

# ANNUAL REPORT & FINANCIAL STATEMENTS

AUGUST 2019 – JULY 2020



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The financial statements were approved and authorised for issue on 7 December 2020

## **Performance Report of the Board of Management**

**For the year ended 31 July 2020**

### **Introduction**

The Performance Report for the year ended 31 July 2020 provides an overview of the College, its objectives, strategies and targets, its performance over the year, its financial position, the risks it faces and its future plans.

The Performance Report consists of the following sections:

#### **1. Overview Report 2019/20**

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- 1.2 Principal's Review of 2019/20
- 1.3 Statutory Background
- 1.4 Mission and Vision Statements
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Further information on the College's operational, strategic and financial plans can be found in the College web site: [www.glasgowkelvin.ac.uk](http://www.glasgowkelvin.ac.uk)

# 1. Overview Report 2019/20

## 1.1 Introduction

The purpose of the Overview Report for session 2019/20 is to provide summary information in respect of the College, its objectives, strategies and the perceived risks that it faces. This section also provides a high-level performance summary which is analysed further in the Performance Report.

## 1.2 Principal's Review of 2019/20

This section provides an overview of the College's performance during session 2019/20. The COVID-19 virus and its health, social and economic impacts have created a crisis which is unprecedented and has put demands on society not seen for many decades. This has been an extremely challenging year. However, the flexibility and professionalism of our staff across all areas of the College, at all levels and the proactive engagement of our Trades Unions has been impressive and has resulted in a positive performance in session 2019/20. The College has proven that it continues to be a key provider of Further and Higher Education in the Glasgow Region and is an institution delivering to the people of Glasgow. It has continued to meet its commitments to deliver learning and teaching and has improved its academic performance which means a higher proportion of learners enrolled by the College successfully completed their programme of learning. All this has been in the face of the largest health, social and economic crisis since the end of World War II. A fact that Glasgow Kelvin College is proud of.

During the year the College:

- exceeded its student activity target set by the Scottish Funding Council (SFC) and imbedded within our Regional Outcome Agreement;
- improved its academic success rates across fulltime and part-time, FE & HE level programmes;
- exceeded our activity targets for the engagement of Senior Phase learners from across all SCQF levels;
- delivered and continued to extend the regional Foundation Apprenticeship Programme;
- continued to develop new partnerships including Scottish Sports Futures, SCQF, Glasgow Life and many more;
- was delighted to receive the award for Partnership of the Year for its work with Scottish Sports Futures and SCQF; and the Outstanding Contribution Award to Youth Enterprise Scotland (YES); and there was a new partnership with Action for Children launched at the College's East End Campus by First Minister;
- supported communities and the NHS in their hour of need when staff used their lockdown time productively, over and above their teaching commitments, to create PPE for use by care and clinical staff, with the creation of visors and production of scrubs garments in support of the NHS Scotland 'For The Love of Scrubs' campaign. In addition, staff distributed period products to local community organisations to support those most in need during lockdown.
- continued its British Council and Scottish Government supported additional support needs work-based learning project with partners in India, culminating in a presentation from the Vice President of Lemon Tree Hotels, our principal partner, at the Scottish Tourism Alliance conference which was a major event, bringing together the tourism and hospitality sectors from across Scotland and was opened by the First Minister;

- continued to take a sector leading approach to sustainability and climate change, reported one of the biggest proportionate reduction in carbon emission of all Colleges and Universities in Scotland and was instrumental in securing funds for a Regional Climate Change Officer.

## **Learning & Teaching**

The development of the COVID-19 pandemic led to a cessation of face to face teaching from Wednesday, 18 March 2020, meaning that approximately one third of the teaching year was significantly disrupted. Direct engagement with learners from March onwards was very reduced compared to activity levels of previous years, with very limited mainstream teaching continuing and almost no community engagement activity possible within the lockdown period.

Despite the operational challenges faced, the College achieved its teaching volume commitments agreed in the Glasgow Regional Outcome Agreement. In doing so, it met its core student activity target, its European Social Fund activity target and contributed to the delivery of additional activity in Glasgow.

The College also continued to deliver for Glaswegians and, with its commitment to some of the poorest communities in Scotland, provided education and training opportunities to individuals residing in the most deprived postcode areas in the UK. For example, in total 38% of learners enrolled during the year came from the 10% most deprived communities in Scotland. This equates to 5,509 people resident in the most deprived communities in the Glasgow area. Additionally, the College focussed its delivery on the priority economic areas to ensure that education provision met the needs of the local labour market and supported economic development and growth.

In line with Scottish Qualification Authority exceptional assessment guidance, most courses moved from a unitised approach, and instead took a holistic, whole course approach to delivery and assessment. Supported by the establishment of a new Internal Quality Assurance group, the College was able effectively complete qualifications for the vast majority of students, with very few students required to defer the completion of their qualification.

Indicative Performance Indicator data for the year suggests a slight improvement in successful completion levels, with this due mainly to decreased levels of withdrawal caused in turn by the early cessation of teaching. Another implication of the shortening of the academic year was the early cessation of community outreach activity which had a direct impact on SIMD10 participation levels with this reduced slightly on previous years.

As part of a cost savings exercise, over the course of the year the College undertook a review of teaching management and implemented a new structure, with the number of Faculties reducing to three and significantly fewer teaching managers. The College had also begun a review of the efficiency and effectiveness of teaching delivery models; however, this was paused due to the Coronavirus lockdown and will now be completed in the 2020-21 academic year.

The College continues to review and develop its curriculum so that it continues to meet the needs of learners, employers and stakeholders. In 2020-21 this included developing new direct routes into employment and greater articulation pathways to university. Another key component of our curriculum development is increasing work-based learning in partnership with Skills Development Scotland (SDS) and employers. Glasgow Kelvin College is now managing an increasing suite of apprenticeship programmes in partnership with SDS, Glasgow City Council, East Renfrewshire Council, East Dunbartonshire Council, Glasgow Colleges Regional Board, City of Glasgow College and Glasgow Clyde College. This work is significantly increasing the number of access routes into apprenticeships throughout the Greater Glasgow area.

## **Estates & Sustainability**

The College has been able to invest in its Estates with funding made available from the Scottish Funding Council/Glasgow Colleges Regional Board. A wide range of projects have been completed, particularly in relation to backlog maintenance matters, to improve and refresh the College Estate and its learning environments. Recent investment has improved the overall quality of all campuses and it is hoped that ongoing and sustainable levels of funding will continue to be made available to further support the programme of estates development and maintenance.

The College secured funding from a number of key partners to develop its commitment to operating in an environmentally sustainable way. Grants received have enabled the lease of a number of electric vehicles i.e. a Nissan NV200 7-seater people carrier, a small BMW pool car, a Renault Masters ZE LWB and a Nissan Van.

Automatic Meter Reader units have been fitted to our water supplies at each campus and are assisting in cutting down water waste by identifying any issues with the supply at an early stage.

Recycling Double Bins have been installed which makes allows two separate single streams of recycling to be collected in one single waste receptacle.

Tool stations have been installed at our East End and West End Campuses to provide a variety of tools attached to a single pole to be used for the repair and maintenance of bicycles on site.

A Pool bike scheme has been implemented which aims to help students to access a bike and encourages them to cycle for their everyday journeys (including to the College). The College has 6 bikes available with loans up to 1 month per person and is free of charge.

Frog Life ponds have been installed in East End and Springburn Campuses, with the latter pond being further extended.

The East End garden project is complete i.e. poly-tunnel, tool shed and bird observatory, new wheelchair accessible exercise equipment and recycled wooden planting beds are all in place. A recycle tyre wall, approx. 100 metres long by 5 tyres high has been built to reuse old tyres, with trailing flowers. A slate flowerbed, bee boxes and more gardens have been added.

The College has now completed a significant investment in a new Building Management System at its three main campuses and this will improve the management of electricity and gas consumption in future years.

## **Financial Management**

The financial results for the year have been impacted severely by the COVID-19 crisis. In February 2020, prior to the onset of the Pandemic, the College had been consistently reporting a positive trajectory towards a healthy year end cash balance and modest Adjusted Operating Position (AOP) surplus within its management accounts. This was in line with the Colleges Organisational Transformation Plan in place at that time. This changed dramatically following lockdown and the closure of the college on Friday 20 March 2020, following the end of face to face teaching on 18 March.

Following shutdown on Friday 20 March 2020 the College's income and expenditure were both impacted negatively. The impact resulted in reduced income from: fees; commercial programmes; Skills Development Scotland (SDS) outcome-based funding including Modern and Foundation Apprenticeships; and community grants.

Increased expenditure included digital access for staff and students; social distancing and enhanced Health and Safety and hygiene; increased bad debts as a result of the economic impact of the Pandemic; PPE; and enhancement of digital security due to home working.

In the following months, the College's staff worked hard and effectively to minimise lost income and reduce costs. The overall effect of this action in conjunction with cost savings as a result of for example buildings closure has allowed the College to report a small adjusted operating surplus.

The College has now reassessed its medium-term financial sustainability and has developed a new Transformation and Renewal Plan in consultation with our Glasgow Colleges Regional Board (GCRB) executive colleagues which will ensure it remains financially sustainable over the next three-year period. The planned underlying financial position of the College during this period of transformation is dependent upon receipt of funding from our Arm's Length Foundation (ALF) and potentially cash support from the Scottish Funding Council (SFC) via GCRB in the form of an in-year overdraft facility. However, the College is forecasting a balanced AOP for 2020/21 and surpluses for 2021/22 and 2022/23. Thereafter the College anticipates ongoing sustainable year end operating cash balance and AOP surpluses. This will be facilitated through a programme of operating efficiencies resulting in significant reductions in staff costs.

Unfunded increases in pay rates for staff have again been agreed nationally for this year and it is understood will continue to be over the next three years. This will add considerably to annual payroll costs. As a consequence, it is anticipated that the coming years will be particularly challenging and therefore demand the reductions in staffing levels and improved efficiency as outlined in the previous paragraph. Maintaining the quality of service provision will be extremely difficult under these circumstances.

A medium-term financial plan is in place. The college and University sectors are now subject to a national five-year review and transformation programme. It is hoped that part of this transformation will include a new fair and transparent funding model. The College has continued to consult with its staff representatives and recognised unions, act transparently and openly, communicate with staff and do all it can to protect services for learners. The financial performance achieved in recent years ensures the College, with the support of its ALF and GCRB/SFC, is well placed to address the financial challenges ahead.

### **Recognition and Awards Gained in 2019/20**

As always, it is particularly encouraging to see the hard work of learners and staff recognised nationally, recent highlights include:

- Refrigeration student, Joshua Collins, was awarded the Bronze Medal at the WorldSkills SkillFRIDGE awards in December 2019.
- The College's refrigeration students achieved an impressive haul at the Institute of Refrigeration 2019 Awards in December, with Declan Wallace receiving the Apprentice of the Year and Scott Findlay gaining the runner-up trophy. BESA Apprentice of the Year was awarded to Ross Brogan.
- An impressive group of nine women from Castlemilk who, in partnership with Children 1<sup>st</sup>, all achieved their advanced Community Achievement Awards and were thrilled to have their certificates presented to them by First Minister Nicola Sturgeon at an International Women's Day event in Govan.
- The College's MADE Barbering Academy was proud to announce that two students surpassed themselves at the C & G /MHFed Digital Barbering Competition where Scott Morrison carried off the winner's trophy and Ryan Cairns being pronounced runner-up for their creative 'before and after' styling of models.

- Photography students' achievements were celebrated in March 2020, with Sylvia Richardson's work being exhibited at Glasgow's 'Mackintosh' Exhibition and Pawel Budzinski winning the Lens Culture Street Awards for the exceptional portrait of his daughter and her friends.
- Photography lecturer, Simon Murphy, was the proud winner of the 2019 Scottish Portrait Awards for his impressive portrait of local worthy, Alan Tanner.
- Sports Development Curriculum Manager for Health, Care and Learner Development Faculty, Phil Storrier, was delighted to accept the Award for Partnership of the Year based on his and the College's work with Scottish Sports Futures and SCQF at the Sport Scotland/SSF Awards in March 2020.
- The College was delighted to learn in April that Marie Woods, Senior Curriculum Manager – Community Engagement, had been awarded the Outstanding Contribution Award to Youth Enterprise Scotland (YES) at the virtual Festival of Youth Enterprise for her sterling accreditation work with YES in partnership with SCQF.
- A new partnership with Action for Children was launched at the College's East End Campus by First Minister Nicola Sturgeon which, across the Glasgow City region, provides support and practical services to students from a care-experienced background and funds the work of a member of staff at each of the colleges.
- The College was delighted to sign a Partnership Agreement with Glasgow Sport (Glasgow Life) to deliver a work-experienced based programme in sports coaching for the HND Football Coaching & Development Programme which provides paid posts for students to work and learn.
- The College was delighted to host a visit from Minister for Skills, Jamie Hepburn, and local MP Anne McLaughlin to meet with students who had been involved with the UKIERI-funded programme and partnership with Lemon Tree Hotels in India.
- College staff used their lockdown time productively, beyond their teaching commitments, to create PPE for use by care and clinical staff, with the creation of visors and production of scrubs garments in support of the NHS Scotland 'For The Love of Scrubs' campaign. In addition, staff distributed period products to local community organisations to support those most in need during lockdown.
- The College was awarded a further £4,200 in the form of goods and services from the Levenseat Trust to support the development of the Community Garden at the East End Campus.

## **Conclusion**

As outlined in this section of the Annual Report, Glasgow Kelvin College has had a successful year, which is remarkable considering the challenges we have had to overcome as a result of the COVID-19 crisis and its health, social and economic impacts. The success achieved by the College has been as a consequence of the hard work, agility and determination of staff and students and through the continuing support received from key partners.

### **1.3 Statutory Background**

Glasgow Kelvin College was established on 1 November 2013. It was created from the merger of North Glasgow College, Stow College and John Wheatley College. North Glasgow College became the host institution and was renamed Glasgow Kelvin College on 1 November 2013. It is one of Scotland's colleges as defined by the Further and Higher Education (Scotland) Act 2005.

The College is primarily funded by the Glasgow Colleges' Regional Board (GCRB) which is a 'Fundable Body' within the terms of the Post 16 Education (Scotland) Act 2013. GCRB has the overall responsibility for the planning and delivery of Further Education in Glasgow.



GCRB is in turn funded by the Scottish Funding Council (SFC), a Non-Departmental Public Body of the Scottish Government, whose main role is to distribute funding to Colleges and Universities in Scotland.

Glasgow Kelvin College is a registered Scottish Charity, Charity number SC021207 (within the provisions of the Charities and Trustee Investment (Scotland) Act 2005).

#### **1.4 Mission and Vision Statements**

##### **Vision Statement**

*Transforming lives through education.*

##### **Mission Statement**

*Glasgow Kelvin College will enhance our learners' aspirations, careers and lives through accessible, inclusive, high quality lifelong learning.*

#### **1.5 Purpose, Context, Operational Environment**

Glasgow Kelvin College was created on 1 November 2013 as part of the Scottish Government policy to develop a regional, more strategic, approach to organising and delivering Further Education in Scotland. The College works closely with its two partner Glasgow colleges and the Glasgow Colleges' Regional Board (GCRB) to achieve this policy aim.

It delivers a wide range of qualifications and learning opportunities. These range from access provision, delivered in the community, through national certificate, HNC, HND, Foundation Apprenticeships, Graduate Level Apprenticeships and Modern Apprenticeships to degree level provision. Partnership working with local and national agencies enables the College to offer this wide range of learning and teaching opportunities.

In respect of the local context, the College operates in perhaps the most challenging educational environment in Scotland. The majority of local authority wards, which are in close proximity to the College, feature in the Scottish Government's most deprived areas, based upon the indices of multiple deprivation. Glasgow Kelvin College focuses its curriculum delivery on meeting the needs of local people, around 87% of its students reside in Glasgow. It enrolls around 12,000 Glaswegians each year, making it the largest provider of Further Education opportunities for the citizens of Glasgow. A more detailed analysis of College provision and its operational context is available in the Context Statement, published on the College website.

During the year, the College curriculum was delivered by its four teaching faculties:

- Business and Creative Industries;
- Health, Care and Learning Development;
- Engineering, Construction and Science; and
- Community and Flexible Learning.

