



Report and Financial Statements

For the year ended 31 July 2018

Charity Number SC021185



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Introduction from the Principal

“We are ambitious, for our College, our students, our staff and the communities we serve”

At the heart of West College Scotland is our belief that we are collectively responsible for delivering our ambitions and do so with great pride and passion. Our College has a great future ahead of it. We have put in place strong foundations with an emphasis on team working, a focus on improvement and innovation and a clear purpose to make a difference.

Our vocational, technical and professional educational opportunities and skills 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, with significant activity in the Far East.

Our reach, influence and impact extend beyond the West Region, and within the Region, we have worked hard to shape the educational and employability landscape. We play an important leadership role, using our influence and scale, to do so.

Our relationship with employers and businesses is simple – it is mutually beneficial. 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.

To help us ensure that we continue to respond to the needs of business we have recently conducted and published a skills survey ‘Our Workforce, Our Future’ which was completed by more than 230 organisations employing 65,000 people. This confirmed the strong relationships which already exist between the our College and the businesses we work with and provided additional insight into their future skills development requirements

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

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

Elizabeth Connolly
Principal and Chief Executive

Highlights of the Year

In the year to 31 July 2018 the College's achievements were recognised in many ways, including the following highlights:

- Accreditation as a Living Wage Employer in September 2017
- The College delivered a positive underlying operating surplus of £19,000 (2016-17: £18,000). The delivery of an underlying operating surplus is a key performance indicator used by Audit Scotland.
- At the annual College Development Network Awards 2017 the College won the Innovative College Award and Health-Promoting College Award and was commended in the Digital Education category
- Shirley Anne Somerville MSP, Minister for Further Education, Higher Education and Science made the Scottish Funding Councils Indicative 2018-19 budget allocation announcement at the Greenock campus
- The College undertook a Regional Skills Survey thought to be the first of its kind undertaken by a Scottish college or university, the results of which were published in early 2018-19
- The College became the first in the United Kingdom to take the Stand Alone Pledge, an initiative to promote greater awareness and support for estranged students in education
- The College won a Gold award in College Development Network Digital Marketing category
- The Duke of Gloucester visited the Paisley campus to see a range of student activities related to traditional building skills and the future of construction
- Paul Wheelhouse MSP, Minister for Business, Innovation and Energy launched a £500,000 College sector Innovation Fund at the Paisley campus
- The College hosted Scotland's annual Plumbing Skills competition in association with the Scottish and Northern Ireland Plumbing Employers' Federation industry body (SNIPEF)

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

- WCS Review of the Year 2017:
 - <http://www.westcollegescotland.ac.uk/annual-review-2017/>
- West College Scotland Education Scotland Report:
 - <https://education.gov.scot/other-sectors/further-education/811002>
- West College Scotland Regional Outcome Agreement with the Scottish Funding Council:
 - <http://www.sfc.ac.uk/funding/outcome-agreements/outcome-agreements.aspx>

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

Introduction

This Performance Report provides an overview of College performance during the year to 31 July 2018. It details the purposes and activities of the College whilst identifying the key issues and risks that require to be engaged with in order to deliver Corporate Objectives. In compiling the report the College is satisfied that it has adequate resources to continue in operation for the foreseeable future and for this reason the going concern basis has been adopted in the preparation of the report and 2017-18 financial statements.

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 operational planning approach which enables performance monitoring and reporting. Performance is reported to both the Board and its 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 Strategic Priorities as described in the Corporate Plan, 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.

Teaching and support departments across the College are involved in evidenced based self-evaluation processes, reviewing performance and producing actions for improvement. During 2017-18 the College published the first College Evaluation Report and Enhancement Plan (<https://education.gov.scot/other-sectors/further-education/811002>). The Scottish Funding Council and Education Scotland have formally endorsed the Evaluation Report as:

- providing an accurate and appropriate account of the quality of provision and services being delivered by the College;
- identifying clearly what is working well;
- identifying what needs to improve;
- taking appropriate account of the views of stakeholders; and
- being supported by appropriately robust sources of evidence.

Corporate Plan

West College Scotland's Corporate Plan sets out our 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 aim 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, communities and the economic growth of the country.

Regional Outcome Agreement

The West Region was allocated total funding of £53,385,694 from the Scottish Funding Council for 2017-18 (grant-in-aid and fee waiver funding of £38,721,400 (this included an additional £179,480 for childcare); European Structural Funds Priority 5: Strategic Skills Pipeline of £1,732,847; student support funds of £10,955,654 and estates maintenance funding of £1,975,793) and allocated an activity target of 167,380 credits (160,294 core credits plus 7,086 European Structural Funds Priority 5: Strategic Skills Pipeline credits).

For 2018-19 the College has been granted total funding from the Scottish Funding Council of £52,737,719 (grant-in-aid and fee waiver funding of £38,443,771; European Structural Funds Priority 5: Strategic Skills Pipeline of £1,626,517; student support funds of £11,485,637 and estates maintenance funding of £1,181,794) to deliver 164,223 credits (157,855 core credits plus 6,368 European Structural Funds Priority 5 credits) in order to plan and deliver further and higher education for 2018-19 and maintain the College estate.

In total, the SFC allocation represents a decrease of £647,972 (1.2%) when compared to the previous year, and represents a challenging financial settlement despite the decreased level of activity and at a time when significant cost pressures are arising. The College has received additional funding towards the cost of national bargaining of £1,615,775 that will be fully expended during 2018-19. In addition, the College will receive a one off dedicated allocation of £3,003,981 towards addressing estate high priority maintenance expenditure as a result of the sector wide condition survey undertaken by the SFC.

West College Scotland has an approach in place which is aligned to Scottish Government priorities and we are forging a leadership role across the West Region, strengthening relationships with students, communities, employers and the wider public sector. 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 12 operational buildings covering approximately 76,500 square metres across seven principal locations within the local authority areas of Renfrewshire, West Dunbartonshire and Inverclyde. During the year the College has rationalised its estate with the demolition of two vacant houses, the Barshaw building and part of the Inchinnan building all within the Paisley campus and the closure of the site in Dumbarton High Street.

As well as scope, we also have scale, with over 20,000 students, a turnover of £71 million (including £12 million of student support funding which the College administers) 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 were introduced in 2012-13. They are intended to enable the Scottish Funding Council 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. 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; and
- 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.

The SFC provides the College funding on the condition that the College Board of Management signs and commits to deliver the following priority outcomes by the end of academic year 2019-20:

1. West College Scotland will provide education and training in inspirational and innovative ways to engage and meet the diverse needs of our students. Our education and training will be delivered to students in high quality College facilities, in our students' place of work or through the development and use of digital technologies.
2. West College Scotland 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. We will support the development of our staff to achieve successful outcomes for themselves, our students and the College.
3. West College Scotland 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. 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 in the West.
4. West College Scotland 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.
5. West College Scotland will have new partners and new areas of activity, which have allowed us to grow and develop our income to reinvest in our core business for the benefits of our students, our staff and our communities.
6. West College Scotland will have grown our profile and reputation both nationally and internationally. Our reputation will be based on the quality of our teaching, outcomes for students and willingness to strive for and set the highest standards across all areas of our work.
7. West College Scotland will have taken a leadership role in the West Region and, together with our partners and stakeholders, tackled the significant social and economic deprivation, which characterise many of our communities. We will deliver a sustainable, effective and efficient service to our communities, through the implementation of sound governance, leadership, planning and management.

Measuring Performance

The College's plans and associated targets, aimed to address the priority outcomes throughout the course of the next three years, are detailed within the ROA document and a number of these are referenced within this report. The key outcomes that the College has committed to deliver are measured and monitored by the relevant Board committee, with overall progress and oversight provided by the Board of Management.

Regional Outcome Agreement 2017-18 Outcomes

The College provides the SFC with an annual update detailed progress made against the ROA. For 2017-18 the College made good progress in achieving the targets set in the ROA with activity credit targets achieved. Developing the Young Workforce outcomes progressed and student outcome performance indicators improved for the majority of attendance modes. Full time FE and HE student success rates and part time HE rates all exceed ROA targets and early withdrawal rates were improved for full time FE students.

Student Activity Performance Highlights

Access

The College published its **Access and Inclusion Strategy** in July 2017 and this demonstrates our commitment to creating an inclusive curriculum which recognises the needs of everyone studying at our College.

The Scottish Funding Council National Aspirations for Access include the aim that between 20% of college activity by 2020-21 should be delivered to students from a SIMD10 postcodes (Scottish Index of Multiple Deprivation). In 2017-18 25% (2016-17: 27%) of West College Scotland activity was delivered to students from SIMD10 postcodes. This is above the sector average, and is a reflection of the high level of deprivation that exists within West Region and surrounding areas, and the work which the College undertakes in seeking to provide educational opportunities and access for all.

Mainstreaming Equality, Diversity and Inclusion

The College published its statutory **Equality Report** in April 2017 detailing progress on its Equality Outcomes and the key points of note are as follows:

- Our services are effective, responsive and sensitive to the needs of all students and staff;
- Our staff and students are more confident in and better informed about Equality, Diversity and Inclusion;
- Staff and students achieve their potential regardless of protected characteristics;
- We are confident that staff and students with mental health conditions are supported;
- We address student gender imbalances at subject level.

In 2017-18 the volume of activity by students with a declared disability for courses lasting more than 160 hours was 20.0% (2016-17: 17.6%) an increase from the previous year. The College will aim to monitor trends in student's declaration of disabilities pre and on-course, while continuing to further develop learning support services, be proactive in identifying learning needs and address improved physical access.

