Report and Financial Statements

For the year ended 31 July 2016

Charity Number SC021185

WEST COLLEGE SCOTLAND

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Performance Report

Introduction from the Principal

"We will never stand still but continue to be bold and ambitious"

I have huge ambitions for West College Scotland.

Our reach, influence and impact extend beyond the West Region – stretching from the Highlands and Islands of Scotland, to Vietnam on the other side of the world.

Our training, our expertise and the advice we are able to offer extend across a range of industry sectors: from energy conservation and storage, to integrated health and social care, to tourism and digital technology. We work with more than 20 vocational centres across the globe.

Earlier this year, the Scottish Funding Council said West College Scotland was using its "influence and authority" to forge a leadership role. As Scotland's largest regional College and a mainstay of the West Region, we have worked hard to shape the educational and employability landscape.

In the three years since our formation, we have built the solid foundations needed not just to educate but to develop the vocational, professional and technical skills of our students and the employees working for our 600 business partners.

Our relationship with employers and businesses is simple – it is win/win. We want them to see West College Scotland as the natural choice to assist in their workforce planning, helping them become more competitive by having the right people, with the right skills in the right job. In return, those same businesses will help shape and deliver our curriculum; invest in our facilities; mentor our students; provide work placements and live projects. This will often mean bringing students and staff from a range of curriculum areas together, thus maximising the benefits of a multi-disciplinary approach.

Finally, a key priority for the College in 2017 is to secure the capital investment to secure new campus developments in Inverclyde and Renfrewshire that we can all be proud of. This will allow us to continue to exploit technological and digital opportunities to enhance how we teach and how our students learn. Our estate is fundamental in defining the character of our College and to the successful delivery of our ambitions.

I hope this report gives you a sense of the progress we have already made.

Audrey Cumberford
Principal and Chief Executive

Highlights of the Year

In the year to 31 July 2016 the College's achievements were recognised in many ways, and the highlights included:

- winning the 2015 Outstanding Achievement Award at the inaugural Herald Look awards in Glasgow - which celebrate the very best of the Scottish hair, beauty and make-up industry - for work undertaken within the Athletes' Village during the Commonwealth Games
- being highly commended for our community work at the Times Educational Supplement Awards in London, which recognised the role our construction students played in designing and building the frames which enabled the 469-foot Great Tapestry of Scotland to be displayed. This project was also shortlisted for the Herald HE Awards in the Outstanding Contribution to the Local Community category, with judges concluding it to be the "the epitome of community work".
- winning five gold awards, including the Grand Prix award, at the College Development Network Marketing Awards ceremony.
- hosting the inaugural WITS (West College Scotland Information Technology Symposium) Conference, which focused on the use of learning technologies to enhance the student experience. The Conference was attended by 250 College members of staff.
- becoming a Microsoft Showcase School, the only College in the UK to join this global community of institutions engaged in digital transformation to improve teaching and learning.
- signing a Memorandum of Understanding with the Golden Jubilee Foundation NHS Trust Board, which will enable a stronger working partnership leading to more opportunities for WCS students, staff and the local community.
- acting as host organisation for the employer-led Developing Young Workforce West regional group, which will further strengthen engagement between the College, our partners and local employers.

Further details of the progress made by the College can be found in the following documents:

- WCS Review of the Year:
  - http://www.westcollegescotland.ac.uk/media/58387/annual-review-2015-for_low_res.pdf
  - The 2015-16 review will be available soon – please see College website for details.

- Education Scotland Review:
  - http://www.educationscotland.gov.uk/inspectionandreview/reports/irpressreleases/irprexternalreviewofwestcollegescotland150515.asp

- Regional Outcome Agreement:
  - http://www.sfc.ac.uk/funding/OutcomeAgreements/OutcomeAgreements.aspx?search=&Type=Outcomeagreements&Sector=&From=dd/mm/yyyy&To=dd/mm/yyyy&YearFilter=2016&pg=2

Our Vision

Collective Ambition, Pride and Passion:
A Vibrant and Dynamic College

Providing excellent education and training opportunities and services for our students, customers and communities

Performance Analysis

Approach

Performance Management within the College is driven by the requirement to deliver our Strategic Priorities and Regional Outcome Agreement (ROA) commitments. This is supported by an evolving operational planning approach which supports and enables performance monitoring and reporting. Performance is reported to both the Board and its sub-committees, as appropriate, and monitored by the Executive team on an ongoing basis.

The College uses the annual operational planning process to make the link between its Strategic Priorities, as described in the Corporate Plan and the ROA, and operational delivery. Operational plans are developed at a Directorate and Faculty/Sector level using a common approach and agreed actions and priorities are cross-referenced against Corporate Plan priorities and ROA outcomes.

This approach allows individual teams to determine which priorities and outcomes their activities contribute to, and allows these to be aggregated to an overall College position. This, in turn, allows the Executive to consider the overall balance of activity that supports delivery of outcomes at a strategic level.

Quarterly reports, covering key performance measures, are completed by each Directorate and Faculty and considered by the Executive Team prior to being reported to the Board.

The College is developing a dashboard approach for reporting to the Board which will facilitate the highlighting of key performance. This will be developed further during 2016/17.

Corporate Plan

West College Scotland's Corporate Plan sets out its vision of:

'*Collective ambition, pride and passion to be a vibrant and dynamic College – providing excellent education, training opportunities and services for our students, customers and communities'*

This will be achieved by implementing the College's eleven strategic priorities, which are as follows:

Inspirational and Innovative

1 We will provide education and training in inspirational and innovative ways to engage and meet the diverse needs of our students.

2 Education and training will be delivered to students in high quality College facilities, in their place of work or through the development and use of digital technologies.

Supporting Success

3 We will provide the highest quality of teaching and tailored support to maximise our students' opportunities to achieve success and progress to employment, self-employment or further study.

4 We will support the development of our staff and teams to achieve successful outcomes for themselves, our students and the College.

Skills for Work and Enterprise

5 We will develop our curriculum and services to ensure they align with and support Scotland's key economic sectors. We will ensure that our students are equipped with the relevant training, qualifications and essential skills they need for employment and life.

6 We will develop meaningful partnerships, connections and alliances with business and industry to ensure employers are directly involved and invest in educational and skills development across the West.

Working in Partnership

7 We will become a strategic resource and valued partner with our stakeholders, building relationships, leveraging resources and capabilities to design, develop and deliver our products and services.

Securing our Future

8 We will proactively look for new partners and new areas of activity, which will allow us to grow and develop our income to reinvest in our core business for the benefits of our students, our staff and our communities.

Developing our Reputation

9 We will grow our profile and reputation both nationally and internationally. Our reputation will be based on the quality of our teaching, outcomes for our students and our willingness to strive for and set the highest standards across all areas of our work.

Committed to our Region

10 We are committed to taking a leadership role in the West Region and, together with our partners and stakeholders, tackle the significant social and economic deprivation, which still characterise many of our communities.

11 We will deliver a sustainable, effective and efficient service to our communities, through the implementation of sound governance, leadership, planning and management.

At the heart of our strategic priorities are our Ambitions, which require us to:

- make a difference
- be bold
- be forward-thinking, fast-moving, quick to explore new ideas and exploit fresh opportunities
- build on areas where we currently demonstrate excellence; and to set new standards for learning, teaching and service delivery that others will aspire to
- be a leader, working with partners to address local economic and societal challenges

- innovate, grow, diversify and invest
- have an engaged, flexible and modern workforce that is proud to work for West College Scotland

And alongside our Ambitions sit our Values:

- To ensure our students have the opportunity to achieve all that they can
- To place students and local communities at the heart of what we do
- To innovate
- To commit to professionalism and partnership
- To achieve and sustain excellence
- To have a 'can-do' attitude

Ultimately, our job is to ensure students leave West College Scotland equipped with the skills and knowledge to compete in the jobs market and to make a full contribution to the wellbeing of their families, their communities and the economic growth of the country.

Regional Outcome Agreement

The West Region was allocated total funding of £40,797,265 from the Scottish Funding Council for 2015/16 (grant-in-aid/fee waiver funding of £37,154,497; European Structural Funds Priority 5: Strategic Skills Pipeline of £1,715,768; and Estates Maintenance funding of £1,927,000) and allocated an activity target of 166,111 credits (159,025 core credits; European Structural Funds Priority 5: Strategic Skills Pipeline – 7,086 credits).

For 2016/17 the College has been granted total funding of £41,077,039 (166,111 credits) in order to plan and deliver further and higher education for 2016/17 and maintain the College estate. This represents a slight increase of £279,774 (0.68%) when compared to the previous year, and represents a challenging financial settlement at a time when significant cost pressures are arising.

West College Scotland has an approach in place which is aligned to Scottish Government education priorities, and as a regional college has an extended geographic footprint. As the Scottish Funding Council has acknowledged, the College is using its status to forge a leadership role across the West Region, which includes strengthening relationships with business partners and other stakeholders. The College is a significant employer and educator in the area, placing students at the heart of everything it does.

We have an important presence and deep roots in our main towns of Paisley, Clydebank and Greenock. West College Scotland currently manages an estate which encompasses 17 buildings and covers 80,903 square metres across eight principal locations within the local authority areas of Renfrewshire, West Dunbartonshire and Inverclyde.

As well as scope, we also have scale. We are Scotland's largest college, with over 20,000 students, a turnover of £67 million and 1,200 staff. As a major employer we are uniquely placed to help shape the West region's educational landscape and contribute to its social and economic development.

Regional Outcome Agreements (ROAs) were introduced in 2012/13. They are intended to enable the Scottish Funding Council (SFC) to demonstrate the impact of the sector and its contribution to meeting Scottish Government priorities, and are required by the Financial Memorandum as a term of SFC grant. Outcome agreements are intended to achieve this by building better relationships with colleges and key stakeholders to support:

- Increased accountability and confidence in the distribution of resources, ensuring that resources are targeted where there is greater need; and
- Continuous improvement, to maximise the impact on the learner, the employer and the economy.

The Regional Outcome Agreement process is intended to enable:

- Relationship-based engagement, to ensure SFC's decisions take account of the context within which colleges operate and so that SFC can differentiate its approach where it is appropriate
- Curriculum and investment planning based on economic, industry, labour market and demographic evidence.
- Consistent methods of operating, to ensure that a fair interpretation of college impact is made, and to enable the SFC to interpret impact consistently at a regional and national level.
- A means by which college regions can discuss with SFC their broader aspirations.

Ultimately the Regional Outcome Agreement is seen by the SFC to be a joint funding commitment, in which each college sets out:

- The regional context within which a college region operates
- Outcomes and outputs that will be delivered, mindful of its regional context and in response to Scottish Government priorities. In most instances, these outcomes/outputs correspond to national performance measures, and include reference to a baseline position, current progress and a future ambition or target.

Current ROAs were signed by colleges in 2014 for a three year period (2014-17), and during this cycle, the SFC issue updated annual guidance and ask that colleges undertake a refresh of their 2014-17 ROAs.

The 2016/17 West College Scotland Regional Outcome Agreement, approved by the College Board of Management and agreed with the Scottish Funding Council, encompasses priorities for the 2016/17 year which are as follows:

- To deliver an efficient regional structure to meet the needs of the West Region;
- To contribute to meeting the national guarantee for young people, meeting the demands of the region and, where appropriate, the nation;

- To ensure students are qualified to progress through the system in both an efficient and flexible manner, and that there is access for people from the widest range of backgrounds;
- To ensure students are qualified and prepared for work and to improve and adapt the skills of the region's workforce;
- To secure, well managed and financially and environmentally sustainable colleges.