It operates primarily from its four main campus buildings and the Blairtummock Childcare Centre of Excellence which is close to the Easterhouse Campus. The four main campus buildings are:

- Springburn Campus;
- East End Campus;
- Easterhouse Campus; and
- West End Campus.

These facilities are all of a high-quality standard and enable the College to deliver its curriculum across the North and East of Glasgow. The College also delivers activity in a large number of community venues across North East Glasgow, in partnership with the North East Sector Community Planning Partnership Board and with the Wheatley Group. The Learning Network comprises an increasing number of learning centres in community venues which are electronically networked to the College.

The College is largely funded by public funds which derive predominately from the SFC. In addition, the College receives fees paid by the Student Awards Agency for Scotland (SAAS), learners and employers. Public funding and funding from partners enable the overwhelming majority of learners to attend College at no direct cost to themselves. Consequently, this means that the College is heavily dependent upon direct financial support from the Scottish Government (via the SFC and GCRB).

## **1.6 Objectives & Strategies**

The College has in place a high-level Strategic Plan which is set by the Board of Management and is supported by a number of Operational Plans and Strategies. These strategic objectives have been consulted upon widely and align with the Regional Strategic Plan and the Regional Outcome Agreement (ROA) and the wider political framework in Glasgow. The current Strategic Objectives are set out in the Strategic Plan covering the 2020-2021 period and are:

- 1. Working to develop our students, communities and curriculum – to deliver an accessible, inclusive, high quality learner experience for our students.**
- 2. Working to develop our own skills – to provide a professional learning culture to support, retain and develop our highly skilled and diverse workforce.**
- 3. Working in Partnership – to be a partner of choice for employers and the communities we serve.**
- 4. Working sustainably and collaboratively – to achieve and maintain financial viability.**
- 5. Working responsibly and transparently – to maintain the highest standards of corporate governance and responsibility.**

Additionally, there are a range of specific Strategies and Plans which support the Vision, Mission and Strategic Objectives of the College. These include:

Transformation & Renewal Plan	Estates Strategy
Learning & Teaching Strategy	Access & Inclusion Strategy
Workforce Plan	Internal Communications Strategy
Financial & Value for Money Strategies	Climate Change Action Plan
Digital Transformation Strategy	Gender Action Plan
Risk Management Strategy	

The delivery of the College contribution to the Glasgow Regional Outcome Agreement, working in partnership with the Glasgow Colleges Regional Board and working with our sister colleges in Glasgow are priorities for Glasgow Kelvin College.

The Planning documents referred to above are all available on the web site:  
<https://www.glasgowkelvin.ac.uk/plans-and-strategies/>

## **1.7 Key Risks**

The main risk facing the College at present is related to medium term financial sustainability. The effects of COVID-19 has had a major negative financial impact. Despite this, the College expects to deliver close to its current level of activity for the coming years. The Estates Strategy, a Financial Strategy and Workforce Plan have been prepared on this basis. Overall, the College believes its Estates and its Curriculum are appropriate to its current mission and vision and the needs of the Glasgow region and economy. The College fully expects the demand and need for the services it provides to Glaswegians to continue. The College also recognises that industrial relations in the college sector remain challenging and were damaged significantly during the pay related dispute which took place during session 2019/20, further disruption and associated adverse impacts upon learners due to COVID-19 uncertainty remains a major risk.

In addition, Cyber Security and Brexit pose further significant risks. The College has secured Cyber Essential Plus accreditation for two years in succession and has invested heavily in its ICT infrastructure to mitigate Cyber Security and associated data security risks. The College continues to evaluate the potential impacts which Brexit may have locally and is likewise concerned about the potential for adverse economic and funding impacts. It is seeking to develop new international partnerships prior to the UK leaving the European Union, however, much of the risk associated with Brexit is outwith the control of the College, potential impacts could relate to;

- EU nationals employed by Glasgow Kelvin College;
- EU/International Students;
- Availability of goods and services immediately following Brexit;
- Transport disruption due to fuel shortages;
- A range of programmes supported by EU funds, the associated employment of staff and the opportunities provided for students and staff to participate in mobility visits; and
- Changes to legal and regulatory frameworks.

It is clear that public funding will be under increasing pressure in the coming years. The College has worked diligently to increase efficiency, deliver better outcomes for learners and improve the value for money its provision delivers. The transition to national collective bargaining has resulted in increased costs and reduced efficiency. Implementing the new agreed rates of pay for teaching staff is placing a significant financial pressure on the College and is making it increasingly difficult to maintain expenditure and investment levels in other areas of activity and spend. There is an on-going risk that the costs of pay increases will not be funded by the Scottish Government.

## **1.8 Going Concern**

The Board of Management considers that the College has adequate resources to continue in operational existence for the next twelve months. The College has now reassessed its medium-term financial sustainability and has developed a new Transformation and Renewal Plan in consultation with our Glasgow Colleges Regional Board (GCRB) executive colleagues which will ensure it remains financially sustainable over the next three-year period.

The planned underlying financial position of the College during this period of transformation is dependent upon receipt of funding from our Arm's Length Foundation (ALF) and cash support from the Scottish Funding Council (SFC) via GCRB in the form of brought forward monthly cash flow. This enables the College to return to a sustainable year end operating cash balance and an AOP surplus by the end of the period. It will be facilitated through a programme of operating efficiencies resulting in significant reductions in staff costs. It is anticipated that the College will continue to be funded by Grant in Aid from the Scottish Funding Council/GCRB and will continue to operate on a financially stable basis. The board have assessed the impact of COVID-19 and this has not affected the going concern status of the College. As a result of this, the going concern basis continues to be adopted in the preparation of the financial statements.

## **1.9 Performance Summary**

The effects of COVID-19 have been negative to the College particularly in terms of the demographics of the student population served and the loss of commercial income.

The College had set a large number of operational targets for session 2019/20 and was monitoring performance against these throughout the year. However, the global pandemic and the negative effects on the College meant that management time, attention and focus was on mitigating, as much as possible, the impact of this. As such, some operational targets will be carried forward into 2020/21.

The College considers its key objective to be the delivery of student activity levels at the target agreed with GCRB and the SFC. During session 2019/20 the College had a target to deliver 79,243 credits and actually delivered 79,312 credits.

The other key performance indicator is managing to operate within budget. The College budgeted an Adjusted Operating Position (AOP), as defined by the SFC, at break even for AY 2019/20. The College has delivered a small AOP surplus of £238k for AY 2019/20. A significant achievement in light of the considerable financial and operating pressures brought to bear caused by the ongoing worldwide COVID-19 Crisis.

## **2. Performance Analysis Report 2019/20**

### **2.1 Performance Measurement**

The Board has a Strategic Plan in place which sets out its overarching objectives. This aligns with the Regional Outcome Agreement and responds to Glasgow's Local Outcomes Improvement Plan. These all reflect Government policy objectives and are the primary documents the College uses to articulate its plans and objectives. These then form the basis for operational planning and financial planning. Performance is monitored routinely against these plans and is reported in detail to the Board of Management in the middle of the year and at the year end.

In respect of operational targets, and of the 166 targets set, 115 were fully achieved and an additional 43 targets delayed or postponed due to COVID-19 restrictions. A further 2 targets were withdrawn, 4 restated or revised, 1 not achieved and a further 1 not yet due.

In many cases, the outcome has been as a result of factors out-with the influence of the College. The College takes a holistic view of its performance, it recognises the importance of managing performance across all aspects of its activity.

It reports performance in numerical terms against a number of Key Performance Indicators (KPIs) and also uses a wide range of other information, reports and feedback to develop and improve its services. In addition to financial and enrolment data, this includes quantitative and qualitative analysis of feedback from learners, commendations and complaints, feedback from partners, employers and other service users. Quantitative and qualitative analysis of feedback have been constrained due to Covid-19 restrictions. Comparison of some indicators against previous years must be considered in the context of the current crisis.

## **2.2 Performance Analysis & Performance Indicators**

The College met its key performance targets during 2019/20. The Credit activity target was exceeded, and measures of learner success and retention improved. The College has delivered a small Adjusted Operating Position (AOP) surplus. Overall, the College has maintained a stable financial position. However, this has only been achieved by putting in place a number of cost saving measures to improve operational efficiency and effectiveness in support of financial stability and in anticipation of future anticipated cost increases.

The following table provides summary financial and key performance indicators. The College also reports on academic performance separately and within the context of the regional outcome agreement and the targets specified in that document.

Performance Indicator	2016/17	2017/18	2018/19	2019/20
Adjusted Operating Surplus (Deficit) as a % of Income *	0.2%	0.1%	(1.0%)	0.7%
Non - SFC Income	£6,109,000	£8,140,000	£7,533,000	£7,513,000
Non SFC Income as a % of Total Income**	22%	26%	23%	23%
Staff Costs as a % of Total Expenditure	72%	72%	70%	70%
Credits Delivered	82,871	81,979	80,172	79,312
Credits Target (ROA)	81,543	80,101	79,516	79,243
FTE Teaching Staff	274	281	272	260
Credits per FTE Teacher	302	291	295	305
Current Ratio (current assets / current liabilities)	0.3	0.4	0.4	0.5
Net Current Assets/ (Liabilities)	(£3,188,000)	(£3,238,000)	(£3,650,000)	(£3,011,000)
Days Cash	11	18	15	18

\* based on underlying surplus methodology established by the SFC

\*\*excludes proceeds from disposal of fixed assets and capital grants

A key efficiency measure is the number of Credits delivered by each full time equivalent teacher, the table above indicates that the efficiency improvement measures put in place by the College delivered an increase of 10 credits per teacher during the year (a 3.4% improvement). However, this measure does not take account of the volume of activity which is not counted within SFC Credit statistics, particularly in respect of the Foundation Apprenticeship Programme (funded by Skills Development Scotland), the Flexible Workforce Development Fund, and articulation activity with local universities. Growth in these areas have meant that non-credit funded activity is now far more significant. This also accounts for a significant proportion of the increase in non-SFC income generated over the past few years.

Over recent years an extensive programme of value for money savings has been implemented which has reduced expenditure on goods and services, this is making it particularly difficult going forward to identify opportunities for further savings.  
Academic Performance Indicators

The table below provides a comparison of the College's indicative 2019/20 Performance Indicators with nationally published data for 2018/19 for the Glasgow Region and Scotland (the most recent available comparators):

	<b>Completed successful</b>	<b>Completed partial success</b>	<b>Withdrawals</b>
Glasgow Kelvin 19/20	80.7%	7.3%	12.0%
Glasgow Kelvin 18/19	76.2%	8.9%	14.9%
Glasgow Kelvin 17/18	74.6%	9.7%	15.7%
Glasgow Kelvin 16/17	75.1%	9.0%	15.9%
Glasgow Kelvin 15/16	75.5%	8.2%	16.3%
Glasgow Kelvin 14/15	74.6%	9.2%	16.2%
Glasgow Region 19/20	Not available at date of completion, December 2020		
Glasgow Region 18/19	75.6%	9.0%	15.5%
Glasgow Region 17/18	75.3%	8.7%	16.0%
Glasgow Region 16/17	74.7%	9.7%	15.6%
Glasgow Region 15/16	75.5%	9.7%	14.8%
Glasgow Region 14/15	72.0%	10.5%	17.5%
Scotland 19/20	Not available at date of completion, December 2020		
Scotland 18/19	74.6%	10.9%	14.4%
Scotland 17/18	74.0%	10.6%	15.4%
Scotland 16/17	73.3%	11.7%	15.0%
Scotland 15/16	72.0%	13.3%	14.7%
Scotland 14/15	72.4%	13.8%	13.8%

In recent years, the College has continued to perform better than the national comparator data and is broadly in line with the Glasgow Regional average. Session 2019/20 was an exceptional year for the sector as whole due to the covid-19 pandemic. This caused severe disruption to normal teaching activities which resulted in a holistic approach being adopted to programme attainment, rather than being based upon results for discrete units.

However, in comparison to session 2018/19, the percentage of students who have completed successfully increased by 4.5% in 2019/20. Full-time Further education programmes showed an improvement of 7%. This increase was largely due to a reduction in withdrawals. The improvement in part-time cohorts was less significant and it was due equally to a small reduction in both withdrawals and partial successes. Part-time Further Education cohorts account for 60% of all college enrolments.

Higher Education performance levels increased by 6.2% and 6.3% across full-time and part-time programmes respectively. This was largely due to an improvement in the withdrawal rates for the full-time cohorts, and a reduction in both withdrawals and partial successes in part-time cohorts.

The College continues to tailor its delivery to the needs of local communities, delivering in excess of 41% of its credits to learners from the most 10% deprived communities in Scotland, 53% of the individuals it enrolls are from such communities, predominantly within Glasgow. Focusing delivery on the needs of the local community presents a number of challenges and, as with all sectors of the education system, success rates for disadvantaged groups tend to be lower than average. Partial success is lower than national norms, and learner satisfaction remains very high at 90% evidencing that learners who stay on programmes are successful and are progressing to further study and employment. However, withdrawal is still a challenge for the College, particularly in respect of full-time provision, although there is some evidence that the improving local labour market is resulting in increasing numbers of learners leaving courses prior to completion to enter employment.

In respect of teaching activity, the target was to deliver 79,243 credits (the measure of learner hours taught) and actual delivery was 79,312 credits or 0.1% above the funded target. In session 2018/19 the College likewise exceeded its activity target and delivered 80,172 credits (656 credits above target or 0.8% additional activity). Due to the reduced credit target, severe staff cost pressures and need for greater efficiency, the College was forced to reduce slightly the volume of activity it delivered. Despite this, total activity targets were exceeded.

In terms of student headcount, the College enrolled 11,896 learners during the year, this was less than the total of 13,675 learners in session 2018/19.

### **2.3 Financial Performance**

The final third of the year to 31 July 2020 has presented the College and the wider Further Education sector with unprecedented challenges. Despite significant changes in methods of teaching delivery to entirely online teaching during the period of COVID-19 lockdown, the College has been able to deliver successful outcomes for students.

The financial impact of this is that the potential risk of significant loss of income was mitigated. At the same time closure of all campuses brought savings in utility costs and other building running costs which were only partially offset by increased expenditure including digital access for staff and students; bad debt as a result of the economic impact of the Pandemic; and enhancement of digital security due to home working. In addition, the College achieved savings in staff costs as a result of the teaching management re-structure.

The net outcome of the above is that the College is able to report a small adjusted operating surplus of £238k as set out in the table below.

The Balance Sheet position has deteriorated as a consequence of a significant increase in net pension liabilities for support staff. The pension liability is calculated independently by the Strathclyde Pension Fund Actuary and has increased to £15.4m during session 2019/20. There also remains a significant liability for pensions and early retirement enhancements inherited from legacy Colleges. However, these have reduced slightly as Glasgow Kelvin College does not enhance pensions for members of staff leaving employment. The pension adjustments are non-cash and are entirely out-with the control of the College.

The adjusted operating position, as defined by the SFC, is summarised below:

	Year to 31 July 2020 £'000	Year to 31 July 2019 £'000	Year to 31 July 2018 £'000
<b>(Deficit)/surplus before other gains and losses</b>	<b>(1,804)</b>	<b>(2,121)</b>	<b>313</b>
Add back:			
Depreciation (net of deferred capital grant release)	885	257	-
Non-cash pension adjustments	1,165	1,572	1,099
Donation to Glasgow Kelvin Learning Foundation	-	-	300
Deduct:			
Depreciation (net of deferred capital grant release)	-	-	(575)
Non-cash pension adjustments – unfunded liabilities	(8)	(41)	(315)
Revenue funding allocated to repayment of Lennartz VAT liability	-	-	(361)
<b>Adjusted operating surplus/ (deficit)</b>	<b>238</b>	<b>(333)</b>	<b>461</b>

One consequence of college reclassification as central government bodies is that, from 1 April 2014, colleges are required to comply with Central Government budgeting rules. This affects, amongst other things, the way in which non-cash depreciation charges are treated and how the colleges spend the cash funds (cash budget for priorities) previously earmarked for depreciation. Therefore, in addition to its Income and Expenditure budget, the College has additional cash resources as a consequence of the way in which non-cash depreciation and deferred grants are budgeted for and accounted for. Spend relating to this additional cash is detailed in the following table:

	Year to 31 July 2020 £'000	Year to 31 July 2019 £'000
<b>Revenue included in Income &amp; Expenditure:</b>		
Pay awards not funded	442	231
<b>Total impact on operating position</b>	<b>442</b>	<b>231</b>
<b>Balance Sheet liabilities:</b>		
Loan repayments – Lennartz	-	211
<b>Total Cash spend on repayment of liabilities</b>	<b>-</b>	<b>211</b>
<b>Total</b>	<b>442</b>	<b>442</b>



## **2.4 Prompt Payment to Suppliers**

The College seeks to develop strong relationships with its suppliers and complies, as far as is possible, with the Confederation of British Industry (CBI) prompt payment code. The policy of the College is to pay all suppliers within 30 days of receipt of an invoice, in practice most invoices are paid significantly earlier than this and all disputes and complaints are handled as quickly as possible. The average time taken to pay suppliers following the receipt of an invoice was 13 days (prior year 11 days). No payments were made in respect of interest on late payments.

