits paid	(606)	(568)
<b>Defined benefit obligation at end of period</b>	<b>23,483</b>	27,546

### 18 FINANCIAL ASSETS AND LIABILITIES

#### Financial Assets

Financial assets that are debt instruments measured at amortised cost totalled £476,000 (2022: £585,000) at the balance sheet date. This comprises trade debtors and amounts owed by SFC.

#### Financial Liabilities

Financial liabilities measured at amortised cost totalled £6,544,000 (2022: £6,128,000) at the balance sheet date. This comprises trade creditors, accruals and deferred income unspent student funds and amounts owed to SFC.

## West Lothian College

### 19 LOSSES AND SPECIAL PAYMENTS

Above SFC annual reporting requirements	<i>SFC Requirement Per Instance</i>	<b>2023 Number</b>	<b>2023 Total</b>
Debt write-off	£3,000		
Cash losses	£3,000	-	-
Ex-gratia payments	£1,000	2	£80,250
Compensation payments	£5,000	-	-

### 20 CAPITAL COMMITMENTS

At 31 July 23 the college had no commitments of a capital nature. (Nil at 31 July 22).

### 21 LEASE OBLIGATIONS

At 31 July the college had minimum lease payments under non-cancellable operating leases as follows:

	<b>2023 £'000</b>	<b>2022 £000</b>
Other		
Expiring within one year	40	48
Expiring between one and five years	13	12
	<b>53</b>	<b>60</b>

During 2022-23 the college paid £44,000 in operating lease rentals. (2021-22 £48,000).

### 22 CONTINGENT LIABILITIES

There were no contingent liabilities at Balance Sheet date.

### 23 RELATED PARTY TRANSACTIONS

Owing to the nature of the college's operations and the composition of the Board of Governors being drawn from local public and private organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the college's financial regulations and normal procurement procedures.

The Scottish Funding Council (SFC), is the colleges main funder as reported in the Statement of Comprehensive Income, page 44 and analysed in note 2. SFC is regarded as a related party. During the year the College had various transactions with SFC and

## West Lothian College

other entities for which they are regarded as the sponsor department, including Student Awards Agency for Scotland and Edinburgh Napier University.

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

<b>2022-23</b>		
<b>Name</b>	<b>Organisation</b>	<b>Position</b>
Elaine Cook	West Lothian Council	Depute Chief Executive
Frank Gibben	Age Scotland	Consultant
Michael Greenhalgh	Edinburgh Napier University	Director
Sue Cook	The Princes Trust	Member
<b>2021-22</b>		
<b>Name</b>	<b>Organisation</b>	<b>Position</b>
Mr Alex Linkston	The Princes Trust	Council Member
Mr Alex Linkston	Colleges Scotland	Board Member
Elaine Cook	West Lothian Council	Depute Chief Executive
Sue Cook	The Princes Trust	Member

The value of the transactions due to/by the college for the twelve months ended 31 July 2023, and the amount outstanding at this date was as follows:

<b>Organisation</b>	<b>Year ended 31 July 2023</b>		<b>Year ended 31 July 2022</b>	
	<b>Total Value of Transactions</b>	<b>Balance Outstanding</b>	<b>Total Value of Transactions</b>	<b>Balance Outstanding</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Due to WLC</b>				
West Lothian Council	194	2	720	39
The Princes Trust	10	-	7	7
<b>Due by WLC</b>				
Age Scotland	3	-	2	-
Colleges Scotland	36	6	32	2
Edinburgh Napier University	1	-	2	-
West Lothian Council	73	-	299	9



## West Lothian College

No expenses were paid to or on behalf of the Governors during the year. (2022: nil).

The Chair of the Board received a salary in accordance with the directions issued by the Scottish Government. The total paid to the Chair over the period was £23,757 (2022: £21,944)

### 24 FURTHER EDUCATION (FE) BURSARIES AND OTHER STUDENT SUPPORT FUNDS

Residual cash balances and the corresponding creditor / (debtor) are included in the balance sheet. FE Bursaries and Student Support Funds, including Education Maintenance Allowance (EMA) are available solely for students; the college acts only as paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

	FE Bursary £'000	FE Discr'y £'000	EMAs £'000	Other £'000	<b>2022-23 Total £'000</b>	2021-22 Total £'000
Balance b/fwd	225	-	-	13	<b>238</b>	465
Allocations received in year	3,078	1,391	215	185	<b>4,869</b>	5,096
Expenditure	(2,607)	(1,901)	(215)	(202)	<b>(4,925)</b>	(5,012)
Repaid to SFC	(62)	-	-	-	<b>(62)</b>	(531)
Virements	(440)	510	-	4	<b>74</b>	220
<b>Balance c/fwd</b>	<b>194</b>	-	-	-	<b>194</b>	238

### 25 CHILDCARE FUNDS

	<b>2022-23 £'000</b>	2021-22 £'000
Balance b/fwd	-	-
Allocations received in year	<b>441</b>	703
Expenditure	<b>(367)</b>	(483)
Repaid to SFC	-	-
Virements	<b>(74)</b>	(220)
<b>Balance c/fwd</b>	-	-

Residual cash balances and the corresponding creditor are included in the balance sheet. Childcare Funds are reported gross in the Statement of Comprehensive Income.

### 26 POST BALANCE SHEET EVENTS

There have been no significant post balance sheet events.

### 27 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 entire cash allocation.

Under the FE/HE SORP, the college recorded an operating deficit of £2,796,000 for the year ended 31 July 2023. After adjusting for the non-cash allocation provided under government rules, the college shows an 'adjusted' deficit of £2,606,000 on a Central Government basis.

	<b>2022-23</b>	2021-22
	<b>£'000</b>	£'000
Deficit before other gains and losses (FE/HE SORP basis) for academic year	<b>(2,796)</b>	(2,636)
Add: Depreciation budget for government funded assets (net of deferred capital grant) for academic year	<b>190</b>	190
Operating deficit on Central Government accounting basis for academic year	<b>(2,606)</b>	(2,446)

The deficit is attributable to other factors reflected in the adjusted operating table (see page 16) and the college is therefore operating sustainably within its funding allocation.

## APPENDIX 1

### Accounts Direction

**The following note is taken from the 2022-23 SFC Accounts Directions and has been included as required by SFC. It does not form part of the Financial Statements.**

#### **Accounts direction for Scotland's colleges 2022-23**

1. It is the Scottish Funding Council's direction that institutions comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts.
2. Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RSB) (for assigned colleges).
3. Incorporated colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2022-23 (FReM) where applicable. In cases where there is a conflict between the FReM and the SORP, the latter will take precedence.
4. Incorporated colleges and Glasgow Colleges' Regional Board must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2023.
5. The annual report and accounts should be signed by the chief executive officer / Executive Director and by the chair, or one other member of the governing body.
6. Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council  
20 July 2023



  
**west lothian**  
college

Scottish Charity No. SC021216