Gender

As a **STEM Assured Centre**, the College is well placed to encourage female learners to be work ready for current and future STEM industries. We will continue to work in partnership with local schools, employers, parents and guardians to raise the profile of STEM among young women. The College will also look to address gender imbalance in other areas of the curriculum and seek to secure further resources to showcase good practice and promote sustainable non-traditional career pathways in growth sectors.

We published our **Gender Action Plan** in July 2017 which details how we will work to address gender imbalances within the curriculum with a discrete Equality Outcome dedicated to this aim. Progress at addressing the gender imbalance achieved since its publication includes training for all Curriculum and Quality Leaders in Unconscious Bias, and sharing good practice with our Heads of Sector. We have also made the celebration of the success of underrepresented genders more prominent by increased promotion of events.

In 2017-18 the gender difference between male and female enrolments was 16 percentage points (2016-17: 21 percentage points). Females accounted for 58% of total enrolments and males accounted for 42% (2016-17: F-60%; M-40%). In line with the SFC Gender Action Plan, the College aims to increase by 5% the minority gender share in each of the classes during the period of this Outcome Agreement.

Corporate Parenting

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

School College Partnership

The College actively supports the implementation plans in the Scottish Government's Youth Employment Strategy (DYW) by working in partnership with five key Local Authorities, 32 schools and a variety of employers to increase the range of high quality senior phase vocational pathways to the workplace. Proactive and effective partnership working with Local Authorities across the Region led to a common timetable for 2016-17 School College courses and a revision of delivery models to ensure that all the local authorities served by the Region have equality of access and the range of provision to meet their needs.

In 2017-18, the volume of school-college activity for pupils in S3 or above, increased by 0.3% to 4.1% of total college activity. The College engaged with approximately 1,500 school pupils in S3 or above in a variety of tailored courses from short taster programmes, to vocational qualifications either delivered in school or college and online provision. Additional work with schools included working with primary pupils to support STEM learning and to promote females into areas such as Construction and Engineering.

New SFC/Education Scotland Quality Arrangements

The College published its' first **Evaluation Report and Enhancement Plan** in December 2017 under the new SFC/Education Scotland Arrangements for quality - an evidence based approach to self-assessment, externally validated and against three high level quality principles. Key actions for enhancement include supporting the further development of career management skills; enhancing support for mental health and care experience students; and further improving student retention and attainment.

Student Outcomes and Retention

	Actual 15-16	Actual 16-17	Target 17-18	Actual 17-18	Target 18-19	Target 19-20	Sector target 19-20
FE Full-time	64%	69%	67%	69%	70%	74%	73%
HE Full-time	65%	69%	69%	69%	72%	75%	74%
FE Part-time	53%	68%	69%	72%	72%	74%	
HE Part-time	74%	77%	77%	80%	78%	79%	

Improving attainment is a key priority for the College and aspirations are to have student success levels in the upper quartile of sector rates by 2020. This is a challenging aspiration when the College serves a region with high levels of deprivation and has a strong priority in supporting access, offering opportunities and developing individuals at a pace and level best suited to them.

Improvements were made to student success rates in 2017-18 and Regional Outcome targets met. In 2016-17, our FE full time student success rates were above Sector averages but the Sector figure for 2017-18 is not known at this time.

Early withdrawal

	Actual 15-16	Actual 16-17	Target 17-18	Actual 17-18	Target 18-19	Target 19-20
FE Full-time	8.9%	8.7%	8.0%	7.6%	7.5%	7.5%
HE Full-time	5.7%	4.8%	4.5%	6.3%	4%	4%

College Early Withdrawal rates compare well with sector averages and have been improving over the years but the withdrawal rate for full time HE students was higher in 2017-18. Early withdrawal figures for FE full-time students however, improved in 2017-18, and this is attributable to the delivery of a focussed 'Student Journey' project which improved student bursary processes and ensured earlier proactive action for students at risk of withdrawing. Further analysis is being undertaken into the higher early withdrawal for HE students in order to identify any addition action that can be taken.

ICT Strategy and Digital Ambition

A key College focus continues to be the development and implementation of the West College Scotland ICT Strategy and Digital Ambition. There is a need to ensure that ICT infrastructure provides, and keeps pace with, the latest digital technologies, in order that all students, internal departments and communities can take advantage of the digital revolution. It is these core principles that will inform College technology and infrastructure development, including the step-change opportunity that realisation of the Estates business case would provide for the technology infrastructure within the College.

The College ICT Strategy and Digital Ambition provide the framework and direction that mean College operations, activities and objectives are supported by appropriate, skills development, user engagement, technology and infrastructure. This integrated strategic approach will ensure that technological change and development will:

- Be driven by curriculum, assessment developments and learning and teaching needs.
- Support innovation in teaching and learning.
- Improve the digital abilities of staff and students
- Provide online access to established and emerging learner and support processes.
- Ensure existing hardware and software assets are utilised to their maximum potential.
- Embrace mobile and flexible working models.
- Recognise the benefits of collaborative working and shared service delivery.
- Ensure adherence to legislative and policy requirements.
- Support a mobile, flexible and hybrid-cold infrastructure.
- Provide required levels of ICT service delivery and standards.

Key projects for 2018-19 onwards include:

- Establishing a Digital Ambition for West College Scotland
- Implementing an upgraded finance ledger system.
- A series of projects to support Microsoft Showcase College endorsement.
- Developing the use of Skype for Business to provide multi-functional communications tools.
- Further investment in equipment and infrastructure to provide classroom technology which supports more flexible models of curriculum delivery
- Further migration of services that can be delivered via cloud based resourcing
- Ensuring College operations are delivered in line with the requirements of the Government's Cyber Resilience Action Plan.

Delivery of these projects and the overarching WCS ICT / Digital Technology Strategies will require ongoing levels of significant investment during 2018-19 and beyond. The College will therefore deliver a proposal to the SFC for the release of Strategic Development Funding to support the digital transition of the existing infrastructure until Campus new build plans are delivered.

Employer engagement

The College is committed to employer engagement and workforce development and to support this hosts a number of sector specific Employer Engagement events across the region to both sustain and create new college links with businesses and employer organisations. The College has strong strategic partnerships with our Chambers of Commerce in Inverclyde, Renfrewshire, East Renfrewshire and Dunbartonshire being well represented at networking, supporting, sponsoring and attending Business 2 Business events and hosting a significant number of Chamber events within the College itself.

As well as working with individual businesses the College, supported by the (Developing the Young Workforce) DYW West team, has established industry wide advisory groups for key subject areas. This allows businesses to come together, to debate and discuss their future skills requirements and to work with College teams to ensure that graduates meet their requirements.

Employers have reported that the engagement with the Learner Development Employability Advisors on the Certificate for Work Readiness project has helped change their perceptions of people with additional needs in the workplace.

Students Association

The College is committed to supporting and contributing to the strengthening of the Students' Association (SA). The Students' Association has dedicated funding support in place, which is agreed by the Board of Management and which the College has committed to maintaining, in order to give stability and autonomy to the Students' Association. The SA is in turn accountable for the effective financial management of this resource, by reporting to the Board on their activities, and by participating in Board committees, most notably Learning, Teaching and Quality Committee. However the Students' Association is accountable primarily to all the students of West College Scotland which it represents.

The Student Engagement Strategy is reviewed annually. The Students' Association has an action plan aligned to the national Framework for Developing Strong and Effective Student Associations and are using the new Self Evaluation tool kit as a method for continuous monitoring and review of activity. The Students' Association is involved in College strategic planning and the development of the Regional Outcome Agreement through representation of Students' views on the Board of Management and associated committees, thus ensuring effective participation and an active and engaged student body.

Early Indication of Progress for 2018-19

Enrolments for full-time classes for 2018-19 show increased numbers from 2017-18 and planning processes are in place to support achievement of the College student activity credit target overall. However, the recruitment to the Foundation Apprenticeships has not been in line with targets.

Curriculum planning and review meetings are scheduled for the autumn to review overall performance indicator trends and plan curriculum changes for 2019-20. The College was successful in being selected for a Scottish Government Retention and Attainment Improvement project along with four other colleges in 2017-18 and this is continuing for 2018-19. Early indications are that this is making a positive impact on retention and attainment for full time FE.

Management

The College Executive, comprising of the Principal and Vice Principals, is responsible for the running of the College. At the end of August 2018, Audrey Cumberford left the College to take up a new position and Elizabeth Connolly, who was the Vice Principal Corporate Development in the College, was appointed to the position of Principal and Chief Executive. An integral part of the transition plan were a number of detailed briefings on the financial position of the College and the governance arrangements in relation to the financial statements. Based upon these briefings the new Principal is content to sign the Financial Statements.

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 across the wider College.

Sustainability and Climate Change Reporting

West College Scotland recognises the importance of environmental issues and sustainability. We are committed to our environmental responsibilities as a public body, and to supporting the national Scottish Government outcome which relates to this, with this being to 'value and enjoy our built and national environment, and protect it enhance it for future generations.'

The College's Carbon Management Plan 2016-21 sets a 5 year target to reduce emissions by 10% (530 tonnes of carbon). The plan details the College's commitment to sustainability and how emissions will be reduced. Under the Climate Change (Scotland) Act 2009 the College, as a public body, has a duty to reduce emissions; adapt to climate change and; act in a sustainable manner. In addition the College role as an education provider means we have a clear mandate to lead in sustainability in everything we do.