## **2.5 Procurement & Anti Bribery & Corruption**

The College continues to seek value for money and savings opportunities to ensure the effective use of resources. The Procurement Strategy and Policy are published on the website and have been informed by the Scottish Procurement statutory guidance under the Procurement Reform (Scotland) Act. The College advertises as many opportunities for suppliers as possible on the Scottish Government supported websites - Public Contracts Scotland and Public Contracts Scotland-Tender.

The College works in partnership with Advanced Procurement for Universities and Colleges (APUC), the other colleges in the Glasgow Region to ensure that procurement is organised in an efficient and effective manner across the Glasgow FE Sector. The College was particularly pleased with its 'gold' rating achieved in December 2019 from the Procurement and Commercial Improvement Programme review conducted by APUC.

The College has clear Anti-Bribery and Anti-Corruption policies and procedures. These are reviewed regularly and are embedded within the Financial Regulations and HR policies and procedures.

## **2.6 Treasury Management**

The College is classified as a public Body and therefore is required to conduct all of its banking with the Government Banking Service currently operated by the Royal Bank of Scotland. The College is required to minimise the cash balances it holds with excess balances deposited within the Government Banking Service. The cash position is reported to the Scottish Funding Council and Glasgow Colleges' Regional Board on a monthly basis.

## **2.7 Commitment to Human Rights, Equality and Diversity and Disability Statement**

The College recognises the strength of a multi-cultural and diverse society and is committed to advancing equality of opportunity for all. The College values the diversity of its workforce and learner population and recognises that diversity is a key driver in innovation and economic value. Its equality policies, procedures and equality outcomes apply to all staff, learners, partnership organisations, contractors and service providers who are required to comply with their requirements. It consults and involves, where appropriate, learners, staff, community organisations and partner agencies as part of the development of its policies and practices. The College supports staff to embed equality and diversity in the curriculum to actively increase the diversity of its students proactively addressing the three legislative duties to advance equality, eliminate discrimination and foster good relations. The College routinely review the management design and delivery of learning teaching and assessment so as to integrate further equality and diversity. This work is on-going and is supported actively by the Students' Association.

The College is a 'Disability Confident Employer', it commits to interview all disabled applicants who meet the essential criteria for employment in an advertised post. Glasgow Kelvin College is committed to ensuring that people with disabilities and people with learning difficulties are treated fairly. It makes reasonable adjustments and seeks to provide additional support to try and ensure that such people are not disadvantaged in respect of access to educational opportunities at the College.

The College is also involved in a number of exciting new initiatives which include the project in India to improve employment opportunities for disabled people and support acid attack survivor; the White Ribbon Campaign, Equally Safe Strategy and Fearless Glasgow to tackle gender based violence; the Mentally Healthy College project; and the TransEdu Community of Practice. The College Principal recently signed an Anti-Racism Pledge joining other principals of universities and colleges across Scotland in an Advance HE Declaration on Anti- Racism. A Race Equality Steering Group was formed by the Scottish Race Equality Network as part of the FE/HE sector's response to the Equality and Human Rights Commission's publication on racism in Higher Education. The steering group and its work groups are part of the colleges and universities approach to tackling racism in the education sector. A College staff member is a representative on the Steering Group.

The Equality Outcomes and Mainstreaming Report are available on the College website.

## **2.8 Environmental Sustainability**

Glasgow Kelvin College is committed to minimising the negative impact its activities have on the environment. In session 2015/16 the College prepared its first Climate Change Action Plan (CCAP) and reported on its environmental performance from session 2014/15 onwards as part of the Scottish Government Public Bodies Climate Change Duties Reporting. The College is fully compliant with the reporting requirements specified in the Climate Change (Scotland) Act 2009. It now has several years of carbon emissions data.

The College reported carbon emissions totalling 3,257 tonnes CO<sub>2</sub> in session 2014/15 and the CCAP set a target that this would reduce by 800 tonnes or 25% annually from session 2016/17 onwards, mainly achieved through the rationalisation of the Estate. The College is delighted to report that, in total, annual carbon emissions have reduced by 55% to 1,462 tonnes in session 2019/20. A proportion of this achievement is due to improved conversion factors for electricity as the grid has been de-carbonised and is not all as a result of reduced energy consumption. The College has published its Climate Change Report on its website, this provides further detail on emissions. The College also complies in full with the requirements of the Climate Change (Scotland) Act 2009 including the reporting requirements.

As aforementioned, the College has undertaken a number of projects to manage its environmental impact more effectively. Highlights include:

- 4 electric lease vehicles now in place to replace ageing diesel vehicles.
- The purchase of a waste compactor which will reduce landfill; landfill waste has been reduced from 89% to around 20%.
- Automatic Meter Reader units fitted to water supplies in all campus buildings.
- Pool bike scheme has been implemented to encourage cycling. 6 bikes available free of charge.
- The East End Community Garden project is complete i.e. poly-tunnel, tool shed and bird observatory, new wheelchair accessible exercise equipment and recycled wooden planting beds are all in place.
- A significant investment in a new Building Management System is now complete.

## **2.9 Staff Involvement**

Glasgow Kelvin College engages extensively with staff and its recognised trades unions. The Board of Management has signed the National Recognition and Procedures Agreement and implemented all agreements reached within the National framework. The College is a member of the Employers' Association which was established to progress National Collective Bargaining. It also has in place a local Recognition and Procedures Agreement (RPA) supported by appropriate arrangements for engagement with its two recognised trades unions on a local basis with EIS-FELA and UNISON. The machinery for supporting the local RPA is a Joint Negotiating/Consultation Committee and a Joint Consultative Committee.

There are two staff members on the Board of Management. These individuals also serve on a number of standing committees of the Board. Both were elected from their respective Support and Teaching Staff groups. EIS-FELA and UNISON branches have the opportunity to attend all Board meetings with 'in attendance' status.

The College communicates with staff using a range of formal and informal channels. A regular staff newsletter and blog are made available to all staff. The College has a staff portal to enable communication and sharing of information. Extensive use is also made of social media to provide information. Additionally, the Chair and Principal write routinely to staff to update them on key matters, decisions and events.

## **2.10 Health and Safety**

The management of Health and Safety has four principal aims:

- the provision of a healthy and safe environment for the students and staff in all aspects of College life;
- the promotion of correct attitudes towards health and safety in order to equip students to take care of themselves and others when they have left the College;
- the provision of suitable resources, whether material, financial, personnel or staff development, necessary to manage the College's health and safety activities; and
- the promotion and implementation of this policy in support of the College's mission statement.

The policy of the Board of Management of Glasgow Kelvin College as an employer, and in keeping with Section 2(3) of the Health and Safety at Work Act 1974 and subsequent regulations, is to ensure that all reasonable practical steps are taken to ensure the health, safety and welfare of all its employees. The Board also acknowledges its responsibility in respect of persons other than its own employees, whether students, members of the public or employees of contracting companies.

To further support its Health & Safety procedures the College is undertaking a project to transition its Health and Safety Management System (HSMS) from OHSAS 18001 to ISO 45001. Every member of staff is provided with a comprehensive health and safety training programme and this has been consolidated by additional modules covering COVID-19 and Home Working. All regular users of computers are now using the AssessRite online training and assessment programme and every Department and Faculty are now conducting quarterly safety inspections of their areas of responsibility.

Additionally, the college runs a comprehensive Occupational Health surveillance programme which was introduced to monitor the safety of staff who may be exposed to occupational hazards and this is supplemented by routine Noise & Dust surveys which have been carried out in higher risk areas. The only campus containing asbestos is resurveyed annually to confirm that it is legally compliant and the asbestos within it is being managed safely.

Finally, the accident/incident reporting mechanism provides an accurate overview of the level and severity of incidents across all campuses. The Board considers a Health & Safety Annual Report as part of its routine monitoring procedure.

## **2.11 Openness, Freedom of Information & Data Protection**

Glasgow Kelvin College, as an organisation is committed to openness and transparency in its decision making and use of public funds. In compliance with the Freedom of Information (Scotland) Act 2002, the College has adopted the Scottish Information Commissioner's, Model Publication Scheme; publishing a College Guide to Information on its website.

The College Guide to Information details the information the College intends to publish as a matter of routine, formats available, where to access the information, key contacts, how to submit a request for information not published and fees if appropriate. In addition to key College governance documents such as the Board Standing Orders available in the public domain, the College Board of Management and its standing committees, papers, agendas and minutes are also made available on the College website in-line with the publication dates, set within the Guide to Information.

## **2.12 Taxation and Charitable Status**

Glasgow Kelvin College is a registered Scottish Charity (SC021207) and receives exemptions from corporation tax and capital gains tax. It provides a public benefit and satisfies the provisions of the Charities and Trustee Investments (Scotland) Act 2005. Members of the Board of Management act as the Charity's Trustees. The Corporate Social Responsibility Report within the Directors' Report provides further detail on the charitable activities of the College.

## **2.13 Quality Enhancement**

Glasgow Kelvin College aims to provide an excellent, inclusive learning and teaching environment for all learners. Current priorities include the delivery of high-quality digital and blended learning provision, and improvement in the physical estate and ICT infrastructure. It is recognised that it is the quality of learning and teaching and the student experience that are of fundamental importance.

The College has well established arrangements for self-evaluation that engage all staff and which have a significant focus on professional reflection and on learner/stakeholder engagement. These arrangements take account of the SFC/Education Scotland Arrangements for assuring and improving the quality of provision and services in Scotland's colleges and the associated *How good is our college?* quality framework. This has included implementing arrangements for classroom observation which complement the observations undertaken by Education Scotland. In the most recent review of College evaluative grades relating to the Education Scotland Framework, the College made the following judgements:



### **3. Accountability Report**

The College is a Public Body and is accountable to a wide range of stakeholders for the services it provides and the way in which it spends public money. The key principle in respect of accountability is that the College conducts itself in an extremely open and transparent way. It makes as full a disclosure as possible of agendas, minutes and papers associated with its governance processes.

The College operates in a complex governance framework and primarily considers itself to be accountable to the Glasgow Colleges' Regional Board, the Scottish Funding Council, the Scottish Government, the partners it works with and from whom it receives funding. These include Glasgow City Council, The Wheatley Group, the Big Lottery, the European Union and the Robertson Trust, local employers, the Office of the Scottish Charities Regulator, awarding bodies who accredit learning at the College, the communities it serves, community based partners it works with and the learners it enrolls.

The Accountability reports seeks to provide further detail on how it does this and reports on progress and performance, it includes:

- 3.1 Corporate Governance Report
  - 3.1.1 Statement of the Board of Management Responsibilities
  - 3.1.2 Governance Statement
  - 3.1.3 Estates Strategy
- 3.2 Directors Report
  - 3.2.1 Membership of the Board of Management
  - 3.2.2 Membership of the Senior Management Team
  - 3.2.3 Data Protection
  - 3.2.4 Disclosure of Information to the External Auditor
  - 3.2.5 Corporate Social Responsibility
  - 3.2.6 Acknowledgments

#### **3.1 Corporate Governance Report**

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the 2016 Code of Good Governance for Scotland's Colleges. The purpose of the summary is to provide detail on how the principles have been applied by Glasgow Kelvin College throughout the 12-month period ended 31 July 2020. The Board of Management also complies with the principles and guidance for ethical standards in public life set out by the Standards Commission for Scotland. The College has implemented the requirements of the Code of Good Governance in full, and it was fully compliant with the code throughout the year.

##### **3.1.1 Statement of the Board of Management Responsibilities**

The Board of Management is responsible for setting the Mission, Vision and Corporate Strategy. The College governing documents make this clear to both the Board and the Senior Management Team. The legislation governing the sector also makes it clear that Glasgow Colleges' Regional Board has overall responsibility for setting the strategic framework in the Glasgow Region. Glasgow Kelvin College works in partnership with the Regional Board to ensure that its strategies align with those of the Glasgow Region.

The College prepares a strategic plan which is updated annually and contributes significantly to the preparation of the Regional Outcome Agreement and the delivery of the targets and objectives contained therein.

The Board of Management of the College is required to present audited financial statements for each financial period. The Board is also responsible for ensuring that the Annual Report and Financial Statements are fair, balanced and understandable.

Within the terms and conditions of the Financial Memorandum agreed between the Glasgow Colleges' Regional Board and the Board of Management of the College, the Board, through the Principal, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and the surplus or deficit for that period. In preparing the financial statements the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the College. This will enable it to ensure that the financial statements comply with the Further and Higher Education (Scotland) Act 2005 together with the Financial Memorandum issued thereunder and are presented in accordance with the Accounts Direction issued by the SFC. It has general responsibility for taking such steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

The Board is responsible for ensuring that funds from the SFC/GCRB are used only in accordance with the Financial Memorandum and any other conditions prescribed. The Board must ensure that there are appropriate financial and management controls in place sufficient to safeguard public funds and ensure that they are used only in accordance with the conditions under which they have been made available. In addition, the Board is responsible for securing the economic, efficient and effective management of College resources and expenditure, so that the benefits that should be derived from the application of public funds by the Board are not put at risk.

The Board of Management is aware of the need for effective financial control and acknowledges its responsibility for the system for such control operated by the College. The system provides reasonable (although not absolute) assurance that its 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 system of internal financial control is based on a framework of financial regulations, regular management information and administrative procedures, including the segregation of duties. The College requires observance of, and compliance with, an approved scheme of delegation, financial regulations and financial procedures.

The major components of the system include:

- detailed budget planning involving input from staff, with the annual budget and financial strategy being approved by the Board of Management;
- devolved budgets being approved by the Board, with budget holders being given detailed briefings about their individual budget responsibilities;
- regular reviews by the Financial Control Committee of financial reports which indicate performance against budget, following meetings with individual budget holders;
- setting targets to measure financial and other performance;
- procedures for the Board to review and agree amendments to budgets;

- clearly defined capital investment control guidelines;
- it has also implemented Codes of Conduct and policies and procedures both for staff members and members of the Board which are designed to support systems of internal control; and
- the Public Interest Disclosure Policy outlines the whistle-blowing procedures within the College.

The College engages Internal Auditors, the work of whom concentrates on areas of key activities determined by an analysis of the areas of greatest risk and in accordance with an audit needs assessment with the annual internal audit plan approved by the Board of Management. The Internal Auditors report to the Audit & Risk Committee and the Principal on a regular basis and have direct access to the Chair of the Audit & Risk Committee. The Internal Auditors issue an annual report which gives an opinion of the adequacy, reliability and effectiveness of the internal control system.

The External Auditor is appointed by the Auditor General for Scotland. The Internal and External Auditors are invited to meetings of the Audit & Risk Committee and are provided an opportunity to meet with the Audit & Risk Committee in private each year. The College review of the system of financial control is conducted substantially through the work of the Internal Auditors, the Board of Management, the Financial Control Committee, the Human Resources Committee and the Audit & Risk Committee.

The Board of Management is responsible for the maintenance and integrity of the corporate and financial information included on the College website.

### **3.1.2 Governance Statement**

The College has a robust system of Corporate Governance in place which is fully compliant with the Code of Good Governance for Scotland's Colleges.

#### **Governance Framework**

The governance framework the College adheres to includes the Scheme of Delegation, the Publication Scheme, Board Policies and Regulations, Procedures for the Recruitment of Board Members, Standing Orders, Members Skills Matrix analysis, compliance with the Scottish Public Finance Manual (SPFM), Risk Management processes and an assurance framework including internal and external audit arrangements.