Measuring Performance

The key outcomes that the College has committed to deliver within the Regional Outcome Agreement (ROA) with the Scottish Funding Council are measured and monitored throughout the year by the relevant Board sub-committee, with progress reported to the Board of Management. The key priority impacts contained within the current Regional Outcome Agreement are as follows:

1. West College Scotland ensures available resources are used effectively and efficiently to deliver a cohesive provision and enhanced services consistently across the region and to excellent standards.

2. Students and our local communities are placed at the forefront of everything West College Scotland does. Students will be equipped with the skills, knowledge, motivation and creativity to help them contribute to the delivery of local and national economic and social goals. Relevant work experience and essential employability skills are embedded in curriculum design and delivery. West College Scotland will enable more students to attain improved and relevant qualifications, fulfilling their potential and realising their ambitions.

3. West College Scotland delivered 166,111 Credits (159,025 core SFC funded Credits and 7,086 ESF funded Credits) in 2015/16. Regional curriculum planning and development ensures the vocational training opportunities provided for students relate to and contribute to key government priorities including Developing the Young Workforce – Scotland's Youth Employment Strategy and delivering a provision that is responsive to the needs of local, regional and national employers.

4. West College Scotland will play an increasingly significant strategic and leadership role in the educational, social and economic fabric of the West region and will continue to deliver first-class local provision, building on the combined strengths and best practice of our main campuses. Effective partnerships will ensure learning opportunities are agreed through partnership-working with Community Planning Partners and employers.

Regional Outcome Agreement 2015/16 Outcomes

The College provides the SFC with an annual update in regard to progress made against the ROA. The October 2016 update forms the basis of the following commentary.

In the majority of areas, good progress has been made, although the College has not achieved all the targets within the ROA outcome table. In many cases, 2015/16 was a year to consolidate and to strengthen the foundations already established. This was the case, for example, in developing and integrating new systems and procedures and implementing new partnership-working with external stakeholders.

Activity targets have been achieved and good progress made on Curriculum Sector and the Developing the Young Workforce priorities, although recruitment for the revised qualifications in the 2015/16 school college programme was disappointing. A stronger partnership model with the schools and Local Authorities was implemented through 2015/16 resulting in a common regional timetable, revised programmes including Foundation Apprenticeships and increased recruitment in August 2016.

Student outcome Performance Indicators for full-time FE improved, although not to the level of the ROA target. There was a very slight improvement in full-time FE early withdrawal but an increase in HE early withdrawal. The overall withdrawal rates in full-time HE impacted on the student outcome which was reduced from the previous session. Part-time FE PIs were particularly low. This was mainly caused by low online distance learning PIs. In recognition of the need to improve quality in this area, changes have now been made to staffing and processes for 2016/17 with the aim of improving the student Performance Indicators.

A significant review was undertaken during 2015/16 of the Student Journey from application through to enrolment. This has already resulted in improvements for 2016/17, including a summer Keep Warm initiative to improve application conversion rates, clarify student funding procedures and give students access to their own data.

The College introduced a consistent process of Operational Planning in 2015/16 linked to the Corporate Plan Strategic priorities and Regional Outcome Agreement. This resulted in actions and business improvement initiatives now being progressed.

In delivering its ROA, West College Scotland does not work in isolation. In particular, the College works closely with other parts of the public sector including education and economic development departments of partner local authorities, Skills Development Scotland, DWP and the private sector. Opportunities and challenges facing partners will from time to time impact on the College's performance – both positively and negatively. WCS works closely with partners to respond to these opportunities and challenges, for example the College is working with all of the local authority education departments on the delivery of school-college programmes and a regional STEM (Science, Technology, Engineering and Mathematics) Strategy.

Outcome 1: Efficient and Effective College Structures
To deliver efficient regional structures to meet the needs of the region

The College has delivered on a number of key objectives towards improving the efficiency and effectiveness of structures and operations, most notably:

- The Board of Management has completed an evaluation of its operation and addressed the implications of the new code of corporate governance through the development of an action plan;
- A detailed review of the systems and processes associated with the student journey from application to leaving the College;
- Development and implementation of a new finance system;
- Student Funding Department review of the awards system in consultation with students and staff, leading to a significant improvement in performance and reduction in processing times;
- The replacement and upgrade of Janet connectivity and supporting infrastructure;
- The delivery of a series of teaching and learning projects to support Microsoft Showcase School status;
- The use of the Self Evaluation tool kit by the Students' Association to evaluate performance; and
- Approval by the Board of Management of the following:
    - 2016-2026 College Estates Strategy
    - 2016-2021 Carbon Management Plan
    - 2016-2020 College IT Strategy
    - 3 Year Financial Strategy
    - Risk Management Strategy
    - Procurement Strategy

Outcome 2 – High Quality and Efficient Learning
To ensure that learner journeys are as short, efficient and as effective as possible, and that learners experience the highest quality of learning and teaching and achieve successful outcomes.

Quality

a) Strengthen quality self-evaluation approaches by further analysing data and feedback.

Good progress has been made in this area with development of three year Performance Indicator trend data analysed through portfolio review. The College Quality Team has been heavily involved with teams across the College to review course set up and data. Student survey reports have been used consistently throughout the year to obtain feedback and inform future planning.

b) Prioritise the further enhancement of standards of learning and teaching through staff development and sharing practice.

Good progress has again been made in this area with more than 250 staff participating in the WITS Conference to showcase technology for learning and teaching. Teaching Enhancement Lecturers have set up Teaching and Learning Communities to share practice. Faculty days and Heads and Curriculum Quality Leader Forums have been used for learning and teaching staff development.

Qualifications

a) Continue to focus on attainment and sharing good practice across the College to identify strategies for improvement, particularly for FE attainment.

The main focus was on reviewing qualification aims, analysing Performance Indicator (PI) trends and course team reviews. During 2015/16 this led to an improvement in full-time student attainment but not in part-time. Staff structure changes were made to increase the focus on quality in distance and online learning. This change in structure is expected to positively impact on the 2016/17 figures.

b) Continue to increase the percentage of enrolments on recognised qualifications, where appropriate, by transferring to assessed provision and levelling qualifications through the Scottish Credit and Qualification Framework (SCQF).

The College considers that it has achieved this objective with only 2% of the total credit activity in 2015/16 being non-recognised qualifications.

Student success rates

Improve the percentage of enrolled students successfully achieving a recognised qualification

	Actual 2013/14 %	Actual 2014/15 %	Actual 2015/16 %
FE full-time	65	60	64
HE full-time	69	67	65
FE part-time	69	64	52
HE part-time	74	76	78

A 4% improvement was made in FE full-time student success rates bringing the figure in line with the sector 2014/15 actual. However, there was a 2% drop in HE full-time and the particular curriculum areas and reasons for this are being analysed through the College Portfolio Review process. The drop in part-time FE student success rates was mainly caused by low online/distance learning attainment. Changes have been made to the staffing structure and in the processes associated with this delivery with the aim of improving attainment for 2016/17.

Early withdrawal

Improve Early Withdrawal rates

	Actual 2013/14 %	Actual 2014/15 %	Actual 2015/16 %
FE full-time	9	10	9
HE full-time	6	5	6
FE part-time	2	1	1
HE part-time	4	3	2

A slight improvement was made to the early withdrawal of FE and HE part-time students. It is expected that the work undertaken in 2015/16 to review the student journey, including improvements to the student funding application and enrolment processes, will have a positive impact on the 2016/17 early withdrawal figures.

Withdrawal

Improve overall withdrawal rates

	Actual 2013/14 %	Actual 2014/15 %	Actual 2015/16 %
FE full-time	22	26	17
HE full-time	18	16	16
FE part-time	6	3	2
HE part-time	11	6	9

Overall withdrawal rates were improved, other than for part-time HE. The new retention system introduced for 2015/16 to improve the identification of students most likely to withdraw and to proactively work with them appears to have made a difference to our FE full-time retention.

Student Experience

Extensive work has been undertaken during the year to:

- enhance the support provided for students to improve the guidance service, particularly to support transitions and improve attainment
- support the Students' Association and increase the number of students engaging in decision-making and working groups across the College; and
- increase the use of e-learning and e-assessment to enhance the student experience.

A number of initiatives were developed during the year to support the student experience including:

- a review of Extended Learning Services (ELS) in response to SFC Access and Inclusion guidance. Structural changes were made to enable the ELS team to work more closely with Essential Skills;
- online guidance developed and new 'Shout' student magazine issued;
- revised induction and guidance programme developed for 2015/16;
- top Up classes offered in Essential Skills;
- buddy system introduced for informal support and advice;
- Students' Association weekly meetings with the Head of Student Services to support development and implementation of new national SA framework.
- Students' Association President bi-monthly meetings with Vice Principals and invited input from Principal.
- integrated partnership working between Students' Association, Student Services, Stakeholder Experience Team, Sports, Health and Well-being Co-ordinator, Class Reps and external agencies.
- new ELT Committees introduced with involvement of Student Association.
- additional e-learning option offered to mainstream students to enhance their learning and employability.
- increased e-assessment via online tests and SOLAR.

- distance Learning options offered in a number of community settings to enhance the learning and facilitate individualised learning.
- AAA student portal developed allowing access to student's own data.
- increase in student activity levels of Your Essential Skills. Already 600 goals set by students in 2015/16 compared to 300 in 2014/15.

Outcome 3 – Access to people from the widest range of backgrounds
To improve access to further and higher education for people from the widest range of backgrounds

	Target 2015/16	Actual 2015/16
Deprivation		
Maintain and increase where possible, the proportion of credits delivered to learners in the most deprived 10% postcode areas in Scotland.		
Level of delivery	28%	27%
Disability		
Volume and proportion of credits relating to learners from different protected characteristic groups		
With a declared disability	18%	18%
Volume and proportion of credits relating to learners with profound and complex needs enrolled on courses involving formal recognition of achievement.		
Number at Access 1 courses	350	55
% of credits	0.2%	0.1%
Gender		
Volume and proportion of credits relating to learners from different protected characteristic groups		
Male	43% Credits: 72,207	42% Credits: 70,239
Female	57% Credits: 94,700	58% Credits: 95,882

Outcome 4 - Right Learning in the Right Place
To secure coherent provision of further and higher education in Scotland.

	Target 2015/16	Actual 2015/16
Student Numbers and Opportunities for All		
Volume of credits delivered	166,111	166,261
Volume and Proportion of Credits delivered to learners aged 16-19 and 20-24		
16-19 years	42% 69,800 Credits	40% 66,254 Credits
20-24 years	21% 34,000 Credits	22% 36,272 Credits
Volume and proportion of credits delivered to learners at S3 and above as part of the School/College provision	4% 6,500 Credits	3% 5,370 Credits
STEM		
Volume and proportion of credits delivered to learners enrolled on STEM courses.	19% 31,500 Credits	18% 29,160 Credits

Outcome 5 – A Developed Workforce
To provide learners with the skills and knowledge they need to get a job or get a better job, keep a job and develop a career.

	Target 2015/16	Actual 2015/16
Number of new starts for directly contracted Apprenticeships		
CITB	297	302
SECTT	224	321
SNIPEF	39	36
SDS	255	179
TOTAL	815	838
Support the delivery of employment training via the Employability Fund	176	216

- The College worked with a wide range of regional partners specifically aligned to the Strategic Skills Pipeline This included membership of strategic planning groups across all of the local authority areas the College serves.
- The College worked with a wide range of employers across the West Region to ensure that all participants on employability programmes undertook vocationally relevant work placements as part of the programme.
- The College delivered a range of professional development courses to over 500 employers across the West Region focussing on Life Sciences, Energy and Engineering, Hospitality and Tourism, Management and Retail.

