

# Report and Financial Statements

For The Year Ended 31 July 2022

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# Professional Advisors

## Financial Statement Auditors:

Mazars LLP  
100 Queen Street  
Glasgow  
G1 3DN

## Student and SFC Credit Funding Auditor:

Wylie & Bisset LLP  
168 Bath Street  
Glasgow  
G2 4TP

## Internal Auditor:

Wylie & Bisset LLP  
168 Bath Street  
Glasgow  
G2 4TP

## Banker:

Royal Bank of Scotland  
36 St Andrew Square  
Edinburgh  
EH2 2YB

## Solicitor:

Anderson Strathern  
1 Rutland Court  
Edinburgh  
EH3 8EY

# Performance Report

## INTRODUCTION FROM THE PRINCIPAL

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As the world has emerged from the global pandemic, this past year has yet again been one of the most challenging in the College's history. I continue to be immensely proud of the commitment and dedication shown by our staff and students at the College in dealing with the challenges brought on by the pandemic. Our College is emerging stronger, and I would like to thank all my colleagues for their extraordinary agility, creativity, and adaptability as we worked together to support our students.

During the year as we moved out of the pandemic and more students have returned to campus, the College has embraced hybrid and agile working with many colleagues continuing to work partially from home. Our guiding principle in determining the balance of on and off campus working is one that permeates all our operations, 'what works best for our students?'. The College will continue to keep hybrid working under review whilst continuing to invest in digital technology to support hybrid working and learning.

Conscious of the toll the last few years has taken, we have continued to invest more in mental health support for our staff and students. Safeguarding also remains a priority with arrangements in place to ensure learners feel, and are, safe on College premises and during off site activities. Our continual focus on safeguarding initiatives impacts positively on the health and wellbeing of us all.

As we look to the future the climate emergency presents an even greater challenge than the pandemic, and we continue to accelerate efforts to improve environmental sustainability. In October 2022 the Board of Management approved the College Sustainability Strategy. This Strategy sets five key objectives for the College to pursue in playing its part in addressing climate change. These objectives will involve staff, students and the wider College community and be overseen by a Sustainability Oversight Group, who will report on progress to the Board of Management.

A continued focus for the College is to collaborate with partners to address their skills gaps and support the development, upskilling and reskilling of workforces across the region. This year, saw the introduction of a range of courses, designed to deliver skills and opportunities to individuals who have been impacted by the economic downturn caused by the pandemic. This included providing a direct route into healthcare jobs at a time when the National Health Service is most in need. Through this work, and our work in delivering training opportunities through the Flexible Workforce Development Fund, the College is the 'go to' provider for businesses in our region.

Due to the challenging external operating environment, and despite the best efforts of our staff, the College was not able to deliver its credit target for the year. The College missed its budgeted activity target by 5,298 (3%) credits. The Scottish Funding Council (SFC) in October 2022 introduced a retrospective 2% tolerance on credit delivery which combined with the actions already taken by the College (increasing income in other areas and reducing both staff and non-staff costs) has meant that the College was able to record an adjusted operating surplus. International and commercial markets continue to be impacted by the pandemic which adversely affected the College's overseas contracts.

## INTRODUCTION FROM THE PRINCIPAL

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The adjusted operating surplus for the year to 31 July 2022 is £0.5m. Had it not been for the change in SFC credit guidance the College would have recorded an adjusted operating deficit partly due to the College spending circa £1m on voluntary severance costs to assist in providing for a financially sustainable College in future years. The College's reducing level of available cash remains a concern for future years, therefore efforts will continue to be underpinned by rigorous financial discipline to maintain and secure our financial strength by managing cash and liquidity tightly.

In the year ahead, we will be undertaking a refresh of the College Corporate Strategy 'Collective Ambition Pride and Passion, Inspirational and Innovative' which coalesces around the College four priorities of Personalisation, Agile and Adaptive, Collaboration and Digital. The College continues to be one of the largest regional colleges with over 21,000 fundable enrolled students and 1,148 staff by headcount, which makes us uniquely placed to help shape the West region's educational landscape and contribute to its social and economic development. Securing positive outcomes for our students and providing excellent business support for businesses of all sizes in our region, remain at the forefront of our priorities.

Although the outlook is uniquely uncertain as we enter the next five-year period, our priority is to ensure that the College is well placed to serve our students, partners, and stakeholders. We are expecting to explore more agile ways of working for our staff, building on our experience over the last two years. Our agility, adaptability and responsiveness must be at the heart of how we do things in the future. There is no doubt that our recent experience has prepared us well for this commitment and created an impetus for us to build on.

**Elizabeth Connolly**

**Principal and Chief Executive**

## HIGHLIGHTS OF THE YEAR

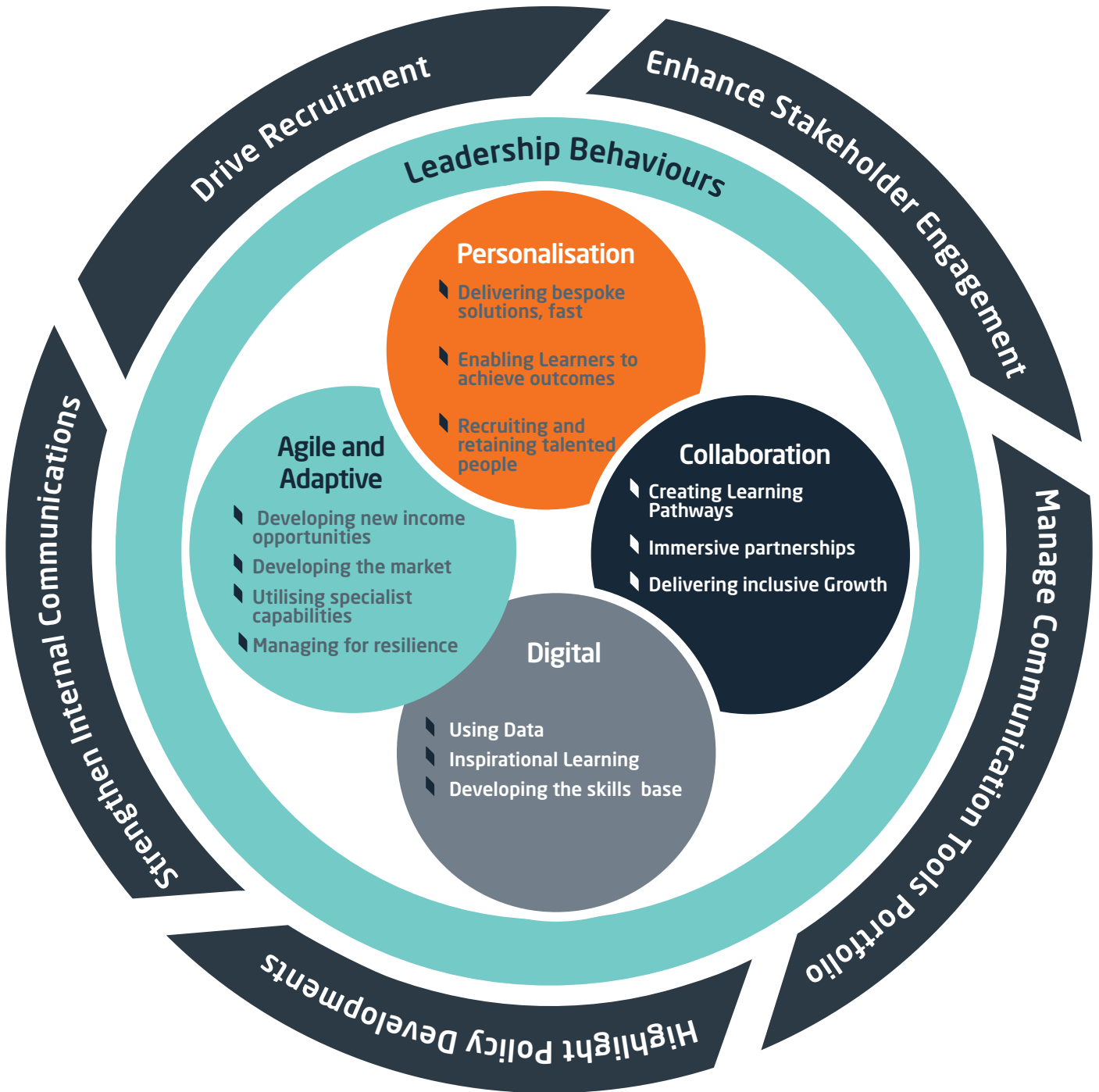
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During the year to 31 July 2022 there have been many highlights some of which are noted below:

- ◆ Given the difficult year faced by both our students and staff the College launched several wellbeing initiatives including:
  - ◇ CALM (Care | Attitude | Listen | Mindfulness) - setup to help staff and students cope with the demands of teaching and learning online and to assist with any anxieties around being within the college environment.
  - ◇ Mindfulness in the Moment - weekly online sessions delivered by our Mindfulness Lecturer, available to both staff and students covering techniques to help you destress and unwind, enabling you to feel more relaxed and positive.
  - ◇ Helping Hand - run by our Student Wellbeing Officer, this informal support platform offers guidance and reassurance to any student concerned about their wellbeing or studies.
  - ◇ Yoga Bodies - available to both staff and students, delivered weekly online by an external Yoga instructor encouraging people to take an hour to exercise and relax.
  - ◇ My Health Scotland - which supports both staff and student mental health, offering a free personalised two-month online programme designed to improve nutrition, exercise, and mindset.
- ◆ Over the year the College successfully hosted several virtual events including:
  - ◇ CDN Awards 2021
  - ◇ Herald Digital Transformation Awards 2021
  - ◇ Herald and GenAnalytics Diversity Awards 2021
  - ◇ Games Academic Award for FE 2022
  - ◇ Herald Higher Education Awards 2021
  - ◇ Herald Higher Education Awards 2022.
- ◆ Over the year the College successfully hosted several virtual events including:
  - ◇ Three graduation ceremonies.
  - ◇ Several commercial courses, school events, a virtual college festival, and partnership recruitment and awareness initiatives (The Critical Engineer).
- ◆ The College Marketing Team engaged in the development of the national #ChooseCollege campaign to promote and raise awareness of the college sector.
- ◆ The College Communications Team ensured that West College Scotland was featured or mentioned in close to 500 media articles during the year, with 683 million people potentially seeing stories about the College.
- ◆ The College has continued to provide Chromebooks, laptops, and MiFi units to students to assist with their studies as part of the College Digital Devise Scheme. Part of this provision was supported by [Connecting Scotland](#) initiative which aims to get 50,000 digitally excluded households online.
- ◆ The College held its second Staff Awards events in person for the first time. The judging panel received over 100 nominations for the 9 award categories in addition to the Chairpersons' Award, Principal's Award and Team of the Year.

Further highlights from the College year can be found on the [College News](#) page.

# Our Vision





## INTRODUCTION

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This Report provides information on the College, its main purpose, activities, objectives, strategies, and the principle risks that it faces.

### Purpose and Activities

West College Scotland, as an incorporated college in Scotland, is a public body constituted under statute and a Scottish charity (SC021185) and was designated as a Regional College in August 2013 under the Post-16 Education (Scotland) Act 2013.

The constitution and proceedings of the Board of Management are determined by Schedule 2 to the Further and Higher Education (Scotland) Act 1992, as amended (the 1992 Act). Its powers are determined by Section 12 of the 1992 Act, as amended.

The core purpose of the College is the provision of further and higher education in the Renfrewshire, Inverclyde, and West Dunbartonshire regions. West College Scotland delivers annually education programmes on a full-time and part-time basis to over 21,000 fundable students.

In seeking to develop a relevant curriculum and provide educational opportunities that meet the social and economic needs of the region, the College works closely with regional partners including other education providers, business leaders and Community Planning Partnerships.

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

The College's objectives in relation to the public funding it receives are set out annually in a Regional Outcome Agreement with the Scottish Funding Council. In 2021-22 85% (2020-21: 86%) of the College's income was from the Scottish Funding Council. Other sources of income included tuition fees, education and employability contracts, and general operating income.

# KEY ISSUES AND RISKS

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## Corporate Strategy

The College's [Corporate Strategy 2019-2025](#) sets out the main priorities for the period as outlined below. The Strategy has four key strategic aims:

### PERSONALISATION

The College will deliver the skills solutions that employers are looking for and the learning outcomes that students want, in a way that suits individual students

### COLLABORATION

The College will build the immersive relationships and make the connections that enhance value for customers and stakeholders by creating learning pathways, developing new delivery partnerships, and integrating learning into wider local strategies.

### AGILE AND ADAPTIVE

The College will develop the capability to respond to shifts in demand and seize new opportunities, quickly putting in place specialist delivery capabilities.

### DIGITAL

We will ensure that the College has the digital capacity and capabilities to deliver in a modern economy.

In respect of its strategic and development responsibilities, the Board of Management receives recommendations and advice from its committees, the Principal and Chief Executive and the Executive Team. In addition to Board meetings, the Board of Management holds strategic sessions throughout the year, which provide opportunities to scan the horizon and to allow debate on strategic directions and major developments.

During 2021-22, the Board of Management has approved the following strategies:

- ◆ **People**
- ◆ **Wellbeing - RISE**
- ◆ **Digital**

and received updates on progress made in developing and implementing the following strategies:

- ◆ **Estates**
- ◆ **Communications**
- ◆ **Sustainability**
- ◆ **IT**

The College is committed to ensuring its performance is aligned to the 11 outcomes of the [National Performance Framework](#) (NPF). Specifically, College performance contributes to the following key elements of the NPF:

- 📌 **Globally competitive, entrepreneurial, inclusive, and sustainable economy.**
- 📌 **Open, connected and make a positive contribution internationally.**
- 📌 **Tackle poverty by sharing opportunities, wealth, and power more equally.**
- 📌 **Well educated, skilled and able to contribute to society.**
- 📌 **Thriving and innovative businesses, with quality jobs and fair work for everyone.**
- 📌 **Respect, protect, and fulfil human rights and live free from discrimination.**

The Scottish Government set out a number of key policy objectives for colleges, including its [Developing the Young Workforce strategy](#), the Commission on Widening Access, the prioritisation of Science, Technology, Engineering and Mathematics (STEM) subjects, improving the learner journey and the enhancement of gender balance in the curriculum. West College Scotland is making good progress in fulfilling these objectives within set timescales, and within its financial parameters. In 2021-22, the College increased the number of senior school pupils on the School College programme by over 800. A further increase is being seen in 2022-23. The proportion of STEM activity in the College increased by 3% to 29% of College credits in 2021-22 and this follows a year-on-year increase in STEM courses. The areas of additional growth were in Construction and Engineering, with Engineering increasing by almost 3,000 credits. Mid 2021-22 saw the reversal of the SFC decision that credits could not be claimed for STEM activities for younger pupils. Unfortunately, this was too late to take full advantage, but we will be increasing our activities in 2022-23, particularly in Science and to try and address the gender balance in Engineering and Construction by promoting these career options to young girls.

The standard Regional Outcome Agreement (ROA) process was halted by SFC for the pandemic years of 2020-21 and 2021-22. Interim Regional Outcome Agreements for both years were required to be submitted mid-way through the year to capture, at a high level, contributions, impact, and outcomes and provide assurance on the use of allocated funding for that year. SFC restricted the key policy priorities they expected to be covered in the ROAs and did not require longer term target setting.

A draft 2021-22 ROA was submitted to the SFC in by the deadline of 30 November 2021. The Board of Management reviewed the draft and SFC confirmed in February that they did not require any revisions to the draft. The 2021-22 ROA outlines the College ongoing commitment to deliver on key sector priorities and outcomes for students and for economic recovery and social renewal with a priority list including:

- 📌 **Fair access and transitions.**
- 📌 **Quality learning and teaching.**
- 📌 **Learning with impact - students are equipped and ready to accept appropriate employment in the future.**
- 📌 **Student participation and engagement in their educational experience.**
- 📌 **Equalities and inclusion.**
- 📌 **Innovation.**

## Key Risks

The Board of Management has an established Strategic Risk Register, which considers matters impacting upon the College’s ability to deliver its strategic objectives. Risks and mitigating factors are kept under review by the Senior Management Team and reported to the Board of Management through its Board Committee structure. The Audit Committee undertake the oversight function of the College Strategic Risk Management Framework.

During the year, the College identified the following top five risks faced by the organisation and the mitigation plans required to reduce the associated risks:

Risk	Mitigating Actions
<p><b>1. Financial Sustainability</b></p> <p>There is a risk that the lack of funding afforded to the College by the SFC will result in a diminution in the education provision; ability to deliver strategic change and maintain operational delivery at current levels.</p>	<ul style="list-style-type: none"> <li>▶ <b>Financial planning focusing on current SFC guidelines and internal development of efficiencies within the College over a minimum 5-year period. The impact of all planning decisions considered by the Board of Management (BOM) and passed to SFC for awareness.</b></li> <li>▶ <b>All areas of the College contribute to delivery of efficiencies with clarity set around required actions, delivery dates which are overseen by College Programme Board.</b></li> <li>▶ <b>Regular formal meetings with SFC to ensure clarity on financial position, actions taken to address reduced funding and impacts of such decisions are made clear.</b></li> <li>▶ <b>Development of infrastructure investment plans for all areas.</b></li> <li>▶ <b>Working with BoM and Committees to ensure strength in financial approach and how this relates to College performance.</b></li> </ul>
<p><b>2. Maintaining Estate</b></p> <p>Failure to deliver Estate Strategy 2016-2026 objectives due to business cases for development of estate being delayed, with this having a resultant negative impact on the ability of the College to recruit students and retain staff.</p>	<ul style="list-style-type: none"> <li>▶ <b>Updated 2021 Outline Business Case for the new Greenock campus submitted to SFC.</b></li> <li>▶ <b>Consideration of approach to move from Outline Business Case to Full Business Case for new Greenock campus.</b></li> <li>▶ <b>Update of Estates Strategy outlining what the future vision for curriculum delivery and how the Greenock, Paisley and Clydebank built estate will support in this. Strategic vision to incorporate metrics on expected campus footfall reflecting changes which are anticipated to remain in place in respect of hybrid working.</b></li> </ul>

## Risk

## Mitigating Actions

### Alternative Income Growth

An inability to generate consistent levels of alternative income or to grow alternative income streams due to impact of external factors impacting College delivery plans results in loss of income and failure to deliver College ROA objectives.