The College advertises externally for Board members through a variety of mechanisms and in line with Ministerial Guidance. Recommendations for membership are made by the Board's Nominations Committee to Glasgow Colleges Regional Board (GCRB), who have responsibility for Board appointments. The recruitment process is supported by the Clerk to the Board, an HR Adviser and an external independent person. No member of the College management team is involved in the selection process for Board Members. The Board of Management comprises of up to a maximum of 18 members, including student and staff representatives. The roles of Chair and Vice-Chair of the Board of Management are separated from the role of the Principal.

The Board, in accordance with the Scheme of Delegation, determines the mission, vision and key objectives of the Board of Management and the College. The Board are fully engaged in the development of the College's priorities and then approve the Strategy which informs operational planning and performance reporting processes. This includes final approval of a range of key strategic policies including the College's Strategic Plan, the Annual Report and Accounts and the Strategic Risk Register. The Board of Management meets at least five times per year and has established several Standing Committees to enable effective governance and scrutiny of college activities.



Those comprise a Financial Control Committee, a Human Resources Committee, an Audit & Risk Committee, a Learning & Teaching Committee, an Executive Committee, a Remuneration Committee and a Nominations Committee. All of these are formally constituted with terms of reference and meet regularly through any academic year.

The Executive Committee is authorised to act on behalf of the Board and its standing committees to deal with urgent matters between cycles of Board meetings. The Remuneration Committee's remit includes the remuneration of the Principal, the College Senior Management Team and those employees not covered by national bargaining. It is chaired by the Vice Chair of the Board. The Nominations Committee's role includes making recommendations on the appointment and re-appointment of Board Members to Glasgow Colleges Regional Board (GCRB), in line with Ministerial Guidance on College Board member appointments. There are also specific recruitment processes for the appointment of the Principal and recommending the appointment of the Chair of the Board.

The Financial Control Committee has the primary responsibility to review College annual revenue and capital budgets, monitor in-year financial performance data and review the Annual Accounts. The Financial Control Committee inter alia recommends to the Board of Management the College annual revenue and capital budgets and its Financial Statements. This Committee oversees the implementation of the Estates Strategy and the Capital Investment Plan. The Committee also has oversight of the operation of student support funds. The Human Resources Committee agrees a range of policies relating to the human resource management of the College including recruitment and selection procedures for both academic and support staff. It monitors the management of staff absence and considers strategic matters associated with the Human Resources function. This Committee also oversees the College approaches to Organisational Development, Health & Safety and Equality and Diversity.

The Audit & Risk Committee meets at least four times per year, with the External and Internal Auditors in attendance. The Committee advises the College on the appointment of the internal auditors and the auditors' remuneration. The Internal Auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan and report their findings to management and the Audit & Risk Committee. College Management are responsible for the implementation of agreed audit recommendations and the internal auditors undertake follow up reviews to ensure that such recommendations have been implemented. The Audit & Risk Committee considers detailed reports together with recommendations for the improvement of College systems of internal control and management responses and implementation plans. It also receives and considers reports from the Scottish Funding Council, Audit Scotland and the Public Audit and Post-Legislative Scrutiny Committee of the Scottish Parliament as they affect College business and monitors adherence to the regulatory requirements. It has responsibility for Risk Management in the College. It oversees the Risk Management Strategy, Risk Appetite Statement and Risk Register on behalf of the Board. It is responsible for the oversight of the College response to the Scottish Government's Public Sector Cyber Security Action Plan. Whilst College management may be invited to attend meetings of the Audit & Risk Committee as necessary, they are not members of the Committee. Duplication of membership is avoided between the Audit & Risk Committee and the Financial Control Committee. The Audit & Risk Committee meets in private with the Internal and External Auditors at least once per year. The Board of Management seek to ensure that at least one member of the Committee has substantial financial management experience and has recently used co-opted membership to assist its considerations.

The Learning & Teaching Committee is concerned with the strategic policy associated with the delivery of the academic plan and the quality of the learner experience. It has a significant role in monitoring the delivery and operational effectiveness of the academic plan, quality arrangements and self-evaluation processes.

There is a full and comprehensive Board self-evaluation programme carried out on an annual basis in respect of the performance of the Board of Management and its Standing Committees. This evaluation includes an evaluation of the performance of the Chair of the Board and each Standing Committee Chair. The Chair has individual meetings with all Board members. A full and detailed report covering the Board evaluation activity is presented to the September Board meeting each year and, at this meeting, the process for the following Academic Year is also agreed. All actions flowing from the self-evaluation activities are detailed on the Governance Action Plan and are actioned accordingly. Progress in relation to the Governance Action Plan is reported to the Audit and Risk and the Board of Management twice each Academic Year.

This statement is prepared by management members, reviewed by the whole SMT and Clerk to the Board of Management, reviewed by the Board Financial Control Committee and the Board Audit and Risk Committee before formal approval by the Board of Management.

### **Risk Management, Internal Control and Assurance**

The Board of Management is responsible for the College system of internal control and for reviewing its effectiveness annually. It is also responsible for the Risk Management Strategy, setting the Risk Appetite and reviewing the Risk Register which seeks to record key business risks, quantify their potential impact and likelihood and describe actions taken in mitigation. The system of internal control and risk management is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The College operates a Risk Management Committee which draws its membership from across all aspects of the operational management team and includes members of the Senior Management Team. The Senior Management Team and the Audit & Risk Committee also receive regular reports from the internal audit and 'health, safety and environmental monitoring' functions which include recommendations for improvement. The Audit & Risk Committee role in this area is confined to a high-level review of the arrangements for internal financial control. The Human Resources Committee has responsibility for monitoring adherence to the College Health & Safety policy. The Board of Management agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Management Team and the Audit & Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Additionally, the College has an Assurance Framework in place. This is intended to be comprehensive and cover all aspects of College operations and is aligned with the Risk Register. The Assurance Framework is based upon the three lines of assurance or defence model:

- **First Line** - Management assurance from front line or operational areas.
- **Second Line** - Oversight of management activity including effective management information, separated from those involved in front line delivery.
- **Third Line** - Independent expert and objective assurance.

The Assurance Map provides a summary of the main sources of assurance falling within the above definitions with particular emphasis on second and third-line sources of assurance as these are the sources of assurance that the Board of Management are likely to place greatest reliance upon.

The Assurance Map then endeavors to provide an assessment of the current sources of assurance and to identify areas where there is a perceived need for further or improved assurance. The Assurance Framework additionally assists in ensuring that Governance, Risk Management and control measures are in place in respect of all aspects of College activity. The document also ensures the College is compliant with the requirements of the Scottish Government Audit and Assurance Committee Handbook.

The Board of Management is of the view that there is an ongoing process for identifying, evaluating and managing the College's major risks. In addition to the work of the Risk Management Committee, the College maintains a risk register which is considered and reviewed regularly by the Board and its Audit & Risk Committee. All formal meetings have Risk Management as a standing agenda item and all formal Board and Committee papers have a Risk Management section included within them.

At present, the major risks facing the College include the negative impacts of COVID-19, future funding allocations for Further Education and to the Glasgow Region, the costs associated with National Bargaining and potential employee relations difficulties, cyber security and the ability of the College to maintain its estate and asset base in the long term.

The Risk Management Strategy has been approved by the Board and accords with the internal control guidance as applicable to the further education sector. Risk Management is also included as part of the Internal Audit plan. The College has identified its strategic risks as:

- Financial Sustainability and future Public Funding levels, particularly in light of the negative COVID-19 impact;
- Increasing staff costs and the costs of National Bargaining; and
- Cyber Security.

The College has appointed an independent Clerk to the Board in line with the requirements of the Code of Good Governance. These Governance arrangements have been in place throughout the period from 1 August 2019 to 31 July 2020.

### **Going Concern Statement**

The Board of Management continues to provide effective oversight of the College's financial and business planning arrangements. The Board clearly recognises the significant financial challenges within the sector which have been significantly exacerbated by the impact of COVID-19. Prior to COVID-19, the College was on target to deliver a small financial surplus, however, the impact of COVID-19 has required revision to our financial plans. Those plans have been developed in consultation with the Scottish Funding Council and Glasgow Colleges Regional Board to enable the longer-term financial sustainability of the College. Notwithstanding this, the Board of Management has assessed that there are adequate resources in operational existence for the foreseeable future.

If the full pension deficit is not met from other sources of income, it will be funded by future Grant in Aid from the Scottish Funding Council. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such income may not be paid in advance of need. The Board of Glasgow Kelvin College has no reason to believe that either the SFC financial support or future Ministerial approval will not be forthcoming or will only provide a reduced support. Given the above, it has accordingly been considered appropriate to adopt a going concern basis for the preparation of these accounts.

The Board continues to ensure effective oversight and scrutiny of the College's budget and will continue to ensure the College has an effective focus on the longer-term financial sustainability of the College in this particular period of uncertainty and challenge.

### **Conclusion**

The College is extremely proud of the governance arrangements it has in place. Its Board has remained committed to operating in an open, transparent and publicly accountable way and was particularly pleased that its approach has been praised as best practice in the sector by Audit Scotland. The College is therefore confident that it complies with the principles of the 2016 Code of Good Governance for Scottish Colleges, and it has complied throughout the year ended 31 July 2020.

### 3.1.3 Estates Strategy

The Estates Strategy has been followed and will be updated to include Estates and Sustainability. The College estate is in good overall condition and was well utilised before lockdown due to COVID-19. The estates focus and capital funding allocation was largely based on backlog property maintenance, environmental performance/carbon reduction and ensuring that the estate continued to adapt and evolve to meet the needs of the developing curriculum.

Recent priorities have included repairs to the fabric of buildings, replacement of plant, redecoration and modernisation of the learning and teaching environment. Capital Investment Plans/reports and related work completed are available to view on the College website.

## 3.2 Directors Report

The Directors Report provides details of membership of the Board of Management and attendance of Board Members at committee meetings. It also provides details of the senior staff at the College who likewise are involved in making decisions in respect of the services provided by the institution and its strategic direction. All minutes and agendas for formal meetings are available on the intranet as are the majority of papers which support decisions made in line with the Publication Scheme.

Registers of interest are maintained for all individuals currently serving and listed in the Directors Report. These are updated every 6 months for members of the Board of Management and once per year for senior staff. These are available at:

<https://www.glasgowkelvin.ac.uk/wp-content/uploads/2020/10/BoM-Register-of-Interests-as-at-September-2020-Board-of-Management.pdf>

<https://www.glasgowkelvin.ac.uk/wp-content/uploads/2020/10/BoM-Register-of-Interests-as-at-23-September-2020-Strategic-Management-Team.pdf>

The Board of Management holds to itself the responsibilities for the ongoing strategic direction of the College, approval of major developments and the receipt of regular reports from College Management on operational performance and delivery. The strategic direction of the College is heavily influenced by the Ministerial Letter of Guidance, the policy priorities of the Scottish Government alongside the Strategic Plan for the Glasgow Region set by GCRB.

### 3.2.1 Membership of the Board of Management

The membership and attendance in respect of the Board of Management is provided below:

Ian Patrick (Chair)	Former Director of College Partnerships – UWS	
Elizabeth Robertson (Vice Chair)	Councillor – Inverclyde Council	Tenure ended 31 July 2020
Derek Smeall (from 1 August 2019)	Principal	
Fiona Taylor (from 1 August 2019)	Support Staff Representative	
Pamela Currie	Teaching Staff Representative	Tenure ended 31 July 2020
Clark Whyte	Community Education Worker – Clackmannanshire Council	Tenure ended 31 July 2020
Mohammed Razaq	Executive Director - West of Scotland Regional Equality Council Ltd	

Stephen Birrell	Programme Officer – Glasgow City Council	
Anne McTaggart	Programme Officer – Glasgow City Council	
John Hogg	Director – University of Strathclyde	
Deborah Thomson	Production Accountant – BBC Scotland	
Robert Doyle	Relationship Manager- RM Education	
Laura Birch	Senior Commercial Manager – Scottish Enterprise	
Dr Marion Allison	Chief Executive – CLD Standards Council	
William Jeffrey (from 1 August 2019 until 16 September 2019)	Student Association President	Departed 16 September 2019
Karen Konkon	Student Association President	Tenure ended 31 July 2020
Harjinder Singh (from 1 August 2019 until 26 September 2019)	Student Association Vice President	Departed 26 September 2019
Kathleen Kelly	Student Association Vice President	Tenure ended 31 July 2020
Dr Elaine Clafferty (Co-opted until 31 October 2019 and full member thereafter)	Senior Lecturer – Glasgow Caledonian University	
Michael O'Donnell (from 31 October 2019)	Marketing Manager – SQA	
Eileen O'Neil (Co-opted)	Lecturer – Glasgow Caledonian University	
Iain McCaskey (Co-opted from 31 October 2019)	Head of BESA for Scotland, Northern England and Northern Ireland	Co-opted to 31 July 2021 Resigned 16 September 2020
Gerry Lyons (from 1 August 2020)	Head of Service in Education Services, Glasgow City Council	
Heather McNeil (from 1 August 2020)	Former Head of Service, South Lanarkshire Council	
Lauren McLaren (from 1 August 2020)	President, Student Association	
Sarah Loughran (from 1 August 2020)	President of Learning & Teaching, Student Association	
Colm Breathnach (from 1 August 2020)	Lecturer, Glasgow Kelvin College	
Douglas Wilson	Independent Clerk to the Board	
M Razaq is the Board's Senior Independent Member.		

Board member attendance at formal meetings is detailed below

Board of Management Participation Log - Academic Session 2019-20

GLASGOW KELVIN COLLEGE	Board of Management (Chair I Patrick)					Audit & Risk Committee (Chair A Robertson)				Financial Control Committee (Chair M Razaq)				Human Resources Committee (Chair C Whyte)				Learning & Teaching Committee (Chair E Robertson)			
	02.09.19	07.10.19	09.12.19	02.1.20	08.8.20	17.9.19	19.11.19	24.3.20	16.6.20	10.9.19	26.11.19	16.2.20	26.5.20	25.9.19	4.12.19	28.2.20	27.5.20	3.10.19	17.12.19	17.3.20	2.6.20
Ian Patrick	✓	✓	✓	✓	✓					✓	✓	✓	✓	✓	✓	✓	n/a	✓	✓	✓	n/a
Elizabeth Robertson	✓	✓	✓	✓	✓	✓	✓	✓	✓									✓	✓	✓	n/a
Fiona Taylor	✓	✓	✓	✓	✓	✓	✓	✓	✓									✓	✓	✓	n/a
Derek Smeall	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	n/a	✓	✓	✓	n/a
Laura Birch	✓	✓	✓	✓	✓					✓	✓	✓	✓								
Pamela Currie	✓	✓	✓	✓	✓													✓	✓	✓	n/a
Clark Whyte	✓	✓	✓	✓	✓									✓	✓	✓	n/a	✓	✓	✓	n/a
Mohammed Razaq	✓	✓	✓	✓	✓					✓	✓	✓	✓	✓	✓	✓	n/a				
Anne McTaggart	✓	✓	✓	✓	✓	✓	✓	✓	✓					✓	✓	✓	n/a				
Stephen Birrell	✓	✓	✓	✓	✓					✓	✓	✓	✓					✓	✓	✓	n/a
Robert Doyle	✓	✓	✓	✓	✓					✓	✓	✓	✓	✓	✓	✓	n/a				
Deborah Thomson	✓	✓	✓	✓	✓	✓	✓	✓	✓												
John Hogg	✓	✓	✓	✓	✓	✓	✓	✓	✓												
Dr Marion Allison	✓	✓	✓	✓	✓					✓	✓	✓	✓					✓	✓	✓	n/a
Harjinder Singh	✓	n/a	n/a	n/a	n/a																
William Jeffrey	✓	n/a	n/a	n/a	n/a																
Karen Konkon	n/a	n/a	✓	✓	✓													n/a	✓	✓	n/a
Kathleen Kelly	n/a	n/a	✓	✓	✓													n/a	✓	✓	n/a
Sarah Loughran*	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	n/a
Eileen O'Neill (Co-opted)	✓	✓	✓	✓	✓	✓	✓	✓	✓												
Dr Elaine Clafferty**	✓	✓	✓	✓	✓									✓	✓	✓	n/a	✓	✓	✓	n/a
Iain McCaskey	n/a	n/a	✓	✓	✓									n/a	✓	✓	n/a				
Michael O'Donnell	n/a	n/a	✓	✓	✓	n/a	✓	✓	✓												

  

✓	APOLOGIES
✓	MEMBER ATTENDED
✓	CO-OPTED MEMBER

\*Sarah Loughran deputised for Kathleen Kelly

\*\*Elaine Clafferty became a full member of the Board on 28 October 2019

### **3.2.2 Membership of the Senior Management Team**

The Board of Management appoint a senior management team to oversee the management of the College. Throughout academic year 2019/20 the team consisted of:

- Principal & Chief Executive, Derek Smeall
- Vice Principal – HR & Organisational Development, Audrey Miller (until 31 July 2020)
- Vice Principal – Finance & Corporate Services, James Gow (until 29 February 2020)
- Acting Vice Principal – Curriculum & Quality Enhancement, John Laird (until 27 September 2019)
- Vice Principal – Curriculum & Quality Enhancement, Robin Ashton (From 1 September 2019)

Dr John Laird took up post as Acting Vice Principal on a short-term secondment basis from Education Scotland to provide support until the arrival of Robin Ashton.