West College Scotland reduced carbon emissions by 8.3% between 2015 and 2017. The College has implemented a number of projects to achieve this and in the second year of reporting to July 2017 a reduction of 441 tonnes was registered. This reduction was reported to the Sustainable Scotland Network (SSN) in line with the College's legal requirement. However, given the aging nature of the College estate and the limited investment available to address the condition of the buildings the delivery of the overall target over the 5 year period will prove challenging. The College will however continue to seek to embed the principles of carbon management reduction across all areas of operation and ensure compliance with the requirements of the Climate Change (Scotland) Act 2009.

The College is currently preparing the data for submission of the 2017-18 annual climate change report, which will consider data to July 2018, and this is due for submission in November 2018, building upon the work undertaken in the previous year.

Key Issues and Risks

The Board of Management approved Risk Management Strategy was reviewed during 2017-18. 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 Committees of the Board and by the Board of Management at each meeting.

As a result of this 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, the annual internal audit plan reviews the strategic risks faced by the College and adjusts the plan accordingly to recognise these. The key risks faced by the College as identified in the Strategic Risk Register at the conclusion of 2017-18 were:

- 1) Negative impact of SFC funding changes including core-grant-in-aid, Credit model; reduction in European funding; changes in One Plus activity; changes to levels of student support funding; and impact of estates maintenance funding methodology.
- 2) Failure to secure adequate estates maintenance / capital funding for future investment or refurbishment of IT and physical infrastructure.
- 3) Business cases for development of estate are delayed, impacting upon ability of College to recruit students / retain staff.
- 4) Intensification of the SFC Regional Outcome Agreement process requires the College to be more ambitious in delivering and sustaining outcomes at a time of limited resource and changing educational landscape, particularly in relation to schools.
- 5) Impact and outcome of National Pay Bargaining for both teaching and support staff.

It should be noted that the above list represents a high-level description of the strategic 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 53 - 76 cover all activities of the College. The following sections provide a summary of the financial performance of the College during 2017-18.

Overview

The results for the 2017-18 financial year are in line with budgeted expectations, and the College has a five year financial plan 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 underlying operating surplus of £19k (2016-17: £18k), which is effectively a breakeven position. The College reported an accounting deficit for the year of £3.1m (2016-17: deficit of £2.5m) the detail of which is further explained in the following notes.

2017-18 Income and Expenditure

The overall position of the College for 2017-18 can be summarized as follows, and is further explained in the commentary below the tables:

	2017-18	2016-17	Movement	
	£'000	£'000	£'000	%
Income	58,724	55,236	3,488	6.3
Expenditure	(61,794)	(57,747)	(4,047)	7.0
Deficit in year	(3,070)	(2,511)	(559)	22.3

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

	2017-18	2016-17	Movement	
	£'000	£'000	£'000	%
Tuition fees and Education Contracts	6,903	6,707	196	2.9
<i>Teaching and fee waiver grant (SFC)</i>	<i>38,997</i>	<i>37,877</i>	<i>1,120</i>	<i>2.9</i>
<i>Teaching and fee waiver grant (ESF)</i>	<i>1,733</i>	<i>1,716</i>	<i>17</i>	<i>1.0</i>
<i>Estate maintenance funding</i>	<i>3,083</i>	<i>980</i>	<i>2,103</i>	<i>214.6</i>
<i>Childcare funding</i>	<i>1,923</i>	<i>1,895</i>	<i>28</i>	<i>1.5</i>
<i>Other SFC income</i>	<i>1,568</i>	<i>1,291</i>	<i>277</i>	<i>21.5</i>
<i>Release of deferred capital grant</i>	<i>1,507</i>	<i>1,587</i>	<i>(80)</i>	<i>(5.0)</i>
Scottish Funding Council income	48,811	45,346	3,465	7.6
<i>Other grant / operating income</i>	<i>3,007</i>	<i>3,148</i>	<i>(141)</i>	<i>(4.5)</i>
<i>Investment income</i>	<i>3</i>	<i>35</i>	<i>(32)</i>	<i>91.4</i>
Non SFC income	3,010	3,183	(173)	(5.4)
Total Income	58,724	55,236	3,488	6.3

As outlined within the table, overall income increased by £3.5m (6.3%) to £58,724k from the 2017-18 figure. A summary of the key movements in individual income streams is attributable to:

- Tuition Fee and Education Contract income has increased by 2.9% due to the increased overseas education contract activity.
- Scottish Funding Council income :
 - Core grant-in-aid increased by 2.9% in line with additional funding received towards the financial pressures being faced by the College;
 - SFC estates maintenance funding is matched to expenditure and fully utilised in order to meet Estate Strategy objectives. The income is only recognised in the accounts as it is incurred with a 214.6% increase in projects recognized over 2016-17;
 - Other SFC income has increased by 21.5% as a result of the release of a long term provision held in regard to estate maintenance expenditure. 2017-18 represents the final year of the release of this historic provision.
- Other grant / operating income has seen a decrease of 4.5% due to reduced nursery and other income in the year.
- Investment income represents bank interest receivable and this has reduced by 91.4% reflecting the move to the Scottish Government banking contract.

In summary the net overall movement in income between the two years is largely attributable to an increase in core SFC grant in aid funding and an increase in estate maintenance funding, which is matched to an increase in expenditure.

The College expenditure for 2017-18 is derived from a number of sources and is summarised below:

	2017-18	2016-17	Movement	
	£'000	£'000	£'000	%
Wages and salaries	32,166	30,378	1,788	5.9
Social security costs	3,251	3,054	197	6.5
Pension costs	5,801	5,341	460	8.6
Sub-total wages and salaries	41,218	38,773	2,445	6.3
FRS102 Pension and other movements	1,253	758	495	65.3
Total staff costs	42,471	39,531	2,940	7.4
Other operating expenses	13,727	12,597	1,130	8.9
Depreciation	4,671	4,758	(87)	(1.8)
Interest and other finance costs	925	861	64	7.4
Total non-staff costs	19,323	18,216	1,107	6.1
Total expenditure	61,794	57,747	4,047	7.0

As outlined within the above table, total salary costs (excluding FRS102 pension costs) increased by £2.4m (6.3%) to £41.2m in the year. Contributing factors to the movement in salaries include a pay increase for all staff, the initial impact of harmonisation and migration of teaching staff from local to national terms / conditions and the full year impact of the introduction of the apprenticeship levy, which came into effect from April 2016.

Other operating expenses increased £1.1m year on year which represents a 6.1% increase, and this has largely arisen due to an increase in expenditure on SFC estate maintenance activities which is matched by an increase in income. Interest and other finance costs are composed of cash payments in relation to interest on loans of £193k (2016-17: £212k) and non-cash interest charges in relation to the support staff pension scheme of £732k (2016-17: £649k), which are a technical accounting movement.

Underlying Operating Position

The deficit for the 2017-18 financial year as per the Statement of Comprehensive Income and Expenditure is £3,070k. This is the result of a number of factors which are explained below. When these factors are adjusted, the underlying operating position for the College is that of break even.

	Note	2017-18	2016-17
		£'000	£'000
Deficit for the year as per statement of comprehensive income and expenditure		(3,070)	(2,511)
Add back:			
Depreciation (net of deferred capital grant release)		2,980	2,987
Non-cash pension adjustment – salary costs	1	1,241	767
Non-cash pension adjustment – interest costs	1	732	649
Loss on disposal of assets	2	153	0
Deduct:			
Exceptional income - Release of prior year provision	3	(1,529)	(1,216)
Revenue funding allocated to loan repayments	4	(488)	(658)
Underlying operating surplus for the year		19	18

(1) Non-cash pension adjustments

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 College income and expenditure account, and these are recorded in Note 7 of the Financial Statements. These costs are non-cash related and as the College cannot control the impact they have been adjusted for.

(2) Loss on Disposal of Assets

The College has during the year demolished two old houses at its Paisley campus and closed down its activities at Dumbarton High Street premises resulting in the noted loss on disposal.

(3) Exceptional Income - 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.

(4) Revenue funding allocated to loan repayments

This line eliminates the extent to which the operating position is impacted by loan repayment commitments. As per SFC guidance these repayments are removed to ensure that the operating position is not overstated.

Cash Budget for Priorities

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

From 2017-18 the College has now been given a fixed cash budget for priorities of £1,639k per year which must be spent on agreed governmental priorities as outline in the table below.

	2017-18	2016-17
	£'000	£'000
Revenue		
Voluntary severance cost	320	0
Estate maintenance costs	831	1,172
Total impact on operating position	1,151	1,172
Capital		
Loan repayments	488	658
Total capital loan repayments	488	658
Total cash budget for priorities spend	1,639	1,830

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, in which case payment is made in accordance with those terms. Supplier invoices were paid on an average of 18 days in the year to 31 July 2018 (22 days in the year to 31 July 2017). There was no interest paid under the Late Payment of Commercial Debts (Interest) Act 1998 during the period.

Balance Sheet

The College had total net assets of £62.8m as at 31 July 2018 (2017: £39.9m). The increase in net assets of £22.9m is attributable to (a) the impact of the 5 year revaluation of the College land and buildings (£7m); and (b) the reduction in the pension provision required to be held by the College following the annual valuation exercise (£14m). The balance sheet reflects the stable liquidity position of the College and effective working capital management processes.