Early Indication of Progress for 2016/17

Enrolments for full-time classes for 2016/17 have mostly been in line with College targets and planning processes are in place to support achievement of the College student activity Credit target. Recruitment to the school college programme has increased by 125 pupils. While Foundation Apprenticeships did not recruit the anticipated number of students the College has been able to augment this reduction by running a number of additional courses in Civil Engineering, Social Services and Health Care.

Curriculum planning and review meetings are scheduled for the autumn to review overall Performance Indicator trends and plan curriculum changes for 2017/18. Early Withdrawal rates for 2016/17 appear to have improved compared to 2015/16.The Retention Team adopted a co-ordinated and proactive approach in an attempt to enable a student at risk of withdrawing to remain on their course and continue at the College. The Student Journey Project undertaken by the College during 2015/16 has continued into 2016/17 and has resulted in significant improvements to attendance management and student funding processes. These changes are anticipated to have a positive impact on early retention data for 2016/17.

Management

The College Executive, comprising of the Principal and three Vice Principals, is responsible for the running of the College. The Senior Management Team comprises the Assistant Principals and Directors.
The members of the Senior Management Team have clearly defined, functional roles contributing to strategic policy and decision making relating to all areas within their Teaching Faculties or Support Department and to the wider College. The Teaching Faculties are the cornerstones of teaching and learning at the College, offering high-quality programmes and professional training courses.

Sustainability and Climate Change Reporting

The Climate Change (Scotland) Act 2009 introduced ambitious targets and legislation to reduce Scotland's emissions by at least 80 per cent by 2050. The Act additionally placed duties on public bodies relating to climate change. Further to the Act, the Scottish Government introduced an Order in 2015 requiring all Public Bodies to submit an annual report to Sustainable Scotland Network (SSN), detailing their compliance with the climate change duties. The College has complied with the reporting requirements and submitted its 2015/16 report by the deadline of 30 November 2016.

Key Issues and Risks

The College has continued to work to embed systems of internal control, including financial, operational and risk management which are designed to protect the College's assets and reputation.

A Strategic Risk Management Strategy was approved by the Board of Management in September 2015. The Senior Management Team maintains an overview of the risks facing the College and undertakes a review of these on an ongoing basis. As part of the ongoing risk review the SMT identify systems and procedures which would mitigate any potential impact on the College. The Strategic Risk Register is reviewed by all sub-Committees of the Board and by the Board of Management at each meeting.

As a result of the risk management process, the College is aware of the risks it faces in relation to its strategic priorities. As part of the overall risk management process undertaken by the College, the internal audit plan for 2015/16 took into account areas where the College Strategic Risk Register had identified material risks.

The College has developed a Strategic Risk Management Strategy for the identification, recording and mitigation of risk. Noted below are the key risks faced by the College as identified in the Strategic Risk Register at the conclusion of 2015/16:

1. Failure to secure estates capital funding for future investment or refurbishment
2. Impact and outcomes of National Pay Bargaining for both teaching and support staff
3. Business case for development of estate are delayed impacting upon ability of College to recruit students / retain staff
4. Impact of changes to funding, especially to estates maintenance funding, and forthcoming change to credit funding model
5. Failure to invest sufficient resource (financial / staff) into delivery of Carbon Management Plan resulting in negative publicity for College.
6. Inadequate business continuity / contingency planning

7. Unable to develop and commence the implementation of an Estates Strategy that achieves the agreed criteria for size, quality, flexibility and carbon emissions
8. Inability to maintain good staff relations
9. Failure to implement a systematic approach to workforce planning resulting in lack of appropriate resources and skills to achieve strategic priorities
10. Unable to meet student targets leading to a failure to deliver stated Regional Outcome Agreement objectives
11. Failure to maintain or acquire and use IT systems and infrastructure to support strategic improvement in business and learning processes
12. Inability to specify, deliver and implement effectively an approach to the generation of alternative income
13. Normal business activities are unduly affected due to the complexity of sequencing estates investment works
14. Investment plans do not reflect future requirements. Sector and/or market expectations do not materialise or are markedly different resulting in changes to future delivery plans.
15. Curriculum offering is not reviewed to ensure employer and student needs are met and appropriate courses delivered
16. Failure to analyse and respond effectively to changes such as ONS implications, net depreciation / resource impact, year end and insurance

It should be noted that the above list represents a high level description of the risks faced by the College. Mitigations and actions are taken to manage, mitigate and reduce the likelihood and impact of each of these risks, with the Board of Management considering pre and post mitigating risk assessments at each meeting. Consideration of these mitigating actions allows Board members to assess, through discussion with the College Executive, the likely impact upon the operation of the College.

Review of Financial Performance

The College is required to produce annual accounts detailing the income generated and the way in which it was expended. The Financial Statements on pages 52 - 75 cover all activities of the College.

The following sections provide a summary of the 2015/16 accounts.

Overview

The results for the 2015/16 financial year are in line with budgeted expectations, and the College has a three year financial strategy in place which aims to ensure that WCS maintains a sustainable financial base in order to support current and future developments, and to enable investment in the learning experience and environment for our students, staff and communities. The financial result for the year is an operating surplus before pension and other movements of £11k. The College reported an accounting deficit for the year of £1,032k (2014/15: deficit of £644k) which is explained below.

Income and Expenditure

The overall position of the College is as follows and is further explained in the commentary:

	2014/15	2014/15	2015/16	Movement
	16 months	Annualised	12 months	
	£'000	£'000	£'000	£'000
Income	72,394	54,296	55,149	853
Expenditure	(73,038)	(54,779)	(56,181)	(1,402)
Deficit in period / year	**(644)**	**(483)**	**(1,032)**	**(549)**

The College income is derived from a number of sources and is summarised below:

	2014/15	2014/15	2015/16	Movement
	16 months	Annualised	12 months	
	£'000	£'000	£'000	£'000
Tuition fees	9,448	7,086	6,917	(169)
Teaching and fee waiver grant (SFC)	*50,039*	*37,529*	*37,146*	*(383)*
Teaching and fee waiver grant (ESF)	*985*	*739*	*1,716*	*977*
Claw back	*(360)*	*(271)*	*0*	*271*
Estate maintenance funding	*2,576*	*1,932*	*1,927*	*(5)*
Childcare funding	*2,234*	*1,676*	*1,819*	*143*
Other SFC income	*1,242*	*932*	*722*	*(210)*
Release of deferred capital grant	*2,149*	*1,612*	*1,587*	*(25)*
Scottish Funding Council income	**58,865**	**44,149**	**44,917**	**768**
Other grant / operating income	3,981	2,986	3,246	260
Investment income	100	75	69	(6)
Total Income	**72,394**	**54,296**	**55,149**	**853**

As outlined within the above table overall income increased by £853k (1.6%) to £55,149k from the annualised 2014/15 figure. This increase is attributable to:

- Tuition fee income experienced a slight reduction due to the cessation of a one-off Skills Development Scotland contract.
- Scottish Funding Council income :
  - An increase in the level of ESF funding received which required an increase in the level of activity delivered; however this was offset by a reduction of 1% in core SFC teaching and fee waiver grant, with the net impact being an increase of £594k.
  - There was no requirement to return funds to the SFC in 2015/16, as the College attained its SFC credit target, whereas during 2014/15 SFC clawed back £271k, due to the College delivering 99% of intended activity target.

- o Estates maintenance funding is matched to income and the above income figure is matched to expenditure. The above figures represent the actual income expended in the period. The level of estate maintenance funding allocated to the College reduced from £2,541k in 2014/15 to £1,927k in 2015/16, a 24% downward movement.
- o The release of deferred capital grant is matched to a comparable depreciation charge.
- Other grant / operating income has seen an increase with the move to bring catering activities in house which was mitigated by an increase in staff and non-staff costs.

In summary the net overall movement in annualised income between 2014/15 and 2015/16 is largely attributable to an increase in ESF funding allocated through the SFC and the fact there was no requirement to return funds to the SFC given achievement of the College's 2015/16 activity target.

The College expenditure is derived from a number of sources and is summarised below:

	2014/15	2014/15	2015/16	Movement
	16 months	Annualised	12 months	
	£'000	£'000	£'000	£'000
Wages and salaries	38,638	28,978	29,918	940
Social security costs	3,224	2,418	2,552	134
Pension costs	5,934	4,451	5,157	706
Subtotal wages and salaries	**47,796**	**35,847**	**37,627**	**1,780**
Exceptional staff costs	1,477	1,108	0	(1,108)
FRS102 Pension and other movements	(773)	(580)	284	864
Total staff costs	**48,500**	**36,375**	**37,911**	**1,536**
Other operating expenses	18,330	13,748	13,794	46
Depreciation	4,660	3,495	3,397	(98)
Interest and other finance costs	1,548	1,161	1,079	(82)
Total expenditure	**73,038**	**54,779**	**56,181**	**1,402**

As outlined within the above table total salary costs (excluding FRS102 pension and restructuring costs) increased by £1,780k (4.9%) to £37,627k in the year. Contributing factors to the movement in salaries include a pay increase, increased levels of employers' pension contributions and national insurance payments, and the decision to bring in-house catering and cleaning services which had previously been out sourced.

Other operating expenses increased by £46k year on year which represents a 0.3% growth in costs against increasing inflationary pressures on non-staff related expenditure items. During 2015/16 the College has continued to identify areas of activity which can be delivered more cost effectively, ensuring value for money is achieved.

Interest and other finance costs are composed of cash payments in relation to loan interest of £228k (2014/15: £373k) and non-cash interest charges in relation to the support staff pension scheme of £851k (2014/15: £1,175k).

Overall Financial Position

The deficit for the 2015/16 financial year as per the Statement of Comprehensive Income and Expenditure is £1,032k. This is the result of a number of factors which are explained below. When these factors are adjusted, the underlying financial position for the College is that of break even. Given the circumstances faced by the College and the sector as a whole, and the continuing cost pressures arising in relation to payroll costs in particular, this should be regarded as a positive outcome.

	Note	2014/15	2015/16
		16 months	12 months
		£'000	£'000
Deficit for the period / year as per statement of comprehensive income and expenditure		**(644)**	**(1,032)**
Impact of pension valuation on College – salary costs	1	136	279
Impact of pension valuation on College – interest	1	1,175	851
Movement in other provisions	2	(909)	5
Release of prior year provision	3	0	(500)
Deficit for the period / year before accounting adjustments		**(242)**	**(397)**
SFC Approved Net Depreciation Spend			
Student support payment	4	89	408
Voluntary severance	4	165	0
Operating surplus for period / year		**12**	**11**

(1) Pension Costs - Impact of introduction of International Financial Reporting Standard 102

These costs are non-cash items and are a requirement of FRS102. The costs represent the impact of the movement on the Strathclyde Pension Fund annual valuation which require to be charged to the College income and expenditure account. The College charges the actual pension contributions as they are incurred to the profit and loss account, and these are recorded in Note 7 of the Financial Statements. As these costs are non-cash related and the College cannot control the impact they have been adjusted for.

(2) Movement in other provisions

This movement was a one off non-cash related item which was the result of the change in the year end date.