### 3. Cyber Security

There is a risk that the College IT estate is at risk due to a failure to fully and continually mitigate the risk of Cyber-attack which will result in a failure of the College to continue normal operation on a day-to-day basis for all staff and students..

### 4. Falling student numbers

There is a risk that the number of students attracted to the College continues to fall due to additional University places becoming available leading to an inability of the organisation to claim all the allocated SFC funding.

### 5. Alternative Income Growth

An inability to generate consistent levels of alternative income or to grow alternative income streams, due to the impact of external factors affecting College delivery plans resulting in a loss of income and failure to deliver College Regional Outcome Agreement objectives.

- ▶ Continue to engage with SFC through quarterly meetings and as part of the sector Infrastructure Development Group.
- ▶ Developing collaborative relationships within each local authority area and with other public sector bodies with significant estates.
- ▶ Fully embed the **Scottish Government Cyber Resilience Framework** within the College.
- ▶ Consideration of strength of key computer controls addressing the impact of unauthorised entry at each level of IT infrastructure.
- ▶ Regular penetration testing of all entry points to the College infrastructure and of core College applications to ensure vulnerabilities are assessed and addressed across full infrastructure.
- ▶ Requirement to attract students to the College through many channels.
- ▶ Streamlining the application process to ensure when students apply to the College their experience is a positive experience from the start of their College journey to the end.
- ▶ Investment in student spaces within the campuses to ensure when students come to College the environment is supportive of learning both in and out with the teaching space.
- ▶ Clearly define market areas which provide opportunity for additional sales growth over coming five years. Articulate potential income levels at varying levels of optimism.
- ▶ Develop Sales Growth Strategy and Financial Plan to understand margins and areas of greatest opportunity across the College.
- ▶ Understand how course portfolio needs to be adapted to meet student/employer needs because of Sales Growth Strategy.
- ▶ Continual monitoring of:
  - ▶ Income v forecast
  - ▶ Student numbers v forecast
  - ▶ Cost review
  - ▶ Effectiveness of marketing
  - ▶ Risk in sales pipeline

## Performance Summary

West College Scotland provided education to 26,655 unique students (2020-21: 25,267) during the year to 31 July 2022, and in doing so delivered 157,663 credits against a budgeted credit target of 162,961. The College fell short of its credit target by 5,298 credits. In October 2022 the SFC issued guidance which amended the amount the SFC will reclaim if a college was not able to meet its credit target. This guidance introduced a tolerance of 2% against certain elements of the College credit target. For the College this guidance will result in the SFC not recovering the first 2,932 credits of the overall shortfall of 5,298 credits. This means that the College will only require to repay £0.6m of its 2021-22 funding, the timing of which has yet to be agreed with the SFC.

Looking forward to the coming years ahead, the College will need to navigate its way through several key risks to achieve its objective of financial sustainability. These risks include:

- ◆ **a tight public sector funding environment including the possibility of less than flat cash core grant settlements.**
- ◆ **a level of credit delivery volatility not experienced by the College in previous years.**
- ◆ **the ability to invest and to prepare students for the fast developing digital and data driven work and social environment.**
- ◆ **the uncertainties associated with future investment in the College infrastructure.**
- ◆ **the cost-of-living inflationary shock to both staff and non-staff costs.**

The risks noted above will only exacerbate the long-term operational funding gap previously identified by the FE sector. Without a change to the funding model, the College has identified that significant cost reductions are required over the next 5 years to deliver a balanced budget. The most significant financial risk faced by the College is that the cost reduction targets are not met which will therefore impact the College's ability to balance its budget. Aligned to this financial risk is the continued lack of capital investment which will lead to further deterioration of the College estate, potentially impacting the ability to provide services to students which would lead to inability to maintain funding levels. The College is reliant on the outcome of dialogue with the Scottish Funding Council to ensure future capital investment is made and the risk of the College not being financially sustainable is partially reduced.

Recognising the significant challenges ahead requires the College to undertake a transformation programme over the coming years focusing on restructuring the College infrastructure and workings towards a lower cost base. Delivering change costs money too so there will be further challenges in balancing the budget and funding infrastructure projects whilst keeping the student and skills needs at the core of what we do. In the 2021-22 academic year the College continued a trend of growth in part time provision, however the success of this mode of study focused on short employer led courses funded through the Flexible Work Development Fund (FWDF) or Individual Training Accounts (ITA) rather than core SFC funded courses. The ability now to refocus part time provision into courses where there is increased demand, to rapidly upskill the population in sectors such as Technology, Construction and Care as well as basic entry level employability programmes, will be key to the College's and the regional economy's success. The College will also need to meet the significant demand for English for Speakers of Other Languages (ESOL) courses in the Region supporting Ukrainian refugees for example. To this end the College is collaborating with several partners in the West Region to advance joint opportunities. These partners include community planning partners in the Local Authorities, Skills Development Scotland (SDS), Developing the Young Workforce (DYW), Universities, and Third Sector Partners.

## PERFORMANCE ANALYSIS

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

Performance Measure	Further Detail on Measure	2019-20	2020-21	2021-22
<b>Student activity (credits)</b>				
<b>Core and ESF Credits</b>	Measure of student activity	164,597	158,701	157,663
<b>Performance against target</b>		100.3%	100.0%	99.4%
<b>Additional delivery</b>	Young Person Guarantee	-	1,005	-
	Foundation Apprenticeships <sup>1</sup>	-	-	679
	Deferral Activity <sup>2</sup>	-	1,705	3,430
<b>Overall staff FTE</b>		878	871	863
<b>Credits per enrolled student</b>		7.9	9.3	9.1
<b>All student enrolments (headcount)</b>		28,818	25,267	26,655
<b>Number of enrolled students aged 16-19</b>		8,262	5,534	9,218
		(39%)	(36%)	(33%)
<b>As a % of total income</b>				
<b>Adjusted operating surplus/ (deficit)</b>		(3.2%)	0.4%	(0.7%)
<b>Non SFC income</b>		15.2%	13.9%	14.7%
<b>Staff costs (excluding exceptional items)</b>		79.4%	79.5%	81.0%

As the above table shows the College has for the first time in three years not been able to meet its SFC core and European Social Fund credit target. The College has been able to deliver additional activity in relation to the Scottish Governments priority areas of Foundation Apprenticeships and Deferred Student activity. However, to ensure that the College can claim its allocation of European Social Fund (ESF) activity, any credits generated from either of these two areas has needed to be classed as core activity. Young Person Guarantee and National Transition Training Funds guidance was issued during 2021-22 which meant that the College was unable to participate in the delivery of this while short of core credits. The College did, however, contribute in partnership with Local Authorities, for ESP and as part of the national course for training in Health and Social Care.

<sup>1</sup> In 2021-22 the College delivered 679 Foundation Apprenticeship credits. These required to be accounted for as core activity to claim for the allocated ESF funding.

<sup>2</sup> In 2021-22 the College delivered 3,430 of Deferred Student credits. These required to be accounted for as core activity to claim for the allocated ESF funding.

The College has continued to maintain the efficiency of its delivery by delivering circa nine credits per enrolled student. The increase in student headcount is reflective of the increase in alternative income being generated by the College. The increase in students aged 16-19 is as a direct result of the SFC prioritisation of senior phase school pupils rather than other year groups.

The delivery of an adjusted operational surplus is one of the key indicators of a financially sustainable college according to the SFC and Audit Scotland. Each year the College budgets to generate a small annual operating surplus. During 2021-22 the College budget has been impacted by a reduction in the level of both FE and HE student activity leading to a reduction in funding; national pay settlements more than budget; increase in employer national insurance; voluntary severance costs mainly through the closure of College nurseries and restructuring of its catering facilities; and increased operating costs namely utility costs. The College has been able to mitigate these increases due to an increase in alternative income, a programme of staff efficiencies and reduction in other operating costs. This set of challenges would have resulted in the College posting an adjusted operating deficit for the year of £0.4m had it not been for the post year end introduction by the SFC of a 2% tolerance on the level of funding to be recovered. This change in SFC guidance will result in a reduction in the amount repaid to the SFC and the College will now record an adjusted operating surplus of £0.5m.

The on-going impacts of the global pandemic had severely constrained the ability of the College to generate alternative income streams, which placed a greater reliance on public funding. The College aims to build upon the 2021-22 increased level of income and where possible generate increase income to reinvest in the College.

As the table above shows the level of staff costs as a percentage of income continues to grow and in 2021-22 was 81% of total income. The impact of increasing staff costs as result of national bargaining and the increase in employer national insurance has meant that this figure has remained consistent over the last couple of years and is now forecasted to remain at this level going forward. The College continues to monitor this performance measure.



# STUDENT ACTIVITY PERFORMANCE HIGHLIGHTS

## Delivery of widening access and progression targets

Delivery of widening access and progression targets	2019-20 %	2020-21 %	2021-22 %
<b>Student Gender Balance</b>			
<b>Male</b>	44	42	42
<b>Female</b>	56	57	57
<b>Prefer not to say</b>	0	1	1
<b>Students with a Disability</b>	25	26	24
<b>Students from SIMD10 Data Zone</b>	25	25	22
<b>School College Partnership (SCP) Pupils</b>	5	5	14

West College Scotland is committed to equality of opportunity and outcome for students and staff who share protected characteristics, and to a culture that respects difference. The College is committed to providing an inclusive ethos and environment, where everyone feels welcome, supported, and respected.

The College published in April 2021 its Equality, Diversity and Inclusion Statutory Report which is a legislative requirement that states all listed authorities must use equality evidence to develop Equality Outcomes which will enhance how the authority can pay due regard to the General Equality Duty, namely the duty to advance equality, eliminate discrimination and promote good relations. The Regulations state that Equality Outcomes should be developed at least every four years. The 2021-2023 outcomes set out what the College wants to achieve in a two-year period as opposed to four. The reason for this shorter timeframe was because of the extraordinary circumstances faced in this period due to the Covid-19 pandemic – the College wants to be as responsive as it can as soon as it can. The document sets out the main rationale for the College Equality Outcomes and key methods to achieve these. It is accompanied by an Action Plan which sets out the timeline, responsibilities, and indicators of success.

The College's focus under our existing Equality Outcomes is to:

- 1. Ensure that staff and students from protected groups are supported and engaged in the recovery process.**
- 2. Stand up to racism and progress race equality.**
- 3. Enhance the wellbeing of all our staff and students.**
- 4. Ensure are digitally inclusive.**

Activity continues under these headings and will be updated in the Equality, Diversity and Inclusion statutory report in April 2023, however high-level progress made so far includes:

- ▶ **Conducting a staff survey to learn about the pandemic experience**
- ▶ **Providing clarity to staff on the College approach to hybrid working**
- ▶ **Increasing the percentage of staff who are from a BAME background to 2.1% as of 31 July 2022, from 1.7% in 2021.**
- ▶ **Provided students with Chrome Books and laptops to minimise disruption to their learning during the pandemic.**
- ▶ **With the launch of our new Learning Experience Platform, 'Evolve' we have been able to offer staff self-directed learning on a variety of Equality, Diversity, and Inclusion topics such as Anti-Racism, Equity Vs. Equality, Gender Identity, How Can We Be More Trans-Inclusive?, Introduction to Neurodiversity, Cultural Bias, and Privilege.**
- ▶ **Applied to the Emily Trust Charter and the College is working to achieve this during 2022/23**
- ▶ **We have had an initial meeting with White Ribbon Scotland and will be collaborating with them to identify champions within the organisation, including students, and to raise awareness of the pledge to never commit, condone or remain silent about violence against women.**
- ▶ **Marking International Women's Day with an online seminar with senior female staff which provided an overview their career journeys, some of the challenges they have faced in their careers as women and advice for colleagues.**
- ▶ **Engaging with Pride month through holding 'Rainbow Office Hours' every Friday in June 2022 where colleagues came together to discuss LGBTQIA+ issues, themes in movies, television, and literature and more.**
- ▶ **We also hosted an online seminar with colleagues from the LGBT+ community and talked about a wide range of issues including bias in the workplace.**
- ▶ **The College was also represented at both Glasgow Pride marches by members of staff, SMT, the Student Association and the Board of Management.**

The College reports widening access outcomes quarterly to the Board of Management and the Learning, Teaching and Quality Committee. The Board of Management leads, with support from all other committees, on how the College uphold the College's Equal Opportunities Policy, which reflects equality legislation and best practice.

The College updated its [Access and Inclusion Action Plan 2020](#) with successful completion of targets. This highlights a continued commitment to creating an inclusive curriculum and improving student outcomes for everyone studying at our College. We are currently reviewing and updating our Access and Inclusion Plan 2023 to take account of Covid-19 pandemic lessons learned and student feedback during 2020-21 and will report and publish this in line with Regional Outcome Agreement requirements.

**School College Partnership** – The College continues to work in partnership to deliver on national priorities such as the Scottish Governments 'Achieving Excellence and Equity: national improvement framework' and improvement plan 2022 and the [Scottish Attainment Challenge](#). The College is currently collaborating with local authority education partners, schools, and employers to review senior phase pathways in relation to widening attainment and the impact of this strategy. The revised delivery model and common cross region timetabling ensures pro-active planning and co-ordination thereby improving the efficiency of the programmes delivered.

The College has worked collaboratively to introduce Foundation Apprenticeships to school pupils across the region, however engagement has been difficult, and 2021-22 recruitment was significantly lower than in previous years. The College is delivering only two frameworks across all three campuses where it previously offered nine. Due to very low recruitment numbers, several frameworks had to be removed because of time-tabling difficulties, competition with school subjects, and an overall lack of understanding of the programme by partner organisations

There is strong focus in the [SFC Review of Coherent Provision and Sustainability](#) on good support and guidance to enable students to understand the different pathways, the removal of duplication and improved recognition of prior learning, improving data sharing and performance monitoring across sectors and reviewing funding arrangements to enable increased access and improve learner pathways. These are all areas which were reviewed as part of the College review of the Senior Phase Programmes in 2021-22.

**Corporate Parenting** - In addition to the commitment to support all vulnerable students, the College is fulfilling its corporate parenting obligations as required under the Children and Young People (Scotland) Act 2014. We monitor, evaluate, and revise our practices and procedures to improve the outcomes for this group of students in line with our quality assurance and equalities policies and we evaluate our progress towards improving outcomes for this group of vulnerable students with reference to the targets detailed in our recently renewed Corporate Parenting Action Plan.

As a **STEM Assured Centre**, the College is well placed to encourage female learners to be work ready for current and future STEM industries. We will continue to work in partnership with local schools, employers, parents, and guardians to raise the profile of STEM among children and young women. The College leads the West Region STEM Partnership, involving all our Local Authorities, the University of the West of Scotland, Education Scotland, SDS, DYW, STEM Ambassadors and other agencies involved in supporting STEM.

## SFC/Education Scotland Quality Arrangements

The College had a successful Education Scotland Progress Visit in May 2022 with the lead inspector reporting back on the findings to the October 2022 Board of Management meeting. The report was positive with the conclusion being that the College was making satisfactory progress. The report highlighted two main areas for development:

- (1) Student representation and raising the profile of the Student Association across the wider College student population.
- (2) To strengthen support staff self-evaluation process to better understand their impact on the student experience.

Education Scotland will resume visiting Annual Engagement visits in Session 2022-23 with review activities focussed on the themes of recruitment, retention, student outcomes and progression. The College is awaiting further information on the nature and scope of these visits along with confirmation of the intended progress visit date, likely to be in the Spring of 2023.

## Employer and Business Engagement

In 2021-22, West College Scotland continued to extend and embed its strong partnership working with organisations developing their workforce's knowledge, skills, behaviours, and practices as well as strengthening relationships with our funding bodies. Over the last academic year, West College Scotland has continued to be agile and responsive in our approach, adapting to the needs of our learners and the changing environments in which we are all living and working. Renowned for our strong links with industry, the College has thrived in supporting regional employers as well as national professional organisations and partners to support the training, upskilling, and reskilling of employees. In turn, this has seen the College perform exceptionally well across its employer-based activity with new partnerships developing and existing relationships consolidated. Through a combination of virtual, online and on campus delivery, there has been consistency and continuity to our training ensuring the highest quality learning experience for our students.

Working across several local authorities including Inverclyde, West Dunbartonshire, and Renfrewshire, as well as employers of all sectors/sizes and national professional organisations, West College Scotland exceeded our original activity target in 2021-22 through the delivery of both open courses and bespoke training programmes. Our reputation, links and responsiveness enable us to react quickly to opportunities to meet the needs of industry making us a trusted partner of choice. We have also worked collaboratively in partnership with other Colleges including Ayrshire and City of Glasgow College, to deliver training where there were gaps in provision and to champion the College sector collectively for meeting needs of employers.

Ongoing relationships with local authorities and organisations saw return activity and contract renewal as well as the highly successful ongoing partnerships with professional bodies including [CITB](#), [SNIPEF](#), [SECTT](#) and [BAFSA](#). The College has also continued to support utilisation of the Scottish Government's National Transition Training Fund (NTTF) through long standing relationships with both The Energy Skills Partnership and College Development Network including courses in Social Care and Construction.