Cash at bank at 31 July 2018 was £3.8m (2017: £4.8m). The College considers that 30 days cash is required as a minimum threshold for working capital reserves which is equivalent to £4.5m 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 cannot 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 2018, the ratio of current assets: current liabilities was 1.00 (2017: 0.79) and the day's cash to total expenditure was 22 days (2017: 30 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 subject to the inflow/outflow attributable to estate maintenance expenditure.

Financial Year Resource Position 2017-18

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 2017-18 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 2017-18 are outlined below:

	RDEL Actual £'000
Resource budget for year ended 31 March	54,160
Repayment of bank loans and other loans	(540)
Net cash for RDEL	53,620
Total RDEL expenditure	(52,062)
Net under spend against resource budget	1,558

The under spend against the resource budget of £1,558k was as a result of (a) income received in advance of projected expenditure (b) student support funds received in advance of payments and (c) a reduction in other costs held over until the last quarter of the 2017-18 financial year. The above table is in line with the forecasted year end position as supplied to the Scottish Funding Council and is not subject to audit.

Financial Strategy

The College has developed a 5 year Financial forecasting model 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, this approach is designed to ensure the College is able to achieve the objectives set out in the Corporate Plan and meet ROA objectives.

Financial Outlook

The College achieved a financial performance during 2017-18 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 five year period which should enable West College Scotland to achieve our planned outcomes. However, as detailed within the College Estate Strategy 2016-2026, significant investment will be required from Scottish Government and the Scottish Funding Council in order 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 10 December 2018:

Elizabeth Connolly
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 and is a registered charity (Scottish Charity Number SC021185).

The 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 within the Governance Statement.

Register of interests

Board of Management and members of the Senior Management Team are required 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 Mazars LLP as auditors to West College Scotland for a five-year period beginning with the financial year 2016-17.

The Board of Management members and members of the Senior Management Team who held office at the date of the Accountability Report confirm, so far as they are aware, that there is no relevant audit information of which the College's auditors are unaware; and each Board member has taken all the steps that they ought to have taken to be aware of any relevant audit information and to establish that 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 41 - 48) and in notes 7, 8 and 23 of the financial statements.

Post balance sheet events

On the 31 August 2018, Audrey Cumberford resigned from the position of Principal and Chief Executive. Audrey was succeeded by Elizabeth Connolly who previously held the position of Vice Principal Corporate Development within the College.

Personal data-related incidences

During 2017-18 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 12 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 period of the Strategy.
- Significant investment is required in Greenock as a high priority, with expenditure of £20m being necessary over the next 10-year period 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 could require investment of at least £100m.
- 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 period of the 10-year Strategy. 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 and it is estimated that replacing and upgrading our existing Paisley facilities would require an amount in excess of £100m.
- Although only eight years old, the Clydebank campus has a need for investment of £2m over the next 10-year period in order to maintain facilities at the required level.

The Board of Management receive an annual update on the implementation of the Strategy. The 2017-18 update reported the following progress during the review period:

- Objective 1 – Suitability – the College has:
 - Submission of Outline Business Cases (OBC) for the development of the Greenock and Paisley campuses to the SFC, seeking approximately £200m of investment, and these remain under consideration;

- Continued engagement with the SFC in relation to the methodology for allocation of in-year estate maintenance funding, with additional high priority maintenance funding being received in 2018-19;
 - Undertaking of a review of leased properties and their role in supporting communities and delivering high quality teaching and learning. From this review the College agreed to vacate The Hub facility in Dumbarton in order to provide a more integrated delivery within the main Clydebank campus;
 - Completed a number of estate development projects which have resulted in better teaching space or improved staff working areas; and
 - Continued to ensure the College estate remains legally compliant.
- Objective 2 – Scale – the College has:
 - Ensured that all estates projects continue to support changing curriculum need and evolving technology;
 - Progressed with the demolition of houses on the Paisley campus and of the Inchinnan North building; and
 - Continued to work with partners in relation to space and place collaboration and in the development and delivery of OBCs for Greenock and Paisley.
- Objective 3 – Flexibility – the College has:
 - Continued to improve utilisation of existing space;
 - Ensured that in embedding Estate Strategy outcomes, projects continue to recognise the aims and objectives of the IT Strategy; and
 - Ensured estate developments improve spaces occupied by College staff and students.
- Objective 4 – Sustainability – the College has:
 - Invested in a number of sustainable carbon reduction projects;
 - Made improvements in environmental performance in order to reduce the level of CO2 emissions to the required levels agreed in the ROA with the SFC by 2021;
 - Continued to seek further external funding to supplement the College allocation of funding; and
 - Developed establish relationships with both internal and external stakeholders to ensure West College Scotland is recognised as positively addressing climate change commitments.

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	31 August 2018
M Haggerty	Non-Executive Member Chair, Learning, Teaching & Quality Committee	Self Employed, Public Relations Consultant	Re-appointed 1 February 2017	
J Hannigan	Non-Executive Member	Director of Asset Management and Product Development, Doosan Babcock	Re-appointed 1 February 2018	
J Henry	Non-Executive Member, Vice Chair from 1 January 2017	Part-time Researcher, Scottish Parliament	Re-appointed 1 February 2018	
A Hetherington	Non-Executive Member	Retired	Re-appointed 1 February 2017	
L Lauder	Non-Executive Member, Chair, Organisational Development and HR Committee from 1 January 2017	Head of People and Change – Organisational Effectiveness, NHS Greater Glasgow & Clyde	Re-appointed 1 February 2018	
K McKellar	Chair, Board of Management and Nominations Committee	Chief Executive Officer of the Hannah Research Foundation	4 March 2014 Re-appointed 3 March 2018	

Name	Status	Job Title	Date Appointed	Date Resigned
J McMillan	Non-Executive Member, Chair, Audit Committee Senior Independent Member on the Board	Retired	Re-appointed 1 February 2017	
A Mitchell	Staff Member	Support Staff Member, West College Scotland	8 October 2014	7 October 2018
D Walls	Staff Member	Support Staff Member, West College Scotland	7 October 2018	
N Allan	Non-Executive Member Chair, Estates Committee	Self-employed Property Consultancy and Strategic Asset Management	1 February 2015	
J Johnston	Non-Executive Member	Researcher for Stuart McMillan, MSP	1 February 2015	
M Newlands	Non-Executive Member Chair, Corporate Development Committee, and Remuneration Committee from 1 January 2017	International Sector Head for Technology and Engineering, Creative Industries and Sustainable Construction, Scottish Enterprise/Scottish Development International	1 February 2015	
L Johnston	Non-Executive Member	Strategic Adviser, North Lanarkshire Council	1 January 2017	
J Leburn	Non-Executive Member	Principal Consultant and Founder of Exponentiate.uk	1 January 2017	
A Wilson	Non-Executive Member	Strategic Director West Dunbartonshire Council	1 September 2017	
D Watson	Staff Member	Teaching Staff Member, West College Scotland	13 September 2017	

Name	Status	Job Title	Date Appointed	Date Resigned
M Marsden	Student Member	Students Association, West College Scotland	1 August 2017	31 January 2018
N Percival	Student Member	Students Association West College Scotland	Re-appointed for one year from 1 August 2018	31 July 2019
J Morrison	Student Member	Students Association West College Scotland	6 February 2018	31 July 2018
R Downie (Co-opted)	Co-opted Member of Audit Committee	Retired	26 September 2013	10 April 2018
S Vere (Co-opted)	Co-opted member of Audit Committee	Scottish Futures Trust	1 March 2014 Re-appointed 1 March 2018 for one year	
W Bain (Co-opted)	Co-opted member of Learning, Teaching and Quality Committee	Corporate Director of Education, Communities and Organisational Development, Inverclyde Council	Re-appointed 1 April 2017 for one year	10 April 2018
G Bold (Co-opted)	Co-opted member of Audit Committee	Strategy Director, Standard Life	Re-appointed for one year from 1 July 2017	
P Macleod (Co-opted)	Co-opted member of Learning, Teaching and Quality Committee	Director of Children's Services, Renfrewshire Council	10 October 2017	
D Mark (Co-opted)	Co-opted member of Organisational Development & HR Committee	Retired	1 March 2018	
Noted below are members of the College Executive who attend meetings of the Board and its Committees.				
Stephanie Graham	Member of College Executive	Vice Principal Learning and Teaching		
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 2018

Name	Possible Attendance	Actual Attendance
A Cumberford	5	4
R Downie (Co-opted) (1)	N/A	N/A
M Haggerty	3	2
J Hannigan	5	3
J Henry (Vice Chair)	5	4
A Hetherington	5	5
L Lauder	5	3
K McKellar (Chair) (2)	5	5
J McMillan	5	5
S Vere (Co-opted) (1)	N/A	N/A
A Mitchell	5	4
N Allan	5	4
J Johnston	5	5
M Newlands	5	4
W Bain (Co-opted) (1)	N/A	N/A
L Johnston	5	5
J Leburn	5	5
A Wilson (4)	5	4
D Watson (4)	5	5
M Marsden (3)	2	1
N Percival (4)	5	3
J Morrison (4)	2	2
G Bold (Co-opted) (1)	N/A	N/A
P Macleod (Co-opted) (1)	N/A	N/A
D Mark (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) One member resigned during the year: M Marsden resigned 31 January 2018.
- (4) Four new members joined the Board: A Wilson joined 1 September 2017; D Watson joined 13 September 2017; N Percival joined 1 August 2017 and J Morrison joined 6 February 2018.
- (5) One member has joined the Board since 31 July 2018: M Murray (student members) joined on 1 August 2018.

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 Scottish Funding Council Financial Memorandum the Board of Management is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year.