(3) Release of Prior Year Provision

The College at merger had retained a £3.2m SFC estate maintenance provision which it had intended on utilising towards the costs of maintaining the College estate. The ONS change in classification of the college sector resulted in West College Scotland being unable to utilise the provision. Subsequent discussions with the SFC have resulted in the provision being utilised towards maintenance costs, in line with the original condition of grant award letter. The movement noted is the impact of the agreed accounting treatment and is likely to impact the College financial statements for the next two years.

(4) Deficit resulting from use of depreciation cash

One consequence of college sector reclassification as central government bodies is that, from 1 April 2014, while colleges continued to prepare accounts under the FE/HE Statement of Recommended Practice, they are now also required to comply with Central Government budgeting rules. This affects, amongst other things, the way in which non-cash depreciation charges are treated and how the colleges spend the cash funds previously earmarked for depreciation. There is potential for this spend to move the college's Statement of Comprehensive Income into a deficit position.

The impact of the above has resulted in £408k (2014/15: £254k) of expenditure contributing to the reported deficit for the 2015/16 accounting year. These funds were expended on student support funds to ensure that the students received the same level of support as in previous years.

The Scottish Funding Council confirmed in its letter to the College on 30 March 2015 that a deficit resulting from the College following its 30 January 2015 guidance should be treated as a 'technical' deficit and should not be interpreted, on its own, as a challenge to the College's ongoing financial sustainability. Audit Scotland accepts that a deficit arising from the use of cash funding originally provided for non-cash depreciation does not indicate an underlying financial sustainability concern.

Balance Sheet

The College had total net assets of £40.8m as at 31 July 2016 (2015: £13.3m). The increase in net assets is attributable to the interim revaluation of the College land and buildings as at 31 July 2016 which increased the holding value of the assets by £30.6m. This increase was countered by an increase in the College support staff pension liability of £3.1m following the annual actuarial valuation. If these movements are excluded, the balance sheet reflects the stable liquidity position of the College and effective working capital management processes.

Cash at bank at 31 July 2016 was £4.7m (2015: £6.1m). The College considers that 30 days cash is required as a minimum threshold for working capital reserves which is equivalent to £4.2m at any point in the year. The College is required to submit monthly cash flow requests to the SFC where balances held are reviewed and cash is not allowed to be drawn down in advance of need.

The College uses a number of ratios to assess its liquidity. The two key ratios are current assets: current liabilities and day's cash to total expenditure. As at 31 July 2016, the ratio of current assets: current liabilities was 0.65 (2014/15: 0.62) and the day's cash to total expenditure was 33 days (2014/15: 33 days). The current ratio shows a marginal improvement on the previous period position as the College's trading position stabilises as the impacts of merger and reclassification are reduced over time. The cash position of the College is reviewed on an ongoing basis by the SFC and remains stable.

Financial Year Resource Position 2015/16

Following the reclassification of colleges as public bodies on 1 April 2014, the College has been required to comply with government accounting and budgeting rules on a fiscal year basis, a period which concludes at 31 March. For 2015/16 the College received a revenue resource budget (RDEL) but did not receive any capital resource budget (CDEL). These allocations are accounted for on a fiscal year basis. The resource budgets and final outturn for 2015/16 are outlined below:

	RDEL £'000
Ring fenced resource budget – net depreciation	**(1,648)**
Resource budget for year ended 31 March 2016	60,408
Expenditure against resource budget	(58,756)
Underspend against resource budget	**1,652**
Repayment of bank loans	(1,589)
Net underspend against resource budget	**63**

The underspend against the resource budget of £1,652k was utilised to repay historic bank loans held by the College. These repayments amounted to £1,589k leaving an overall underspend of £63k which represents 0.1% of the total resource budget available to the College. The College received a non-cash budget allocation from the Scottish Government to cover net depreciation.

Financial Strategy

The College has developed a 3 year Financial Strategy which has the fundamental goal of ensuring the financial sustainability of the College. The Strategy ensures financial resources are directed towards priorities, that risks are managed effectively; that value for money is achieved; and that the College operates on a sound and robust basis. Aligned with other key supporting Strategies and Plans, the Financial Strategy ensures the College is best placed to support the objectives set out in the College's Corporate Plan.

Financial Outlook

The College achieved a financial performance during 2015/16 which was in line with budgeted expectations, maintaining a financially sustainable position while continuing to remain alert to the many challenges and uncertainties within the sector. While the College faces considerable challenges in maintaining its level of funding in future years, robust financial planning mechanisms have been developed for the next three year period which should enable West College Scotland to achieve our planned outcomes. However, as detailed within the College Estate Strategy 2016-2021, significant investment be required from Scottish Government and the Scottish Funding Council in order for us to provide and maintain 21st century teaching, learning and working facilities that meet the needs and expectations of students, staff and customers.

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. However, these financial statements demonstrate the commitment to achieve financial targets and to continue to operate in a financially sustainable manner.

The Performance Report is approved by The Principal and Chief Executive on 5 December 2016:

Audrey Cumberford
Principal and Chief Executive

ACCOUNTABILITY REPORT

Corporate Governance Report

Statutory background

The College was established under the Further and Higher Education (Scotland) Act 1992 for the purpose of conducting the business of West College Scotland. The College is a registered charity (Scottish Charity Number SC021185) and is recognised by HM Revenue and Customs as a charity for the purpose of section 467, Income and Corporation Taxes Act 2010 and as such is exempt from corporation tax on its charitable activities.

The College Principal as Chief Executive is responsible to the Scottish Funding Council for the stewardship of the College's finances and assets.

Taxation status

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 purpose 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.

Board of Management

The Board of Management members, along with those members of the Senior Management Team who influence the decisions of the College as a whole, are detailed in the Governance Statement.

Register of interests

Board of Management and members of the Senior Management Team have to complete a declaration of interests. No significant company directorships or other interests were held which may have conflicted with their duties as Board Members or managers and no member of the Board had any other related party interest.

Auditor of West College Scotland

Audit Scotland appointed Wylie and Bisset LLP as auditors to West College Scotland in June 2013 for a three year period beginning in August 2013. The year ended 31 July 2016 is the last year of this appointment and Mazars LLP have been appointed as external auditors for the next 5 years until July 2021.

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

Pension costs

Details of the College's pension costs are set out in the Remuneration and Staff Report (pages 43 - 48) and in notes 7, 8 and 23 of the financial statements.

Post balance sheet events

There were no important events occurring after the year-end which fall under the definition of post balance sheet event.

Payment to suppliers

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 then payment is made in accordance with those terms. Any invoices in dispute are handled as quickly as possible. Supplier invoices were paid in 27 days in the year to 31 July 2016 (17 days in the period to 31 July 2015). There was no interest paid under the Late Payment of Commercial Debts (Interest) Act 1998 during the period.

Personal data-related incidences

During 2015/16 there were no incidences of data loss which required to be notified to the Information Commissioner.

Estate Strategy

The Board of Management approved the West College Scotland Estate Strategy 2016-2026 on 3 October 2016.

The key points arising from the Estate Strategy can be summarised as follows:

- Challenges exist in relation to fitness for purpose of our estate, with only 4 of 14 operational College buildings being graded at Level 1 (excellent) for functional suitability, and half of our operational buildings requiring major repair or replacement.
- There is a need to invest £33m in order to bring our operational buildings up to a suitable condition and required standard over the next 10 years.
- Significant investment is required in Greenock as a high priority, with expenditure of £20m being necessary over the next 10 years in order 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 on a like-for-like basis would require investment of over £90m.
- Within Paisley, there is also a need for significant investment, with much of the estate not being fit for purpose. Funding is therefore required as a priority, with expenditure of £11m being necessary simply to maintain buildings in an acceptable condition over the next 10 years. However, even with this, the functional suitability of several of these buildings would not be at the level required. Thus there is a need for investment to replace the Inchinnan, Oakshaw, Barshaw and Renfrew buildings, and to provide fit-for purpose Music and Performing Arts facilities. It is estimated that to do this on a like-for-like replacement basis would cost in excess of £50m.
- Although only eight years old, the Clydebank campus has a need for investment of £2m over the next 10 years in order to maintain facilities at the required level.

The Estate Strategy confirms that within the current financial climate there are challenging choices and decisions to take, as some major College buildings are deteriorating at a significant rate. It will therefore be necessary to work with the Scottish Funding Council to secure funding that will enable new build and major refurbishments to be met and essential maintenance to be undertaken. Implementation plans will be reviewed and refined continuously as the funding position develops. It will also be important, therefore, that the Estate Strategy is regularly reviewed, with progress assessed through College planning processes.

Board of Management Report

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

Name	Status	Job Title	Date Appointed	Date Resigned
A Cumberford	Chief Executive	Principal, West College Scotland	1 August 2013	
M Haggerty	Non-Executive Member Chair, Learning, Teaching & Quality Committee	Self Employed, Public Relations Consultant	1 August 2013 Re-appointed 1 February 2015	
J Hannigan	Non-Executive Member	Director of Asset Management and Product Development, Doosan Babcock	12 September 2013 Re-appointed 1 February 2015	
J Henry	Non-Executive Member	Councillor, Renfrewshire Council Part-time Researcher, Scottish Parliament	1 August 2013 Re-appointed 1 February 2015	
A Hetherington	Non-Executive Member	Retired	1 August 2013 Re-appointed 1 February 2015	
L Lauder	Non-Executive Member	Head of People and Change – Organisational Effectiveness, NHS Greater Glasgow & Clyde	12 September 2013 Re-appointed 1 February 2015	
D McDonald	Staff Member	Teaching Staff Member, West College Scotland	1 August 2013 Re-elected 19 November 2014	February 2016
K McKellar	Chair, Board of Management and Nominations Committee	Chief Executive Officer of the Hannah Research Foundation	4 March 2014	
M McManus	Non-Executive Member , Vice Chair, Board of Management, Chair, Remuneration and Organisational Development & HR Committees	Retired	1 August 2013 Re-appointed 1 February 2015	

Name	Status	Job Title	Date Appointed	Date Resigned
J McMillan	Non-Executive Member, Chair, Audit Committee Senior Independent Person on the Board	Retired	1 August 2013 Re-appointed 1 February 2015	
J White	Non-Executive Member Chair, Finance and General Purposes Committee	Chief Executive, West Dunbartonshire Council	1 August 2013 Re-appointed 1 February 2015	
A Mitchell	Staff Member	Support Staff Member, West College Scotland	8 October 2014	
N Allan	Non-Executive Member Chair, Estates Committee	Self-employed Property Consultancy and Strategic Asset Management	1 February 2015	
J Johnston	Non-Executive Member	Communications and Outreach Manager, Scottish Human Rights Commission	1 February 2015	
M Newlands	Non-Executive Member Chair, Corporate Development Committee	International Sector Head for Technology and Engineering, Creative Industries and Sustainable Construction, Scottish Enterprise/SDI	1 February 2015	
K Walker	Non-Executive Member	Retired	1 February 2015	13 May 2016
P McFarlane	Staff Member	Teaching Staff Member, West College Scotland	17 May 2016	
A Hunter	Student Member	Students Association, West College Scotland	1 August 2015 Re-elected 1 August 2016	
S MacWhirter	Student Member	Students Association, West College Scotland	25 February 2016	31 July 2016
R Downie (Co-opted)	Co-opted Member of Audit Committee	Retired	26 September 2013	
T Lanagan (Co-opted)	Co-opted member of Learning, Teaching and	Executive Director of Educational Services, West Dunbartonshire	20 January 2014	20 January 2016

Name	Status	Job Title	Date Appointed	Date Resigned
	Quality Committee	Council		
S Vere (Co-opted)	Co-opted member of Audit Committee	Scottish Futures Trust	1 March 2014	
W Bain (Co-opted)	Co-opted member of Learning, Teaching and Quality Committee	Corporate Director of Education, Communities and Organisational Development, Inverclyde Council	1 April 2016	
Noted below are members of the College Executive who attend meeting of the Board and its sub-Committees.				
Stephanie Graham	Member of College Executive	Vice Principal Learning and Teaching	[redacted]	
Liz Connolly	Member of College Executive	Vice Principal Corporate Development		
David Alexander	Member of College Executive	Vice Principal Operations		

Board of Management Attendance for the year ended 31 July 2016

Name	Possible Attendance	Actual Attendance
A Cumberford	6	5
R Downie (Co-opted) (1)	N/a	N/a
M Haggerty (3)	6	2
J Hannigan	6	4
J Henry	6	5
A Hetherington	6	5
T Lanagan (Co-opted) (1)	N/a	N/a
L Lauder	6	4
D McDonald	3	2
K McKellar (Chair) (2)	6	6
M McManus (Vice Chair)	6	3
J McMillan	6	6
S Vere (Co-opted) (1)	N/a	N/a
J White	6	4
A Mitchell	6	5
N Allan	6	6
J Johnston	6	4
M Newlands	6	4
K Walker (3)	5	0
P McFarlane	1	1
A Hunter	6	6
S MacWhirter	4	0
W Bain (Co-opted) (1)	N/a	N/a

(1) Co-opted members do not attend Board meetings.