Our YES programme has continued in partnership with Renfrewshire council and is now award winning having claimed the Equality, Diversity, and Inclusion award at this year's Herald Higher Education Awards.

There have been new product developments including work with National Health Service (NHS) Education for Scotland on the design, development and launch of a new Diploma in Pharmacy Services (SCQF Level 7) developed collaboratively between our Innovative Learning team and Science sector following a direct approach from NES; and a pilot design and deployment of an e-Portfolio system for CITB apprenticeships which is likely to be rolled out nationally after successful pilot. In addition, our Greenock and Clydebank campuses achieving [TWI](#) accreditation as a certified welding centre has also supported the growth in open courses in basic welding.

Our significant Online Learning provision also continues to grow with over 5,000 students learning through a variety of micro credentials covering: Healthcare, Childcare, Hospitality, Business, Digital, and Health & Safety. New partnership relationships have supported the launch of nine new online courses over the last year driven by workforce needs including Sustainability, Digital Marketing and Employability Skills.

### Flexible Workforce Development Fund (FWDF)

In 2021-22 the Scottish Government extended its commitment to the FWDF for a fifth year with a further £17m distributed across Colleges via the Scottish Funding Council. This year, the College has extended our reach with the Business Development team now working with over 70 large levy paying employers and 100 SMEs to deliver over 540 training courses to date with a further 120 anticipated course deliveries before the end of the calendar year. We collaborate closely with each employer to identify skills gaps and ensure they receive the training packages which their organisation needs. Delivery, which has been both virtual, on campus or at employer site, has allowed for delivery of £1m of employee upskilling and reskilling activity.

## **The Critical Engineer**

The Critical Engineer is a new approach, developed through a collaboration between the college Enterprise and Employability and Engineering teams, aimed at equipping SMEs with Manufacturing 4.0 and meta skills, enabling them to develop highly agile and collaborative work cultures. With funding from European Regional Development Fund (ERDF) and Renfrewshire Council, we have purchased a range of Manufacturing 4.0 equipment, including Computer Numerical Control (CNC) machines, Programmable Logic Controllers (PLC) and Pneumatic Control Systems (PNC), Control Instrumentation teaching rigs and cobots. To date, four local SMEs have undertaken training, with several more scheduled. In the Autumn, the programme will re-locate to the AFRC campus and, with a comprehensive training schedule in place, prepare up to a 30 SMEs in Manufacturing 4.0 skills through to the Summer of 2023.

## **Community Renewal Fund**

UK Government Community Renewal Fund (CRF) is a Brexit successor programme for community regeneration previously supported by ESF funds. The aim is to help local areas prepare for the introduction of the UK Shared Prosperity Fund, align with long-term strategic plans for local growth, support community renewal and innovation and new ideas, including in the areas of work-based training, retraining, digital skills, and supporting entrepreneurs, innovation, and decarbonisation. In November 2021, West College Scotland was awarded CRF funding to deliver a Care Academy in Inverclyde and West Dunbartonshire and project Neptune, a suite of learning to support Inverclyde's marine economy.

West Care Academy is an integrated skills innovation programme, with key aims including upskilling local care workers to develop their skills and build the collaboration, innovation, and leadership capability of local care businesses to meet the challenges of a post- pandemic society. We are aiming to support up to 40 local care businesses, large and small, from across the private, public and third sector. A comprehensive upskilling schedule, including online and in-person delivery, is in place from Autumn 2022.

Project Neptune is a partnership between West College Scotland, Inverclyde Trust, Verdancy Group, Travel Tech for Scotland, and Inverclyde Chamber of Commerce. Our aims include transforming Inverclyde's marine economy through building the digital capability of 20 local tourism businesses, support 10 marine businesses collaborate to net zero plans and help up to 20 local people create new enterprises. Following an extensive promotional campaign, over 20 local tourism businesses have registered with us to receive expert help and we have already supported nine local people with business ideas in retail, health, and technology to take the first steps towards starting their own business.

## **Modern Apprenticeships**

In 2021-22, the Skills Programmes team worked with 130 employer partners to support over 300 apprentices progress across 14 different occupational Frameworks. We continued to support several large employers, with significant apprenticeship portfolios. We also supported some large regional employers to develop long-term workforce plans, which included integrated upskilling, incorporating employer training support including apprenticeships, FWDF and CRF. In addition to delivering the College apprenticeship contract, we were also trusted to support other significant regional and national employers to deliver their employer apprenticeship contracts, in Engineering, Business Administration and Childcare.

In partnership with Forth Valley College, Equate Scotland and Young Enterprise Scotland, the Development Funding team has been leading on a strategic project to strengthen STEM skills pathways from school to Modern Apprenticeships for young women. Contributions from apprentices and their employers, including Diodes, Applus, Semco Maritime and ECITB, has enabled us to garner invaluable insight on their recruitment, probation support and career development practices.

## Looking Forward to 2022-23 and Beyond

For our work-based portfolio, the size and diversity provide an excellent platform for growth. Specifically, we are looking to cultivate more integrated plans, incorporating Modern Apprenticeships, employer subsidised support and commercial activity, and to develop new employer partnerships within key growth sectors, including IT and Telecommunications. Our Apprenticeship Growth Strategy will provide the framework for our employer stewardship and Employer Engagement plans. The legacy of developing approaches to support Women into STEM and our CRF activity in regional care, tourism, and engineering workforces, will also enable us to offer a suite of technical and meta skills, in person and online, across key areas, including Digital Manufacturing, Net Zero and Enterprise and Entrepreneurship.

As we move into 2022-23, our current level of engagement and partnership with external employers and organisations provides us with a solid foundation for growth and development. With the aim to maximise future FWDF allocations (subject to confirmation), we will expand our engagement with larger employer partners as well as looking to broaden the portfolio of courses. With some changes anticipated for SME funding, we are well placed to react swiftly due to our significant relationship with SME partners. Across all sectors, we plan to increase commercial activities from exploring new as well as existing employer relationships, new open programmes, and online developments. A move to a more initiative-taking external engagement approach across all sectors will also support growth in relationships as well as actively seeking and respond to funding and tender opportunities.

## STUDENT ATTAINMENT AND PROGRESSION

### ANALYSIS OF ACHIEVEMENT

Mode	2018-19	2019-20	2020-21	2021-22
HE Full-time	65	70	67	57
HE Part-time	80	73	85	71
FE Full-time	68	66	67	63
FE Part-time	76	78	69	69

The Covid-19 pandemic continued to impact on student attainment rates into 2021-22, with proportionately higher numbers of students in vocational areas unable to continue to engage in practical units. This impact on attainment is being experienced by the whole sector and is not specific to West College Scotland. The Scottish Government Covid-19 guidance remained in force for much of 2021-22 resulting in more online, remote learning. In many curriculum areas students disengaged with their studies and this, along with rising employment opportunities for students as the pandemic restrictions eased, impacted on success rates for full time students.

HE full time success rates fell by 10% on the previous session to 57%, while HE part time rates also decreased by 14%, to 71%. Just under 77% of HE FT students remained until the end of their course with around 20% achieving part of their qualification aim, but not the full award as some work was outstanding.

## Early Withdrawal

	Actual 2019-20 %	Actual 2020-21 %	Actual 2021-22 %
HE Full-time	9.6	5.3	9.4
HE Part-time	7.0	3.4	6.6

The College early withdrawal rates for both FE and HE full time students increased in session 2021-22, to be broadly equivalent to the pre-pandemic rate in 2019-20. The low early withdrawal rates in 2020-21 were due to courses starting four weeks later because of COVID restrictions but SFC retained the 1 November qualifying date. The rates for 2021-22 overall are in line with most other college early withdrawal rates and continue to be reviewed internally through the portfolio review process.

## Students Association

A newly elected Student Association President and team of campus Vice Presidents was in place for the start of session 2021-22. The learning environment had moved entirely online for most students, presenting a huge challenge to the Student Association (SA) as they tried to extend their reach and raise their profile. The traditional Freshers Week moved online and engagement between the SA and the student population was digitally managed until Easter 2022, when some students began to return to campus. Despite the challenges, some positives emerged – class representative training moved entirely online, and the SA raised their social media presence by promoting health and well-being initiatives. The SA President conducted the functions of office successfully and a new Student Constitution was developed and approved for 2022-23. For the first time, elections for the SA office bearers were held online in May 2022 and the current President returned for a second term in office. The key priorities for the coming year are to raise the profile of the SA executive team and to review the current representation model to ensure that it remains fit for purpose in our new post pandemic learning environment.

## EARLY INDICATION OF PROGRESS FOR 2022-23

Enrolments for full-time classes starting in August 2022 are lower than target and of those in 2021. The reduction is likely to be in part due to the increase in places available in universities, the availability of employment in certain sectors such as Hospitality and Care and the reduction in students enrolling, completing courses last year and progressing on. The reduction is greater for HE courses and particularly in Greenock. In some cases, courses were removed due to low demand and in others with low numbers, adjustments have been made to combine classes, in some cases by teaching online cross-college. The reduction in full time recruitment, particularly HE appears to be a situation shared with many other Colleges across Scotland.

The main growth in numbers in the College has been in Engineering apprentice provision. Investment in the College estate has enabled us to better meet employer needs. There continues to be strong demand for places in Construction courses and the College has increased classes in this area but is restricted increasing further due to availability of specialist accommodation. Practical industry areas previously impacted significantly by COVID, such as Hairdressing and Hospitality have better student recruitment, signalling a return in confidence to train for employment in these sectors.

The College Covid-19 Mobilisation Group continued to operate during the year, with multiple workstreams, to respond to changes in Covid-19 guidance.

The College Digital Strategy has been taken forward by several digital workstreams, including leading the tailored CPD for online teaching and use of Microsoft Teams. All students for 2021-22 were provided with access to an online unit 'Developing the Confidence to Learn Online' before their courses started and throughout the session.

Portfolio Review meetings have been completed and Curriculum Planning and Review meetings are scheduled for autumn 2022 to review overall performance and plan curriculum changes for 2022-23. Curriculum changes will be in line with the Curriculum Strategy 2021-26 which was approved by the Board of Management in June 2021.

## ESTATE STRATEGY

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The College Estate Strategy 2016-2026 addresses emerging and future needs of both student and staff bodies. The College is based at three main campus locations in Clydebank, Greenock and Paisley and has continued to invest in the priority maintenance of its buildings to improve the teaching and learning environment as well as the underlying fabric of the estate. Our vision is to develop an estate that is fit for purpose, technologically advanced, future proofed, sustainable, and cost efficient that is responsive in meeting the needs of both current and future students.

The key College Estate Strategy challenges identified by the 2019 condition survey of the College estate, and recognised by the Scottish Funding Council college sector national condition survey of December 2017, include:

Challenges continue to exist in relation to fitness for purpose of our estate.

- ◆ **A need to invest £42m over the next 5 years to bring our existing operational buildings up to a suitable condition and required standard.**
- ◆ **Over the next 20-year period a total of £153m will be required to maintain the current College estate in a suitable condition and to the required standard to undertake learning and teaching.**
- ◆ **Significant investment is required in Greenock as a high priority, with expenditure of £21m being necessary over a 5-year period to ensure our buildings are in the condition expected of a modern teaching and working environment. It is estimated that replacing our existing Greenock facilities could require investment of up to £120m. An updated Outline Business Case was submitted to the SFC during 2021-22 following initial feedback and the College is awaiting a response.**
- ◆ **Within Paisley there is also a need for significant investment. Funding is required as a priority, with expenditure of £17m being identified as necessary simply to maintain existing buildings in an acceptable condition over the next 5-year period. There is a need for investment in a flexible, environmentally sustainable, and modern campus, and it is estimated that replacing and upgrading our existing Paisley facilities would require an amount in the region of £100m.**
- ◆ **The Clydebank campus, which is now 14 years old, has a need for investment of £5m over the next 5-year period to maintain facilities at the required level.**

The delivery of the Estate Strategy is overseen by the Vice Principal Operations and supported by the Estates Management Team. The Corporate Development Committee retain ongoing oversight of the Estate Strategy implementation and the Board of Management receives an annual update on the implementation of the Strategy. Given the potential implications of the global pandemic on the future estate needs, the College has undertaken to review and refresh the Estate Strategy. Prior to this review being undertaken, the College is looking to the SFC to provide strategic guidance, and this is anticipated to be provided through the publication of the SFC Infrastructure Strategy in late 2022. Once this strategic direction is available the College will be best placed to review and refresh its own Estate Strategy, likely to be during the latter half of 2023.



# SUSTAINABILITY REPORT

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## Sustainability Strategy

The October 2022 Board of Management approved the Sustainability Strategy which sets out a clear vision of how the College plans to contribute towards addressing the global climate challenge. At the heart of the strategy is the ambition for:

West College Scotland to be one of the most sustainable colleges in Scotland. We will show leadership in demonstrating and promoting all forms of environmental, social, and economic sustainability at a local, regional, and national level.

The College has pledged to reach net zero target by 2040, five years ahead of the Scottish Government target. In approving the Strategy, the Board of Management wished to note that this is a far-reaching Strategy and without external financial and practical support the College will be unlikely to achieve all its stated objectives. The aging nature of the College estate is a hinderance to the achievement of the Strategy objectives as which without significant investment the estate will not be able to positively contribute to reducing the overall College emissions.

The key focus for the College will therefore continue to be on the following aspects: energy, water, travel and transport, community, sustainable procurement, fair trade, sustainable education, and external partnerships.

As part of the Strategy implementation, a Sustainability Oversight Group has been established to be chaired by the Principal. The Group will meet regularly to consider the progress made on implementing the Strategy and to review sustainability initiatives. The Group will report on progress to each meeting of the Corporate Development Committee with an annual progress report being provided to the Board of Management.

## Report on progress made during 2021-22

The College acknowledges the importance of environmental issues and sustainability, and endeavours to consider these matters as part of its ongoing decision-making process. Its environmental responsibilities as a public body, supports the national outcome to 'value and enjoy our built and natural environment, protect it, and enhance it for future generations.' All Board and Committee papers now include a section on Environmental Impacts to highlight the impacts of strategic decisions. This process will be rolled out to College papers as well.

The College's Sustainability Strategy outlines its commitment to sustainability and how it will reduce carbon emissions, adapt to climate change and act in a sustainable manner in line with its obligations. As such the College is named as a 'major player' by the Scottish Government in the Climate Change (Scotland) Act 2009. In addition, our role in sustainable education provides us with a clear mandate to lead in sustainability in everything we do. The Sustainability Strategy commits the College to ensuring progress towards embedding into college life the [UN Sustainable Development Goals \(SDGs\)](#).

In 2021-22, the College's approach to energy-efficiency continued with further investment in a series of lighting control measures across the estate and replacement of lighting installations with more efficient equipment. Future projects to further improve energy efficiency and drive down consumption will be implemented in upcoming years including the replacement of outdated building management systems and replacement of campus building roofs to improve insulation.

The College Sustainability Team has continued to provide support to staff, students, local Councils, and other stakeholders throughout the year to promote several initiatives and disseminate information through its Newsletter and Sustainability Portal on the College website. The College continues to develop staff and students and promote actions on sustainability enabling and encouraging them to be global citizens. The College also promoted the principles of 'Education for Sustainable Development' through teaching, research, and knowledge transfer activities. Supporting social responsibility across the College and in our communities and encourage the use of Fairtrade products

The College complies with Scottish Government sustainability reporting in line with the requirements of the Climate Change (Scotland) Act 2009. Up to 97% of the College's carbon footprint is associated with its buildings, from heating, lighting, and use of other equipment. The College is using 2014-15 as its base year and in that period the organisation emitted 5,303 t/CO<sub>2</sub>e. Over the years the College has seen a gradual reduction in overall emissions as the sustainability projects undertaken have an impact. The last validated year was 2020-21 which was impacted by the global pandemic with emission being down due to lock downs. In 2020-21 the total emission amounted to 3,061 t/CO<sub>2</sub>e, a reduction of 2,242 t/CO<sub>2</sub>e (42%). With the College returning to normal operations in 2021-22 the emission for the year were 3,116 t/CO<sub>2</sub>e, a reduction of 2,187 t/CO<sub>2</sub>e (41%).

College waste management continues to improve with an offsite average recovery rate of 95% (2020-21: 90%) for overall waste. It is anticipated that the implementation of the Sustainability Strategy will continue to drive down the total emissions of the College.

The College is considering the following projects for implementation during 2022-23 as part of the Sustainability Strategy implementation:

- ◆ **Replacement of building management systems.**
- ◆ **Introduction of 'Recycle Rooms' for staff and student to recycle items.**
- ◆ **Active travel planning to ensure that the use of car transport does not increase.**
- ◆ **Streamlining of procurement activities to reduce transport costs and waste.**
- ◆ **Review of waste management contract to push towards target of 100% recycling.**
- ◆ **Connection to local district heating systems.**

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

## REVIEW OF FINANCIAL PERFORMANCE

The College continues to operate in a challenging set of circumstances as identified in the Audit Scotland report 'Scotland's colleges 2022'. The Audit Scotland report stated that:

'Colleges face a challenge in balancing the delivery of high-quality learning at the volume currently expected with the financial decisions required to remain financially sustainable in the longer term. To balance their budgets, incorporated colleges are striving to increase non-SFC income and reduce costs. Auditors found that around half are considering or likely to consider reducing staff in 2021-22 to deliver savings.'