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 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 and any other conditions which may be prescribed from time to time;
- 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, all budget holders;
- 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 Board of Management; and
- The appointment of internal auditors and approval of the annual audit plan by the Audit Committee and Board of Management. The internal auditors provide the Board of Management with reports 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 2018. 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, human resources and organisational development 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
- The Principal is a Board member for as long as they hold office;
- The staff members are elected by their relevant constituencies for a period of 4 years;
- The student members 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), however the Student President can be re-appointed for a second term of 1 year; 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 Committees through which it conducts business. These Committees are: Finance and General Purposes, Audit, Corporate Development, Estates, Organisational Development and Human Resources, Learning, Teaching and Quality, Remuneration and Nominations. Each 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 College financial and resource management. It ensures that all areas of College 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. This Committee meets up to four times a year, and in addition also meet once a year with the Audit Committee to consider the Report and 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 in addition meets once a year with the Finance and General Purposes Committee to consider the Report and Financial Statements. This Committee provides a forum for reporting by the College external and internal auditors and advises on the appointment of the internal auditors and their remuneration.

The College 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 College systems of internal control and management responses and implementation plans. It also receives and considers reports from the Scottish Funding Council, considers their effect on College business, and monitors adherence to regulatory requirements.

Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members, and once a year the Committee members meet both the internal and external auditors independently.

The Audit Committee meets jointly with the Finance and General Purposes Committee on an annual basis to consider the annual audit report of the external auditors, the Financial Statements and to recommend their approval to the Board of Management.

Corporate Development Committee

The Corporate Development Committee's main purpose is to support the development of the College 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 and Human Resources Committee are 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.

The Committee also ensures that the College operates effective policies, procedures and systems in all matters relating to 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 and normally meets four times a year.

Estates Committee

The Estates Committee is responsible for ensuring that the College manages and develops the estate in line with strategic priorities in an efficient and effective manner, taking account of any guidance relating to estate management, option and investment appraisal and private finance.

The Committee is also responsible for ensuring that the College maintains the estate in accordance with a planned maintenance programme, consistent with the College Estate 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 of the most senior staff, including the Principal and also the requirements of any severance scheme. Details of the remuneration of senior post-holders for the period ended 31 July 2018 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 guidance issued by the Scottish Government and the composition and balance of the membership in relation to equality of representation and particular skills sets. The Committee also develops and keeps under review succession planning arrangements, as well as procedures for induction, training, development and evaluation of Board members and meets 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 public funds and assets.

Under the College's Articles of Governance the following financial matters are delegated to the authority of the Principal and Chief Executive, subject to approved budget cover having been made available by the Board where necessary:

- 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 any project, provided the alteration or adaptation does not affect 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 ongoing 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.

Risk Management

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 ongoing 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:

- An annual budget and 5 year financial projection 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
- Clearly defined delegated authority and investment control guidelines
- Key Performance Indicators being reviewed regularly

The College appoints an internal audit service, which operates in accordance with the requirements of the Financial Memorandum with the SFC. Internal audit plans are based on an analysis of the risks to which the College is exposed. Internal audit plans are approved by the Audit Committee.

Risk management is considered at all Board of Management and Board Committee meetings. 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 one of 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 ongoing process for identifying, evaluating and managing the College's significant risks that has been in place throughout the year ended 31 July 2018 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

The College meets its day to day and medium to long term funding requirements through a combination of cash draw-down from the SFC and income from other sources. The College also has in place term loan facilities provided by two lending institutions. Under the terms of the loan agreements the College must meet certain financial covenants. These were met during 2017-18 and are forecast to be met in the 12 month period from the date of these financial statements.

As outlined in the Performance Report section, the College continues to face a number of financial challenges. The Board of Management has approved a 2018-19 budget which details the sources of income and expenditure of the College, and considered a 5-year financial projection. The financial forecasts for this 5 year period - based upon a set of SFC assumptions - indicate that the ability to deliver a break even position will be challenging for the College in the current and future years. However, the College has in place a Transition Plan which, with SFC support, is designed to achieve a position of financial sustainability in future years.

Given this, and 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

		2017-18	2016-17
People		829 FTE	837 FTE
Sickness absence		5.00 %	5.21%
Staff turnover		11.78%	10.01%
<i>Gender Balance</i>			
All staff	Male	41%	40%
	Female	59%	60%
Board	Male	61%	61%
	Female	39%	39%
Senior Management Team	Male	50%	47%
	Female	50%	53%

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 is to determine the remuneration and terms and conditions of the Principal, 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 in considering these matters.

Remuneration including salary and pension entitlements

Board Member Remuneration

The Regional Chair received remuneration in accordance with instruction from the Scottish Government. There is no remuneration for non-executive director posts on the Board of Management. Expenses incurred are paid as a result of carrying out the duties of the appointment including reasonable travel and subsistence.

Salary Entitlements

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

Name	12 months ended 31 July 2018			12 months ended 31 July 2017		
	Salary	Pension Cont's	Total	Salary	Pension Cont's	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Keith McKellar	25-30	0	25-30	25-30	0	25-30
Audrey Cumberford	140-145	20-25	160-170	135-140	20-25	155-165
Stephanie Graham	90-95	15-20	105-115	85-90	15-20	100-110
Elizabeth Connolly	90-95	15-20	105-115	85-90	15-20	100-110
David Alexander	90-95	15-20	105-115	85-90	15-20	100-110

Salary multiples

The highest paid member of the management team was the Principal. The Principal's remuneration before pension benefits was in the range £140,000-£145,000 (2016-17: £135,000-£140,000). This was 3.6 times (2016-17: 3.6 times) the median remuneration paid to West College Scotland staff which was £39,455 (2016-17: £39,170).

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 2018	Accrued lump sum at pension age at 31 July 2018	Real increase in pension 1 August 2017 to 31 July 2018	Real increase in lump sum 1 August 2017 to 31 July 2018	CETV at 31 July 2018	CETV at 31 July 2017	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Audrey Cumberford	39	118	1	4	786	704	82
Stephanie Graham	32	97	1	5	701	637	64
David Alexander	34	55	3	2	480	435	45
Elizabeth Connolly	9	0	3	0	131	97	34

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 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:

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

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

As at 31 July 2018, 12 employees left or were committed to leaving the College under voluntary severance arrangements. They received compensation payments totalling £593,256. The College did not incur any expenditure in relation to pension fund strain costs and the leavers did not receive any additional compensation. There were no staff departures under voluntary severance in 2016-17.

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

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
£10,000 to £25,000	0	1	1
£25,001 - £50,000	0	5	5
£50,000 - £100,000	0	6	6
Total number of agreements	0	12	12
Total Cost(£)	0	£593,256	£593,256

Salaries and Related Costs

The number of staff, including senior post-holders and the Principal, who received annual emoluments in the following ranges were:

	Year ended 31 July 2018	Year ended 31 July 2017
	Numbers	Numbers
£60,001 - £65,000	0	2
£65,001 - £70,000	10	10
£70,001 - £75,000	1	1
£85,001 - £90,000	0	3
£90,001 - £95,000	3	0
£135,001 - £140,000	0	1
£140,001 - £145,000	1	0
Total	15	17
	£'000	£'000
Directly employed staff		
Wages and salaries	32,166	30,378
Social security costs	3,251	3,054
Pension costs	7,042	5,341
Other staff costs (including actuarial costs)	1,253	758
Sub total	41,878	39,531
Agency staff	99	330
Total	41,977	39,861
Headcount: Teaching	595	580
Headcount: Support	646	639
Ave Number of FTE – Directly employed staff	829	837
Ave Number of FTE – Agency	5	11

Facility time

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the College provided the following support through paid facility time for union officials working at the College during the year ended 31 March 2018.

	Year ended 31 March 2018
	FTE
Number of employees who were relevant union officials during the relevant period	22
Full-time equivalent employee numbers	19.9

Percentage of time spent on facility time

	Year ended 31 March 2018
	%
1% to 50%	22

Percentage of staff costs spent on facility time

	Year ended 31 March 2018
	£'000
Total cost of facility time	£137,153
Total staff costs	£38,884,804
Percentage of total staff costs spent on facility time	0.35%

Paid trade union activities

	Year ended 31 March 2018
	%
Time spent on trade union activities as a percentage of total paid facility time hours	14.9

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 Financial Reporting Standard (FRS) 102. The College's share of the scheme deficit as at 31 July 2018 was £12.8m (2017: £26.5m) and is included within reserves.

The College is required by FRS 102 to disclose the STSS Scheme as a defined contribution scheme, 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 College Scotland 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.

1,241 full-time and part-time staff work at the College, 595 of whom are teaching professionals. Alongside them, the College employs a range of support staff which encompasses other professionals, including accountants, marketing executives, business specialists, caterers and outreach workers, and account for 646 staff.

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

Anti-Fraud and Bribery Policy Statement

West College Scotland believes that it is important that the public sector maintains high standards of probity. Having a strong anti-fraud and bribery framework is therefore essential to ensure resources are used for their intended purpose and to demonstrate that sound systems of public accountability and transparency are in place. The College is committed to protecting the public funds entrusted to it and ensuring these are applied for the benefit of our communities.