(2) Chair is ex officio member of all committees except the Audit Committee

(3) 2 members were granted leave of absence: M Haggerty from (November – March); and K Walker from August (subsequently resigned).

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

Statement of the Board of Management's Responsibilities

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

The Board of Management is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992, the 2015 Statement of Recommended Practice - Accounting for Further and Higher Education and other relevant accounting standards.

In addition, within the terms and conditions of the Financial Memorandum agreed between the Scottish Funding Council and the College's Board of Management, the Board of Management through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year.

These financial statements are 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.

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

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare financial statements on the going concern basis, unless it is inappropriate to presume that the College will continue in operation.

The Board of Management is satisfied that it has adequate resources to continue in operation for the foreseeable future and for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

Financial statements of the College may be published on the College's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the College's website is the responsibility of the Board. The Board's responsibility also extends to the on-going integrity of the financial statements contained therein.

The Board of Management has taken reasonable steps to:

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

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

- Clear definitions of the responsibilities of, and the authority delegated to, heads of teaching and administrative departments;
- A comprehensive financial planning process, supplemented by detailed annual income, expenditure and cash flow budgets;
- Regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions being subject to formal detailed appraisal and review according to approval levels set by the Board of Management;
- Comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Finance and General Purposes Committee; and
- The appointment of an internal audit team whose annual programme is approved by the Audit Committee and endorsed by the Board of Management. The internal auditors provide the Board of Management with reports on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

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

Governance Statement

West College Scotland is committed to exhibiting best practice in all aspects of corporate governance.

This statement describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code issued by the Financial Reporting Council in June 2010. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

In the opinion of the Board of Management, the College complies with all the provisions of the Corporate Governance Code in so far as they apply to the College sector, and it has complied throughout the year ended 31 July 2016. The Board has also complied with the Code of Good Governance for Scotland's Colleges.

It is the Board of Management's responsibility to bring 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 other information such as audit reports, personnel matters, curriculum developments, quality matters and project / capital expenditure.

The Board is constituted under the legislation, the Further and Higher Education (Scotland) Act 1992 and as amended by the Post-16 Education (Scotland) Act 2013, which states that:

- The Chair is appointed by the Scottish Ministers for a period of up to 4 years and is eligible for re-appointment thereafter for a single period of up to 4 years;
- The Principal is a member for as long as she/he holds office;
- The staff members are elected by their relevant constituencies for a period of 4 years;
- The students are nominated by the Students' Association, with the appointment normally ending on 31 August following or when the student ceases to be a student of the College (whichever is earlier); and
- Non-Executive Members are appointed, subject to the approval of the Chair and the Scottish Ministers, for a period of up to 4 years, and can be extended for a further period of up to 4 years subject to approval of the Chair and the Scottish Ministers.

The College's Board of Management meets at least four times a year and has several sub committees through which it conducts its business. These committees are: Finance and General Purposes Committee, Audit Committee, Corporate Development Committee, Estates Committee, Organisational Development and Human Resources Committee, Learning, Teaching and Quality Committee, Remuneration Committee and Nominations Committee. Each sub-committee has formally constituted remits and terms of reference.

The Board of Management holds development activities and planning sessions during the course of the year for the purpose of training, self-evaluation and development.

The Board is supported by a Secretary. The Secretary to the Board maintains a register of financial and personal interests of the Board Members. The Secretary is also responsible for full minutes of all meetings, and ensuring that all applicable procedures and regulations are complied with.

Formal agendas, papers and reports are supplied to the Board members in a timely manner, in advance of meetings.

Finance and General Purposes Committee

The Finance and General Purposes Committee advises the Board on key issues of the College's financial and resource management. It ensures that all areas of the Colleges financial performance, procurement and information technology are subject to best practice controls and review, ensuring solvency, sustainability, efficiency and innovation. It also considers matters of a general nature that do not fall to other standing committees. The Committee normally meets four times a year, plus it meets once a year with the Audit Committee to consider the Financial Statements.

Audit Committee

The Audit Committee ensures compliance with corporate governance requirements 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 Audit Committee meets four times a year and provides a forum for reporting by the College's external and internal auditors. The Committee advises the College on the appointment of the internal auditors and their remuneration.

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

It also receives and considers reports from the Scottish Funding Council as they affect the College's business and monitors adherence to the regulatory requirements.

Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members, and once a year the Committee meets both the internal and external auditors on their own for independent discussions. The Audit Committee meets jointly with the Finance and General Purposes Committee on an annual basis to consider the Financial Statements and to recommend their approval to the Board.

Corporate Development Committee

The Corporate Development Committee's main purpose is to support the development of the College's vision, direction and objectives for corporate and sustainable development and growth, aligned with the needs of industry. The Committee normally meets four times a year.

Organisational Development & Human Resources Committee

The Organisational Development & Human Resources Committee is responsible for the development of an organisational development and HR Strategy and to ensure the College complies with all aspects of employment and health and safety legislation. It also ensures that the College operates effective policies, procedures and systems in all matters relating to the recruitment, reward, retention, and development of the College's employees, taking account of relevant legislation and accepted good practice. The Committee normally meets four times a year.

Learning, Teaching & Quality Committee

The Learning, Teaching and Quality Committee oversee the effective governance and strategic development of learning and teaching within the College. The Committee provides guidance to staff and student presidents as well as overseeing all matters relating to key performance indicators including student progress, retention and achievement. The Committee normally meets four times a year.

Estates Committee

The Estates Committee is responsible for ensuring that the College manages and develops its estate in line with the strategic priorities and to ensure that it meets its overall needs efficiently and effectively, taking account of any guidance relating to estate management, option and investment appraisal and private finance. It is also responsible for ensuring that the College maintains its estate in accordance with a planned maintenance programme, consistent with its estates strategy and associated financial projections. The Committee normally meets four times a year.

Remuneration Committee

The Remuneration Committee makes recommendations to the Board of Management on the remuneration and, where appropriate, the severance payments of the most senior staff, including the Principal. Details of the remuneration of senior post-holders for the period ended 31 July 2016 are set out in note 8 to the financial statements. The Committee normally meets at least once a year.

Nominations Committee

The Nominations Committee manages the process for identifying individuals for nomination to membership of the Board, taking account of the Guidance issued by the Scottish Government and the composition and balance of the membership in relation to equality of representation and particular skills sets. It also develops and keeps under review succession planning arrangements, as well as procedures for induction, training, development and evaluation of Board members. The Committee meets on an ad hoc basis and at least once a year

Risk Management and Internal Control

Scope of Responsibility

The Board of Management is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. 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 must act at all times in accordance with the legislation and the Code of Good Governance for Scotland's Colleges. Under the terms of the legislation, the Further and Higher Education (Scotland) Act 1992, the Further and Higher Education (Scotland) Act 2005 and the Post-16 Education (Scotland) Act 2013, the following matters are decided by the Board:

- Determining the objectives of the Board.
- Determine the risk appetite and approve and monitor the Strategic Risk Register.
- The final approval of annual estimates of revenue and expenditure and capital expenditure for work authorised by the Board.

- The final approval of the College's strategic plan and Regional Outcome Agreement with the Scottish Funding Council.
- The appointment of Board members with the approval of the Chair and Scottish Ministers.
- The removal from office of Board members.
- Appointment of and disciplinary action against the Principal.
- Delegation of functions of the Board.
- The making, amendment and revocation of the Articles of Governance of the Board, including Standing Orders, Financial Regulations and the Scheme of Delegation.
- The acceptance of endowments, gifts of money, land or other property and determining their application to any of the activities which the Board has the power to carry on.

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 the public funds and asset.

Under the terms of the legislation and the College's Articles of Governance, the following financial matters are delegated to the authority of the Principal and Chief Executive, subject to appropriate provision for financial outlays having been made by the Board for the current period:

- develop financial policies and operational procedures that, as a minimum, comply with SFC instructions and delegations; relevant laws and regulations; any policy matter as specified by the Board of Management; and operate the finances of the College within these financial policies and procedures;
- set and amend as necessary the level of tuition fees, examinations expenses, maintenance and contribution scales for all courses offered by the College and to waive or grant remission of fees and expenses in special cases within guidelines set by the Board;
- arrange for any necessary alterations or adaptations to College property at a cost of up to £250,000 in respect of one project, provided the alteration or adaptation does not effect any material change in the character of the College;
- seek and receive tenders for contracts with the Board after all necessary approvals have been obtained; enter into contract on behalf of the Board or to authorise another to enter into contracts on behalf of the Board; and, when it is in the interest of the Board to do so, terminate contracts or authorise the termination of contracts;
- purchase goods and/or services through a contract which another public body has entered into on its own behalf where it is to the benefit of the Board to do so and where the value of the purchases does not exceed £250,000 in any one year;
- dispose of assets which are surplus to requirements provided that asset is not land, buildings or other structure or an interest in land, buildings or other structure;
- take out any necessary insurance to protect the interests of the Board;
- approve in year changes to the approved budget to a level of £250,000 as long as this action would not create (or increase) an operating deficit.

The Purpose of the System of Internal Control

The purpose of the system of internal control is to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. The system of internal control can therefore only provide reasonable and not absolute assurance of effectiveness. It is based on an on-going process to identify and prioritise the risks to the achievement of the College's policies, aims and objectives, to evaluate the likelihood of these risks being realised and how to manage them efficiently, effectively and economically, should they be realised. West College Scotland has had a system of internal control in place during the reporting period and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

The Board of Management has reviewed the key risks to which the College is exposed and is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks. The process is regularly reviewed by the Board of Management.

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:

- The annual budget and 3 year financial strategy which are reviewed and approved by the Board of Management
- Regular reviews by the Finance and General Purposes Committee of management accounting reports which provides an update on the College financial position and which the Committee reports to the Board
- Setting targets to measure financial and other performance
- Cleary defined delegated authority and investment control guidelines
- Key Performance Indicators reviewed regularly

The College appoints an internal audit service, which operates in accordance with the requirements of its Financial Memorandum. Internal audit plans are based on an analysis of the risks to which the College is exposed. The internal audit plans are approved by the Audit Committee. Risk management is considered by the Audit Committee and approved by the Board of Management on recommendation from the Audit Committee. Reports on the internal audit activity are provided to the Board of Management and they include the Internal Auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of Effectiveness

As Chief Executive, the Principal has responsibility for 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 auditors
- The work of the external auditors and the comments made by them in their management letters and other reports
- The work of the Senior Management Team within the College who have responsibility for the development and maintenance of their internal control framework.