The Senior Management Team meet fortnightly and appropriate briefings are provided to staff via the College newsletter.

### **3.2.3 Data Protection**

The College is committed to the highest standards of Data Protection and has put in place arrangements to ensure compliance with the General Data Protection Regulations. The College has in place a Data Protection Policy and a suite of supporting processes and procedures, including robust ICT Systems security measures. There were no data protection incidents reported to the Information Commissioner's Office during the year.

### **3.2.4 Disclosure of Information to the External Auditor**

In the case of each of the persons who are members of the Board at the time when the report is approved the following applies:

- a) so far as the member is aware, there is no relevant information that could reasonably be expected to have an impact on the financial statements or the audit of which the External auditor is unaware, and
- b) he/she has taken all the steps that he/she ought to have taken as a member in order to make himself/herself aware of any relevant information that could reasonably be expected to have an impact on the financial statements or the audit and to establish that the External auditor is aware of that information.

### **3.2.5 Corporate Social Responsibility**

The Board of Management is committed to operating in a socially responsible way. There are a number of strands of activity which contribute to the overall social footprint of the College.

Primarily, the College seeks to educate and up-skill its learners to enable them to secure employment or progress in their careers and contribute to business, the economy and economic growth. The College also seeks to ensure all its learners maximise their potential gaining employability and citizenship skills during their time at College. The statistics which outline the number of learners enrolled by the College, and the challenges in respect of poverty experienced by many of them, are summarised in the performance report and the context statement. The College is extremely proud of the fact that it is Glasgow's College i.e. it enrolls more learners from the City than the other two colleges in the region. The other key strands of Corporate Social Responsibility include:

- Environmental Sustainability;
- Charitable Activity;
- Provision of access to publicly funded facilities which are managed by the College;
- Partnership Working; and
- Commitment to Equality.

These themes are reported on throughout the Performance Report, some particular highlights during session 2019/20 are listed below:

- provision of programmes of Further and Higher Education for students on a full and a part time basis;
- learner's fees waived to allow free access to the learning network;
- programmes of vocational education and training for both young people and adults;
- a vocational education programme for school pupils (as part of its contribution to the Senior Phase, Developing Scotland's Young Workforce and to raising attainment within the City);
- a range of courses which promote access and articulation to Higher Education including pre apprenticeship programmes targeted at senior phase school pupils;
- programmes of education and training for students with additional support needs;
- programmes of education and training for young people who are care experienced.
- support for a network of community-based learning centres and community information technology initiatives which are delivered in partnership with a large number of regional and local community partners;
- free use of College facilities to community groups and partners.
- an extensive programme of community-based learning;
- support for, and provision of, local youth work initiatives;
- provision of free sanitary products for female students;
- free access to information technology for local residents throughout the North and East of the City;
- library services and flexible learning opportunities for local people; and
- assistance with capacity building and governance arrangements of local charities by provision of senior staff time to participate in the oversight of such organisations.

These activities have all contributed to the advancement of education in Glasgow. The College considers that it has discharged its Charitable Purpose and met the Public Benefit Test defined in the Charities and Trustee (Scotland) Act 2005. It has also published its statutory report on Participation Requests and Asset Transfer Requests as required by the Community Empowerment (Scotland) Act 2015. This report again outlines the College commitment to its communities and partnership working and is available on the College website.

### **3.2.6 Acknowledgements**

The College would wish to acknowledge:

- Grant-in-aid and other funding it received from the Scottish Funding Council via the Glasgow Colleges' Regional Board;
- Financial assistance from the European Structural Fund to provide additional student activity at Higher National level to help address regional skills gaps and skills shortages associated with key employment sectors. The project provided higher level skills to support the development of emerging growth areas.



- Financial support from the British Council for the College's Work in India;
- Financial support it continues to receive from the local authority, The Wheatley Group and Skills Development Scotland;
- Grant assistance from the local Community Planning Partnerships.

## **4. Remuneration and Staff Report**

The College is required to prepare and publish within its financial statements an annual Remuneration Report under the Government Financial Reporting Model (FReM). This report sets out the remuneration and accrued pension benefits of the Senior Management Team. The following disclosures within the remuneration report are subject to audit: single total figure of remuneration for each senior official, CETV disclosures for each senior official, fair pay disclosures (median remuneration), exit packages, and analysis of staff numbers and costs.

### **4.1 Remuneration Policy**

The remuneration for the Principal is set by the Remuneration Committee which is chaired by the Vice-Chair of the Board of Management. The Principal's pay, and any pay increase, is fully disclosed. The Remuneration Committee consider in full the guidance included in the Code of Good Governance for Scotland's Colleges when setting the Principal's remuneration. The other members of the Senior Management Team are not considered to be covered by National Bargaining and therefore their remuneration is likewise set by the Remuneration Committee. This is also done in an open and transparent way. The Clerk to the Board attends meetings of the Remuneration Committee to ensure appropriate independent advice is available to Committee members. The Remuneration policy for future years is that the College expects current national bargaining arrangements will apply to most staff, the remuneration policy and pay increases for staff out-with these arrangements will continue to be set by the Remuneration Committee.

Pay awards for most staff are now negotiated nationally. The College has fully implemented national agreements during the previous financial year and which cover the period to 31 August 2020.

Increases for senior staff out with the National Bargaining framework, the Principal, 3 Vice Principals, 5 Directors and 4 Heads of Faculty mirrored the increase of 3.6% awarded to promoted teaching staff harmonisation element and also cover the period to 31 March 2020. There was a further increase for senior management of 2%, which was effective from 1 April 2020 and covers the period 1 April to 20 to 31 March 2021.

### **4.2 Remuneration Including Salary and Pension Entitlements**

#### **Salary Entitlements**

The following tables provides detail of the remuneration and pension interests of senior management. None of the Senior Management Team received any non-cash benefit (benefit in kind) during the current or prior year. 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 below, together with the pension contributions made by the College.

Name	Year to 31 July 2020			Year to 31 July 2019		
	Salary £'000	Pension Benefit £'000	Total £'000	Salary £'000	Pension Benefit £'000	Total £'000
Alan Sherry	-	-	-	136	39	175
Alan Inglis	-	-	-	70	23	93
Audrey Miller	93	18	111	91	52	143
James Gow	54	10	64	91	50	141
Derek Smeall	124	29	153	-	-	-
Robin Ashton	93	21	114	-	-	-

### Pension Entitlements

Name	Accrued pension at pension age at 31 July 2020 £'000	Accrued lump sum at pension age at 31 July 2020 £'000	Real increase in pension year to 31 July 2020 £'000	Real increase in lump sum year to 31 July 2020 £'000	Cash equivalent transfer value at 31 July 2020 £'000	Cash equivalent transfer value at 31 July 2019 £'000	Real increase in cash equivalent transfer value £'000
Audrey Miller	36	52	2	-	616	577	38
James Gow	32	40	1	-	437	418	20
Derek Smeall	59	151	13	34	1,216	918	298
Robin Ashton	25	50	-	(4)	426	428	(2)

### Notes

a) The salaries in the above table represent the amounts earned in the financial period and include all allowances paid. No bonuses or overtime payments are made to members of the Senior Management Team.

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.

The details in the above table are provided by the pension funds and are subject to external audit.

### 4.3 Median Remuneration

Public Bodies are required to disclose the relationship between the remuneration of the highest paid official and the median remuneration of their workforce. The remuneration of the highest paid official in the organisation in financial year 2019/20 was £124,000 (2019 - £135,779). This was 3.0 times (2019 - 3.3 times) the median remuneration of the workforce which was £41,526 (2019 - £41,526). The lowest paid members of staff are placed on the bottom scale point of our grade 1 scale, this was £17,943 as at 1 August 2019 (£17,293 as at 1 August 2018).

#### **4.4 Accrued Pension Benefits**

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

Both the STSS and LGPS are defined benefit pension schemes where pension benefits are based on the salary earned and the number of years that the person has been a member of the scheme. The schemes normal retirement age varies depending on the scheme regulations and the age of members. Contribution rates are set annually for all employees and can be found in note 23.

Further information on the operation of both pension funds are available from the fund web sites:

<https://www.spfo.org.uk>; and  
<http://www.sppa.gov.uk>

#### **4.5 Senior Official Pension**

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 tables, together with the pension contributions made by the College.

#### **4.6 Cash Equivalent Transfer Value (CETV)**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The value of the accrued pension benefits has been calculated 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 eligible service and not just their current appointment. In considering the accrued pension benefits figure the following contextual information should be taken into account:

- the figures for pension and lump sum are illustrative only in light of the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement; and
- 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.

#### **4.7 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.

#### **4.8 Staff Numbers and Costs**

Normal staff costs now account for around 70% of expenditure. The notes to the accounts provide an analysis of staff number and costs. Note 6 outlines staff costs and how these are split between staff employed on temporary contracts and permanent contracts. In respect of staff head-count the following table provides an analysis:

<b>Staff Category</b>	<b>Male</b>		<b>Female</b>		<b>Total</b>	
Permanent Total	232	43%	247	46%	479	89%
Temporary Total	19	4%	40	7%	59	11%
<b>Grand Total</b>	<b>251</b>	<b>47%</b>	<b>287</b>	<b>53%</b>	<b>538</b>	<b>100%</b>

The College is committed to advancing equality and diversity and has published three key reports which report on mainstreaming the general duty of The Equality Act (2010) (Specific Duties) Regulations 2011 into College functions; these reports include its mainstreaming progress; equal pay audit and statement on equal pay and progress against its equality outcomes. Our reports are published in accordance with the requirements of The Equality Act (2010) (Specific Duties) Regulations 2011 and are available on the College web site. The reports provide an analysis in respect of staff and learners and include all equality strands. In respect of gender balance, the above table illustrates that its staffing complement is slightly more in favour of female. The equality reports provide a complete analysis of the staffing complement by gender and all of the other protected characteristics.

The College seeks to minimise its use of agency staff, during session 2019/20 it employed a small number of agency staff to cover short term or short notice vacancies. Total spend was £200k for 3.1 FTE employed on this basis. This includes 1FTE employed by Advance Procurement for Universities and Colleges who primarily works for Glasgow Kelvin College and 0.2 FTE for the shared service Data Protection Officer Role, employed by HEFESTIS.

#### **4.9 Sickness Absence**

The College reports on its sickness absence to its Human Resources Committee twice per year. It recognises that staff absence is costly in financial terms and can adversely impact on learning and teaching. It therefore seeks to manage absence diligently in accordance with its Attendance Management and Support Policy. Detailed reports on absence are available on the College web site as presented to the Board of Management and its Standing Committees. Summary data for 2019/20 and the three prior years is provided in the table below:

#### **4.10 Staff Absence Percentage by Staff Category and All Staff**

<b>Staff Group</b>	<b>Session 2016/17</b>	<b>Session 2017/18</b>	<b>Session 2018/19</b>	<b>Session 2019/20</b>
SMT/OMT	2.2%	1.1%	4.9%	5.4%
Permanent Teaching Staff	4.9%	4.8%	5.5%	3.5%
Temporary Teaching Staff	2.9%	0.8%	4.2%	0.8%
Support Staff	6.1%	5.7%	5.3%	4.0%
<b>All Staff</b>	<b>5.2%</b>	<b>4.9%</b>	<b>5.4%</b>	<b>3.8%</b>

Addressing absence rates has been an important target in the Value for Money Strategy, the College welcome a reduction in the absence rates in session 2019/20. Whilst the staff absence rate has reduced the College continues to incur additional staffing costs.

#### **4.11 Staff Policies**

Glasgow Kelvin College has a wide range of policies and procedures in place which govern employment. The policies ensure the College complies with employment legislation, follows good practice and promotes a positive organisational culture which encourages the recruitment, retention and ongoing development of its employees through professional learning. Its policies are also designed to ensure that the College supports its employees who may experience personal difficulties from time to time and specifically the College seeks to make reasonable adjustments for any member of staff who is disabled or develops an underlying health condition or disability which has an impact on their role. Under the 'Confident Employer' Initiative any disabled applicant who meets the essential criteria on the person specification/role profile will be invited for interview.

The College ensures that training and development is accessible to all staff irrespective of their protected characteristics. Access is monitored and reported in its equality reports. The College has a five-year Workforce Plan in place which seeks to ensure that it has current and future access to the staffing it needs to perform effectively, identifying current and future staffing needs and exploring the most appropriate and cost-effective methods to recruit, develop and retain its workforce. The College encourages lifelong learning through professional and personal development and that individuals take ownership of their continuous professional development. The College's approach helps ensure that succession planning is effective.

Some of the key policies designed to attract, develop, retain and support employees include:

- Attendance Management Policy;
- Dignity and Respect Policy and Procedure;
- Disciplinary Policy and Procedure;
- Equality and Diversity Policy;
- Family Friendly and Flexible Working Policy;
- Grievance Policy and Procedure;
- Health and Safety Policy;
- Lone Working Policy;
- No Smoking (Smoke Free) Policy;
- Policy and Procedure for PVG and Criminal Records Check;
- Professional Learning Policy;
- Menopause;
- Alcohol, Drugs and Substance Misuse Policy;
- Public Interest Disclosure Whistle-Blowing Policy;
- Recruitment and Selection Policy; and
- Safeguarding Young People and Vulnerable Adults Policy.

Consultation on the content of these policies has taken place with the recognised Trade Unions and relevant stakeholders. They reflect current best practice and provide a positive platform and framework for the effective management and engagement of all staff.

Policies are circulated to students, staff and stakeholders as required and are available both on the College intranet and the College website. They are amended, as necessary, in line with legislation changes, case law development or operational changes following consultation with employee representatives and stakeholders. They are also reviewed on a 2 or 3-yearly basis by the Senior Management Team/Human Resources Committee and Board of Management.

#### **4.12 Trade Union Facility Time**

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017 and the terms of the Recognition and Procedural Agreement the College has with its two recognised Trades Unions, UNISON and EIS-FELA there is an allowance for union facility time. The College provided the following support through paid facility time for union officials working at the College during the year ended 31st July 2020:

<b>Union</b>	<b>Number of employees who were relevant officials during the year</b>	<b>No. of Facility Time Hours per Week</b>	<b>Total Cost (£) Year to 31 July 2020</b>
UNISON	4	36 hrs	35,000
EIS/FLEA	10	24 hrs remission from teaching + additional 6 hours for H&S March to July	65,352
<b>Total</b>	<b>14</b>	<b>60 hrs (66 March to July)</b>	<b>100,352</b>

Percentage of time spent on facility time:

<b>Percentage</b>	<b>Number of employees</b>
0%	524
1%-50%	14
51%-99%	-
100%	-

Percentage of pay bill spent on facility time:

Total cost of facility time	£100,532
Total pay bill	£23,090,165
Percentage of pay bill spent on facility time	0.4%

In addition to the above costs, union representatives employed by the College are allocated time off to contribute to national bargaining processes, the College is reimbursed for these costs.

#### **4.13 Compensation for Loss of Office & Exit Packages**

The College operated a severance scheme during 2019/20, the cost of this was £237,471.