West College Scotland believes that the maintenance of a culture of honesty and openness, based on values including fairness, trust and integrity is a key element in tackling fraud and bribery. In this respect, each Board Member and employee of the College is under a duty to report any reasonable suspicions and is encouraged to raise any concerns about fraud and bribery, in the knowledge that such concerns will be properly investigated. To this end, the College has a Public Interest Disclosure Policy (Whistleblowing) to protect anyone who wishes to raise concerns in good faith about behaviours / practice. The highest standards are also expected from all organisations that have dealings with the College. Suppliers, contractors, consultants, partners and other organisations are therefore expected to adopt or abide by the College's policies, procedures, protocols and codes of practice. The College will seek to review its involvement with any organisation that fails to abide by the expected standards.

Building our Collective Culture

In response to a recent staff survey, and in support of our strategy, vision and values the College has developed and is implementing a Building our Collective Culture framework.

This sets out the College culture, how we will do things, the behaviours we aspire to and how we will treat others / expect to be treated. This will also support our ambition of continuous improvement.

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 age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, religion or belief, sex, sexual orientation or gender.

The College completes an equality impact assessment on all policies and procedures in order to ensure that no group suffers a disproportionate impact.

Social Matters

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

Respect for Human Rights

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

Employment of staff with a protected characteristic

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

The College is committed to equality and strives to have a diverse workforce. One way in which this can be evidenced is in the support for new and existing employees who live with a disability.

The College is committed to providing reasonable adjustments in the form of physical adaptations, modifications to job roles and auxiliary aids or services to support employees to thrive.

The Accountability Report is approved by order of the members of the Board of Management on 10 December 2018 and signed on its behalf by:

Keith McKellar
Chair of Board of Management

Elizabeth Connolly
Principal and Chief Executive

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

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice 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.

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of West College Scotland for the year ended 31 July 2018 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, Statement of Cashflow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the college's affairs as at 31 July 2018 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 (cont'd)

Conclusions relating to going concern

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

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

Responsibilities of the Board of Management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Other information in the annual report and accounts

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

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 (cont'd)

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

Report on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Report on other requirements

Opinions on other matters prescribed by the Auditor General for Scotland

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

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

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

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 (cont'd)

Matters on which we are required to report by exception

We are required by The Charities Accounts (Scotland) Regulations 2006 to report to you if, in our opinion:

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

We have nothing to report in respect of these matters.

Lucy Nutley

For and on behalf of Mazars LLP

100 Queen Street
Glasgow
G1 3DN

December 2018

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

Statement of Comprehensive Income and Expenditure

	Note	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
Income			
Tuition fees and education contracts	2	6,903	6,707
Funding body grants	3	48,811	45,346
Other grant income	4	317	298
Other operating income	5	2,690	2,850
Investment income	6	3	35
Total Income		58,724	55,236
Expenditure			
Staff costs	7	41,878	39,531
Restructuring costs	7	593	-
Other operating expenses	9	13,727	12,597
Depreciation	12	4,671	4,758
Interest and other finance costs	10	925	861
Total Expenditure		61,794	57,747
Deficit before Tax		(3,070)	(2,511)
Taxation	11	-	-
Deficit for the Year		(3,070)	(2,511)
Unrealised surplus on revaluation of land and buildings	12	10,253	-
Actuarial gain in respect of pension schemes	23	15,737	1,572
Total Comprehensive Income / (Expenditure) for the Year		22,920	(939)
Represented by:			
Unrestricted comprehensive income / (expenditure)		22,920	(939)
Surplus / (Deficit) for the year attributable to:			
College		22,920	(939)

All items of income and expenditure relate to continuing activities.

The Statement of Comprehensive Income is prepared under the FE/HE SORP. Colleges are also subject to Central Government accounting rules but the FE/HE SORP does not permit colleges to include Government non-cash allocations for depreciation in the Statement of Comprehensive Income. Note 28 provides details of the adjusted operating position on a Central Government accounting basis.

Statement of Changes in Reserves

	Income and Expenditure Reserve £000	Revaluation Reserve £000	Total £000
Balance at 1 August 2016	12,725	54,806	67,531
Deficit from the income and expenditure statement	(2,511)	-	(2,511)
Transfers between revaluation and income and expenditure reserve	2,284	(2,284)	-
Release of unrestricted funds spend in the year	1,416	-	1,416
Total comprehensive income for the year	1,189	(2,284)	(1,095)
Balance at 31 July 2017	13,914	52,522	66,436
Deficit from the income and expenditure statement	(3,070)	-	(3,070)
Transfers between revaluation and income and expenditure reserve	2,409	(2,409)	-
Release of unrestricted funds spend in the year	1,973	-	1,973
Revaluation	-	10,253	10,253
Total comprehensive income for the year	1,312	7,844	9,156
Balance at 31 July 2018	15,226	60,366	75,592

Balance Sheet

		As at 31 July 2018		As at 31 July 2017	
	Note	£000	£000	£000	£000
Non-current assets					
Fixed assets	12		107,014		101,586
Current assets					
Stocks		14		18	
Trade and other debtors	13	1,995		1,751	
Cash	19	3,825		4,801	
		<u>5,834</u>		<u>6,570</u>	
Less: Creditors: amounts falling due within one year	14	<u>(5,817)</u>		<u>(8,354)</u>	
Net current assets / (liabilities)			17		(1,784)
Total assets less current liabilities			107,031		99,802
Creditors: Amounts falling due after one year	15		(31,439)		(33,366)
Provisions					
Pension provisions	17		(12,755)		(26,519)
Total net assets			<u>62,837</u>		<u>39,917</u>
Unrestricted reserves					
Pension reserve	18		(12,755)		(26,519)
Income and expenditure reserve			15,226		13,914
Revaluation reserve			60,366		52,522
Total reserves			<u>62,837</u>		<u>39,917</u>

The financial statements on pages 53 to 76 were approved by the Board of Management, authorised for issue on 10 December 2018 and signed on its behalf by:

Keith McKellar
Chair of Board of Management

Elizabeth Connolly
Principal and Chief Executive

Statement of Cashflows

		Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
	Note		
Cashflow from operating activities			
Deficit for the year		(3,070)	(2,511)
Adjustment for non-cash items			
Depreciation	12	4,671	4,758
Loss on disposal of fixed assets		153	-
Decrease / (increase) in stock		4	(5)
Increase in debtors	13	(244)	(367)
Decrease in creditors	14	(3,975)	(2,540)
Net cost of pension provision	23	1,973	1,416
Adjustment for investing or financing activities			
Investment income	6	(3)	(35)
Interest payable	10	193	212
Net cash (outflow) / inflow from operating activities		(298)	928
Cash flows from investing activities			
Investment income	6	3	35
		3	35
Cash flows from financing activities			
Interest paid	10	(193)	(212)
Repayments of amounts borrowed	19	(488)	(658)
		(681)	(870)
(Decrease) / increase in cash in the year		(976)	93
Cash at beginning of the year	19	4,801	4,708
Cash at end of the year	19	3,825	4,801

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 and there have been no changes to these in the year.

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 £2.8m of bank loans and finance leases outstanding. The bank loans are due to be fully repaid between 2021 and 2025 and the finance lease within 5 years.

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 year 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 childcare funding. These funds are excluded from the College Statement of Comprehensive Income and Expenditure and movements have been disclosed in the notes to the accounts.

Notes to the Financial Statements

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

Donations and Endowments

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

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

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

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

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

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 is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

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 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.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised in the financial statements when the College has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

Notes to the Financial Statements

	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
2) TUITION FEES AND EDUCATION CONTRACTS		
FE fees - UK	2,359	2,450
FE fees - non EU	302	154
HE fees	3,316	3,185
SDS contracts	926	918
	6,903	6,707
3) FUNDING BODY GRANTS		
FE recurrent grant	40,730	39,593
Childcare funds (Note 25)	1,923	1,895
Release of deferred capital grants	1,507	1,587
Other SFC grants	1,568	1,291
Estates maintenance funding	3,083	980
	48,811	45,346
Other SFC grants includes a historical estates maintenance provision which as at 31 July 2018 has been fully released against relevant estate maintenance expenditure.		
4) OTHER GRANT INCOME		
Development grants	133	114
Release of deferred capital grants	184	184
	317	298
5) OTHER OPERATING INCOME		
Catering	1,045	1,050
Other income generating activities	500	586
Income from charitable foundation	178	0
Support for Learning	345	399
Other income	622	815
	2,690	2,850
6) INVESTMENT INCOME		
Interest receivable	3	35
	3	35

Notes to the Financial Statements

	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
7) STAFF COSTS		
Wages and salaries	32,166	30,378
Social security costs	3,251	3,054
Pension costs including actuarial cost (Note 23)	7,042	6,108
Holiday pay provision charge / (release)	12	(9)
	42,471	39,531
Teaching departments	23,646	22,445
Teaching services	4,358	4,004
Administration and central services	8,254	7,987
Premises	2,179	2,038
Other expenditure	1,508	1,612
Catering	692	678
Pension adjustments	1,241	767
Total	41,878	39,531
Restructuring costs	593	-
Total	42,471	39,531

Staff Numbers:

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

	2018 FTE	2017 FTE
Teaching departments	375	383
Teaching services	73	76
Administration and central services	237	236
Premises	73	68
Other expenditure	42	43
Catering	29	31
	829	837

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

	2018 Numbers	2017 Numbers
£60,001 - £65,000	-	2
£65,001 - £70,000	10	10
£70,001 - £75,000	1	1
£85,001 - £90,000	-	3
£90,001 - £95,000	3	-
£135,001 - £140,000	-	1
£140,001 - £145,000	1	-
	15	17

Notes to the Financial Statements

8) SENIOR POST-HOLDERS' EMOLUMENTS

Number of senior post-holders, including the Principal was:	14	15
	Cost 2017-18	Cost 2016-17
Senior post-holders' emoluments are made up as follows:	£000	£000
Salaries	1,110	1,139
Pension contributions	205	208
Total Emoluments	1,315	1,347

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

	Cost 2017-18	Cost 2016-17
	£000	£000
Principal	143	139
Pension contributions	25	24

No senior post-holder received any benefits in kind.