The challenges identified in the Audit Scotland Report have had an impact on the financial position of the College. The adjusted operating position, as per the table on page 31, records a surplus of £0.5m for the year compared to the 2020-21 surplus of £0.2m. The Statement of Comprehensive Income shows a surplus of £43.4m for the year compared to the 2021 surplus of £11.0m, due to a £49.7m actuarial gain on the local government pension scheme (2020-21: £16.7m gain). The table below records that the operational activities of the College generated a surplus which was due to the introduction by the SFC in October 2022 of a 2% credit tolerance before any core funding will be recovered. Had the funding tolerance not been introduced the College would have recorded an adjusted operating deficit in 2021-22 of £0.4m which was caused by several exceptional items including unfunded voluntary severance costs incurred during the year.

	2021-22 £'m	2020-21 £'m
<b>Income</b>	60.4	59.0
<b>Expenditure</b>	(61.8)	(60.4)
<b>Operational deficit for the year</b>	(1.4)	(1.4)
<b>Exceptional staff costs - voluntary severance</b>	(1.1)	(0.5)
<b>Annual leave provision movement</b>	0.1	(0.4)
<b>FRS102 pension costs - actuarial revaluation</b>	(3.4)	(3.1)
<b>FRS 102 pension interest charge</b>	(0.5)	(0.6)
<b>Deficit for the year</b>	(6.3)	(5.7)
<b>Actuarial gain on pension</b>	49.7	16.7
<b>Total comprehensive income for the year</b>	43.4	11.0

### Income

Income at £60.4m is higher by £1.4m in comparison to 2020-21. SFC recurrent grant funding has increased in line with the grant allocation. Although the College was unable to meet its overall credit target, in line with the SFC October 2022 guidance, the College will require to repay £0.6m not the full amount of £1.5m. This repayment of £0.6m has been accounted for in full and has resulted in a net increase in funding body grants of £0.9m.

Tuition fees and education contracts, which includes international and commercial income, increased by £0.7m despite a loss of HE tuition fees as students chose to study at university rather than college. This loss of tuition fees was countered by gains in commercial and work placed learning income streams.

Other grant income remained steady at £0.6m and represents receipt of development grants which are expended in year on equipment and additional staff.

Other operating income including childcare funds was £0.2m lower than 2020-21. The College has seen an increase of £0.3m in the level of catering income with the return of staff and students to in person learning. The level of catering income has not yet matched pre-pandemic levels. The College received £0.6m of Job Retention Scheme income in 2020-21 which was not continued into 2021-22.

## Expenditure

Expenditure at £61.8m is higher by £1.4m in comparison to 2020-21. This was the result of increases in other operating expenses as the College expenditure increased with the return to in person campus-based learning.

Staff costs, excluding pension and exceptional staff costs, increased by £1.1m due in the main to nationally agreed cost of living and national insurance increases. The College also incurred £1.1m of voluntary severance costs because of the decision to (a) close both the College nurseries, (b) restructure the catering service and (c) the introduction of a voluntary severance scheme which operated in the final quarter of the year. The combined result of the voluntary severance scheme was that 36.7 FTE (44 headcount) staff members have left the College by the end of July 2022.

Other Operating Expenses reduced by £0.4m compared to 2020-21 due to lower than anticipated estate maintenance project costs which are in the main matched to a reduction in grant income. Overall, all other costs remained on a par with the prior year through strict fiscal budgetary control.

## Balance Sheet

Fixed assets at the year-end totalled £106.6m, a net decrease of £4.5m compared to the prior year. Depreciation charges of £4.5m were incurred during the year.

Net current liabilities decreased by £0.4m due to a reduction in the amount due to be repaid to the SFC either in the form of estate maintenance or core grant funding.

On 31 July 2022, the College had an accumulated surplus of £14.9m (2020-21: £14.2m surplus) on its Income and Expenditure Reserve, and in complying with FRS102 s28 (Retirement Benefits) the pension liability increased by £45.8m to an asset of £15.6m (2020-21: £30.1m liability) which is included in the Income and Expenditure Reserve.

## Cash Flow

There was a net cash inflow of £4.1m (2020-21: inflow of £1.8m). On 31 July 2022, the College held cash of £12.8m (2020-21: £8.8m) of which £10.7m was accounted for as either repayable to the SFC, committed funds for estate maintenance works, funds received in advance of being expended or provisions to be paid out in the future. When these funds are removed from the cash balance the College has £2.1m of free funds with which to operate.

The College held long-term debt of £1.0m (2020-21: £1.3m) which is attributable to the Paisley campus inherited campus redevelopment. This debt is due to be repaid by 1 December 2025.

## The College Estate and Capital Resources

The College has capital assets of £106.6m (£106.3m related to College property). In 2021-22 the College expended £2.2m (2020-21: £2.7m) of SFC lifecycle and high priority maintenance funds to maintain its estate, ICT infrastructure and systems. The College has underpinned this investment with net recurring expenditure of approximately £2.1m (2020-21: £2.1m) to cover the operating costs of the estate.

## CASH BUDGET FOR PRIORITIES

Following the reclassification of the College as a central government body from 1 April 2014, the College is required to comply with Central Government budgeting rules. In addressing the impact of these budgeting rules, the Scottish Government and SFC committed to providing the cash budget previously earmarked for depreciation for use on specified priorities. The College has a fixed cash budget for priorities of £1.6m per year which must be expended on agreed governmental priorities as outline in the following table:

	2021-22 £'000	2020-21 £'m
<b>Revenue</b>		
Contribution towards 2015-16 cost of living award	0.6	0.6
ICT maintenance costs	0.5	0.5
<b>Total impact on operating position</b>	<b>1.1</b>	<b>1.1</b>
<b>Capital</b>		
Loan repayments	0.5	0.5
<b>Total capital loan repayments</b>	<b>0.5</b>	<b>0.5</b>
<b>Total cash budget for priorities spend</b>	<b>1.6</b>	<b>1.6</b>

## ADJUSTED OPERATING POSITION

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

	Note	2021-22 £'m	2020-21 £'m
<b>Deficit before other gains and losses</b>		(6.3)	(5.7)
<b>Add back:</b>			
Depreciation net of deferred capital grant releases	1	3.2	2.7
Pension adjustment - Net service costs	2	3.4	3.1
Pension adjustment - Net interest costs	3	0.5	0.6
<b>Remove:</b>			
Revenue funding allocated to loan repayments	4	(0.3)	(0.5)
<b>Adjusted operating surplus</b>		<b>0.5</b>	<b>0.2</b>

### Note

1. Depreciation does not have a cash impact on the College and capital expenditure is funded by government grants, therefore the charge is removed. See Financial Statements note (12) for depreciation and note (14) for deferred capital grants.
2. The adjustments to the pensions charge represent the net service cost (i.e., the present value of projected benefits resulting from employee service in the current year less cash contributions paid). See note (23).
3. The net interest cost is the interest accumulated on the pension liability and this is offset against the current year's interest earned on pension assets. See note (23).
4. Cash budget for priorities is included in income but the loan repayment is not reflected in the costs therefore this amount is adjusted. See the table on page 31 for cash budget for priorities spend.

## PAYMENT TO SUPPLIERS

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The College complies with the CBI Prompt Payment Code and has a policy of paying its suppliers at the end of the month following the date of invoice or supply unless supplier payment terms are different, in which case payment is made in accordance with those terms. Supplier invoices were paid on an average of 17 days in the year to 31 July 2022 (2020-21: 13 days). There was no interest paid under the Late Payment of Commercial Debts (Interest) Act 1998 during the period.

## FINANCIAL OUTLOOK

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The Audit Scotland Report '[Scotland's Colleges 2022](#)' summarised the challenges facing the college sector:

*'As we have reported in previous years, colleges were facing a number of challenges prior to the Covid-19 pandemic. These included ensuring long-term financial sustainability, reducing the proportion of students who do not complete their courses, increasing student success and closing the attainment gap for more disadvantaged students. Responding to these challenges, while continuing to deliver high-quality learning and contributing effectively to the delivery of wider Scottish Government priorities, may prove even more difficult in a post-Covid environment with increasingly challenging financial settlements for colleges.'*

The College is facing the most severe period of sustained financial pressure in its history. This pressure is the result of a combination of factors including:

### ◆ Flat cash funding settlements

#### ◇ CDN Awards 2021

◇ The Scottish Government Medium Term Financial Strategy indicated that the SFC will receive circa £1.5b per annum for the next 5 years. Whilst this commitment has yet to be translated into spending proposals it is safe to assume that the College is unlikely to see a real term increase in the funding it receives from the SFC.

### ◆ Increasing competition from the university sector for students.

◇ The College has already seen a reduction in the number of students choosing to go to college compared to university. This position is exacerbated by the Scottish Government increasing the number of places within universities.

### ◆ Cost of living crises

◇ Students are being faced with a very stark choice of either choosing to study or undertake employment. This choice is becoming easier to make as student support payments not increasing in line with inflation.

### ◆ Inflation

◇ With inflation predicted to remain at more than 10% for the 2022-23 financial year, this will impact both the pay demands being made by staff and the cost of operating the College. With staff costs accounting for approximately 80% of overall expenditure any increase in staff costs will have a material impact on the College budget.

The impact of the above issues - not only on College operations but on wider society in general - is expected to result in further challenges in maintaining levels of recruitment and therefore funding in future years. Robust financial planning mechanisms continue to be employed for the next three-year period which are intended to enable West College Scotland to achieve its planned outcomes, however even with these mechanisms in place, the operating environment is likely to prove challenging.

To achieve a 2022-23 break even adjusted operating position, the College will require to deliver £2.8m of both staff and non-staff efficiency savings over the next year. These efficiencies are based upon the ability of the College to attain its student enrolment targets. As noted in the 'Early Indication of Progress for 2022-23' section on page 24, the level of recruitment is lower than targeted for 2022-23. A substantial element of the required savings is as a direct result of the anticipated settlement of staff pay demands at more than the Scottish Governments desired aim of settling such claims in line with [Scottish Government Public Sector Pay Policy 2022-23](#). With other public sector bodies settling claims at more than the Scottish Governments pay policy, the College is currently forecasting that the 2022-23 settlement will be in line with other public sector pay settlements. The College does not have sufficient financial levers available to it to affect such a level of savings in year and it is therefore likely to return an adjusted operating deficit for 2022-23. This position is being discussed with the SFC to make them aware of the options now being considered by the College to allow it to return to a small adjusted operating surplus in 2023-24 and beyond.

As detailed within the Estate Strategy section, significant investment will be required from Scottish Government and the Scottish Funding Council to provide and maintain 21st century teaching, learning, and working facilities that meet the needs and expectations of students, staff, and customers. Without this investment the ability of the College to attract and retain students during these difficult times will only be made more challenging.

The current uncertainty in funding and the challenging financial environment will be closely monitored in the coming months and years. The sector continues to face difficult economic conditions but will work closely with the SFC to effectively plan for long-term financial sustainability to ensure that the College continues its important delivery role in the West of Scotland.

**The Performance Report is approved by The Principal and Chief Executive:**

**Elizabeth Connolly**

**Principal and Chief Executive**

# Accountability Report



# CORPORATE GOVERNANCE REPORT

## BOARD OF MANAGEMENT REPORT

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The membership of the Board of Management during the year to 31 July 2022 is outlined at page 41 and includes all members who served during the reporting period. The Register of Interests for these Board members is available on the [College website](#). No significant company directorships or other interests were held which may have conflicted with their duties as Board Members. No member of the Board of Management had any other related party interest during the reporting period.




The Board of Management complies with all the principles of the [Code of Good Governance for Scotland's Colleges](#) ('the Code') as developed and owned by the college sector. Further to this, the Board has adopted and operates under the model Code of Conduct developed by the Standards Commission for Scotland.

With regards to data protection compliance there was one reported data-related incident during the year, which did not require referral to the regulator.

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

All agendas, minutes and relevant reports from Board and Board of Management Committee meetings are published online in accordance with the model Publication Scheme for public authorities provided by the Scottish Information Commissioner.

The College Executive Team comprises:

-  **Elizabeth Connolly - Principal and Chief Executive**
-  **Stephanie Gunn - Vice Principal Educational Leadership**
-  **Amy McDonald - Vice Principal Operations (appointed 23 August 2021)**

These members also influence the decisions of the College as a whole.

# STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITIES

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The Board of Management defines its overall responsibilities, in accordance with the Code of Good Governance, to:

- ◆ **Lead the College and set its strategic direction and values.**
- ◆ **Ensure effective management and financial controls which support the student experience within a framework of public accountability and transparency.**
- ◆ **Deliver high quality learning and outcomes.**

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

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

## CORPORATE GOVERNANCE STATEMENT

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### Introduction

The Corporate Governance Statement is provided to summarise the operation, responsibilities, structure, and functions of the College Board of Management, with approaches in place to support this and ensure effectiveness and improvement. Due recognition has been given to the guidance set out in the Code of Good Governance for Scotland's Colleges and the Governance Statement section of the [Scottish Public Finance Manual](#) (SPFM). It is a condition of the [Scottish Funding Council Financial Memorandum](#) that West College Scotland meets the principles of good governance set out in the Code of Good Governance for Scotland's Colleges.

### Governance Structure

It is the Board of Management's responsibility to provide independent judgement on issues of strategy, performance, resources, and standards of conduct. The Board of Management is provided with regular and timely information on the overall financial performance of the College as well as a variety of wider information including audit reports, human resources and organisational development matters, curriculum developments, quality/evaluation and estates and information technology projects and expenditure.

The College's Board of Management met six times during 2021-22 and conducted business through five standing Committees.

The Committees which operated during 2021-22 were:

- ◆ **Corporate Development**
- ◆ **Audit**
- ◆ **Learning, Teaching and Quality**
- ◆ **Remuneration**
- ◆ **Nominations**

Each Committee has a formally constituted remit and terms of reference.

All Board Committees operate under the authority of, and with terms of reference approved by, the Board of Management. Meetings of the Board of Management and Board of Management Committees are conducted in accordance with Standing Orders which are approved by the Board, and minutes of these meetings are published on the [College website](#).

The Board is supported by a Secretary to the Board. The Secretary maintains a register of financial and personal interests of Board Members. The Secretary is also responsible for ensuring full minutes of all Board and Board Committee meetings are available and that all applicable procedures and regulations are complied with. Formal agendas, papers and reports are supplied to Board members in a timely manner, in advance of meetings. All the above information is available on the [College website](#).

## Corporate Development Committee

The remit of the Committee is to:

- ◆ **Have strategic oversight of finance, procurement, human resources and organisational development, communications, marketing and matters of a general nature that do not fall to other standing Committees, ensuring solvency, sustainability, efficiency, and innovation.**
- ◆ **Advise on the strategic implementation, review and development of required strategies and policies that reflect best practice and improve organisational performance, ensuring appropriate and effective controls and processes are in place.**
- ◆ **Ensure the College manages all assets and resources in accordance with Scottish Government and Scottish Funding Council requirements.**

The Committee met four times in 2021-22. The Committee comprises the Principal and a minimum of four members of the Board of Management, one of whom Chairs, a non-teaching staff member and a student member.

## Audit Committee

The Audit Committee ensures compliance with corporate governance requirements, monitors adherence to regulatory requirements, provides oversight on systems of internal control and provides the principal mechanism through which the audit process works with particular emphasis on compliance, management of risk, and internal and external audit activities as well as ensuring systems are in place to provide efficiency, effectiveness, and economy.

The Committee provides a forum for reporting by the College external and internal auditors and advises on the appointment of the internal auditors and their remuneration.

The Audit Committee met four times during 2021-22 and, in addition, met once with the Corporate Development Committee to consider the Annual Audit Report of the external auditors, review the integrity of the Annual Report and Financial Statements and to recommend their approval to the Board of Management.

The Committee comprises a minimum of three Members of the Board of Management, one of whom Chairs. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members, and once a year the Committee members meet both the internal and external auditors independently.

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

The Audit 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 and monitors adherence to regulatory requirements.

## Learning, Teaching and Quality Committee

The remit of the Committee is to:

- ▶ **Have strategic oversight of all learning, teaching, training, and skills development within the College, ensuring the highest quality of student experience and the development of a sustainable and innovative curriculum to meet the current and future skills needs of students, employers, and the Region.**
- ▶ **Advise on the strategic direction for the allocation and development of College resources to best meet the needs of learning, teaching, and students.**
- ▶ **Ensure the College meets the Scottish Government and Scottish Funding Council requirements relating to Learning, Teaching and Quality in the Regional Outcome Agreement and monitor associated targets and performance indicators.**
- ▶ **Advise on the strategic implementation, review and development of required strategies and policies that reflect best practice and improve the student experience.**

The Committee met four times in 2021-22. The Committee comprises the Principal and a minimum of four members of the Board of Management, one of whom Chairs, a teaching staff member and a student member.

## Remuneration Committee

The remit of the Committee is to determine the remuneration and terms and conditions of the Principal, all other members of the Senior Management Team (SMT) including the College Executive and Heads, and the Secretary to the Board, and to ensure due process is followed.

The Committee met twice in 2021-22. The Committee comprises the Chair of the Board of Management, the Vice Chair of the Board of Management, the Chairs of each of the standing Committees of the Board and a minimum of one member of the Board of Management.

## Nominations Committee

The remit of the Nominations Committee is to consider and make recommendations to the Board of Management on appointments ensuring due process is followed, to consider matters of succession planning, and to consider processes in place for the induction, training, and development of Board members.

The Committee met once in 2021-22. The Committee comprises the Chair of the Board of Management, the Vice Chair of the Board of Management, the Chairs of each of the standing Committees of the Board, a minimum of one member of the Board of Management, one Staff Member (the Staff members serve for 2 years each (in succession), so that both the Teaching staff member and the Support staff member will have the opportunity to join this Committee during their period of membership of the Board) and the Student President.