The Accountability Report has been approved by the Board of Management and signed on its behalf by:

Ian Patrick    7 December 2020  
Chair

Derek Smeall    7 December 2020  
Principal

## **Independent auditor's report to the members of the Board of Management of Glasgow Kelvin College, the Auditor General for Scotland and the Scottish Parliament**

### **Report on the audit of the financial statements**

#### **Opinion on financial statements**

We have audited the financial statements in the annual report and accounts of Glasgow Kelvin College ('the College') for the year ended 31 July 2020 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, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the affairs of the College as at 31 July 2020 and of the deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

#### **Basis of opinion**

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is 4 years. We are independent of the college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the Board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the College has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Risks of material misstatement**

We have reported in a separate Annual Audit Report, which is available from the Audit Scotland website, the most significant assessed risks of material misstatement that we identified and our conclusions thereon.

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

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

In preparing the financial statements, the Board of Management is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

### **Auditor's responsibilities for the audit of the financial statements**

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting 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. We therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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 our auditor's report.

### **Other information in the annual report and accounts**

The Board of Management is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and our independent auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

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



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

### **Opinion on regularity**

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

### **Responsibilities for regularity**

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

## **Report on other requirements**

### **Opinions on matters prescribed by the Auditor General for Scotland**

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

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

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

### **Matters on which we are required to report by exception**

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

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

We have nothing to report in respect of these matters.

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

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

## **Use of our report**

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

**Gary Devlin, Senior Statutory Auditor**

**For and on behalf of**

**Azets Audit Services**

**Chartered Accountants**

Exchange Place 3

Semple Street

Edinburgh

EH3 8BL

Date.....

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

## Financial Statement for the year ended 31 July 2020

### Statement of Comprehensive Income and Expenditure for the year ended 31 July 2020

	Notes	Year to 31 July 2020 £'000	Year to 31 July 2019 £'000
<b>Income</b>			
Funding Council grants	2	25,574	24,987
Tuition fees	3	5,016	5,245
Other income	4	2,027	2,227
Donation from Learning Foundation	8	470	61
Investment income	5	-	-
<b>Total income</b>		<b>33,087</b>	<b>32,520</b>
<b>Expenditure</b>			
Staff costs	6/7	24,507	24,281
Fundamental restructuring costs	6	237	-
Other operating expenses	8	7,337	7,838
Donation to Learning Foundation	8	-	-
Depreciation & impairment	11	2,668	2,471
Interest payable	9	142	51
<b>Total expenditure</b>		<b>34,891</b>	<b>34,641</b>
<b>(Deficit) before other gains or losses</b>		<b>(1,804)</b>	<b>(2,121)</b>
Gain on disposal of fixed assets		1	2
<b>(Deficit) before tax</b>		<b>(1,803)</b>	<b>(2,119)</b>
Taxation		-	-
<b>(Deficit) for the year</b>		<b>(1,803)</b>	<b>(2,119)</b>
Actuarial (loss) in respect of pension scheme	23	(8,193)	(3,399)
<b>Total comprehensive (expense) for the year</b>		<b>(9,996)</b>	<b>(5,518)</b>

The notes on Pages 49 to 75 form part of these accounts.

## Financial Statements for the year ended 31 July 2020

### Statement of Comprehensive Income and Expenditure for the year ended 31 July 2020 (contd.)

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

		Year to 31 July 2020 £'000	Year to 31 July 2019 £'000
(Deficit) before other gains and losses (FE/HE SORP basis)		(1,804)	(2,121)
Add back/(deduct): Non-cash allocation for depreciation (net of deferred capital grant)	11/16	885	259
<b>Operating deficit on Central Government accounting basis</b>		<b><u>(919)</u></b>	<b><u>(1,862)</u></b>

Following reclassification, colleges received additional non-cash budget to cover depreciation, but this additional budget is not recognised under the FE/HE SORP accounting rules. As a result, colleges show a deficit equivalent to net depreciation (where funds are spent on revenue items) in order 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 £1,804k for the year ended 31 July 2020. After taking account of the Government non-cash budget, the college shows an “adjusted” deficit of £919k on a Central Government accounting basis.

The notes on Pages 49 to 75 form part of these accounts.

## Financial Statement for the year ended 31 July 2020

### Statement of Changes in Reserves for the year ended 31 July 2020

	Notes	Income and expenditure reserve £'000	Revaluation reserve £'000	Total reserves £'000
Balance at 1 April 2018		1,742	11,424	13,166
Total comprehensive (expense)		(5,518)	-	(5,518)
Transfers from revaluation reserve	18	267	(267)	-
Revaluation of fixed assets		-	4,946	4,946
<b>Balance at 31 July 2019</b>		<b>(3,509)</b>	<b>16,103</b>	<b>12,594</b>

	Notes	Income and expenditure reserve £'000	Revaluation reserve £'000	Total reserves £'000
Balance at 1 August 2019		(3,509)	16,103	12,594
Total comprehensive (expense)		(9,996)	-	(9,996)
Transfer from revaluation reserve	18	424	(424)	-
Revaluation of fixed assets	18	-	-	-
<b>Balance at 31 July 2020</b>		<b>(13,081)</b>	<b>15,679</b>	<b>2,598</b>

The notes on Pages 49 to 75 form part of these accounts.

## Financial Statement for the year ended 31 July 2020

### Balance Sheet as at 31 July 2020

	Notes	As at 31 July 2020 £'000	As at 31 July 2019 £'000
<b>Fixed Assets</b>			
Tangible assets	11	58,762	60,560
<b>Current Assets</b>			
Debtors	12	1,943	1,466
Cash and cash equivalents	13	<u>1,827</u>	<u>1,301</u>
		<u>3,770</u>	<u>2,767</u>
Creditors: amounts falling due within one year	14	<u>(6,781)</u>	<u>(6,417)</u>
<b>Net current liabilities</b>		<b><u>(3,011)</u></b>	<b><u>(3,650)</u></b>
<b>Total assets less current liabilities</b>		<b>55,751</b>	<b>56,910</b>
Creditors: amounts falling due after more than one year	15	(34,683)	(35,196)
<b>Provisions</b>			
Pension provisions	17	(18,470)	(9,120)
<b>Total net assets</b>		<b><u>2,598</u></b>	<b><u>12,594</u></b>
<b>Reserves</b>			
Revaluation reserve	18a	15,679	16,103
Income and expenditure reserve	18b	(13,081)	(3,509)
<b>Total reserves</b>		<b><u>2,598</u></b>	<b><u>12,594</u></b>

The financial statements were approved by the Board of Management on 7 December 2020 and were signed on its behalf by:

Ian Patrick     7 December 2020  
Chair

Derek Smeall     7 December 2020  
Principal

The notes on Pages 49 to 75 form part of these accounts.

## Financial Statement for the year ended 31 July 2020

### Statement of Cash Flows

	Notes	Year to 31 July 2020 £'000	Year to 31 July 2019 £'000
<b>Net cash (outflow) from operating activities</b> (deficit) for the period		(1,803)	(2,119)
<b>Adjustment for non-cash items</b>			
Depreciation and impairment of assets at valuation	11	2,668	2,471
(Increase) in debtors	12	(477)	(450)
Increase in creditors	14	793	554
Increase in pension provision	17	1,372	1,745
Pension provision expenditure	17	(215)	(214)
Release of deferred capital grants	16	(1,782)	(2,212)
<b>Adjustment for financing activities</b>			
Proceeds of the sale of fixed assets	11	(1)	(2)
Net cash inflow from operating activities		<u>555</u>	<u>(227)</u>
<b>Cash flows from investing activities</b>			
Interest receivable	5	-	-
Proceeds on the sale of fixed assets	11	1	2
Payments made to acquire fixed assets	11	(870)	(1,104)
Deferred capital grant additions		840	1,197
		<u>(29)</u>	<u>95</u>
<b>Increase/(decrease) in cash in the period</b>		<u>526</u>	<u>(132)</u>
Cash and cash equivalents at beginning of the year		1,301	1,433
Cash and cash equivalents at end of the year		<u>1,827</u>	<u>1,301</u>
Increase/(Decrease) in cash equivalents		<u>526</u>	<u>(132)</u>

<b>Net debt</b>	<b>At 1 August 2019 £'000</b>	<b>Cash Flows £'000</b>	<b>Other non cash changes £'000</b>	<b>At 31 July 2020 £'000</b>
<b>Cash &amp; Cash equivalents</b>				
Cash	1,301	526	-	1,827
Cash equivalents	-	-	-	-
	<u>1,301</u>	<u>526</u>	<u>-</u>	<u>1,827</u>
<b>Borrowings</b>				
Debt due within 1 year	-	-	-	-
Debt due after one year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>1,301</u>	<u>526</u>	<u>-</u>	<u>1,827</u>

The notes on Pages 49 to 75 form part of these accounts.



## **Statement of Principal Accounting Policies**

### **General Information**

Glasgow Kelvin College is defined as a 'fundable body' by the provisions of the Further and Higher Education (Scotland) Act 2005. It is primarily funded by the Scottish Funding Council (SFC), a Non-Departmental Public Body of the Scottish Government, whose main role is to distribute funding to Colleges and Universities in Scotland. The Glasgow Colleges' Regional Board was granted 'fundable body' status on 1 April 2018 and since that date the College has been funded directly by the Glasgow Colleges' Regional Board.

The financial statements have been prepared in accordance with the Further and Higher Education (Scotland) Act 1992, United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the 2019 Statement of Recommended Practice (SORP) 2019: Accounting in Further and Higher Education and the Government Financial Reporting Manual (FRoM). The financial statements conform to the accounts direction published by the Scottish Funding Council (SFC) in July 2020.

The College is primarily funded by the Glasgow Colleges' Regional Board (GCRB) which is a 'Fundable Body' within the terms of the Post 16 Education (Scotland) Act 2013. GCRB has the overall responsibility for the planning and delivery of Further Education in Glasgow. GCRB are in turn funded by the Scottish Funding Council (SFC), a Non-Departmental Public Body of the Scottish Government, whose main role is to distribute funding to Colleges and Universities in Scotland.

The presentation currency is pound sterling and the financial statements are rounded to the nearest thousand. These financial statements comprise the results of the College only.

The Board of Management is responsible for setting the strategic direction of the College within the parameters of the Glasgow Regional Outcome Agreement and for overseeing its operational management. Glasgow Kelvin College is a registered Scottish Charity, Charity number SC021207 (within the provisions of the Charities and Trustee Investment (Scotland) Act 2005). The registered address is 123 Flemington Street, Springburn, Glasgow, G21 4TD.

### **Accounting Policies**

#### **Introduction and accounting basis**

The financial statements are prepared on the historical cost basis of accounting subject to the revaluation of certain fixed assets and in accordance with applicable accounting standards. The accounting policies of the College are set out below:

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

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

## Statement of Principal Accounting Policies (contd.)

The Board of Management are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

<b>Estimate</b>	<b>Basis of estimation</b>
Valuation of buildings	College buildings are of a specialist nature and are valued on the depreciated replacement cost basis.
Useful economic lives of buildings and equipment	Buildings are depreciated over their expected remaining useful economic life as assessed by an independent, qualified valuer. Buildings owned by the College are split into components and each component is valued and depreciated separately. Land owned by the College is not depreciated. The economic lives currently in use are in the range 18.75 to 115 years.  The estimated useful life of equipment is 4 to 10 years.
Recoverable amount of trade debtors	Trade debtors are reviewed by appropriately experienced senior management team members with appropriate provision for non-payment of debt being charged to the financial statements as required.
The obligations under the Strathclyde Pension Scheme (SPF)	The Board of Management has relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate.

## Recognition of income

Income from government grants, contracts and other services rendered is recognised in the Statement of Comprehensive Income and Expenditure in proportion to the extent of completion of the contract or service concerned.

Deferred Government Capital Grants are released to income in accordance with the accrual model over the useful life of the asset. The accrual model requires the College to recognise income on a systematic basis over the period in which the College recognises the related costs for which the grant is intended to compensate.

Government revenue grants are recognised using the accrual model which means the College recognises the grant in income on a systematic basis over the period in which the College recognises the related costs for which the grant is intended to compensate.

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

## **Statement of Principal Accounting Policies (contd.)**

The main annual recurrent allocation from the SFC was recognised in the period in which it was received and is credited to the Statement of Comprehensive Income and Expenditure.

Tuition fees are credited to the Statement of Comprehensive Income and Expenditure in the period in which they are due to be received. The Board of Management waives fees in line within the National Fee Waiver Policy which gives free access to education and training to those who are unemployed, have low income or are receiving other forms of benefit.

Income from the European Social Fund (ESF) is accounted for to the extent that it has been received prior to the date of approval of the accounts or that its recovery is expected with reasonable certainty.

All investment income from short-term deposits is credited to the Statement of Comprehensive Income and Expenditure in the period in which it is earned.

### **Maintenance of premises**

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

### **Operating leases**

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

### **Taxation**

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

### **Provisions**

Provisions are recognised when the College has a present 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.

### **Subsequent events**

Subsequent events after the end of the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. In accordance with FRS 102 the College is required to identify events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue and make adjustments or disclosures where these are material to the understanding of the financial statements.

## Statement of Principal Accounting Policies (contd.)

### Fixed assets

#### a Land and buildings

The college holds its land and buildings at fair value and due to the specialist nature of the college buildings they are valued on a depreciated replacement cost basis. A formal valuation is performed by Avison Young, Chartered Surveyors, an independent, qualified valuer. Valuations take place at least every 5 years, unless there have been indications that there has been a material movement in the fair value. This is considered appropriate as the fair value is not considered to be volatile. In the years where no formal valuation is performed, a review of the impact of indexation of the formal valuation is performed by the surveyor with the indexation reflected in the financial statements.

Buildings are depreciated over their expected remaining useful economic life as assessed by Avison Young. Buildings owned by the College are split into components and each component is valued and depreciated separately. Land owned by the College is not depreciated. The economic lives currently in use are in the range 10 to 115 years.

Where assets are funded with specific grants, the related grants are credited to a deferred capital grant account and released to the Statement of Comprehensive Income and Expenditure over the expected useful economic life of the asset on a basis consistent with the depreciation policy. Assets under construction are recognised in the balance sheet to the extent that money has been paid or a liability incurred. Assets under construction are not depreciated until they are brought into use.

An annual impairment review is carried out for all fixed assets, if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable the asset is impaired.

#### b Equipment

Individual items of equipment costing less than £10,000 are written off to the Statement of Comprehensive Income and Expenditure in the period of acquisition. Investment in ICT projects costing in excess of £10,000 have also been capitalised where individual items may have cost less than £10,000. The depreciation charge reflects the estimated useful life of the assets as follows:

Equipment	4 – 10 years
ICT Hardware and Software	4 years

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

## **Statement of Principal Accounting Policies (contd.)**

### **Retirement benefits**

The College participates in two multi-employer defined benefit pension schemes. Teaching staff may join the Scottish Teachers' Superannuation Scheme (STSS), which is administered by the Scottish Public Pensions Agency. Glasgow Kelvin College is unable to identify its share of the underlying assets and liabilities of the STSS and therefore, as required by FRS 102 'Retirement Benefits', accounts for its participation in the STSS as if it were a defined contribution scheme. Contributions are charged to the Statement of Comprehensive Income and Expenditure as they arise. This is expected to result in the pension cost being a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of periodic valuations using the projected unit basis.

Non-teaching staff may join the Strathclyde Pension Fund (SPF) which is administered by Glasgow City Council and which requires contributions to be made to its number 1 fund. The Fund is a defined benefit pension scheme, providing benefits based on final pensionable pay and length of service, which is contracted out of the State Earning-Related Pension Fund.

Assets and liabilities of the Fund are held separately from those of Glasgow Kelvin College. Fund assets are measured using market values. Fund liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability.

Contributions to the Fund are calculated so as to spread the cost of pensions over employees' working lives with the College. The contributions are determined by an actuary on the basis of triennial valuations using the Age Attained Method. The actuaries also review the progress of the scheme in each of the intervening years. Variations from regular costs are spread over the expected average remaining working lifetime of members of the Fund, after making allowances for future withdrawals. The expected cost of providing staff pensions to employees contributing to the Fund is recognised in the Statement of Comprehensive Income and Expenditure on a systematic basis over the expected average remaining lives of members of the Fund in accordance with FRS 102 and recognises retirement benefits as the benefits are earned and not when they are due to be paid.

### **Financial instruments**

Financial instruments are recognised in the Balance Sheet when the College becomes party to the contractual provisions of the instrument. All of the College's financial instruments are classified as 'basic' in accordance with Chapter 11 of FRS102. All of the College's financial instruments are measured at transaction price.