Compensation for loss of office paid to former higher paid employees

	2018	2017
	£000	£000
Higher paid employees (2018 : 1) (2017 : 0)	82	-
	82	-

The College Voluntary Severance Scheme was approved by the Scottish Funding Council. Severance payments to higher paid employees were calculated using the same common practice formula, based on salary and length of service, as was used for all other severance payments made in the year.

The terms of any compensation paid to senior staff were the same as those approved by the Board of Management for all staff. Higher paid employees are defined as those whose earnings are more than £60,000 per annum or where the costs of all elements of the severance arrangement amount to more than £75,000. Further details on the total amount paid and the number of leavers can be found within the Accountability Report.

The Principal and 4 other senior post holders were members of the Scottish Teachers Superannuation Scheme, a further 9 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.

Notes to the Financial Statements

	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
9) OTHER OPERATING EXPENSES		
Teaching departments	1,757	1,836
Catering	527	517
Other income generating activities	127	199
Premises: operating	2,157	2,180
Premises: maintenance	3,358	1,903
Administration	3,725	4,067
FE and HE childcare (Note 25)	1,923	1,895
Loss on disposal of assets	153	-
	13,727	12,597

Included in Administration expenses are:

Auditors remuneration (inclusive of VAT)

Internal audit services	32	31
External audit services	30	30
Other services	9	18

10) INTEREST PAYABLE

On bank loans, overdrafts and other loans	193	212
Pension interest costs (Note 23)	732	649
	925	861

11) TAXATION

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

Notes to the Financial Statements

12) TANGIBLE FIXED ASSETS

	Inherited Land & Buildings £000	Other Land & Buildings £000	Equipment £000	Total £000
Cost or valuation				
At 1 August 2017	56,447	49,472	4,484	110,403
Disposals in year	(154)	(308)	(2,066)	(2,528)
Revaluation	6,517	3,736	-	10,253
At 31 July 2018	62,810	52,900	2,418	118,128
Depreciation				
At 1 August 2017	2,870	2,011	3,936	8,817
Charge for year	2,745	1,752	174	4,671
Disposals in year	(27)	(281)	(2,066)	(2,374)
At 31 July 2018	5,588	3,482	2,044	11,114
Net book value at				
31 July 2018	57,222	49,418	374	107,014
31 July 2017	53,575	47,462	549	101,586
Analysis of net book value at 31 July 2018				
Inherited	22,615	-	-	22,615
Financed by capital grant	34,607	25,258	51	59,916
Other	-	24,160	2	24,162
Leased	-	-	321	321
	57,222	49,418	374	107,014

Land and buildings were independently valued at 31 July 2018 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 £46,647,000 (2017: £49,065,000)

Land and buildings with a net book value of £70,638,000 (2017: £68,126,000) 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 (2017: £5,924,000) which is not depreciated.

Notes to the Financial Statements

	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
12) TANGIBLE FIXED ASSETS (Continued)		
The depreciation charge for the year is analysed as follows:		
Based on cost	2,262	2,474
Based on valuation	2,409	2,284
	4,671	4,758
Analysed:		
Owned assets	4,575	4,694
Assets held under finance leases	96	64
	4,671	4,758
13) TRADE AND OTHER DEBTORS		
Trade debtors	301	288
Other debtors	33	19
Prepayments and accrued income	965	772
Amounts owed by SFC	696	672
	1,995	1,751
14) CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	399	392
Finance lease	96	96
Trade creditors	159	365
Other creditors	145	91
Accruals and deferred income	2,988	2,653
SFC capital grant deferred income	-	1,529
Amounts owed to SFC - Estates Maintenance	599	1,538
Deferred capital grants SFC	1,247	1,506
Deferred capital grants non-SFC	184	184
	5,817	8,354
15) CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR		
Bank loans	2,106	2,505
Finance lease	224	321
Deferred capital grant SFC	24,302	25,549
Deferred capital grant non-SFC	4,807	4,991
	31,439	33,366

Notes to the Financial Statements

	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
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16) ANALYSIS OF BORROWINGS OF THE COLLEGE

a) Bank loans

Within one year	399	392
Between one and two years	413	399
Between two and five years	943	1,086
After five years	750	1,020
	2,505	2,897

Bank borrowings are secured, over specific areas of heritable land and buildings, spread over 8 and 12 year terms at fixed rates of interest between 5.39% and 7.90%. These will be fully repaid between 2021 and 2025.

b) Finance Leases

Within one year	96	96
Between one and two years	96	96
Between two and five years	128	225
	320	417

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

17) PENSION PROVISION

Pension provision at 31 July 2017	26,519	26,675
Movement in year	(13,764)	(156)
Pension provision at 31 July 2018	12,755	26,519

The movement in pension provision is further analysed in Note 23

18) PENSION RESERVE

Balance at 1 August	(26,519)	(26,675)
Current service cost in year	(3,773)	(3,104)
Employer contributions	1,931	1,741
Contributions re unfunded benefits	601	596
Net interest	(732)	(649)
Transfer to Income & Expenditure	(1,973)	(1,416)
Pension scheme actuarial gain	15,737	1,572
As at year end	(12,755)	(26,519)

Notes to the Financial Statements

19) ANALYSIS OF NET CASH/(DEBT)

	At 31 Jul 17 £000	Cash Flows £000	Other Non Cash Changes £000	At 31 Jul 18 £000
Cash	4,801	(976)	-	3,825
	4,801	(976)	-	3,825
Debt due within one year	(488)	488	(495)	(495)
Debt due after one year	(2,825)	-	495	(2,330)
	1,488	(488)	-	1,000

20) FINANCIAL COMMITMENTS

At 31 July 2018 the College had annual commitments under non-cancellable operating leases for Land and Buildings as follows:

	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
Future minimum lease payments due:		
Expiring within 1 year	129	165
Expiring between two and five years	381	367
Expiring after 5 years	427	501
Total lease payments due	937	1,033

21) CAPITAL COMMITMENTS

The College has not received any capital grant funding during 2017/18 from the Scottish Funding Council and therefore has no capital commitments at the year end.

22) RELATED PARTY TRANSACTIONS

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

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

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

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

Notes to the Financial Statements

22) RELATED PARTY TRANSACTIONS (Continued)

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	Board Member
Keith McKellar	Colleges Scotland	Member of Good Governance Steering Group
Keith McKellar	Ardgowan Hospice	Chair
Audrey Cumberland	West College Scotland Foundation	Trustee
Audrey Cumberland	Scottish Funding Council	Board Member
Audrey Cumberland	Colleges Scotland	Board Member
Audrey Cumberland	RSE Education Committee	Member
Audrey Cumberland	Scotland Innovation Forum	Member
Nick Allan	Dunbartonshire Chamber of Commerce	Non-Executive Director
Jim Hannigan	Doosan Babcock	Director of Green Power Solutions
Jim Hannigan	CITB	Regional Chair for Scotland South
Jacqueline Henry	Scottish Parliament	Researcher
Jenifer Johnston	Scottish Parliament	Researcher
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 Leburn	Renfrewshire Chamber of Commerce	Group Mentor
John McMillan	West College Scotland Foundation	Trustee
Mark Newlands	Scottish Enterprise	Head of Trade & Investment for Technology & Engineering
Angela Wilson	West Dunbartonshire Council	Strategic Director
Wilma Bain	Inverclyde Council	Director of Education, Communities and Organisation Development
Graeme Bold	Standard Life	Strategy Director

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 2018 £000	31 July 2017 £000
The total pension cost for the College was :		
Contributions paid	5,801	5,341
Pension cost as a result of implementing FRS 102	1,241	767
Total pension cost (Note 7)	7,042	6,108

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. The next valuation will be based on scheme data as at 31 March 2016 and any changes arising from this valuation will apply as from 1 April 2019.

During the year contributions were payable to the STSS at a rate of 17.2% with no change during the year. 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:

<u>Actuarial method</u>	<u>Prospective benefits</u>
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
<u>Financial Assumptions at 31 March 2012</u>	
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 is required by FRS 102 to account for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out above the information on the scheme and the implications for the College in terms of the anticipated contribution rates.