The Board of Management has been advised on the implications of the review of the effectiveness of internal control by the Audit Committee, which oversees the work of the internal auditor. The internal audit service concentrates on areas of key activities which are determined by a risk analysis and in accordance with the annual internal audit plan. This plan is amended and approved by the Audit Committee. The internal auditors provide the Board of Management with a report on the internal audit activity within the College. These reports include the internal auditors' independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

The internal auditors have direct access to the Chair of the Audit Committee and issue an annual report with an opinion of the adequacy, reliability and effectiveness of the College's internal control system.

The Senior Management Team receives reports setting out key performance and risk indicators and considers and manages possible control and mitigations associated with these. The Senior Management Team and the 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 regular item for consideration of risk and control and receives reports thereon from the Senior Management Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

The Board of Management is of a view that there is an on-going process for identifying, evaluating and managing the College's significant risks that has been in place throughout the year ended 31 July 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Management and accords with the Turnbull guidance on internal control, as applicable to the College sector.

Going Concern

Having made appropriate enquiries, the Board of Management has a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

Conclusion

The College has complied with the requirements set out in the UK Corporate Governance Code in so far as they apply to the College sector.

Remuneration and Staff Report

		2014/15	2015/16
People		828 FTE	855 FTE
Sickness absence		4.8%	4.6%
Staff turnover		7.8%	9.4%
Gender Balance			
All staff	Male	39%	41%
	Female	61%	59%
Board	Male	50%	50%
	Female	50%	50%
Senior Management Team	Male	47%	47%
	Female	53%	53%

The above noted increase in staff FTE numbers is due to the decision taken by the Board of Management in 2014/15 to bring in house the catering and cleaning services from 1 August 2015 where these services were previously outsourced in two of the legacy Colleges.

Remuneration Policy

The Board provides the principal governance mechanism through which activities are managed in accordance with legislation and regulations, as well as ensuring that systems are in place to provide efficiency, effectiveness and economy. However, the Board has delegated some of its responsibilities to certain committees.

The purpose of the Remuneration Committee will be to determine the remuneration and terms and conditions of the Principal, all other members of the College Executive (which comprises the three Vice Principals), and the Secretary to the Board, and to ensure due process is followed.

Remuneration including salary and pension entitlements

Salary entitlements

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

	16 months ended 31 July 2015			12 months ended 31 July 2016		
Name	**Salary £'000**	**Pension Cont's £'000**	**Total £'000**	**Salary £'000**	**Pension Cont's £'000**	**Total £'000**
Keith McKellar	35-40	0	35-40	25-30	0	25-30
Audrey Cumberford	180-185	20-30	205-215	135-140	20-25	155-165
Stephanie Graham	115-120	15-20	130-140	85-90	15-20	100-110
Liz Connolly	115-120	20-25	135-145	85-90	15-20	100-110
David Alexander	115-120	20-25	135-145	85-90	15-20	100-110

WEST COLLEGE SCOTLAND

Annual Equivalent

	Annualised figures for the period ended 31 July 2015			12 months ended 31 July 2016		
Name	**Salary £'000**	**Pension Benefit £'000**	**Total £'000**	**Salary £'000**	**Pension Benefit £'000**	**Total £'000**
Keith McKellar	25-30	0	25-30	25-30	0	25-30
Audrey Cumberford	135-140	20-25	155-165	135-140	20-25	155-165
Stephanie Graham	85-90	10-15	95-105	85-90	15-20	100-110
Liz Connolly	85-90	15-20	100-110	85-90	15-20	100-110
David Alexander	85-90	15-20	100-110	85-90	15-20	100-110

Salary multiples

The highest paid member of the management team was the Principal. The Principal's aannualised remuneration before pension benefits was in the range £135,000-£140,000 (2014/15: £135,000-£140,000). This was 3.6 times (2014/15: 3.6 times) the median remuneration paid to West College Scotland's staff which was in the range £35,000 to £40,000 (2014/15 £35,000 to £40,000).

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 are final salary pension schemes. This means that pension benefits are based on the final year's pay and the number of years that the person has been a member of the scheme.

The scheme's normal retirement age is 65. Contribution rates are set annually for all employees and can be found in Note 23. 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 salary and years of pensionable service.

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 at pension age at 31 July 2016**	**Accrued lump sum at pension age at 31 July 2016**	**Real increase in pension 1 August 2015 to 31 July 2016**	**Real increase in lump sum 1 August 2015 to 31 July 2016**	**CETV at 31 July 2016**	**CETV at 31 July 2015**	**Real increase in CETV**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Audrey Cumberford	35	105	2	6	649	598	35
Stephanie Graham	29	88	1	4	591	551	29
David Alexander	29	53	2	1	387	352	35
Liz Connolly	5	0	2	0	65	40	25

Cash equivalent Transfer Value (CETV)

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

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

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

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

Real increase in CETV

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

Compensation for loss of office

There were no employees who left under voluntary exit terms during the period.

Salaries and Related Costs

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

	16 months ended 31 July 2015	Year ended 31 July 2016
	Numbers	Numbers
£60,001 - £65,000	1	1
£65,001 - £70,000	11	11
£70,001- £80,000	1	-
£85,001 - £90,000	3	3
£135,001 - £140,000	1	1
Total	**17**	**16**

	16 months ended 31 July 2015	Annualised 2014/15	Year ended 31 July 2016
	£'000	£'000	£'000
Directly employed staff			
Wages and salaries	38,638	28,978	29,918
Social security costs	3,224	2,418	2,552
Pension costs	5,934	4,451	5,157
Other staff costs	704	528	284
Sub total	**48,500**	**36,375**	**37,911**
Agency staff	361	271	240
Total	**48,861**	**36,646**	**38,151**
Consultancy costs	**29**	**22**	**12**

Pension Arrangements

The College participates in two separate defined benefit pension schemes, which are the Strathclyde Pension Fund (SPF) for support staff, the Scottish Teachers Superannuation Scheme (STSS) for teaching staff.

The College accounts for the SPF in accordance with the requirements of FRS 102. The College's share of the scheme deficit as at 31 July 2016 was £26.7m (2015: £23.5m) and is included within reserves.

The College continues to take the exemption permitted under FRS 102 to disclose the STSS Scheme as defined contribution schemes as the scheme is not able to calculate individual employers' share of the overall deficit.

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

West 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 itself.

1,211 full-time and part-time staff work at the College, just over half of whom are teaching professionals. Alongside them, the College employs a range of 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 including, but not restricted to, recruitment, promotion and access to training opportunities. This is supported by activities such as recruitment and selection training for managers which takes account of the College's 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, gender, pregnancy and maternity; gender re-assignment; marriage and civil partnership, race, religion, sexual orientation or disability.

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

- Regular open sessions hosted by the Principal and involving the Senior Management Team to update staff on key issues and to allow staff to ask any questions or raise issues;
- Line Managers schedule regular meetings with their teams to plan and arrange work tasks and in support of achieving corporate goals;
- Westworld, a staff newspaper issued on a regular basis which updates staff on College news and events;
- A staff intranet which is being redesigned in response to staff feedback and suggestions; and
- All-staff communications providing details of discussions and key messages following the fortnightly Senior Management Team meeting.

Provision of information to employees

The College has adopted the principles of openness and participation and places a high level of importance in both informing and consulting staff. This is achieved by providing access to relevant documents, through oral and written briefings, 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.

Equal Opportunities

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

The College is impact assessing all policies and procedures in order to ensure that no group suffers a disproportionate impact.

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 Double Tick Initiative through Job Centre Plus. 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.

The Accountability Report is approved by order of the members of the Board of Management on 5 December 2016 and signed on its behalf by:

Keith McKellar
Chair of Board of Management

Audrey Cumberford
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

We have audited the financial statements of West College Scotland for the year ended 31 July 2016 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Balance Sheet, and Statement of Cash Flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 125 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Board of Management and auditor

As explained more fully in the Statement of Board of Management's Responsibilities, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We are also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the college's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Management; and the overall presentation of the financial statements. It also involves obtaining evidence about the regularity of expenditure and income. In addition, we read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements, irregularities, or inconsistencies we consider the implications for our report.

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 (con'd)

Opinion on financial statements

In our opinion the 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 2016 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).

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.

Opinion on other prescribed matters

In our opinion:

- the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Ministers; and
- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 (con'd)

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements and the part of the Remuneration and Staff Report to be audited are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the corporate governance statement does not comply with Scottish Funding Council requirements.

We have nothing to report in respect of these matters.

Date: 5 December 2016

Ross McLauchlan BAcc CA, for and on behalf of Wylie & Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Wylie & Bisset LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

WEST COLLEGE SCOTLAND

Statement of Comprehensive Income and Expenditure

	Note	Year ended 31 July 2016 £000	Restated 16 Months Period ended 31 July 2015 £000
Income			
Tuition fees and education contracts	2	6,917	9,448
Funding body grants	3	44,917	58,865
Other grant income	4	266	287
Other operating income	5	2,980	3,694
Investment income	6	69	100
Total Income		**55,149**	**72,394**
Expenditure			
Staff costs	7	37,911	47,023
Fundamental restructuring costs	7	0	1,477
Other operating expenses	9	13,794	18,330
Depreciation	12	3,397	4,660
Interest and other finance costs	10	1,079	1,548
Total Expenditure		**56,181**	**73,038**
Deficit before tax		**(1,032)**	**(644)**
Taxation	11	-	-
Deficit for the year / period		**(1,032)**	**(644)**
Actuarial loss in respect of pension schemes	23	(2,030)	(1,919)
Total Comprehensive Expenditure for the year / period		**(3,062)**	**(2,563)**
Represented by:			
Restricted comprehensive expenditure		(2,030)	(1,919)
Unrestricted comprehensive expenditure		(1,032)	(644)
		(3,062)	**(2,563)**
Deficit for the year / period attributable to:			
College		**(3,062)**	**(2,563)**

All items of income and expenditure relate to continuing activities.