## OPERATION OF THE BOARD OF MANAGEMENT

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### Membership

In alignment with the Post-16 Education Act (2013), West College Scotland continued to formally review Board membership during the year to 31 July 2022. The Board of Management comprises 18 members encompassing:

- ◆ **a Chair appointed by Scottish Ministers.**
- ◆ **the Principal and Chief Executive.**
- ◆ **12 Non-Executive Members whose appointments are made in accordance with the relevant guidance.**
- ◆ **two Staff Members elected by the College teaching and support staff.**
- ◆ **two Student Members nominated by the College Students Association.**

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

Details of membership during the period up to the signing of the Financial Statements are provided on pages 41 to 44.

### Induction and Development

All new Board members receive a formal induction provided by the College and through training organised by the College Development Network. Additional Board development sessions held within the College during the year 2021-22 focused on Commercial / Income Generation, Risk Management, Digital Strategy and Performance Management.

## Evaluation

**In accordance with Paragraph D.23 of The Code of Good Governance for Scotland’s Colleges, “the board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally facilitated evaluation of its effectiveness at least every three years. The board must send its self-evaluation (including an externally facilitated evaluation) and board development plan (including progress on previous year’s plan) to its funding body and publish them online”.**

It was agreed at the 7 February 2022 Board meeting that, for the annual internal Board effectiveness review 2022, the same survey that was used in 2021 should be issued to all Board members. The survey was issued on 1 March 2022 with a closing date of 18 March 2022. The outcomes of this review were used to inform and update the Board Development Action Plan. Both the Effectiveness Review Report and Board Development Action Plan were approved by the Board of Management at its meeting held on 13 June 2022 and, thereafter, forwarded to the SFC and are published on the [College website](#). The Board last undertook an externally facilitated evaluation of its effectiveness in late 2019 with the feedback report being approved at the Board meeting held in February 2020.

Each Board member has an individual review meeting with the Chair of the Board during the year. This allows Board members to discuss any training or development needs and helps identify the training and development programme for the following session. The Chair has an annual review meeting conducted by the Vice Chair of the Board and the Board Senior Independent Member.

## Board of Management Membership














The membership of the Board of Management during the year was as follows:

Name	Status	Job Title	Date Appointed / Reappointed	Term End Date	Date Resigned
W. Hatton	 Chair, Board of Management and Nominations Committee	Business Consultant	3 March 2020	2 March 2024	N/a
E. Connolly	 Principal and Chief Executive	Principal, West College Scotland	1 September 2018	Ex officio	N/a
D. Bayley	 Support Staff Member	Support Staff Member, West College Scotland	14 June 2021	13 June 2025	N/a
R. Binks (Co-opted)	 Co-opted member of Learning, Teaching and Quality Committee	Corporate Director of Education, Communities and Organisational Development, Inverclyde Council	Re-appointed for 1 year from 1 March 2022	28 February 2023	N/a

Name	Status	Job Title	Date Appointed / Reappointed	Term End Date	Date Resigned
G. Bold <sup>1</sup>	<ul style="list-style-type: none"> <li>Non-Executive member</li> <li>Chair Audit Committee</li> </ul>	Workplace Pensions Director Scottish Widows	1 February 2021	31 January 2025	N/A
M. Hamilton (Co-opted)	<ul style="list-style-type: none"> <li>Co-opted member of Learning, Teaching and Quality Committee</li> </ul>	Employment Facilitator	Re-appointed for 1 year from 1 Nov 2022	31 October 2023	N/A
G. Hunt	<ul style="list-style-type: none"> <li>Non-Executive member</li> <li>Vice Chair LTQC</li> </ul>	College Development Network, managing the Research and Enhancement Centre.	1 February 2021	31 January 2025	N/A
L. Johnston	<ul style="list-style-type: none"> <li>Non-Executive Member</li> <li>Vice Chair of Board</li> </ul>	Business Strategy Manager, North Lanarkshire Council	Re-appointed 1 January 2021	31 December 2024	N/A
J. Leburn	<ul style="list-style-type: none"> <li>Non-Executive Member</li> <li>Chair of CDC from Feb 2022</li> </ul>	Principal Consultant of Exponentiate.uk	Re-appointed 1 January 2021	31 December 2024	N/A
R. Leitch	<ul style="list-style-type: none"> <li>Non-Executive Member</li> </ul>	Operations Director, Glasgow Airport	1 December 2021	30 November 2025	N/A
G. Lyall <sup>2</sup>	<ul style="list-style-type: none"> <li>Non-Executive member</li> <li>Vice Chair, Audit Committee</li> </ul>	Retired	1 February 2021	31 January 2025	N/A

<sup>1</sup> At the 10 October 2022 Board of Management meeting, it was agreed that G Bold would demit as Chair of the Audit Committee whilst remaining a member. G Lyall would be appointed as Chair of the Audit Committee with effect from 10 October 2022













<sup>2</sup> At the 10 October 2022 Board of Management meeting, it was agreed that G Lyall would be appointed as Chair of the Audit Committee with effect from 10 October 2022

Name	Status	Job Title	Date Appointed / Reappointed	Term End Date	Date Resigned
D. Mark (Co-opted)	 Co-opted member - CDC	Retired	Re-appointed for 1 year from 1 March 2022	28 February 2023	N/A
F. McKerrell	 Non-Executive member  Senior Independent Member from Aug 2021  Vice Chair, Nominations Committee	Lawyer	1 December 2019	30 November 2023	N/A
J. McKie	 Non-Executive member	Retired	1 December 2021	30 November 2025	N/A
D. McMahon	 Non-Executive member  Vice Chair, CDC	Diageo	1 February 2022	31 January 2026	N/A
S. Nagy	 Student Member	Student Association – WCS	1 August 2022	31 July 2023	N/A
M. Newlands <sup>3</sup>	 Non-Executive Member  Chair LTQC  Vice Chair, Remuneration Committee	Head of Partnerships, Scottish Enterprise	Re-appointed 1 February 2019	31 January 2023	N/A
J.C. Phoenix <sup>4</sup>	 Non-Executive Member	Head of Skills and Talent, Sustainable Aquaculture Innovation Centre	1 December 2022	30 November 2026	N/A
G. Rice	 Teaching Staff Member	Lecturer	10 October 2022	9 October 2026	N/A











<sup>3</sup> At the October Board of Management meeting, it was agreed that M Newlands would be co-opted on to the Corporate Development Committee when his Board membership comes to an end in January 2023.

<sup>4</sup> JC Phoenix was appointed at the 10 October 2022 Board of Management meeting.



Name	Status	Job Title	Date Appointed / Reappointed	Term End Date	Date Resigned
J. Russell <sup>5</sup>	 Non-Executive member	Retired	1 December 2022	30 November 2026	N/A
S. Akram	 Non-Executive Member  Senior Independent Member on the Board from Feb 2021 to July 2021	Project Manager and Consultant	1 December 2019	30 November 2023	N/a
S. Cairney	 Support Staff Member	Support Staff Member, West College Scotland	18 September 2019	17 September 2023	30 April 2021
M. Gillan	 Teaching Staff Member	Teaching Staff Member, West College Scotland	13 September 2021	12 September 2025	N/A
D. Bayley	 Support Staff Member	Support Staff Member, West College Scotland	14 June 2021	13 June 2025	N/A
A. McGrath	 Student Member	Student Association – WCS	1 August 2021	31 July 2022	N/A
P. Sefton	 Student Member	Student Association – WCS	1 August 2021	31 July 2022	N/A
G. Bold (Co-opted)	 Co-opted member of Audit Committee	Workplace Pensions Director Scottish Widows	Re-appointed for 1 year from 1 July 2020	30 June 2021	31 January 2021
G. Bold	 Non-Executive member	Workplace Pensions Director Scottish Widows	1 February 2021	31 January 2025	N/A
G. Hunt	 Non-Executive member		1 February 2021	31 January 2025	N/A
G. Lyall	 Non-Executive member		1 February 2021	31 January 2025	N/A

<sup>5</sup> J Russell was appointed at the 10 October 2022 Board of Management meeting.

Name	Status	Job Title	Date Appointed / Reappointed	Term End Date	Date Resigned
S. Akram	<ul style="list-style-type: none"> <li> Non-Executive member</li> <li> Vice Chair Audit</li> </ul>	Project Manager and Consultant	1 December 2019	30 November 2023	23 August 2021
N. Allan	<ul style="list-style-type: none"> <li> Non-Executive Member</li> <li> Vice Chair, CDC Feb 21 to July 21</li> </ul>	Self-employed Property Consultant	Re-appointed 1 February 2019	31 January 2023	31 January 2022
M. Gillan	<ul style="list-style-type: none"> <li> Teaching Staff Member</li> </ul>	Teaching Staff Member, West College Scotland	13 September 2021	12 September 2025	24 August 2022
J. Hannigan	<ul style="list-style-type: none"> <li> Non-Executive Member</li> <li> Chair CDC and Remuneration</li> </ul>	NMIS Programme Manager, Skills Development Scotland	Re-appointed 1 February 2018	31 January 2022	31 January 2022
P. Sefton	<ul style="list-style-type: none"> <li> Student Member</li> </ul>	Student Association – WCS	1 August 2021	31 July 2022	31 July 2022
D. Watson	<ul style="list-style-type: none"> <li> Teaching Staff Member</li> </ul>	Teaching Staff Member, West College Scotland	13 September 2017	12 September 2021	12 September 2021
W. Wong (Co-opted)	<ul style="list-style-type: none"> <li> Co-opted member of Audit Committee</li> </ul>	Director of, and Secretary to the Trustee of the Elementis Group Pension Scheme	Re-appointed for 1 year from 1 March 2021	28 February 2022	28 February 2022

Noted below are members of the College Executive who attend meetings of the Board and its Committees.

S. Gunn Vice Principal Educational Leadership

A. McDonald Vice Principal Operations

Joined College on 23 August 2021

## Board of Management Attendance for the year ended 31 July 2021

Name	Possible Attendance	Actual Attendance
W. Hatton (Chair) (2)	6	6
E. Connolly	6	6
J. Hannigan	3	2
N. Allan	3	2
M. Newlands	6	6
L. Johnston	6	6
J. Leburn	6	5
F. McKerrell	6	6
G. Bold	6	6
G. Hunt	6	6
G. Lyall	6	6
D. Bayley	6	4
M. Gillan	6	4
A. McGrath	6	6
P. Sefton	6	4
R. Leitch	5	4
J. McKie	5	4
D. McMahon	3	3

### Co-opted Members (1)

D. Mark

R. Binks

W. Wong (resigned 28 February 2022)

M. Hamilton

<sup>1</sup> Co-opted members do not attend Board meetings.

<sup>2</sup> The Chair is ex officio member of all Board committees except the Audit Committee.

## Committee Attendance

	2021-22	2020-21	2019-20
Board of Management	89%	97%	88%
Audit Committee	88%	95%	90%
Corporate Development Committee	68%	84%	-
Learning, Teaching & Quality Committee	78%	83%	69%
Nominations	88%	92%	75%
Remuneration	82%	90%	86%

Individual attendance at Board of Management Committee meetings is monitored by the Nominations Committee.

## CORPORATE PLAN 2019-2025

In respect of its strategic and development responsibilities, the Board of Management receives recommendations and advice from Board Committees, the Principal and Chief Executive and the College Executive Team. The Board of Management has approved the 2019-2025 Corporate Plan ('The Plan'), which sets out the College's strategic aims. The Plan outlines the approach of the College to delivering an expansive and progressive curriculum to meet the needs of industry and equip students to meet the demands of the modern workplace. The Plan has the College's values at its centre, and at the heart of the Strategy are four key priority areas:

- PERSONALISATION** - the College will deliver the skills solutions that employers are looking for and the learning outcomes that students want, in a way that suits individual students.
- COLLABORATION** - The College will build the immersive relationships and make the connections that enhance value for customers and stakeholders by creating learning pathways, developing new delivery partnerships, and integrating learning into wider local strategies.
- AGILE AND ADAPTIVE** - The College will develop the capability to respond to shifts in demand and seize new opportunities quickly' putting in place specialist delivery capabilities.
- DIGITAL** - the College will ensure that it has the digital capacity and capabilities to deliver in a modern economy.

# RISK MANAGEMENT

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## Risk Management Arrangements

The College Risk Management Strategy details and communicates the College's approach to risk management and assurance and is an integral part of the College's internal control and corporate governance arrangements.

The Audit Committee receives regular reports on the College risk management process during the year. The Senior Management Team reviews risk on an ongoing basis and proposes updates to the Risk Register. Any proposed changes to the Risk Register are highlighted and discussed by Board of Management Committees, prior to the Risk Register then being presented to the Board of Management for review.

The Board of Management, through its Audit Committee, has approved an Assurance Framework with a view to enhancing further the College's approach to internal control, assurances, and risk management. The framework identifies organisational arrangements and clear lines of accountability, which are responsible for providing assurance about the management of key business areas and risks. As part of its annual review, the College Assurance Map was considered by the May 2022 Audit Committee.

The College's Risk Management and Assurance Framework includes:

- ◆ **a Risk Management Strategy.**
- ◆ **a risk appetite statement.**
- ◆ **operational risks registers, managed by each member of the Senior Management Team aligned to their respective operational plans, which cover all College business.**
- ◆ **A Strategic Risk Register, which identifies the major risks drawn from operational risk registers, risks identified by the Board of Management and its committees, and risks identified by the Senior Management Team.**
- ◆ **An Assurance Map highlighting the College internal control and assurance framework.**

The College Risk Management Strategy is overseen by the Senior Management Team, which reports to the Audit Committee. The Senior Management Team meets every three months to review the Strategic Risk Register, and a rolling review programme of operational risk registers and business continuity plans.

The Board of Management is of the view that there is a formal on-going process for identifying, evaluating, and managing the College's significant risks that have been in place for the period up to the date of approval of these financial statements which accords with good practice as outlined in the UK Corporate Governance Code 2016. This process is regularly reviewed by the Board of Management.

# STATEMENT ON INTERNAL CONTROL

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## Scope of Responsibility

The Board of Management is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. Such a system 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 Board of Management has delegated the day-to-day responsibility to the Principal, as Chief Executive, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding public funds and assets. The Principal and Chief Executive is also responsible for reporting to the Board of Management any material weaknesses or break-down in internal control.

Under the College's Scheme of Delegation, some financial matters are delegated to the authority of the Principal and Chief Executive as appropriate, subject to approved budget cover having been made available by the Board where necessary. A copy of the Articles of Governance and the Scheme of Delegation can be found on the [College website](#).

## The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks occurring and the impact should they be realised, and to manage them efficiently, effectively, and economically. The system of internal control has been in place in the College for the year ended 31 July 2022, and up to the date of approval of the annual report and financial statements.

## The Risk and Control Framework

The system of internal control is based on a framework of regular management information, administrative procedures and a system of delegation and accountability. This includes:

- ◆ **comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board of Management.**
- ◆ **regular reviews by the Board of Management of monthly, periodic, and annual financial reports which indicate financial performance against forecasts.**
- ◆ **setting targets to measure financial and other performance.**
- ◆ **clearly defined capital investment control guidelines.**
- ◆ **appropriate reassurance through the College Assurance Framework aligned to top risks faced by the College.**
- ◆ **the adoption of formal project management disciplines, where appropriate.**

The following internal audit reports have been reviewed by the Audit Committee in the financial year to 31 July 2022

:

Audit	Overall Assurance Conclusion	Grading of Recommendations
<b>Review of Financial Recommendations</b>	Strong	None
<b>Cash Management</b>	Strong	None
<b>Digital Strategy</b>	Substantial	1 Medium
<b>IT Systems Administration</b>	Weak	1 High / 1 Medium / 1 Low
<b>Sustainability and Carbon Management</b>	Weak	1 High 7 Medium / 1 Low
<b>Business Continuity Planning</b>	Substantial	1 Medium / 2 Low
<b>Student Recruitment</b>	Substantial	3 Medium / 2 Low

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

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

The role of the Audit Committee is to support the Board of Management in its responsibilities of assessing the effectiveness of the risk, control, and governance frameworks in place at the College. The Committee discharges its duties by reviewing the comprehensiveness of assurances in meeting the assurance needs of the Board, and by reviewing the reliability and integrity of these assurances through a process of constructive challenge. The Chair of the Audit Committee annually provides the Board of Management with a report on the activity of the Audit Committee. Based on the assessments and reports provided by the internal / external auditors and the College management, the Audit Committee is satisfied that its responsibilities to the Board of Management have been satisfactorily discharged.

## Review of Effectiveness

The Principal and Chief Executive holds overall responsibility for (a) maintaining sound systems of internal control which support the achievement of the College's policies, aims and objectives and (b) reviewing the effectiveness of the system of internal control. This review of the effectiveness of the system of internal control is informed by:

- ▶ **the work of the internal auditor. The conclusion in the internal audit annual report was that West College Scotland have adequate and effective risk management, control, and governance processes to manage the achievement of the College's objectives.**
- ▶ **the work of the College Executive and Senior Management Team, who have responsibility for the development and maintenance of the internal control framework and annual assurance statements.**
- ▶ **reports and recommendations made by the College's external auditor. External auditors assess the design of a range of key controls within the main financial processes and did not identify any significant control weaknesses.**
- ▶ **the College's risk management processes.**
- ▶ **the work that the Audit Committee undertakes as noted in the Audit Committees Annual Report to the Board of Management.**

The Senior Management Team considers possible control issues brought to their attention by reporting mechanisms and robust risk management processes. The Senior Management Team and Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board of Management's agenda includes a standing item for consideration of risk and control and receives reports thereon from the College Senior Management Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Based on the above, the Principal and Chief Executive can confirm that sound systems of governance, risk management and internal control, consistent with the requirements of the SPFM / accounts direction, have operated for the year ended 31 July 2022 and up to the date of approval of the annual report and accounts.