Financial assets are derecognised when the contractual rights to the cash flows from asset to expire, or when the College has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

### **Employee benefits**

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

## **Statement of Principal Accounting Policies (contd.)**

### **Cash and cash equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

### **Interest receivable**

Interest income is recognised in the Statement of Comprehensive Income and Expenditure using the effective interest method.

### **Debtors**

Short term debtors are measured at transaction price, less any impairment.

### **Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities are measured at fair value, net of transaction costs.

### **Agency arrangements**

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

### **Going concern**

The Board of Management is satisfied that it has adequate resources to continue in operation for the foreseeable future. The College has now reassessed its medium-term financial sustainability and has developed a new Transformation and Renewal Plan in consultation with our Glasgow Colleges Regional Board (GCRB) executive colleagues which will ensure it remains financially sustainable over the next three-year period. The planned underlying financial position of the College during this period of transformation is dependent upon receipt of funding from our Arm's Length Foundation (ALF) and cash support from the Scottish Funding Council (SFC) via GCRB in the form of brought forward monthly cash flow. This enables the College to return to a sustainable year end operating cash balance and an AOP surplus by the end of the period. It will be facilitated through a programme of operating efficiencies resulting in significant reductions in staff costs. The board have assessed the impact of COVID-19 and this has not affected the going concern status of the entity. It is anticipated that the College will continue to be funded by Grant in Aid from the Scottish Funding Council/GCRB and will continue to operate on a financially stable basis. The board have assessed the impact of COVID-19 and this has not affected the going concern status of the College. As a result of this, the going concern basis continues to be adopted in the preparation of the financial statements.

## 2. Funding Council Grants (SFC)

	Notes	Year to 31 July 2020 £'000	Year to 31 July 2019 £'000
SFC recurrent grant (including fee waiver)		21,809	20,752
Release of deferred capital grants	16	1,167	1,176
FE & HE childcare funds	27/28	847	1,411
Maintenance grants		500	509
Other SFC grants		613	634
Strategic funding		638	505
<b>Total</b>		<b>25,574</b>	<b>24,987</b>

## 3. Tuition Fees

		Year to 31 July 2020 £'000	Year to 31 July 2019 £'000
Higher Education students		1,711	1,755
UK Further Education students		85	89
Non – EU Further Education students		48	10
Education contracts		2,554	2,806
Other contracts		618	585
<b>Total</b>		<b>5,016</b>	<b>5,245</b>

## 4. Other Income

	Notes	Year to 31 July 2020 £'000	Year to 31 July 2019 £'000
Rental income		31	49
Other grant income		269	281
Release from deferred grants non–SFC	16	615	1,036
Income generating activities		591	191
Integrated Grant Fund		521	520
Big Lottery funding		-	150
<b>Total</b>		<b>2,027</b>	<b>2,227</b>

## 5. Investment Income

	Year to 31 July 2020 £'000	Year to 31 July 2019 £'000
Bank interest receivable	-	-

## 6. Staff Costs

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

	Year to 31 July 2020 No.	Year to 31 July 2019 No.
Academic / Teaching departments	260	272
Academic / Teaching services	120	126
Administration & central services	58	59
Premises	24	22
<b>Total</b>	<b>462</b>	<b>479</b>

b. Staff Costs for the above persons:

	£'000	£'000
Academic / Teaching departments	14,680	14,383
Academic / Teaching services	5,107	5,468
Administration & central services	3,848	3,548
Premises	872	882
Staff restructuring	237	-
<b>Total</b>	<b>24,744</b>	<b>24,281</b>

Analysed as follows:

	Year to 31 July 2019 £'000	Year to 31 July 2019 £'000
Wages and salaries	17,919	17,685
Social Security costs	1,855	1,921
Pension costs	4,733	4,675
Staff restructuring	237	-
<b>Total</b>	<b>24,744</b>	<b>24,281</b>



## 6. Staff Costs (contd.)

Staff costs for 2019/20 include £237k in voluntary severance payments for 6 members of staff who left during that year. There were no costs incurred during 2018/19 in respect of voluntary severance or compensation for loss of office. Voluntary severance payments were approved by the College Remuneration Committee and the Board of Management and were fully funded by the College. Pay awards for most staff are now negotiated nationally. The College fully implemented national agreements during the previous financial year, and which cover the period to 31 August 2020.

1 employee left under voluntary exit terms on 31/05/2020, with another 5 employees leaving under voluntary exit terms on 31/07/2020. They received a compensation payment of £237,471.

The table below summarises the exit packages by cost band.

<b>Exit package cost band</b>	<b>Number of voluntary redundancies</b>	<b>Number of other departures agreed (including any compulsory redundancies)</b>	<b>Total number of exit packages by cost band</b>
<£10,000	0	0	0
£10,000 - £25,000	1	0	1
£25,000 - £50,000	4	0	4
£50,000 - £100,000	1	0	1
£100,000 - £150,000	0	0	0
£150,000 - £200,000	0	0	0
<b>Total number of exit packages</b>	<b>6</b>	<b>0</b>	<b>6</b>
<b>Total cost (£)</b>	<b>237</b>	<b>0</b>	<b>237</b>

Staff on support staff contracts were awarded a nationally negotiated inflationary pay award totalling 3% for staff earning below £36,500 and 2% for those earning above. This was applied from 1 April 2019; however, a further increase of 4/12 was agreed in the prior year which covered the period from 1 April 2020 to 31 July 2020.

Increases for senior staff out with the National Bargaining framework, the Principal, 3 Vice Principals, 5 Directors and 4 Heads of Faculty mirrored the increase of 3.6% awarded to promoted teaching staff harmonisation element and also cover the period to 31 March 2020. There was a further increase for senior management of 2%, which was effective from 1 April 2020 and covers the period 1 April to 20 to 31 March 2021.

The number of staff, including three senior post-holders and the principal, who received emoluments (excluding employer National Insurance, pension contributions and compensation for loss of office) in the following ranges were:

## 6. Staff Costs (contd.)

	Higher paid staff Year to 31 July 2020 No.	Higher paid staff Year to 31 July 2019 No.
£60,001 to £70,000	6	5
£70,001 to £80,000	1	1
£80,001 to £90,000	-	-
£90,001 to £100,000	2	2
£120,001 to £130,000	1	-
£130,001 to £140,000	-	1
<b>Total</b>	<b>10</b>	<b>9</b>

## 7. Senior Post-Holder Emoluments

	Year to 31 July 2020 No.	Year to 31 July 2019 No.
The number of senior post-holders including the Principal was:	<u>4</u>	<u>4</u>
	<b>£'000</b>	<b>£'000</b>
Senior post-holders annual emoluments were made up as follows:		
Salaries	364	387
Voluntary severance	62	-
Benefits in kind	-	-
Pension contributions	78	69
<b>Total emoluments</b>	<b>504</b>	<b>456</b>

The above emoluments include amounts payable to the Principal of:

	Year to 31 July 2020 £'000	Year to 31 July 2019 £'000
Salary	124	136
Benefits in kind	-	-
Compensation for loss of office	-	-
Pension contributions	29	22
<b>Total emoluments</b>	<b>153</b>	<b>158</b>

## 7. Senior Post-Holder Emoluments (contd.)

The Highest paid member of staff during financial period 2019/20 was the Principal of Glasgow Kelvin College.

The pension contributions in respect of the principal and senior post holders are in respect of employer's actual contributions to the Teachers Superannuation Scheme (Scotland) and the Local Government Superannuation Scheme. These are paid at the same rates as for other employees. The members of the Board of Management, other than the Principal and other members of staff, did not receive any payment from the College other than reimbursement of travel and subsistence expenses incurred in the course of their duties.

## 8. Other Operating Expenses

	Year to 31 July 2020 £'000	Year to 31 July 2019 £'000
Premises costs	1,455	1,822
Teaching services	1,660	1,993
Teaching departments	995	1,034
Administration and central services	1,505	863
Agency staff costs	200	183
HE & FE childcare	847	1,411
Estates maintenance projects	675	532
<b>Total</b>	<b>7,337</b>	<b>7,838</b>

Estates maintenance projects have been funded by the Glasgow Kelvin Learning Foundation of £nil (2019 - £33k), SFC of £638k (2019 - £482k) and other £nil (2019: £17k).

In 2013/14 the Glasgow Kelvin Learning Foundation, an independent trust, was established with the purposes of supporting further and higher education colleges in Glasgow. Total donations from the College to the Foundation in the period to 31 March 2014 amounted to £3,200k and £2,800k in the year to 31 July 2017 following the sale of City Campus. A further £300k was donated to the Foundation in the year to 31 July 2018. The College will be able to apply to the Foundation for financial support for future projects, primarily to support the Capital Investment Plan. To date, the College has received £4,207k in financial assistance from the Foundation including £785k during 2019/20 (2018/19: £635k). Of this £785k, £470k (2019: 61k) has been recognised as revenue and £315k (2019: £600k) of funding for capital projects has been recognised as deferred capital grants.

## 8. Other Operating Expenses (contd.)

	Year to 31 July 2020 £'000	Year to 31 July 2019 £'000
Operating lease payments	90	97
External auditor's remuneration	38	36
Other remuneration payable to the external auditors	-	-
Amounts receivable by other audit firms in respect of:		
Internal audit including EMA and Student funds audit	22	21
Other services provided by internal auditors	-	-
Independent Clerk to the Board of Management (includes payroll cost from Nov 2018 onwards)	-	12

### Operating lease commitments as at 31 July 2020:

#### 2020

	Year to 31 July 2020 £'000	Expires in less than one year £'000	Expires between 1 and 5 years £'000
Other leases	90	47	127
<b>Total</b>	<b>90</b>	<b>47</b>	<b>127</b>

#### 2019

	<i>Year to 31 July 2019 £'000</i>	<i>Expires in less than one year £'000</i>	<i>Expires between 1 and 5 years £'000</i>
<i>Other leases</i>	<i>97</i>	<i>94</i>	<i>14</i>
<i>Total</i>	<i>97</i>	<i>94</i>	<i>14</i>

## 9. Interest Payable

	Year to 31 July 2020 £'000	Year to 31 July 2019 £'000
Net interest on pension assets and liabilities	142	51
<b>Total</b>	<b>142</b>	<b>51</b>

## 10. Taxation

The Board does not believe that the College was liable for any corporation tax arising out of its activities during the period. The College charity number is SC021207.

## 11. Fixed Assets

	Land & Buildings Freehold £'000	Equipment £'000	Total £'000
<b>Cost or valuation</b>			
<b>At 1 August 2019</b>	<b>58,613</b>	<b>11,463</b>	<b>70,076</b>
Valuation	-	-	-
Additions	-	870	870
Disposals	-	(15)	(15)
<b>At 31 July 2020</b>	<b>58,613</b>	<b>12,318</b>	<b>70,931</b>
<b>Depreciation</b>			
<b>At 1 August 2019</b>	-	<b>9,516</b>	<b>9,516</b>
Charge for year	1,581	1,087	2,668
Valuation	-	-	-
Disposals	-	(15)	(15)
<b>At 31 July 2020</b>	<b>1,581</b>	<b>10,588</b>	<b>12,169</b>
<b>Net book value</b>			
<b>At 1 August 2019</b>	<b>58,613</b>	<b>1,947</b>	<b>60,560</b>
<b>Net book value</b>			
<b>At 31 July 2020</b>	<b>57,032</b>	<b>1,730</b>	<b>58,762</b>
Revaluation	15,679	-	15,679
Financed by capital grant	35,574	892	36,466
Other	5,779	838	6,617
<b>Net book value</b>			
<b>At 31 July 2020</b>	<b>57,032</b>	<b>1,730</b>	<b>58,762</b>

Land and Buildings are revalued every 5 years with an interim valuation carried out in year 3. The College appointed Avison Young, formerly GVA, Chartered Surveyors to perform the valuations. Avison Young are independent appropriately qualified valuers. The freehold land and buildings were revalued at 31 July 2019. In line with the accounting policy, a review of the impact of indexation of the formal valuation is performed by the surveyor with the indexation reflected in the financial statements. Avison Young reviewed the valuation as at 31 July 2019 to take into account the effect of indexation on Land and Buildings. During the year 2019/20, the surveyor assessed the impact of indexation to be £nil. Land and Buildings with a net book value of £58,613k have been partially financed by Treasury funds. The basis of this revaluation was depreciated replacement cost.

## 12. Debtors: Amounts Falling Due Within One Year

	<b>31 July 2020 £'000</b>	<b>31 July 2019 £'000</b>
Trade debtors	252	127
Other debtors	14	91
Prepayments and accrued income	1,677	1,248
Bursary and discretionary funds receivable	-	-
<b>Total</b>	<b><u>1,943</u></b>	<b><u>1,466</u></b>

Trade debtors and debts due from students are shown net of a provision for bad debts of £132k (2019 - £35k).

## 13. Cash at bank and in hand

	<b>31 July 2020 £'000</b>	<b>31 July 2019 £'000</b>
Cash at bank and in hand	1,270	1,216
Bursaries and student fund accounts	557	85
<b>Total</b>	<b><u>1,827</u></b>	<b><u>1,301</u></b>

The College receives certain Funding Council grants on an agency basis. The funds are available solely for students and the College acts only as paying agent. The funds held in trust are reflected on the Balance Sheet, as both cash at bank and as a liability.

The above cash balances do not include an amount of £1k (2019 – £1k) which is held by the College for the benefit of students.

#### 14. Creditors: Amounts Falling Due Within One Year

	31 July 2020 £'000	31 July 2019 £'000
Trade creditors	442	267
Other creditors	4	512
Other taxation and social security	473	597
Accruals and deferred income	3,183	2,443
Deferred Government capital grants	1,782	2,212
VAT creditor	289	301
Lease creditor	51	-
Bursary and discretionary funds for future disbursement	557	85
<b>Total</b>	<b>6,781</b>	<b>6,417</b>

Included within other creditors is £1k (2019 - £445k) in respect of unpaid pension contributions.

#### 15. Creditors: Amounts Falling More than one Year

	31 July 2020 £'000	31 July 2019 £'000
Deferred Government capital grants	34,683	35,196
VAT Creditor under the Lennartz accounting treatment 1 – 2 years	-	-
<b>Total</b>	<b>34,683</b>	<b>35,196</b>



## 16. Deferred Capital Grants

	<b>SFC</b> <b>£'000</b>	<b>Other</b> <b>£'000</b>	<b>Total</b> <b>£'000</b>
<b>At 1 August 2019</b>			
Land and buildings	25,901	10,644	36,545
Modular buildings	19	-	19
Fixtures and fittings	-	-	-
Equipment	785	43	828
Vehicles	10	6	16
<b>Total</b>	<b>26,715</b>	<b>10,693</b>	<b>37,408</b>
<b>Received during period</b>			
Land and buildings	-	-	-
Modular buildings	-	-	-
Fixtures and fittings	-	-	-
Equipment	499	278	777
Vehicles	-	63	63
<b>Total</b>	<b>499</b>	<b>341</b>	<b>840</b>
<b>Released to Income and Expenditure</b>			
Land and buildings	684	284	968
Modular buildings	19	-	19
Fixtures and fittings	-	-	-
Equipment	459	304	763
Vehicles	5	27	32
<b>Total</b>	<b>1,167</b>	<b>615</b>	<b>1,782</b>
<b>At 31 July 2020</b>			
Land and buildings	25,217	10,360	35,577
Modular buildings	-	-	-
Fixtures and fittings	-	-	-
Equipment	825	17	842
Vehicles	5	42	47
<b>Total</b>	<b>26,047</b>	<b>10,419</b>	<b>36,466</b>

## 17. Provisions for Liabilities and Charges

	Defined Benefit Obligation £'000	Unfunded Pension Liability £'000	Total £'000
Balance as at 1 August 2019	6,063	3,057	9,120
Expenditure in the period	-	(215)	(215)
Increased provision required in the year	9,358	207	9,565
<b>Balance as at 31 July 2020</b>	<b><u>15,421</u></b>	<b><u>3,049</u></b>	<b><u>18,470</u></b>

The Unfunded Pension Liability provision is for anticipated future pension costs arising from previous early retirements. The provision has been revalued by a qualified actuary. A net interest rate of 0.8% has been applied in calculating the provision.

Unfunded pension liabilities are accounted for in accordance with Financial Reporting Standard 102: *Provisions and contingencies*.