Statement of Changes in Reserves

	Income and Expenditure Reserve *£000*	Revaluation Reserve *£000*	Total *£000*
Balance at 1 April 2014	**9,709**	**26,420**	**36,129**
Deficit from the income and expenditure statement	(644)	0	(644)
Transfers between revaluation and income and expenditure reserve	1,286	(1,286)	0
Release of restricted funds spend in the period	1,311	0	1,311
Total comprehensive income for the period	1,953	(1,286)	667
Balance at 1 August 2015	**11,662**	**25,134**	**36,796**
Deficit from the income and expenditure statement	(1,032)	0	(1,032)
Transfers between revaluation and income and expenditure reserve	965	(965)	0
Release of restricted funds spend in the year	1,130	0	1,130
Revaluation	0	30,637	30,637
Total comprehensive income for the year	1,063	29,672	30,735
Balance at 31 July 2016	**12,725**	**54,806**	**67,531**

Balance Sheet

		As at 31 July 2016		Restated As at 31 July 2015	
	Note	***£000***	***£000***	**£000**	**£000**
Non-current assets					
Fixed assets	12		105,863		78,998
Current assets					
Stocks		13		8	
Trade and other receivables	13	1,384		1,133	
Cash	19	4,708		6,082	
		6,105		7,223	
Less: Creditors: amounts falling due within one year	14	(9,328)		(11,559)	
Net current liabilities			(3,223)		(4,336)
Total assets less current liabilities			**102,640**		**74,662**
Creditors: Amounts falling due after one year	15		(35,109)		(37,866)
Provisions					
Pension provisions	17		(26,675)		(23,515)
Total net assets			**40,856**		**13,281**
Restricted reserves					
Pension reserve - restricted	18		(26,675)		(23,515)
Unrestricted reserves					
Income and expenditure reserve - unrestricted			12,725		11,662
Revaluation reserve			54,806		25,134
Total reserves			**40,856**		**13,281**

The financial statements on pages 52 to 75 were approved by the Board of Management, authorised for issue on 5 December 2016 and signed on its behalf by:

Keith McKellar
Chair of Board of Management

Audrey Cumberford
Principal and Chief Executive

Statement of Cashflow

	Note	Year ended 31 July 2016 £000	Period ended 31 July 2015 £000
Cashflow from operating activities			
Deficit for the year / period		(1,032)	(644)
Adjustment for non-cash items			
Depreciation	12	3,397	4,660
(Increase) / decrease in stock		(5)	9
(Increase) / decrease in debtors	13	(251)	4,905
Decrease in creditors	14	(3,435)	(9,720)
Net cost of pension provision	23	1,130	1,311
Adjustment for investing or financing activities			
Investment income	6	(69)	(100)
Interest payable	10	228	373
Net cash (outflow) / inflow from operating activities		**(39)**	**794**
Cash flows from investing activities			
Investment income	6	69	100
		69	**100**
Cash flows from financing activities			
Interest paid	10	(228)	(373)
Repayments of amounts borrowed	19	(1,176)	(1,975)
		(1,404)	**(2,348)**
Decrease in cash in the year/period		**(1,374)**	**(1,454)**
Cash at beginning of the year	19	6,082	7,536
Cash at end of the year	19	4,708	6,082

Notes to the Financial Statements

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.

Basis of Preparation

The financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and the Accounts Direction issued thereunder by the Scottish Funding Council which requires compliance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015.

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.

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 £3.4m of bank and other loans outstanding. The bank loans are due to be fully repaid between 2021 and 2025 with the other loans being fully repaid by the end of 2016/17. The College's forecasts and financial projections indicate that it will be able to operate within the existing covenants 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.

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 period in which it is earned.

Agency Arrangements

The College acts as an agent in the collection and payment of all Student Support Funds except for Childare 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

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.

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 entitle to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Donations and Endowments

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

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

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

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.

Fixed Assets

Tangible assets

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

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.

Notes to the Financial Statements

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

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.

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.

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

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.

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.

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.

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.

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.

Notes to the Financial Statements

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

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.

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 us 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.

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.

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.

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.

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.

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 Scottish Teachers Superannuation Scheme (STSS).

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

Notes to the Financial Statements

1) STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (Continued)

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.

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.

Transition to 2015 SORP

The College is preparing its Financial Statements in accordance with FRS 102 for the first time in the financial year to 31 July 2016 and consequently has applied the first time adoption requirements. An explanation of how the transition to 2015 SORP has affected the reported financial position, financial performance and cash flows of the College is provided in Note 27.

Change in accounting policy

Following the conversion to the 2015 SORP the College has changed the following accounting policies in the financial year 31 July 2016:

Balance Sheet presentation impact only on Deferred Capital Grants:

	31 July 2016	**31 July 2015**
SORP 2007 presentation	**£000**	**£000**
Net Assests including Pension Liability	74,857	49,430
Deferred Capital Grants	34,001	36,149
Reserves	(13,950)	(11,853)
Revaluation Reserve	54,806	25,134
	74,857	49,430
SORP 2015 presentation		
Net Assests including Pension Liability	40,856	13,281
Reserves	(13,950)	(11,853)
Revaluation Reserve	54,806	25,134
	40,856	13,281

Notes to the Financial Statements

	Year ended 31 July 2016 £000	Period ended 31 July 2015 £000
2) TUITION FEES AND EDUCATION CONTRACTS		
FE fees - UK	2,693	3,424
FE fees - non EU	188	303
HE fees	3,203	4,524
SDS contracts	833	1,197
	6,917	**9,448**

3) FUNDING BODY GRANTS		
FE recurrent grant	38,862	50,664
Childcare funds (Note 25)	1,819	2,234
Release of deferred capital grants	1,587	2,149
Other SFC grants *	722	92
Estates maintenance funding	1,927	2,576
College transformation fund	0	1,150
	44,917	**58,865**

* Other SFC grants includes the release of £500k of a £3,200k historical Estates Maintenance creditor which was brought forward as at 1 August 2015. The balance of this creditor will be released over the next 2 years to cover appropriate expenditure incurred.

4) OTHER GRANT INCOME		
Development grants	82	41
Release of deferred capital grants	184	246
	266	**287**

5) OTHER OPERATING INCOME		
Catering	1,058	811
Other income generating activities	521	636
Income from charitable foundation	40	212
Support for Learning	594	1,144
Other income	767	891
	2,980	**3,694**

6) INVESTMENT INCOME		
Interest receivable	69	100
	69	**100**

Notes to the Financial Statements

	Year ended 31 July 2016	Period ended 31 July 2015
	£000	*£000*
7) STAFF COSTS		
Wages and salaries	29,918	40,115
Social security costs	2,552	3,224
Pension costs (including actuarial costs £279k; previous period costs £136k (Note 23))	5,436	6,070
Holiday pay provision charge / (release)	5	(909)
	37,911	**48,500**
Teaching departments	22,102	27,460
Teaching services	3,665	4,050
Administration and central services	7,626	10,433
Premises	1,995	2,318
Other expenditure	1,568	2,083
Catering	676	543
Pension adjustments	279	136
Sub-total	**37,911**	**47,023**
Fundamental restructuring costs	-	1,477
Total	**37,911**	**48,500**

Staff Numbers:

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

	2016	2015
	FTE	**FTE**
Teaching departments	384	387
Teaching services	52	54
Administration and central services	273	275
Premises	74	53
Other expenditure	44	38
Catering	28	21
	855	**828**

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:

	Year ended 31 July 2016 Numbers	Period ended 31 July 2015 Numbers
£60,001 - £65,000	1	1
£65,001 - £70,000	11	11
£70,001- £75,000	1	-
£85,001 - £90,000	3	3
£135,001 - £140,000	1	1
	17	**16**

8) SENIOR POST-HOLDERS' EMOLUMENTS

Number of senior post-holders, including the Principal was:	15	15

	Cost 2015-16 *£000*	Annualised Cost 2014-15 *£000*
Senior post-holders' emoluments are made up as follows:		
Salaries	1,141	1,123
Pension contributions	209	192
Total Emoluments	**1,350**	**1,315**

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

	Cost 2015-16 *£000*	Annualised Cost 2014-15 *£000*
Principal	139	138
Pension contributions	24	21

No senior post-holder received any benefits in kind.

There were no compensation payments in year for loss of office to former higher paid employees.

WEST COLLEGE SCOTLAND

Notes to the Financial Statements

8) SENIOR POST-HOLDERS' EMOLUMENTS (Continued)

The Principal and 6 other senior post holders were members of the Scottish Teachers Superannuation Scheme, a further 8 senior post holders were members of the Strathclyde Pension Fund. 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.

	Year ended 31 July 2016 *£000*	Period ended 31 July 2015 *£000*
9) OTHER OPERATING EXPENSES		
Teaching departments	1,946	2,687
Catering	502	410
Other income generating activites	227	537
Premises	3,358	6,024
Administration	5,534	6,350
FE and HE childcare (Note 25)	1,819	2,234
Student support fund costs	408	88
	13,794	**18,330**
Included in Administration expenses are:		
Auditors remuneration (inclusive of VAT)		
Internal audit services	32	60
External audit services	30	30
Other services	18	18

10) INTEREST PAYABLE

On bank loans, overdrafts and other loans	228	373
Pension interest costs (Note 23)	851	1,175
	1,079	**1,548**

Notes to the Financial Statements

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.

12) TANGIBLE FIXED ASSETS

	Inherited Land & Buildings £000	*Other Land & Buildings £000*	*Equipment £000*	*Total £000*
Cost or valuation				
At 1 August 2015	46,398	37,973	4,502	**88,873**
Disposals in year	(376)	-	-	**(376)**
Revaluation	15,723	14,914	-	**30,637**
Revaluation adjustment	(5,298)	(3,415)	-	**(8,713)**
At 31 July 2016	56,447	49,472	4,502	**110,421**
Depreciation				
At 1 August 2015	3,442	2,476	3,956	**9,874**
Charge for year	1,981	1,178	238	**3,397**
Revaluation adjustment	(5,298)	(3,415)	-	**(8,713)**
At 31 July 2016	125	239	4,194	**4,558**
Net book value at				
31 July 2016	56,322	49,233	308	**105,863**
31 July 2015	42,956	35,497	546	**78,998**
Analysis of net book value at 31 July 2016				
Inherited	34,330	-	-	34,330
Financed by capital grant	21,992	27,100	212	49,304
Other	-	22,068	96	22,164
Leasehold	-	65	-	65
	56,322	**49,233**	**308**	**105,863**

Land and buildings were independently valued at 31 July 2016 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 £51,057,000 (2015: £53,865,000)

Land and buildings with a net book value of £71,312,000 (2015: £60,658,000) have been funded from Exchequer Funds, under the definition found in the Financial Report 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 (2015: £5,210,000) which is not depreciated.

Notes to the Financial Statements

	Year ended 31 July 2016 £000	Period ended 31 July 2015 £000
12) TANGIBLE FIXED ASSETS (Continued)		
The depreciation charge for the period is analysed as follows:		
Based on cost	2,432	3,373
Based on valuation	965	1,287
	3,397	**4,660**
Analysed:		
Owned assets	3,397	4,660
	3,397	**4,660**

13) TRADE AND OTHER RECEIVABLES

Trade debtors	280	281
European funding	-	40
Other debtors	23	110
Prepayments and accrued income	468	166
Amounts owed by SFC	613	536
	1,384	**1,133**

14) CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Bank loans	378	823
Other loans	214	355
Trade creditors	254	97
Other creditors	39	71
Accruals and deferred income	3,884	4,552
SFC capital grant deferred income	2,745	3,245
Amounts owed to SFC	24	645
Deferred capital grants SFC	1,606	1,587
Deferred capital grants non-SFC	184	184
	9,328	**11,559**

15) CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

Bank loan	2,897	3,273
Other loans	-	215
Deferred capital grant SFC	27,036	29,018
Deferred capital grant non-SFC	5,176	5,360
	35,109	**37,866**

Notes to the Financial Statements

	Year ended 31 July 2016 £000	Period ended 31 July 2015 £000

16) ANALYSIS OF BORROWINGS OF THE COLLEGE

a) Bank loans

Within one year	378	823
Between one and two years	392	378
Between two and five years	1,235	1,204
After five years	1,270	1,691
	3,275	**4,096**

The remaining bank borrowings are secured, over specific areas of freehold land and buildings, spread over 8 and 12 year terms at fixed rates of interest between 5.39% and 7.9%. During the year two loans have been settled with the Bank of Scotland and Clydesdale Bank.

b) Finance Leases

The College has no obligations under finance leases

17) PENSION PROVISION

Pension provision at 31 July 2015	23,515	20,285
Movement in year / period	3,160	3,230
Pension provision at 31 July 2016	**26,675**	**23,515**

The movement in pension provision is further analysed in Note 23

18) PENSION RESERVE

Balance at 1 August	(23,515)	(20,285)
Current service cost in year	(2,551)	(2,820)
Impact of curtailments	-	(89)
Employer contributions	1,669	2,174
Contributions re unfunded benefits	603	599
Net interest	(851)	(1,175)
Transfer to Income & Expenditure	(1,130)	(1,311)
Pension scheme actuarial loss	(2,030)	(1,919)
As at year / period end	**(26,675)**	**(23,515)**

Notes to the Financial Statements

19) ANALYSIS OF NET CASH/(DEBT)

	At 31/7/2015	Cash Flows	Other Non Cash Changes	At 31/7/2016
	£000	*£000*	*£000*	*£000*
Cash	6,082	(1,374)	-	4,708
	6,082	**(1,374)**	**-**	**4,708**
Debt due within one year	(1,178)	1,176	(591)	(593)
Debt due after one year	(3,488)	-	591	(2,897)
	1,416	**(198)**	**-**	**1,218**

20) FINANCIAL COMMITMENTS

At 31 July 2016 the College had annual commitments under non-cancellable operating leases for Land and Buildings as follows:

	Year ended 31 July 2016	Period ended 31 July 2015
Future minimum lease payments due:	*£000*	*£000*
Expiring within 1 year	11	11
Expiring between two and five years	116	116
Expiring after 5 years	83	83
Total lease payments due	210	210

21) CAPITAL COMMITMENTS

The College has not received any capital grant funding during 2015/16 from the Scottish Funding Council and therefore has no capital commitments at the year-end.