## GOING CONCERN

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The annual financial statements have been prepared on a “going concern” basis. The College meets its day to day, medium and long-term funding requirements through a combination of cash draw-down from the SFC, income generated from commercial activities and a term loan provided by a bank. Under the terms of the loan agreements the College must meet certain financial covenants. These covenants were met during 2021-22 and there is a reasonable expectation that the College will continue to meet these covenants in the 12-month period from the date of these financial statements.

As outlined in the Performance Report section, the College continues to operate within a challenging and uncertain financial environment. The Board of Management has approved a 2022-23 budget which details the sources of income and expenditure of the College and considered a four-year financial projection. The financial forecasts for this period, based upon a set of SFC assumptions, indicate that the ability to deliver an underlying break-even position will be challenging for the College in the current and future years. The Board of Management recognises that there is an overall financial sustainability risk to the College and its ability to manage activities and deliver planned outcomes within the current funding environment. The uncertainties relating to the effects of the duration of the pandemic and withdrawal from the EU on the further education sector will also require careful management by the College.

The College continues to receive support from the SFC. Funding allocations are confirmed by the SFC on an annual basis and the 2022-23 allocation has been agreed. The College continues to provide five-year forecasts to the SFC annually. The College believes that the SFC will provide the funding required and therefore it is appropriate to prepare the accounts using the going concern basis.

## STATEMENT OF COMPLIANCE

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The West College Scotland Board of Management complies with all the principles of the 2016 Code of Good Governance for Scotland’s Colleges, and it has complied throughout the year ended 31 July 2022.

## CONCLUSION

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The Board of Management are content that the arrangements in place relating to corporate governance are effective. Based on the information above, it is the opinion of the Principal and Chief Executive and the Board of Management that there was an on-going process for identifying, evaluating, and managing the College’s significant risks, that it had been in place for the year ended 31 July 2022 and up to the date of approval of the annual report and accounts.

**Approved by order of the members of the Board of Management on 12 December 2022**

## REMUNERATION AND STAFF REPORT

### Remuneration Policy

Under the College's Financial Regulations, which are consistent with the Code of Good Governance for Scotland's Colleges, the Board of Management has the authority to appoint, grade, suspend, dismiss, and determine the pay and conditions of service of the Principal and other senior post-holders.

Under its Scheme of Delegation, the Board delegates authority to the Remuneration Committee to consider, approve and report to the Board on decisions regarding the remuneration, package, terms, and conditions and, where appropriate, severance payments of the Principal and Chief Executive, Executive Team, Senior Management Team, College Heads, and the Secretary to the Board.

The Remuneration Committee comprises the Chair and Vice Chair of the Board, the Chairs of each of the standing Committees of the Board (one of whom is appointed Chair) and a minimum of 1 other member of the Board of Management. The Chair of the Board may not be Chair of the Remuneration Committee. The Remuneration Committee meets twice per year.

### Staffing Profile

The following table provides an overview of staffing data as at the year-end:

	2021-22		2020-21		
	FTE	%	FTE	%	
<b>People</b>	863		871		
<b>Sickness absence</b>		4.4		3.5	
<b>Staff turnover</b>		12.9		13.4	
<b>Gender:</b>					
<b>All staff</b>					
	<b>Male</b>	373	43	383	44
	<b>Female</b>	490	57	488	56
<b>Board of Management</b>					
	<b>Male</b>	12	66	9	53
	<b>Female</b>	6	34	8	47
<b>Senior Management Team</b>					
	<b>Male</b>	4	36	5	45
	<b>Female</b>	7	64	6	55

## REMUNERATION INCLUDING SALARY AND PENSION ENTITLEMENTS

### Board Member Remuneration

The Chair of the College Board of Management received remuneration in accordance with instruction from the Scottish Government. There is no remuneration paid to any other non-executive director posts on the Board of Management. Expenses incurred are paid to Board of Management members because of carrying out the duties of the appointment, including reasonable travel and subsistence.

### Salary Entitlements

The following table provides detail of the remuneration and pension interests of senior staff:

Name	Year ended 31 July 2022			Year ended 31 July 2021		
	Salary £'000	Pension Benefit £'000	Total £'000	Salary £'000	Pension Benefit £'000	Total £'000
<b>W. Hatton<sup>6</sup></b>	25-30	0	25-30	10-15	0	10-15
<b>E. Connolly</b>	130-135	25-30	155-160	125-130	20-25	150-155
<b>S. Gunn</b>	95-100	20-25	115-120	90-95	20-25	115-120
<b>A. McDonald<sup>7</sup></b>	95-100	15-20	110-115	0	0	0
<b>D. Alexander<sup>8</sup></b>	0	0	0	85-90	15-20	100-105

<sup>6</sup> Waiyin Hatton was appointed as the Chair of the Board of Management from 3 March 2020. The full year remuneration of the Chair of the Board of Management is £27,560

<sup>7</sup> The pensions data provided is that accrued through employment at West College Scotland, any accrued pension or lump sum from prior employments have been excluded.

<sup>8</sup> The previous Vice Principal Operations, D Alexander, left the post on 25 June 2021. The above entitlements are for 11 months only

### 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).

Both STSS and LGPS were final salary schemes until 31 March 2015, meaning that members' benefits were based on the final year's pay and the number of years that the person has been a member of the scheme. From 1 April 2015, both schemes became career average schemes, meaning that benefits are based on the career average earnings of the member, and the number of years that the person has been a member of the scheme.

The schemes' normal retirement age is the state retirement age.

Contribution rates are set annually for all employees and depend on the salary of the employee. There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on final pensionable pay to 31 March 2015, career average earnings from 1 April 2015, and years of pensionable service.

Further details regarding the pension arrangements for the College can be found at Note 23 to the Financial Statements including contribution rates payable.

## Senior Staff Pension

Pension benefits are provided to senior staff on the same basis as all other staff. The accrued pension benefits for senior staff are set out in the table below, together with the pension contributions made by the College. It should be noted accrued benefits are attributable to contributions made over the period of the individual's working life, and from their various employers during that time.

Name	Accrued pension and lump sum at pension age at 31 July 2022	Real increase in pension and lump sum 1 August 2021 to 31 July 2022	CETV at 31 July 2022	CETV at 31 July 2021	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
<b>E. Connolly</b>	21	3	361	298	63
<b>S. Gunn<sup>9</sup></b>	158	8	952	904	48
<b>A. McDonald<sup>10</sup></b>	18	2	209	187	22

## 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 point in time.

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

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

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

## Real increase in CETV

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

Note 8 to the accounts provides information on senior post holders' remuneration.

<sup>9</sup> S. Gunn was previously known as S. Graham

<sup>10</sup> The pensions data provided is that accrued through employment at West College Scotland, any accrued pension or lump sum from prior employments have been excluded.

## Compensation for Loss of Office

As of 31 July 2022, 44 (2020-21: 22) employees had left the College under voluntary severance arrangements. They received compensation payments totalling £1,063,955 (2020-21: £480,938) with this figure included pension fund strain costs of £283,931 (2020-21: £40,498). The leavers did not receive any additional compensation.

The table below summarises the total number of agreements by cost band:

	<b>2021-22</b>	<b>2020-21</b>
	<b>Number and cost of voluntary redundancies</b>	<b>Number and cost of voluntary redundancies</b>
<b>£1 - £25,000</b>	28	16
<b>£25,001 - £50,000</b>	14	6
<b>£75,001 - £95,000</b>	2	0
<b>Total number of agreements</b>	44	22
<b>Total Cost (£)</b>	£1,063,955	£480,938

## Median Remuneration

The highest paid member of the management team was the Principal. The Principal's remuneration before pension benefits was in the range £130,000 - £135,000 (2021-22: £125,000-£130,000). This was 3.03 times (2020-21: 3.05 times) the median remuneration paid to West College Scotland staff which was £43,357 (2020-21: £42,357).

	<b>2021-22</b>	<b>2020-21</b>	<b>Change %</b>
	<b>£'000</b>	<b>£'000</b>	
<b>Range of workforce remuneration</b>	132 - 1	129 - 1	
<b>Highest paid official remuneration</b>	131	129	1.6
<b>Median (Total pay and benefits)</b>	28,469	26,950	5.6
<b>Median (Salary only)</b>	29,513	26,949	9.5
<b>Ratio to highest paid official (Total pay and benefits)</b>	4.6	4.8	(4.2)
<b>25th percentile (Total pay and benefits)</b>	16,921	15,922	6.3
<b>25th percentile (salary only)</b>	19,518	15,951	22.4
<b>Ratio to highest paid official (Total pay and benefits)</b>	7.8	8.1	(3.7)
<b>75th percentile (Total pay and benefits)</b>	42,332	41,708	1.5
<b>75th percentile (salary only)</b>	43,274	42,226	2.5
<b>Ratio to highest paid official (Total pay and benefits)</b>	3.1	3.1	0.0

## Salaries and Related Costs

Details of the number of staff and their related costs including senior post-holders and the Principal, who received annual emoluments can be located found at Notes 7 and 8 of the Financial Statements.

## Trade Union Relationships

The College strives to work in partnership with the recognised trade unions (EIS-FELA and Unison) on issues affecting College employees. We work together within the framework of the Recognition and Procedure Agreements and meet on a regular basis.

## Facility time

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the College provided the following support through paid facility time for trade union officials working at the College during the year ended 31 March 2022.

## Trade Union Representatives and Full-Time Equivalents

Number of employees who were trade union officials		Full-time equivalent employee numbers	
2021-22	2020-21	2021-22	2020-21
25	23	23.46 FTE	21.46 FTE

## Percentage of working hours spent on facility time by band

	Number of Employees	
	2021-22	2020-21
1% to 50% of working hours	25	23

## Percentage of staff costs spent on facility time

	2021-22	2020-21
Total cost of facility time	£116,619	£117,000
Total staff costs	£40,347,125	£43,619,000
Percentage of total staff costs spent on facility time	0.29%	0.27%

## Paid trade union activities

	2021-22 %	2020-21 %
Time spent on disclosed or reportable trade union activities as a percentage of all trade union activities	4.7	14

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

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

## West College Scotland - Our People

West College Scotland wants to have an engaged, flexible, and modern workforce which is proud to work for the College. The College is proud of the achievements of teaching and support staff and is committed to their professional development so that they can continue to achieve successful outcomes for themselves, students, and the College community.

863 full-time equivalent staff (1,148 headcount) work at the College, 434 FTE (597 headcount) of whom are teaching staff. Alongside them, the College employs 429FTE (551 headcount) across a range of support functions which encompass other professionals, including accountants, marketing executives, business specialists, caterers, and outreach workers.

West College Scotland is committed to ensuring that all current and future staff are treated fairly and equitably in all aspects of employment. This is supported by activities such as recruitment and selection training for managers which takes account of college obligations to ensure that appointments, promotion, access to training and the application of other policies are made fairly and without discrimination based on the following protected characteristics - age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, religion or belief, sex, sexual orientation, or race.

There are several established methods of communication with employees across all campuses within West College Scotland including:

- ▶ **Prior to the restrictions on staff gatherings because of Covid-19, open sessions were hosted by the Principal and involving the Senior Management Team to update staff on key issues and to allow questions to be asked and issues to be raised. During the pandemic these have been moved online via Microsoft Teams.**
- ▶ **Line Managers schedule regular meetings with teams to plan and schedule work to support achievement of corporate goals.**
- ▶ **The 'Homeworking Times' newsletter was used to engaged with staff throughout the lockdown period arising from the Covid-19 pandemic.**
- ▶ **Westworld, a staff newspaper issued on a regular basis which updates staff on College news and events.**
- ▶ **A staff intranet page.**
- ▶ **All staff communications providing details of discussions and key messages following the fortnightly Senior Management Team meeting.**

The highest standards are also expected from all organisations that have dealings with the College. Suppliers, contractors, consultants, partners, and other organisations are expected to adopt or abide by the College's policies, procedures, protocols, and codes of practice. The College will seek to review its involvement with any organisation that fails to abide by the expected standards.

## Building our Collective Culture

In support of the College 2019-2025 Corporate Strategy, vision and values the College developed and continues to implement the 'Building our Collective Future' framework. This sets out the College culture, how the College will implement its objectives, the behaviours the College aspires to and how it will treat others / expect to be treated. This will also support the College ambition of continuous improvement.

The College launched an ambitious People Strategy 2030 during 2021-22 which builds on the 'Building our Collective Future' framework and places staff at the heart of the College's plans, recognizing their collective contribution. It is based around four strategic themes:

- ◆ **One College Culture**
- ◆ **West College Scotland Experience**
- ◆ **Effective Leaders and Managers**
- ◆ **Maximising Organisational Capability**

## Career management and employability

The College supports career development through an annual 'Enhance' development review for all employees and has a dedicated training budget to support employee requests identified. Our organisational development team have rolled out a Management Training Programme to support the development of middle and senior managers in a range of areas. A global view on career management is also undertaken through ongoing work in relation to workforce planning.

## Employee Participation and Development

There is staff representation on the Board of Management and relevant committees. Consultation takes place in regular meetings held with unions. Staff development is facilitated through continuing professional development and a development and review processes designed to support employees in their career progression.

## Provision of Information to Employees

The College has adopted the principles of openness and participation and places an elevated level of importance in both informing and consulting staff. The College management meets on a regular basis with both the teaching and support staff unions with the minutes of the meetings being made available to the wide College community through the staff intranet. In addition to this the College provides access to relevant documents through the staff intranet and social media outlets, through verbal and written briefings, staff newsletters, staff meetings and events. Information is only withheld where this can be shown to be justified or where there is a duty of confidence to a third party.



## Health and Safety

West College Scotland Board of Management is fully committed to compliance with all relevant health, safety, and fire legislation. The health and safety policy outlines how all foreseeable hazards and risks are identified and assessed to reduce or eliminate the likelihood of accidents, incidents, and cases of occupational ill health.

## Equal Opportunities

The College has an Equal Opportunities Procedure. The purpose of this is to ensure that staff, students, customers, and visitors are treated equally regardless of age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, religion or belief, sex, sexual orientation, or race.

The College completes an equality impact assessment on all policies and procedures to ensure that the College pays due regard to the General Equality Duty.

## Social Matters

Our curriculum encourages social engagement and interaction by facilitating partnerships with our students and community stakeholders. We recognise the wider benefits of learning, and that the student experience is influenced by social and economic factors beyond the classroom. Our ambition to improve employability aims to increase social inclusion.

## Respect for Human Rights

West College Scotland believes that respect for human rights is a critical component of promoting sustainability. The College will respect human rights; will not engage in discrimination based on age, gender, ethnicity, religion, disability, sexual orientation or any other grounds; will not tolerate harassment; will foster a proper understanding and awareness of the issue of human rights; will respect the cultures, customs, and language of other countries and regions; and will promote and maintain harmony with the local and international communities it engages with.

## Employment of staff with a protected characteristic

West College Scotland is aware of the specific duties placed on it as a public body and demonstrates support for diversity in being a signatory to the nationally recognised Disability Confident Scheme.

The College is committed to equality and strives to have a diverse workforce. One way in which this can be evidenced is in the support for new and existing employees who live with a disability. The College is committed to providing reasonable adjustments in the form of physical adaptations, modifications to job roles and auxiliary aids or services to support employees to thrive.

West College Scotland has published four overarching Equality Outcomes 2021-2023, one of which focuses on progressing race equality. The College has increased its Black and minority ethnic (BME) staff members from 1.5% in December 2019 to 2.1% in July 2022 and the work aligned to this Equality Outcome should enable us to be a better ally for BME staff and students.

## Anti-Fraud and Bribery Policy Statement

It is important that West College Scotland maintains exacting standards of probity. In this respect, each Board Member and employee of the College is under a duty to report any reasonable suspicions and is encouraged to raise any concerns about fraud and bribery, in the knowledge that such concerns will be thoroughly investigated. To this end, the College has a Public Interest Disclosure Policy (Whistleblowing) to protect anyone who wishes to raise concerns in good faith. Having a strong anti-fraud and bribery framework is therefore essential to ensure resources are used for their intended purpose and to demonstrate that sound systems of public accountability and transparency are in place. The College is committed to protecting the public funds entrusted to it and ensuring these are applied for the benefit of our communities.

**The Accountability Report is approved by order of the members of the Board of Management and signed on its behalf by:**

**Waiyin Hatton**

**Chair of Board of Management**

**Elizabeth Connolly**

**Principal and Chief Executive**

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

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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### Opinion on financial statements

We have audited the financial statements in the annual report and accounts of West College Scotland for the year ended 31 July 2022 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 and Expenditure, Statement of Changes in Reserves, Balance Sheet, and Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In 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 college's affairs as at 31 July 2022 and of its deficit for the year then ended;**
- ▶ **have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and**
- ▶ **have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).**

### Basis for opinion

(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 six 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 college. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the college's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue. These conclusions are not intended to, nor do they, provide assurance on the college's current or future financial sustainability. However, we report on the college's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

## Risks of material misstatement

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

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

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

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

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

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

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

- ▶ **obtaining an understanding of the applicable legal and regulatory framework and how the college is complying with that framework;**
- ▶ **identifying which laws and regulations are significant in the context of the college;**
- ▶ **assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and**
- ▶ **considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.**

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

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

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

## Reporting on regularity of expenditure and income

### Opinion on regularity

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

### Responsibilities for regularity

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

## Reporting on regularity of expenditure and income

### Opinion on regularity

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

### Responsibilities for regularity

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

## Reporting on other requirements

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

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited 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.

### Other information

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

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

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




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

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

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

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

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

-  **adequate accounting records have not been kept; or**
-  **the financial statements and the audited 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 [I/we] require for [my/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.