## 18. Revaluation Reserve

	31 July 2020 £'000	31 July 2019 £'000
At 1 August 2019	16,103	11,424
Transfer (from)/to revaluation reserve in respect of :-		
Historic cost depreciation adjustment	(424)	(267)
Revaluation of fixed assets	-	4,946
Net transfer to/(from) revaluation reserve	<u>(424)</u>	<u>4,679</u>
At 31 July 2020	<b><u>15,679</u></b>	<b><u>16,103</u></b>

## **19. Post Balance Sheet Events**

There are no post Balance Sheet events to report.

## **20. Capital Commitments**

The College has no material capital commitments as at 31 July 2020 (2019: none).

## **21. Contingent Liabilities & Contingent Assets**

The College has no contingent liabilities or assets as at 31 July 2020 (2019: none).

## **22. Shared Services**

The College acknowledges that it, and its learners, benefit from the use of community assets owned by partner organisations (such as Glasgow City Council), including the facilities at The Bridge and parts of the Glasgow Learning Network. On the advice of independent, qualified surveyors, the College has decided that it is not practicable to place a reliable monetary value on the rights of access it has to such assets (for which it pays nominal rental charges).

Consequently, the College has not included any rights of access it has in the fixed assets Balance Sheet total.

## 23. Pension and Similar Obligations

The College's employees belong to one of two principal pension schemes:

- a) The Scottish Teachers' Superannuation Scheme (STSS), managed by the Scottish Public Pensions Agency (SPPA); and
- b) The Local Government Pension Scheme for non-teaching staff which is managed by the Strathclyde Pension Fund (SPF).

The schemes are of the defined benefit type. The assets of the schemes being held in separate trustee-administered funds. The total pension cost for 2019/20 was:

	Year to 31 July 2020 £'000	Year to 31 July 2019 £'000
Teachers' Pension Scheme (STSS) : Employer's contributions	2,452	1,918
Local Government Pension Scheme : Employer's contributions paid (total)	1,051	1,063
Unfunded SPF provision required in year	207	173
	<hr/> 3,710	<hr/> 3,154
FRS 102 employer service cost and curtailments	1,023	1,521
	<hr/>	<hr/>
<b>Total pension costs</b>	<b>4,733</b>	<b>4,675</b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the STSS was 31 March 2016 and of the LGPS (SPF) was 31 March 2017.

### Scottish Teachers Superannuation Scheme (STSS)

The Scottish Teachers Superannuation Scheme (STSS) is an unfunded defined benefit pension scheme. Contributions, on a pay as you go basis, are credited to the exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purpose of determining contribution rates. The STSS is a multi-employer pension scheme and the Scottish Public Pensions Agency (SPPA) have indicated that at the moment they are not able to identify the net share of underlying assets and liabilities for each employer on a "consistent and reasonable basis". Accordingly, the College has taken advantage of the exemption in FRS102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

A full actuarial valuation was carried out as at 31 March 2016. Employer's contributions were payable during 2019/20 to the STSS at a rate of 23% from 1 September 2019 (previously 17.2%).

## 23. Pension and Similar Obligations (contd.)

The assumptions in the 2016 valuation that have the most significant effect on results are as follows:

Actuarial method	
Assumed gross rate of return on investment (discount rate)	2.8% p. a. real; 4.86% p.a. nominal Until 2019 and then 2.4% real, 4.45% nominal
Assumed rate of increase in salaries	4.2% pa, 2.2% in excess of assumed CPI Inflation
Present value of liabilities at 31 March 2016	£22.8 billion
Pension increases per annum	2.0%

The full Actuarial Review of the scheme is available from the Government Actuary's Department. Please note that the short-term variations in salary increases are tabled below, returning to the long term assumed rate of 2% CPI Inflation + 2.2% pa thereafter.

Year	Gross discount rate	Pension increases	Salary growth
2013/14	5.78%	2.7%	0.5%
2014/15	5.27%	2.2%	1.5%
2015/16	5.16%	2.1%	2.0%
2016/17	3.83%	1.0%	1.2%
2017/18	5.88%	3.0%	2.2%
2018/19	5.06%	2.2%	2.1%
2019/20	4.24%	1.8%	2.3%
2020/21	n/a	n/a	2.6%
2021/22	n/a	n/a	2.8%
2022/23	n/a	n/a	3.0%

### Strathclyde Pension Fund (SPF)

The Local Government Pension Scheme is administered by the Strathclyde Pension Fund, and is a multi-employer funded defined benefit scheme.

Contribution rates during the financial year were:

- Employer's - 19.3%;
- Employee's - Tiered levels of contribution related to salary level ranging from 5.5% to 9.5%. The College payroll average contribution is 5.91%.

### 23. Pension and Similar Obligations (contd.)

For the purposes of FRS 102 'Retirement Benefits' the College's actuarial valuation was calculated by the actuary as at 31 July 2020

The major assumptions used by the actuary were:

	<b>31 July 2020</b>	<b>31 July 2019</b>
Rate of increase in salaries	3.3%	3.6%
Rate of increase for pensions in payment	2.2%	2.4%
Discount rate for scheme liabilities	1.4%	2.1%
Expected rate of return of assets	(2.4%)	2.1%

The current mortality assumptions are based upon recent mortality experience, the assumed life expectations on retirement are:

	<b>31 July 2020</b>	<b>31 July 2019</b>
Retiring today/current pensioners:		
Males	20.7	20.7
Females	22.9	22.9
Retiring in 20 years/future pensioners:		
Males	22.2	22.2
Females	24.6	24.6

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2018 model which makes an allowance for smoothing of recent mortality experience and long term rates of 1.5% p.a. for males and 1.25% p.a. for females.

The assets in the scheme and the expected rate of return at the last actuarial review date were:

	<b>Long term rate of return</b>	<b>Value at 31 July 2020 £'000</b>	<b>Expected Annual Return £'000</b>	<b>Long term rate of return</b>	<b>Value at 31 July 2019 £'000</b>	<b>Expected Annual Return £'000</b>
Equities	1.4%	29,692	416	2.1%	31,154	654
Bonds	1.4%	11,783	165	2.1%	11,503	242
Property	1.4%	5,184	72	2.1%	4,793	101
Cash	1.4%	471	7	2.1%	479	10
<b>Total</b>	<b>1.4%</b>	<b>47,130</b>	<b>660</b>	<b>2.1%</b>	<b>47,929</b>	<b>1,007</b>

Interest payable of £142k (2019 - £51k) as noted above, is disclosed in the Statement of Comprehensive Income and Expenditure within interest payable (note 9).

The employer contributions for the year to 31 July 2021 will be approximately £1,036,000.

## 23. Pension and Similar Obligations (contd.)

Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for the year ended 31 July 2020:

<b>Period ended 31 July 2020</b>	<b>Assets £'000</b>	<b>Obligations £'000</b>	<b>Net (liability)/asset £'000</b>
Fair value of plan assets	47,929	-	47,929
Present value of funded liabilities	-	53,992	(53,992)
Present value of unfunded liabilities	-	-	-
<b>Opening Position as at 31 July 2019</b>	<b>47,929</b>	<b>53,992</b>	<b>(6,063)</b>
Service Cost			
Current service cost	-	2,448	(2,448)
Past service cost (including curtailments)	-	(389)	389
Effect of settlements	-	-	-
<b>Total Service Cost</b>	<b>-</b>	<b>2,059</b>	<b>(2,059)</b>
Net Interest			
Interest income on plan assets	1,010	-	1,010
Interest cost on defined benefit obligation	-	1,152	(1,152)
<b>Total net interest</b>	<b>1,010</b>	<b>1,152</b>	<b>(142)</b>
<b>Total defined benefit cost recognised in Profit or (Loss)</b>	<b>1,010</b>	<b>3,211</b>	<b>(2,201)</b>
Cash flows			
Participants' contributions	340	340	-
Employer contributions	1,036	-	1,036
Estimated benefits paid	(1,030)	(1,030)	-
Estimated unfunded benefits paid	-	-	-
Estimated contributions in respect of unfunded benefits paid	-	-	-
Effect of business combinations and disposals	-	-	-
<b>Expected closing position</b>	<b>49,285</b>	<b>56,513</b>	<b>(7,228)</b>
Re-measurements			
Changes in financial assumptions	-	6,303	(6,303)
Changes in demographic assumptions	-	-	-
Other experience	-	(265)	265
Return on assets excluding amounts included in interest	(2,155)	-	(2,155)
<b>Total remeasurements recognised in Other Comprehensive Income (OCI)</b>	<b>(2,155)</b>	<b>6,038</b>	<b>(8,193)</b>
Fair value of plan assets	47,130	-	47,130
Present value of funded liabilities	-	62,551	(62,551)
Present value of unfunded liabilities	-	-	-
<b>Closing position as at 31 July 2020</b>	<b>47,130</b>	<b>62,551</b>	<b>(15,421)</b>

## 23. Pension and Similar Obligations (contd.)

*PY Comparative of Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for the year ended 31 July 2019:*

<b>Period ended 31 July 2019</b>	<b>Assets £'000</b>	<b>Obligations £'000</b>	<b>Net (liability)/asset £'000</b>
Fair value of plan assets	44,063	-	44,063
Present value of funded liabilities	-	45,155	(45,155)
Present value of unfunded liabilities	-	-	-
<b>Opening Position as at 31 July 2018</b>	<b>44,063</b>	<b>45,155</b>	<b>(1,092)</b>
Service Cost			
Current service cost	-	2,105	(2,105)
Past service cost (including curtailments)	-	505	(505)
Effect of settlements	-	-	-
<b>Total Service Cost</b>	<b>-</b>	<b>2,610</b>	<b>(2,610)</b>
Net Interest			
Interest income on plan assets	1,240	-	1,240
Interest cost on defined benefit obligation	-	1,291	(1,291)
Impact of asset ceiling on net interest	-	-	-
<b>Total net interest</b>	<b>1,240</b>	<b>1,291</b>	<b>(51)</b>
<b>Total defined benefit cost recognised in Profit or (Loss)</b>	<b>1,240</b>	<b>3,901</b>	<b>(2,661)</b>
Cash flows			
Plan participants' contributions	359	359	-
Employer contributions	1,089	-	1,089
Contributions in respect of unfunded benefits	-	-	-
Benefits paid	(967)	(967)	-
Unfunded benefits paid	-	-	-
Effect of business combinations and disposals	-	-	-
<b>Expected closing position</b>	<b>45,784</b>	<b>48,448</b>	<b>(2,664)</b>
Re-measurements			
Changes in demographic assumptions	-	(2,127)	2,127
Changes in financial assumptions	-	7,671	(7,671)
Other experience	-	-	-
Return on assets excluding amounts included in interest	2,145	-	2,145
Changes in asset ceiling	-	-	-
<b>Total re-measurements recognised in Other Comprehensive Income (OCI)</b>	<b>2,145</b>	<b>5,544</b>	<b>(3,399)</b>
Fair value of plan assets	47,929	-	47,929
Present value of funded liabilities	-	53,992	(53,992)
Present value of unfunded liabilities	-	-	-
<b>Closing position as at 31 July 2019</b>	<b>47,929</b>	<b>53,992</b>	<b>(6,063)</b>

An approximate allowance, calculated by the scheme actuaries, for the impact of the McCloud judgement as an additional liability totalling £505k was recognised in 2018/19. Following a change in UK Government advice, an adjustment of £389k has been recognised in past service costs in 2019/20 to reduce the pension liability.



## 24. Related Party Transactions

The Board of Management of the College is a body incorporated under the Further and Higher Educational (Scotland) Act 1992 and is largely funded by the Scottish Government via the Scottish Funding Council (SFC) and the Glasgow Colleges' Regional Board (GCRB). The SFC, GCRB and the Scottish Government are regarded as related parties. During the year the College had various material transactions with SFC and with other entities for which the Scottish Government is regarded as the sponsor Department such as the Student Awards Agency for Scotland. In addition, the College has had a number of material transactions with other Government Departments and other government bodies such as Local Authorities, Local Community Planning Partnerships and other Colleges and Universities.

Because of the nature of the College's operations and composition of its Board of Management (being drawn from local public and private sector organisations), it is inevitable that transactions may take place with organisations in which a member of the College's Board of Management may have an interest. All transactions involving organisations in which a member of the Board of Management may have a material interest are conducted at arm's length and in accordance with normal project and procurement procedures. Board members are required to declare an interest in relevant items on the agenda of meetings of the Board and its standing committees. The College had transactions during the year or worked in partnership with the following bodies in which members of the Board of Management hold or held official positions as listed below. The same disclosure of interests has been made in respect of members of the senior management team.

<b>Organisation</b>	<b>Member</b>	<b>Type of Transaction</b>	<b>Value £'000</b>
Glasgow City Council	S Birrell, A McTaggart, G Lyons	Grants	671
Glasgow Kelvin Learning Foundation	I Patrick, S Birrell	Grants	470
Glasgow City Council	S Birrell, A McTaggart, G Lyons	Income	137
Glasgow Colleges' Regional Board	I Patrick	Income	12
Glasgow East Arts Company Ltd	D Smeall, A Allan (James Gow)	Income	1
Glasgow Caledonian University	E Clafferty, E O'Neil	Income	172
Strathclyde University	J Hogg	Income	140
Scottish Qualifications Authority	M O'Donnell	Income	1
Glasgow City Council	S Birrell, A McTaggart, G Lyons	Expenditure	500
Glasgow East Arts Company Ltd	D Smeall, A Allan (James Gow)	Expenditure	48
HEFESTIS	L Clark	Expenditure	18
West Highland College	G MacRae	Expenditure	5
Scottish Qualifications Authority	M O'Donnell	Expenditure	354
Scottish Government	M Allison	Expenditure	31

## 25. Related Party Transactions (contd)

Balances outstanding as at the 31<sup>st</sup> July 2020 with related parties were as follows:

Organisation	Member	Nature of Balance	Value £'000
Glasgow Caledonian University	E Clafferty, E O'Neil	Expenditure	1
Glasgow City Council	S Birrell, A McTaggart, G Lyons	Debtor	4
Glasgow Colleges Regional Board	I Patrick	Debtor	1
Scottish Qualifications Authority	M O'Donnell	Creditor	70

## 26. Bursaries and other student support funds

	Year to 31 July 2020 FE Bursary £'000	Year to 31 July 2020 FE Discretionary £'000	Year to 31 July 2020 EMAs £'000	Year to 31 July 2020 SAAS HE Funds £'000	Year to 31 July 2020 Total £'000	Year to 31 July 2019 Total £'000
Balance b/fwd	58	8	1	5	72	(220)
Funds received in year	4,600	473	175	174	5,422	5,265
Expenditure	(4,212)	(711)	(176)	(171)	(5,270)	(4,923)
Repayable to SFC/SAAS	(58)	(8)	-	(5)	(71)	45
Virements	-	245	-	-	245	(95)
<b>Balance c/fwd</b>	<b>388</b>	<b>7</b>	<b>-</b>	<b>3</b>	<b>398</b>	<b>72</b>
Represented by:						
Repayable (to) SFC/from SAAS	388	7	-	-	395	72
Retained by college for students	-	-	-	3	3	-
	<b>388</b>	<b>7</b>	<b>-</b>	<b>3</b>	<b>398</b>	<b>72</b>

For Student Support Funds the SFC/SAAS grants are available solely for students, with the College acting only as paying agent. The grants and resulting disbursements are therefore excluded from the Statement of Comprehensive Income and Expenditure.

## 27. FE Childcare funds

	Year to 31 July 2020 £'000	Year to 31 July 2019 £'000
Balance b/fwd	8	92
Allocation received in year	883	872
Expenditure	(656)	(1,051)
Virement from Bursary Fund	-	50
Virement from FE Discretionary Fund	(210)	45
<b>Balance c/fwd</b>	<b>25</b>	<b>8</b>

### Represented by:

Repayable to funding council as clawback	25	8
Retained by college for students	-	-

## 28. HE Childcare funds

	Year to 31 July 2020 £'000	Year to 31 July 2019 £'000
Balance b/fwd	5	-
Allocation received in year	270	365
Expenditure	(204)	(360)
Virement to FE Discretionary	(35)	-
<b>Balance c/fwd</b>	<b>36</b>	<b>5</b>

### Represented by:

Repayable to funding council as clawback	36	-
Retained by college for students	-	-