Notes to the Financial Statements

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.

There were no transactions during the year with non-public bodies in which a member of the Board of Management has an interest and which in aggregate exceeded £5,000.

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:

Member	Organisation	Position
Keith McKellar	Colleges Scotland	Non-Executive Director
Keith McKellar	Ardgown Hospice	Chair
Audrey Cumberford	West College Scotland Foundation	Trustee
Audrey Cumberford	Colleges Scotland	Board Member
Audrey Cumberford	Colleges Scotland	Vice Chair, Corporate Affairs Committee
Audrey Cumberford	Renfrewshire Chamber of Commerce	President
Audrey Cumberford	SFC	Member of Council
Audrey Cumberford	Scottish Enterprise West Regional Advisory Board	Board Member
Nick Allan	Dunbartonshire Chamber of Commerce	Non-Executive Director
Jim Hannigan	Doosan Babcock	Director of Technology
Jim Hannigan	CITB	Regional Chair for Scotland
Jacqueline Henry	Renfrewshire Council	Councillor
Jacqueline Henry	Scottish Parliament	Researcher
Jacqueline Henry	Renfrewshire Council	Convenor of Education
Lyndsay Lauder	NHS Greater Glasgow and Clyde	Head of People and Change
Lyndsay Lauder	Developing the Young Workforce West Region	Board Member
Lyndsay Lauder	Glasgow Chamber of Commerce	Member
John McMillan	West College Scotland Foundation	Trustee
Mark Newlands	Scottish Enterprise	International Sector Head
Joyce White	West Dunbartonshire Council	Chief Executive
Terry Lanagan	West Dunbartonshire Council	Executive Director of Educational Services

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 2016	31 July 2015
	£000	*£000*
The total pension cost for the College was :		
Contributions paid	5,157	5,934
Pension cost as a result of implementing FRS 102	279	136
Total pension cost (Note 7)	**5,436**	**6,070**

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 2012. The results of this valuation were rolled forward to give a liability of £20.9 billion. During the year contributions were payable to the STSS at a rate of 14.9% until August 15 and then increased to 17.2% from September 15. The employee contribution rates ranged from 7.2% to 11.9%.

The assumptions that have the most significant effect on contribution rates are as follows:

Actuarial method		Prospective benefits
Assumed rate of return on investment		6.50%
Assumed rate of increase in salaries		2.00%
Present value of liabilities at 31 March 2012		£20.9 billion
Financial Assumptions at 31 March 2012		
Rate of return (discount rate)		5.60%
Rate of return in excess of:	Earnings increases	0.70%
	Price increases	2.90%

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 has taken advantage of the exemption in FRS 102 and has accounted 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 period. 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 *2016*	At 31 July *2015*
Principal Actuarial Assumptions		
Rate of increase in salaries	3.90%	4.50%
Rate of increase for pensions in payment / inflation	1.90%	2.60%
Discount rate for liabilities	2.40%	3.60%
Expected return on assets	2.40%	3.60%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. For 2016 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 *2016*	At 31 July *2015*
Current pensioners	Males	22.1	22.1
	Females	23.6	23.6
Future pensioners	Males	24.8	24.8
	Females	26.2	26.2

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 2016 *£000*	Period ended 31 July 2015 *£000*
Fair value of employer assets	74,653	64,178
Present value of funded liabilities	(90,292)	(76,588)
	(15,639)	(12,410)
Present value of unfunded liabilities	(11,036)	(11,105)
Net Liability	**(26,675)**	**(23,515)**
Amount in the Balance Sheet:		
Pension liability	**(26,675)**	**(23,515)**

Notes to the Financial Statements

23) PENSION SCHEMES (Continued)

	Year ended 31 July 2016 *£000*	Period ended 31 July 2015 *£000*
Amount charged to Comprehensive Income and Expenditure:		
Employer service cost (net of employee contributions)	279	136
Interest on obligation	851	1,175
Actuarial loss on scheme assets	2,030	1,919
Total	**3,160**	**3,230**
Changes in the fair value of scheme assets:		
Opening fair value of scheme assets	64,178	56,074
Net interest	2,329	3,273
Contributions by members	534	633
Contributions by the employer	1,669	2,174
Contributions in respect of unfunded benefits	603	599
Benefits paid	(1,170)	(1,574)
Unfunded benefits paid	(603)	(599)
Expected return on assets	7,113	3,598
Closing fair value of scheme assets	**74,653**	**64,178**
Changes in the present value of the defined benefit obligation:		
Opening defined benefit obligation	87,693	76,359
Current service cost	2,551	2,820
Past service cost	-	89
Interest cost	3,180	4,448
Contributions by members	534	633
Estimated benefits paid	(1,170)	(1,574)
Estimated unfunded benefits paid	(603)	(599)
Actuarial loss	9,143	5,517
Closing defined benefit obligation	**101,328**	**87,693**
History of experience gains / (losses):		
Scheme assets	74,653	64,178
Defined benefit obligation	(101,328)	(87,693)
Deficit	**(26,675)**	**(23,515)**
Experience gains on scheme assets	**7,113**	**3,598**
Experience (losses) on scheme liabilities	**(9,143)**	**(5,517)**

Notes to the Financial Statements

23) PENSION SCHEMES (Continued)

	Year ended 31 July 2016 £000	Period ended 31 July 2015 £000
The transactions in respect of the Strathclyde Pension Fund which are now included in the accounts as required by FRS 102:		
Net assets excluding pension liability	67,531	36,796
Pension liability	(26,675)	(23,515)
Net assets including pension liability	**40,856**	**13,281**
Analysis of the amount charged to staff costs (Note 7)		
Current service cost	2,551	2,820
Loss on curtailments	-	89
Total operating charge	**2,551**	**2,909**
Analysis of the amount charged to pension interest (Note 10)		
Expected return on pension scheme assets	2,329	3,273
Interest on pension scheme liabilities	(3,180)	(4,448)
Net pension interest charged	**(851)**	**(1,175)**
Net revenue account cost	**3,402**	**4,084**
Analysis of the amount recognised in Other Comprehensive Income under FRS 102		
Return on assets exluding amounts included in Interest	7,113	3,598
Experience gains arising on the scheme liabilities	1,167	2,518
Changes in assumptions underlying the present value of the scheme liabilities	(10,310)	(8,035)
Actuarial loss recognised in Other Comprehensive Income	**(2,030)**	**(1,919)**
Analysis of the movement in deficit during the year		
Deficit in scheme at beginning of the year:	(23,515)	(20,285)
Movement in year:		
Current service cost	(2,551)	(2,820)
Impact of settlements or curtailments	-	(89)
Contributions	1,669	2,174
Contributions in respect of unfunded benefits	603	599
Past service cost	-	-
Total net interest	(851)	(1,175)
Actuarial loss	(2,030)	(1,919)
Deficit in scheme at end of the year	**(26,675)**	**(23,515)**

Notes to the Financial Statements

24) FE BURSARY AND OTHER STUDENT SUPPORT FUNDS

	FE Bursary	EMAs	Other	Total 31 July 2016	Total 31 July 2015
	£000	*£000*	*£000*	*£000*	*£000*
Balance b/fwd		(9)	60	51	(207)
Clawback	-	-	(60)	(60)	(19)
Allocation received in period	8,780	572	1,023	10,375	13,624
Expenditure	(9,188)	(560)	(757)	(10,505)	(13,207)
Virements	-	-	(150)	(150)	(229)
College contribution to funds	408	-	-	408	89
Balance c/fwd	**-**	**3**	**117**	**120**	**51**
Represented by:					
Repayable to SFC/SAAS as clawback	-	-	117	117	60
Owed from SFC	-	-	-	-	(9)
Retained by College for students	-	3	-	3	-
	-	**3**	**117**	**120**	**51**

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 2016	Total 31 July 2015
	£000	*£000*
Balance b/fwd	-	(132)
Allocation received in period	1,669	2,137
Expenditure	(1,819)	(2,234)
Virements	150	229
Balance c/fwd	**-**	**-**
Represented by:		
Repayable to SFC as clawback	-	-
Owed from SFC	-	-
	-	**-**

Childcare Fund transactions are included within the College Income & Expenditure account in accordance with Accounts Direction issued by the Scottish Funding Council.

26) CONTINGENT LIABILITIES

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

Notes to the Financial Statements

27) TRANSITION TO FRS102 AND THE 2015 SORP

As explained in the accounting policies, these are the College's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 201Y, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 April 2014. In preparing its FRS 102, SORP based Statement of Financial Position, the College has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP).

An explanation of how the transition to FRS 102 and the SORP has affected the College's financial position, financial performance and cash flows is set out in the following tables:

		Period ended 31 July 2015 *£000*
Financial Position		
Total reserves under 2007 SORP		**49,430**
Other provisions moved to Net Assets	(36,149)	
Total effect of transition to FRS 102		(36,149)
Total reserves under 2015 SORP		**13,281**
Financial Performance		
Surplus for the year under 2007 SORP		**662**
Adjust out: Net return on assets	(131)	
Adjust out: Net cost of pension assets	(1,175)	
		(1,306)
Difference in actuarial loss on pension assets		(1,919)
Total effect of transition to FRS 102		(3,225)
Total Comprehensive Expenditure for the year under 2015 SORP		**(2,563)**

Cash Flows

There has been no effect on the cash flows of the College upon the transition to FRS 102.

The following note is taken from the 2015-16 SFC Accounts Directions and has been included as required by the SFC. It does not form part of the Financial Statements.

2015-16 Accounts direction for Scotland's colleges and universities

1 It is the Scottish Funding Council's direction that colleges and universities comply with the 2015 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts.

2 Colleges and universities 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 (for assigned colleges).

3 Incorporated colleges are also required to comply with the Government Financial Reporting Manual 2015-16 (FReM) where applicable.

4 Incorporated colleges are also reminded that they must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2016.

5 The annual report and accounts should be signed by the chief executive officer and by the chair, or one other member of the governing body.

6 Incorporated colleges should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council
24 August 2016