## **David Hoose, For and on behalf of Mazars LLP**

**100 Queen Street,  
Glasgow,  
G1 3DN**

## **Date**

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

# Financial Statements



## STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

	<i>Note</i>	<b>Year ended 31 July 2022 £000</b>	<b>Year ended 31 July 2021 £000</b>
<b>Income</b>			
Tuition fees and education contracts	2	6,611	5,897
Funding body grants	3	51,668	50,745
Other grant income	4	641	632
Other operating income	5	1,523	1,711
Investment income	6	0	0
<b>Total Income</b>		<b><u>60,443</u></b>	<b><u>58,985</u></b>
<b>Expenditure</b>			
Staff costs	7	48,266	46,876
Support staff job evaluation	7	935	935
Restructuring costs	7	1,064	481
Other operating expenses	9	11,366	11,706
Depreciation	12	4,493	3,971
Interest and other finance costs	10	613	754
<b>Total Expenditure</b>		<b><u>66,737</u></b>	<b><u>64,723</u></b>
<b>Deficit before Tax</b>		<b>(6,294)</b>	<b>(5,738)</b>
Taxation	11	-	-
<b>Deficit for the Year</b>		<b><u>(6,294)</u></b>	<b><u>(5,738)</u></b>
Actuarial gain in respect of pension schemes	23	49,735	16,703
<b>Total Comprehensive Income for the Year</b>		<b><u>43,441</u></b>	<b><u>10,965</u></b>
<b>Represented by:</b>			
Unrestricted comprehensive income		<b><u>43,441</u></b>	<b><u>10,965</u></b>
<b>Surplus for the year attributable to:</b>			
College		<b><u>43,441</u></b>	<b><u>10,965</u></b>

All items of income and expenditure relate to continuing activities.

The Statement of Comprehensive Income is prepared under the FE/HE SORP. Colleges are also subject to Central Government accounting rules but the FE/HE SORP does not permit colleges to include Government non-cash budget for depreciation in the Statement of Comprehensive Income. Note 27 provides details of the adjusted operating position on a Central Government accounting basis.

## STATEMENT OF CHANGES IN RESERVES

	Income and Expenditure Reserve £000	Revaluation Reserve £000	Total £000
<b>Balance at 1 August 2020</b>	<b>13,598</b>	<b>54,889</b>	<b>68,487</b>
Deficit from the income and expenditure statement	(5,738)	-	(5,738)
Transfer between revaluation and income and expenditure reserve	2,640	(2,640)	-
Release of unrestricted funds spend in the year	3,747	-	3,747
Revaluation	0	16,159	16,159
Total comprehensive expenditure for the year	649	13,519	14,168
<b>Balance at 31 July 2021</b>	<b>14,247</b>	<b>68,408</b>	<b>82,655</b>
Deficit from the income and expenditure statement	(6,294)	-	(6,294)
Transfer between revaluation and income and expenditure reserve	3,082	(3,082)	-
Release of unrestricted funds spend in the year	3,929	-	3,929
Total comprehensive expenditure for the year	717	(3,082)	(2,365)
<b>Balance at 31 July 2022</b>	<b>14,964</b>	<b>65,326</b>	<b>80,290</b>

## BALANCE SHEET

		As at 31 July 2022		As at 31 July 2021	
	Note	£000	£000	£000	£000
<b>Non current assets</b>					
Fixed assets	12		106,613		111,106
Pension asset	17		15,649		-
<b>Current assets</b>					
Stocks		-		3	
Trade and other debtors	13	5,016		4,767	
Cash	19	12,826		8,776	
		<u>17,842</u>		<u>13,546</u>	
<b>Less: Creditors: amounts falling due within one year</b>	14	<u>(18,386)</u>		<u>(14,562)</u>	
<b>Net current liabilities</b>			(544)		(1,016)
<b>Total assets less current liabilities</b>			<b>121,718</b>		<b>110,090</b>
Creditors: Amounts falling due after one year	15		(25,778)		(27,338)
Provisions: Pensions	17		-		(30,157)
Provisions: Other			-		(97)
<b>Total net assets</b>			<b><u>95,940</u></b>		<b><u>52,498</u></b>
<b>Unrestricted reserves</b>					
Pension reserve	18		15,649		(30,157)
Income and expenditure reserve			14,964		14,247
Revaluation reserve			65,327		68,408
<b>Total reserves</b>			<b><u>95,940</u></b>		<b><u>52,498</u></b>

The financial statements on pages 63 to 86 were approved by the Board of Management, authorised for issue and signed on its behalf by:

\_\_\_\_\_  
**Waiyin Hatton**  
 Chair of Board of Management

\_\_\_\_\_  
**Elizabeth Connolly**  
 Principal and Chief Executive

## STATEMENT OF CASHFLOW

	<i>Note</i>	<b>Year ended 31 July 2022 £000</b>	<b>Year ended 31 July 2021 £000</b>
<b>Cashflow from operating activities</b>			
Deficit for the year		(6,294)	(5,738)
<b>Adjustment for non-cash items</b>			
Depreciation	12	4,493	3,971
Decrease / (Increase) in stock		3	(3)
Increase in debtors	13	(249)	(1,893)
Increase in creditors	14	2,597	3,176
(Increase) / Reduction in provisions		(97)	41
Net cost of pension provision	23	3,929	3,747
<b>Adjustment for investing or financing activities</b>			
Interest payable	10	613	754
<b>Net cash inflow from operating activities</b>		<b><u>4,995</u></b>	<b><u>4,055</u></b>
<b>Cash flows from investing activities</b>			
Purchase of Building Improvements and Equipment	7	-	(1,002)
		<b><u>-</u></b>	<b><u>(1,002)</u></b>
<b>Cash flows from financing activities</b>			
Interest paid	10	(613)	(754)
Repayments of amounts borrowed	19	(332)	(518)
		<b><u>(945)</u></b>	<b><u>(1,272)</u></b>
<b>Increase in cash in the year</b>		<b><u>4,050</u></b>	<b><u>1,781</u></b>
<b>Cash at beginning of the year</b>	19	8,776	6,995
<b>Cash at end of the year</b>	19	12,826	8,776

# NOTES TO THE FINANCIAL STATEMENTS

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## 1) STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Financial Statements and there have been no changes to these in the year.

### a) Basis of Preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) 2019: 'Accounting for Further and Higher Education' and the 2020-21 Government Financial Reporting Manual (FReM) issued by the HM Treasury and in accordance with Financial Reporting Standards (FRS 102). The College is a public benefit entity and has therefore applied the public benefit requirements of FRS102. The college conforms to relevant parts of the Scottish Public Finance Manual (SPFM), the Accounts Direction and other guidance issued by the Scottish Funding Council.

### b) Basis of Accounting

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

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

### c) Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Performance Report. The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying notes. The College currently has a £1m of bank loan and a finance lease outstanding. The bank loan is due to be fully repaid by 2025 and the finance lease within 1 year.

The College's forecasts and financial projections indicate that it will be able to operate within the existing bank loan covenant for the foreseeable future. Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

### d) Recognition of Income

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

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

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

### e) Agency Arrangements

The College acts as an agent in the collection and payment of all Student Support Funds except for childcare funding. These funds are excluded from the College Statement of Comprehensive Income and Expenditure and movements have been disclosed in the notes to the accounts.

# NOTES TO THE FINANCIAL STATEMENTS

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## 1) STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (Continued)

Where the College has more discretion in the manner in which specific funds are disbursed, and those funds do not meet the definition of agency funds (childcare funding), the income and expenditure relating to those funds are shown in the College Statement of Comprehensive Income and Expenditure.

### f) Grant Funding

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

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

### g) Donations and Endowments

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

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

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

### h) Capital Grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. The funds will be held in deferred income within creditors until conditions are met.

### i) Fixed Assets

#### 1) Tangible assets

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

#### 2) Land and buildings

Land and buildings are measured using the revaluation model. Under the revaluation model, assets are revalued to fair value. Depreciated Replacement Cost has been used as a measure of fair value for land and buildings, otherwise Market Value has been used. The College has a policy of ensuring a full revaluation takes place at least every 5 years, with an interim valuation carried out after 3 years, such that the fair value is not materially different to the current value. Depreciation and impairment losses are subsequently charged on the revalued amount.

Finance costs, which are directly attributable to the construction of land and buildings, are capitalised as part of the cost of those assets.

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 1) STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (Continued)

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

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs. They are not depreciated until they are brought into useful life.

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

Depreciation is calculated on a straight line basis over the expected useful life of the buildings which vary from 10 to 60 years as determined by professional opinion and valuation.

### 3) Buildings owned by third parties

Where land and buildings are used, but the legal rights are held by a third party, for example a charitable trust, they are only capitalised if the College has rights or access to on-going future economic benefit.

These assets are then depreciated over their expected useful economic life on a straight line basis.

### 4) Equipment

Equipment costing less than £5,000 per individual item and motor vehicles costing less than £5,000 are written off to expenditure in the year of acquisition. All other equipment and vehicles are capitalised and carried at depreciated historical costs, which is used as a proxy for fair value. Assets of lesser value may be capitalised where they form part of a group of similar assets purchased in the same financial year and costing over £20,000 in total.

Capitalised equipment is depreciated over its useful economic life ranging from between 3 and 10 years on a straight line basis.

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

### j) Finance Leases

Leasing agreements that transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The relevant assets are included under fixed assets and the capital element of leasing commitments is shown as an obligation under finance leases.

The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the Statement of Comprehensive Income and Expenditure account in proportion to the reducing capital element outstanding.

Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

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

### k) Operating Leases

Leases not meeting the criteria of a finance lease are treated as an operating lease. Expenditure in respect of operating leases is charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

# NOTES TO THE FINANCIAL STATEMENTS

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## 1) STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (Continued)

### **l) Taxation**

The College has been entered into the Scottish Charity Register and is entitled, in accordance with section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a Charity registered in Scotland. The College is recognised by HM Revenue and Customs as a charity for the purposes of section 467, Income and Corporation Taxes Act 2010 and is exempt from corporation tax on its charitable activities. The College receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

### **m) Stocks**

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

### **n) Cash**

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

### **o) Employment Benefits**

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

### **p) Maintenance of Premises**

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

### **q) Retirement Benefits**

All new members of staff have the option of joining a pension scheme. The schemes currently open to new members of staff are the Scottish Teachers Superannuation Scheme (STSS) and the Strathclyde Pension Fund (SPF). Existing employees are entitled to maintain their membership of the STSS.

Full provision has been made for those pension costs which do not arise from externally funded defined benefit schemes.

### **Scottish Teachers Superannuation Scheme (STSS)**

The College participates in the Scottish Teachers' Superannuation Scheme pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the College. The College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Financial Reporting Standard 102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme in respect of the year.



# NOTES TO THE FINANCIAL STATEMENTS

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## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (Continued)

### Strathclyde Pension Fund (SPF)

The Strathclyde Pension Fund is a pension scheme providing benefits based on final pensionable pay. The assets and liabilities of the scheme are held separately from those of the College. Pension scheme assets are measured using market values. Pension scheme 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 Scheme are determined by an actuary on the basis of triennial valuations using the Age Attained Method. Variations from regular cost are spread over the expected average remaining working lifetime of members of the scheme, after making allowances for future withdrawals. The amount charged to the Statement of Comprehensive Income and Expenditure represents the net interest expense which is based on the net deficit within the scheme during the year.

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

### s) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised in the financial statements when the College has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. This could include but not be limited to a provision for Failure to Educate.

The College has no contingent liabilities or contingent assets at the balance sheet date. Contingent liabilities and contingent assets, should they require to be disclosed, would not be recognised in the Balance Sheet but would be disclosed in the notes to the financial statements (see Note 26).

### t) Judgements and key sources of estimation uncertainties

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

#### 1) Determine whether there are indicators of impairment of the College's tangible assets

Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

#### 2) Other Key Sources of Estimation Uncertainty

##### Tangible Fixed Assets

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

#### 3) Pensions Valuation

As the present value of the defined benefit obligation at the reporting date is less than the fair value of the plan assets at that date, the plan has recorded a notional surplus and therefore the College is showing a pension asset in the balance sheet as at 31 July 2022. The College considers that they will be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, and therefore the surplus has been recognised in these financial statements in line with the requirements of FRS102

## NOTES TO THE FINANCIAL STATEMENTS

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
<b>2) TUITION FEES AND EDUCATION CONTRACTS</b>		
FE fees - UK	2,912	2,024
FE fees - non EU	194	187
HE fees	2,748	2,847
SDS contracts	757	839
	<b>6,611</b>	<b>5,897</b>
<b>3) FUNDING BODY GRANTS</b>		
FE recurrent grant	44,643	42,868
Childcare funds (Note 25)	770	935
Release of deferred capital grants	1,100	1,055
Other SFC grants - job evaluation	935	935
Other SFC grants	1,988	2,236
Estates maintenance funding	2,232	2,716
	<b>51,668</b>	<b>50,745</b>
<b>4) OTHER GRANT INCOME</b>		
Development grants	457	448
Release of deferred capital grants	184	184
	<b>641</b>	<b>632</b>
<b>5) OTHER OPERATING INCOME</b>		
Catering	350	81
Other income generating activities	254	238
Support for learning	342	276
Other Government grants - Job Retention Scheme	0	563
Other income	577	553
	<b>1,523</b>	<b>1,711</b>
<b>6) INVESTMENT INCOME</b>		
Interest receivable	0	0
	<b>0</b>	<b>0</b>

## NOTES TO THE FINANCIAL STATEMENTS

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
<b>7) STAFF COSTS</b>		
Wages and salaries	35,049	33,584
Social security costs	3,636	3,405
Pension costs including actuarial cost (Note 23)	10,775	10,233
Holiday pay provision (reduction) / increase	(130)	135
Support staff job evaluation	935	935
	<b>50,265</b>	<b>48,292</b>
Teaching departments	26,709	25,762
Teaching services	4,446	4,445
Administration and central services	9,305	9,103
Premises	2,286	2,319
Other expenditure	1,705	1,552
Catering	395	573
Pension adjustments	3,420	3,122
<b>Total</b>	<b>48,266</b>	<b>46,876</b>
Support staff job evaluation	935	935
Restructuring costs	1,064	481
<b>Total</b>	<b>50,265</b>	<b>48,292</b>
<b>Staff Numbers:</b>		
The average number of full-time equivalent employees, including higher paid employees, during the year was:		
	<b>2022</b>	<b>2021</b>
	<b>FTE</b>	<b>FTE</b>
Teaching departments	434	440
Teaching services	60	80
Administration and central services	247	227
Premises	65	68
Other expenditure	44	36
Catering	13	20
<b>Average number of FTE directly employed</b>	<b>863</b>	<b>871</b>
Headcount: Teaching	597	571
Headcount: Support	551	577
Agency staff costs	£ 177,000	£ 119,000
Average number of agency FTE	8	5

## NOTES TO THE FINANCIAL STATEMENTS

### 7) STAFF COSTS (Continued)

The number of staff, including senior post-holders and the Principal, who are due to receive annual emoluments in the following ranges are:

	<b>2022</b>	<b>2021</b>
	<b>Numbers</b>	<b>Numbers</b>
£60,001 - £65,000	15	16
£70,001 - £75,000	7	10
£90,001 - £95,000	2	1
£125,001 - £130,000	-	1
£130,001 - £135,000	1	-
	<u>25</u>	<u>28</u>

### 8) SENIOR POST-HOLDERS' EMOLUMENTS

Number of senior post-holders, including the Principal was:

	<u>10</u>	<u>11</u>
--	-----------	-----------

	<b>2021-22</b>	<b>2020-21</b>
	<b>£000</b>	<b>£000</b>
Senior post-holders' emoluments are made up as follows:		
Salaries	876	903
Pension contributions	175	183
<b>Total Emoluments</b>	<u>1,051</u>	<u>1,086</u>

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

	<b>2021-22</b>	<b>2020-21</b>
	<b>£000</b>	<b>£000</b>
Principal	<u>131</u>	<u>129</u>
Pension contributions	<u>25</u>	<u>25</u>

No senior post-holder received any benefits in kind.

The Principal and 7 other senior post holders were members of the Strathclyde Pension Fund, a further 2 senior post holders were members of the Scottish Teachers Superannuation Scheme. All pension contributions were paid at the same rate as for other members of staff.

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

## NOTES TO THE FINANCIAL STATEMENTS

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	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
<b>9) OTHER OPERATING EXPENSES</b>		
Teaching departments	2,364	2,289
Catering	187	60
Other income generating activities	190	321
Premises: operating	2,032	2,053
Premises: maintenance	1,617	2,248
Administration	4,206	3,702
FE and HE childcare (Note 25)	770	935
Student support fund costs	-	98
	<b>11,366</b>	<b>11,706</b>
<b>Included in Administration expenses are:</b>		
Auditors remuneration (inclusive of VAT)		
Internal audit services	21	21
External audit services	35	33
Other services	10	10
	<b>613</b>	<b>754</b>
<b>10) INTEREST PAYABLE</b>		
On bank loans, overdrafts and other loans	104	129
Pension interest costs (Note 23)	509	625
	<b>613</b>	<b>754</b>

### 11) TAXATION

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

## NOTES TO THE FINANCIAL STATEMENTS

### 12) TANGIBLE FIXED ASSETS

	<i>Inherited Land &amp; Buildings £000</i>	<i>Other Land &amp; Buildings £000</i>	<i>Equipment £000</i>	<i>Total £000</i>
<b>Cost or valuation</b>				
At 1 August 2021	57,674	53,352	2,754	<b>113,780</b>
Disposals in year	-	-	(154)	<b>(154)</b>
<b>At 31 July 2022</b>	<b>57,674</b>	<b>53,352</b>	<b>2,600</b>	<b>113,626</b>
<b>Depreciation</b>				
At 1 August 2021	293	-	2,381	<b>2,674</b>
Disposals in year	-	-	(154)	<b>(154)</b>
Charge for year	2,710	1,627	156	<b>4,493</b>
<b>At 31 July 2022</b>	<b>3,003</b>	<b>1,627</b>	<b>2,383</b>	<b>7,013</b>
<b>Net book value at: 31 July 2022</b>	<b>54,671</b>	<b>51,725</b>	<b>217</b>	<b>106,613</b>
31 July 2021	57,381	53,352	373	111,106
<b>Analysis of net book value at 31 July 2022</b>				
Inherited	26,046	-	-	26,046
Financed by capital grant	28,625	-	147	28,772
Other	-	51,725	-	51,725
Leased	-	-	70	70
	<b>54,671</b>	<b>51,725</b>	<b>217</b>	<b>106,613</b>

Land and buildings were independently valued at 31 July 2021 by Ryden, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of RICS Valuation - Professional Standards, January 2014 amendment, FRS 102 and the Government Financial Reporting Manual. The basis of the valuation used was Depreciated Replacement Cost. Had they not been re-valued, inherited and owned Land & Buildings would have had an historic net book value of £41,286,000 (2021: £42,694,000)

Land and buildings with a net book value of £72,202,000 (2021: £75,592,000) have been funded from Exchequer Funds, under the definition found in the Financial Reporting Manual. These assets cannot be disposed of without the prior approval of the Scottish Funding Council, and then any proceeds only used in accordance with their instructions.

Included within Land and Buildings is land with a valuation of £5,924,000 (2021: £5,924,000) which is not depreciated.

## NOTES TO THE FINANCIAL STATEMENTS

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
<b>12) TANGIBLE FIXED ASSETS (Continued)</b>		
The depreciation charge for the year is analysed as follows:		
Based on cost	1,411	1,331
Based on valuation	3,082	2,640
	<u>4,493</u>	<u>3,971</u>
Analysed:		
Owned assets	4,425	3,875
Assets held under finance leases	68	96
	<u>4,493</u>	<u>3,971</u>
<b>13) TRADE AND OTHER DEBTORS</b>		
Trade debtors	295	126
Other debtors	44	35
Prepayments and accrued income	878	477
Other Taxes and Social Security	-	-
Amounts owed by SFC - Job Evaluation	3,661	2,726
Amounts owed by SFC - Other	138	1,403
	<u>5,016</u>	<u>4,767</u>
<b>14) CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Bank loans	270	250
Finance lease	68	82
Trade creditors	714	603
Other creditors	830	645
Accruals and deferred income	8,640	7,608
Amounts owed to SFC	6,642	4,090
Deferred capital grants SFC	1,038	1,100
Deferred capital grants non-SFC	184	184
	<u>18,386</u>	<u>14,562</u>
<b>15) CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR</b>		
Bank loans	750	1,020
Finance lease	-	68
Deferred capital grant SFC	20,958	21,996
Deferred capital grant non-SFC	4,070	4,254
	<u>25,778</u>	<u>27,338</u>

## NOTES TO THE FINANCIAL STATEMENTS

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
<b>16) ANALYSIS OF BORROWINGS OF THE COLLEGE</b>		
<b>a) Bank loans</b>		
Within one year	270	250
Between one and two years	293	270
Between two and five years	456	750
	<u><b>1,019</b></u>	<u><b>1,270</b></u>

Bank borrowings are secured over specific areas of heritable land and buildings spread a 12 year terms at fixed rates of 7.90%. This will be fully repaid by 2025.

### **b) Finance Leases**

Within one year	68	82
Between one and two years	-	68
	<u><b>68</b></u>	<u><b>150</b></u>

The finance lease is spread over a 5 year term at a fixed rate of interest of 15.38% ending in October 2022.

## **17) PENSION ASSET/(PROVISION)**

<b>Pension provision at start of year</b>	(30,157)	(43,113)
Movement in year	45,806	12,956
<b>Pension asset/(provision) at end of year</b>	<u><b>15,649</b></u>	<u><b>(30,157)</b></u>

The movement in pension provision is further analysed in Note 23

## **18) PENSION RESERVE**

Balance at 1 August 2021	(30,157)	(43,113)
Current service cost in year	(6,380)	(5,880)
Past service cost	(72)	(16)
Employer contributions	2,396	2,150
Contributions re unfunded benefits	636	624
Net interest	(509)	(625)
Transfer to Income and Expenditure	(3,929)	(3,747)
Pension scheme actuarial gain	49,735	16,703
<b>Balance at 31 July 2022</b>	<u><b>15,649</b></u>	<u><b>(30,157)</b></u>



## NOTES TO THE FINANCIAL STATEMENTS

### 19) ANALYSIS OF NET CASH / (DEBT)

	At 31 Jul 2021 £000	Cash Flows £000	Other Non Cash Changes £000	At 31 Jul 2022 £000
Cash	8,776	4,050	-	12,826
	<b>8,776</b>	<b>4,050</b>	<b>-</b>	<b>12,826</b>
Debt due within one year	(332)	332	(338)	(338)
Debt due after one year	(1,088)		338	(750)
	<b>7,356</b>	<b>4,382</b>	<b>-</b>	<b>11,738</b>

### 20) FINANCIAL COMMITMENTS

At 31 July 2022 the College had annual commitments under non-cancellable operating leases for Land and Buildings as follows:

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
<b>Future minimum lease payments due:</b>		
Expiring within 1 year	119	103
Expiring between two and five years	451	366
Expiring after 5 years	222	219
<b>Total lease payments due</b>	<b>792</b>	<b>688</b>

### 21) CAPITAL COMMITMENTS

The College has not received any capital grant funding during 2021-22 from the Scottish Funding Council and therefore has no capital commitments at the year end.

### 22) RELATED PARTY TRANSACTIONS

The Board of Management of West College Scotland is a body incorporated under the Further and Higher Education (Scotland) Act 1992. It receives funding from the Scottish Funding Council.

During the year the College had various material transactions with other entities for which SFC is regarded as the sponsor department, via Students Awards Agency for Scotland, Scottish Enterprise and a number of other colleges and higher education institutions.

In addition the College has had a small number of material transactions with other Government Departments and other central and local government bodies. Most of these transactions have been with the Employment Service and Local Authorities.

Due to the nature of the College's operations and the composition of its Board of Management (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of the Board of Management may have an interest. All transactions involving organisations in which a member of the Board of Management may have a material interest are conducted at arms length and in accordance with the College's and their employer's normal project and procurement procedures.

## NOTES TO THE FINANCIAL STATEMENTS

### 22) RELATED PARTY TRANSACTIONS (Continued)

The College had one transaction with the charity, Action Against Stalking, which the Chair of the College Board is also the Chair of this charity. There were no other transactions during the year with non-public bodies in which a member of the Board of Management has an interest.

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

<b>Member</b>	<b>Organisation</b>	<b>Position</b>
Elizabeth Connolly	Developing the Young Workforce West Region	Board Member
Elizabeth Connolly	Colleges Scotland	Board Member
Elizabeth Connolly	Renfrewshire Chamber of Commerce	President
Elizabeth Connolly	Renfrewshire Council	Board Member - Local Authority Community Planning Partnership Board
Elizabeth Connolly	East Renfrewshire Council	Board Member - Local Authority Community Planning Partnership Board
Elizabeth Connolly	West Dunbartonshire Council	Board Member - Local Authority Community Planning Partnership Board
Waiyin Hatton	Action Against Stalking	Chair
Gordon Hunt	College Development Network	Senior Manager
Gordon Hunt	Changing the Chemistry	Mentor coordinator
John Leburn	Renfrewshire Chamber of Commerce	Group Mentor
Ruth Binks	Inverclyde Council	Corporate Director
Mark Hamilton	University of Strathclyde	Student recruitment officer
Mark Hamilton	UWS Student Association	Non-executive trustee

## NOTES TO THE FINANCIAL STATEMENTS

### 23) PENSION SCHEMES

The College's employees belong to one of two principal pension schemes, the Scottish Teachers' Superannuation Scheme (STSS) and the Strathclyde Pension Fund Scheme (SPF), which are both defined benefit schemes.

	31 July 2022 £000	31 July 2021 £000
The total pension cost for the College was :		
Contributions paid	7,355	7,111
Pension cost as a result of implementing FRS 102	3,420	3,122
<b>Total pension cost (Note 7)</b>	<b>10,775</b>	<b>10,233</b>

#### Scottish Teachers' Superannuation Scheme (STSS)

The STSS is an unfunded multi-employer defined benefit scheme. It is accepted that the treatment can be as a defined contribution scheme as the STSS is unable to identify its share of the underlying assets and liabilities of the scheme. As the scheme is unfunded there can be no surplus or shortfall. Pension contribution rates will be set by the schemes actuaries at a level to meet the costs of the pensions as they accrue.

A full actuarial valuation was carried out as at 31 March 2016. The valuation has set the rate payable for the scheme for the period 1 September 2019 to 31 March 2023 and that rate is 23%. Under existing legislation the next valuation will be based on scheme data as at 31 March 2020 and will set the employers contributions rate for the period 1 April 2023 to 31 March 2027.

During the year contributions were payable to the STSS at a rate of 23% with no change during the year. The employee contribution rates ranged from 7.2% to 11.9%.

#### FRS 102

Under the definitions set out in Financial Reporting Standard 102 (FRS 102) Section 28 Employee Benefits, the STSS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College is required by FRS 102 to account for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out above the information on the scheme and the implications for the College in terms of the anticipated contribution rates.

#### Strathclyde Pension Fund (SPF)

The SPF is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution rates are set by the scheme actuaries and were 19.3% for employer contributions throughout the year. The employee contribution rates ranged from 5.5% to 11.2%.

## NOTES TO THE FINANCIAL STATEMENTS

### 23) PENSION SCHEMES (Continued)

The pension cost is assessed every three years in accordance with the advice of a qualified independent actuary. The assumptions which have the most significant effect on the scheme are:

	At 31 July 2022	At 31 July 2021
<b>Principal Actuarial Assumptions</b>		
Rate of increase in salaries	3.45%	3.55%
Rate of increase for pensions in payment / inflation	2.75%	2.85%
Discount rate for liabilities	3.50%	1.60%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. For 2022 life expectancy was calculated based on the Fund's VitaCurves as in the previous year. The assumed life expectations on retirement age 65 are:

		At 31 July 2022	At 31 July 2021
Current pensioners	Males	19.6	19.8
	Females	22.4	21.2
Future pensioners	Males	21	21.2
	Females	24.5	24.7

#### Commutation

An allowance is included for 50% of future retirements to elect additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

The table below compares the present value of the scheme liabilities, based on the actuary's assumptions, with the estimated employer assets:

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
Fair value of employer assets	118,253	116,291
Present value of funded liabilities	(94,502)	(136,571)
	<u>23,751</u>	<u>(20,280)</u>
Present value of unfunded liabilities	(8,102)	(9,877)
<b>Net asset/(liability)</b>	<b><u>15,649</u></b>	<b><u>(30,157)</u></b>
<b>Amount in the Balance Sheet: Pension asset/(liability)</b>	<b><u>15,649</u></b>	<b><u>(30,157)</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

### 23) PENSION SCHEMES (Continued)

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
<b>Amount charged to Comprehensive Income and Expenditure:</b>		
Employer service cost (net of employee contributions)	3,420	3,122
Interest on obligation	509	625
Actuarial gain on scheme assets	(49,735)	(16,703)
<b>Total</b>	<b>(45,806)</b>	<b>(12,956)</b>
<b>Changes in the fair value of scheme assets:</b>		
Opening fair value of scheme assets	116,291	95,783
Net interest	1,866	1,343
Contributions by members	701	683
Contributions by the employer	2,396	2,150
Contributions in respect of unfunded benefits	636	624
Benefits paid	(2,309)	(2,430)
Unfunded benefits paid	(636)	(624)
Expected (loss) / return on assets	(692)	18,762
<b>Closing fair value of scheme assets</b>	<b>118,253</b>	<b>116,291</b>
<b>Changes in the present value of the defined benefit obligation:</b>		
Opening defined benefit obligation	146,448	138,896
Current service cost	6,380	5,880
Past service cost	72	16
Interest cost	2,375	1,968
Contributions by members	701	683
Estimated benefits paid	(2,309)	(2,430)
Estimated unfunded benefits paid	(636)	(624)
Actuarial (gain) / loss	(50,427)	2,059
<b>Closing defined benefit obligation</b>	<b>102,604</b>	<b>146,448</b>
<b>History of experience losses</b>		
Scheme assets	118,253	116,291
Defined benefit obligation	(102,604)	(146,448)
<b>Surplus / (Deficit)</b>	<b>15,649</b>	<b>(30,157)</b>
Experience (losses) / gains on scheme assets	<b>(692)</b>	<b>18,762</b>
Experience gains / (losses) on scheme liabilities	<b>50,427</b>	<b>(2,059)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 23) PENSION SCHEMES (Continued)

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
Net assets excluding pension liability	95,940	82,655
Pension liability	15,649	(30,157)
<b>Net assets including pension liability</b>	<b>95,940</b>	<b>52,498</b>

The analysis of amounts charged to the Statement of Comprehensive Income and Expenditure (SOCIE) is as follows:

#### Analysis of the amount charged to staff costs (Note 7):

Current service cost	(6,380)	(5,880)
Past service cost	(72)	(16)
<b>Total charged to staff costs</b>	<b>(6,452)</b>	<b>(5,896)</b>

#### Analysis of the amount charged to pension interest (Note 10):

Expected return on pension scheme assets	1,866	1,343
Interest on pension scheme liabilities	(2,375)	(1,968)
<b>Net pension interest charged</b>	<b>(509)</b>	<b>(625)</b>

#### Charge to other comprehensive income:

Return on assets excluding amounts included in Interest	(692)	18,762
Experience gains arising on the scheme liabilities	265	5,849
Changes in assumptions underlying the present value of the scheme liabilities	50,162	(7,908)
<b>Actuarial gain</b>	<b>49,735</b>	<b>16,703</b>
<b>Total charge to the SOCIE</b>	<b>42,774</b>	<b>10,182</b>

#### Analysis of the movement in deficit during the year

Deficit in scheme at beginning of the year:	(30,157)	(43,113)
<u>Movement in year:</u>		
Current service cost	(6,380)	(5,880)
Past service cost	(72)	(16)
Contributions	2,396	2,150
Contributions in respect of unfunded benefits	636	624
Total net interest	(509)	(625)
Actuarial gain	49,735	16,703
<b>Surplus / (Deficit) in scheme at end of the year</b>	<b>15,649</b>	<b>(30,157)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 24) FE BURSARY AND OTHER STUDENT SUPPORT FUNDS

	FE Bursary	EMAs	Other	Total 31 July 2022	Total 31 July 2021
	£000	£000	£000	£000	£000
Balance b/fwd.	50	-	-	50	3
Allocation/Receipts in year	10,622	272	1,451	12,345	14,594
Expenditure	(9,658)	(302)	(1,427)	(11,387)	(11,452)
Repaid to SFC as clawback	(50)	-	-	(50)	(3,183)
Recovered from SFC as owing	-	-	-	-	-
College contribution to funds	-	-	-	-	88
<b>Balance c/fwd.</b>	<b>964</b>	<b>(30)</b>	<b>24</b>	<b>958</b>	<b>50</b>

#### Represented by:

Repayable to SFC as clawback	964	-	24	988	50
Repayable to College by SFC	-	(30)	-	(30)	-
	<b>964</b>	<b>(30)</b>	<b>24</b>	<b>958</b>	<b>50</b>

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

### 25) CHILDCARE FUNDS

	Total 31 July 2022	Total 31 July 2021
	£000	£000
Balance b/fwd.	-	-
Allocation received in period	770	935
Expenditure	(770)	(935)
<b>Balance c/fwd.</b>	<b>-</b>	<b>-</b>

Childcare fund transactions are included within the College SOCIE in accordance with Accounts Direction issued by the Scottish Funding Council.

### 26) CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets as at the balance sheet date.

## NOTES TO THE FINANCIAL STATEMENTS

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### 27) IMPACT OF DEPRECIATION BUDGET ON STATEMENT OF COMPREHENSIVE INCOME

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

	Year ended 31 July 2022	Year ended 31 July 2021
	£000	£000
Deficit before other gains and losses (FE/HE SORP basis)	(6,294)	(5,738)
Add: Depreciation budget for government funded assets (net of deferred capital grant)	3,209	2,732
<b>Operating Deficit on Central Government accounting basis</b>	<b><u>(3,085)</u></b>	<b><u>(3,006)</u></b>

Under the FE/HE SORP, the College recorded an operating deficit of £7,179,000 for the year ended 31 July 2022. After adjusting for the non-cash allocation provided under the government rules, the College shows an "adjusted" deficit of £3,970,000 on a Central Government accounting basis.

The deficit is attributable to other factors reflected in the adjusted operating table which can be found in the Performance Report on pages 9 to 33.



## ANNEX A

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The following note is taken from the 2021-22 SFC Accounts Directions and has been included as required by the SFC. It does not form part of the Financial Statements.

### Accounts direction for Scotland's colleges 2021-22

1. It is the Scottish Funding Council's direction that institutions comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts.
2. Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RSB) (for assigned colleges).
3. Incorporated colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2020-21 (FReM) where applicable. In cases where there is a conflict between the FReM and the SORP, the latter will take precedence.
4. Incorporated colleges and Glasgow Colleges' Regional Board must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2022.
5. The annual report and accounts should be signed by the chief executive officer / Executive Director and by the chair, or one other member of the governing body.
6. Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

**Scottish Funding Council**  
**18/07/2022**