Strathclyde Pension Fund (SPF)

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

Notes to the Financial Statements

23) PENSION SCHEMES (Continued)

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

	At 31 July 2018	At 31 July 2017
Principal Actuarial Assumptions		
Rate of increase in salaries	3.60%	4.50%
Rate of increase for pensions in payment / inflation	2.40%	2.50%
Discount rate for liabilities	2.80%	2.70%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. For 2018 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 2018	At 31 July 2017
Current pensioners	Males	21.4	22.1
	Females	23.7	23.6
Future pensioners	Males	23.4	24.8
	Females	25.8	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 2018 £000	Year ended 31 July 2017 £000
Fair value of employer assets	89,861	85,929
Present value of funded liabilities	(92,293)	(101,465)
	<u>(2,432)</u>	<u>(15,536)</u>
Present value of unfunded liabilities	(10,323)	(10,983)
Net liability	<u>(12,755)</u>	<u>(26,519)</u>
Amount in the Balance Sheet:		
Pension liability	<u>(12,755)</u>	<u>(26,519)</u>

Notes to the Financial Statements

23) PENSION SCHEMES (Continued)

	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
Amount charged to Comprehensive Income and Expenditure:		
Employer service cost (net of employee contributions)	1,241	767
Interest on obligation	732	649
Actuarial gain on scheme assets	(15,737)	(1,572)
Total	(13,764)	(156)
Changes in the fair value of scheme assets:		
Opening fair value of scheme assets	85,929	74,653
Net interest	2,327	1,803
Contributions by members	619	564
Contributions by the employer	1,931	1,741
Contributions in respect of unfunded benefits	601	596
Benefits paid	(1,903)	(1,224)
Unfunded benefits paid	(601)	(596)
Expected return on assets	958	8,392
Closing fair value of scheme assets	89,861	85,929
Changes in the present value of the defined benefit obligation:		
Opening defined benefit obligation	112,448	101,328
Current service cost	3,773	3,104
Interest cost	3,059	2,452
Contributions by members	619	564
Estimated benefits paid	(1,903)	(1,224)
Estimated unfunded benefits paid	(601)	(596)
Actuarial (gain) / loss	(14,779)	6,820
Closing defined benefit obligation	102,616	112,448
History of experience gains / (losses):		
Scheme assets	89,861	85,929
Defined benefit obligation	(102,616)	(112,448)
Deficit	(12,755)	(26,519)
Experience gains on scheme assets	958	8,392
Experience gains / (losses) on scheme liabilities	14,779	(6,820)

Notes to the Financial Statements

23) PENSION SCHEMES (Continued)

	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
Net assets excluding pension liability	50,082	13,398
Pension liability	(12,755)	(26,519)
Net assets including pension liability	62,837	39,917
The analysis of amounts charged to the Statement of Comprehensive Income (SOCi) is as follows:		
Analysis of the amount charged to staff costs (Note 7):		
Current service cost	(3,773)	(3,104)
Total charged to staff costs	(3,773)	(3,104)
Analysis of the amount charged to pension interest (Note 10):		
Expected return on pension scheme assets	2,327	1,803
Interest on pension scheme liabilities	(3,059)	(2,452)
Net pension interest charged	(732)	(649)
Credit / (charge) to other comprehensive income:		
Return on assets excluding amounts included in Interest	958	8,392
Experience gains / (losses) arising on the scheme liabilities	7,518	(72)
Changes in assumptions underlying the present value of the scheme liabilities	7,261	(6,748)
Actuarial gain	15,737	1,572
Total gain / (charge) to the SOCi	11,232	(2,181)
Analysis of the movement in deficit during the year		
Deficit in scheme at beginning of the year:	(26,519)	(26,675)
<u>Movement in year:</u>		
Current service cost	(3,773)	(3,104)
Contributions	1,931	1,741
Contributions in respect of unfunded benefits	601	596
Total net interest	(732)	(649)
Actuarial gain	15,737	1,572
Deficit in scheme at end of the year	(12,755)	(26,519)

Notes to the Financial Statements

24) FE BURSARY AND OTHER STUDENT SUPPORT FUNDS

	FE Bursary	EMAs	Other	Total 31 July 2018	Total 31 July 2017
	£000	£000	£000	£000	£000
Balance b/fwd.	-	(53)	-	(53)	120
Clawback/Recovered	-	53	-	53	(117)
Retained by College	-	-	-	-	(3)
Allocation received in year	9,095	444	982	10,521	10,541
Expenditure	(9,187)	(487)	(581)	(10,255)	(10,253)
Virements	58	-	(401)	(343)	(341)
Balance c/fwd.	(34)	(43)	-	(77)	(53)

Represented by:

Owed from SFC	(34)	(43)	-	(77)	(53)
	(34)	(43)	-	(77)	(53)

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 2018	Total 31 July 2017
	£000	£000
Balance b/fwd.	-	-
Allocation received in period	1,580	1,554
Expenditure	(1,923)	(1,895)
Virements	343	341
Balance c/fwd.	-	-

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

26) CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

27) POST BALANCE SHEET EVENTS

On the 31 August 2018, Audrey Cumberford resigned from her position as Principal and Chief Executive of the College to take up another role in the sector. Audrey was succeeded by Elizabeth Connolly who previously held the position of Vice Principal Corporate Development at the College.

During October 2018, the College received permission from the Scottish Funding Council to dispose of the residential property at Drumry Road, Clydebank. The College will now look to action this disposal.

Notes to the Financial Statements

28) IMPACT OF DEPRECIATION BUDGET ON STATEMENT OF COMPREHENSIVE INCOME

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

	Year ended 31 July 2018	Year ended 31 July 2017
	£000	£000
Deficit before other gains and losses (FE/HE SORP basis)	(3,070)	(2,511)
Add back: Depreciation budget for government funded assets	2,980	2,987
Adjusted (Deficit) / Surplus on Central Government accounting basis	(90)	476

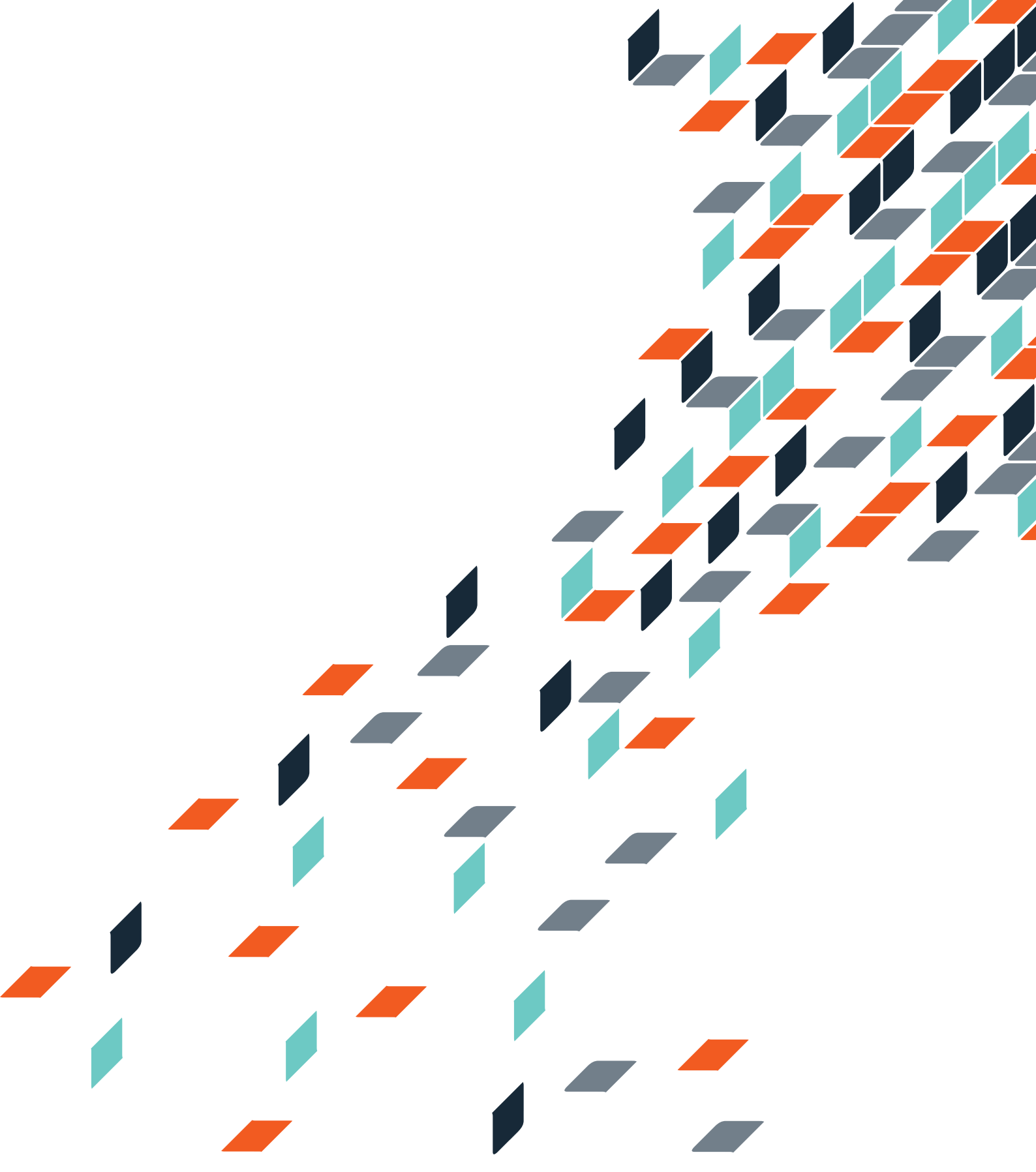
Under the FE/HE SORP, the College recorded an operating deficit of £3,070,000 for the year ended 31 July 2018. After taking account of the Government non-cash budget, the College shows an “adjusted” deficit of £90,000 on a Central Government accounting basis. The deficit is attributable to other factors reflected in the adjusted operating table which can be found in the Performance Report. The College considers that it is therefore operating sustainably within its funding allocation.

The following note is taken from the 2017-18 SFC Accounts Directions and has been included as required by the SFC. It does not form part of the Financial Statements.

2017-18 Accounts direction for Scotland's colleges

- 1 It is the Scottish Funding Council's direction that colleges comply with the 2015 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts.
- 2 Colleges 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 2017-18 (FReM) where applicable.
- 4 Incorporated colleges are reminded that they must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2018.
- 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
13 July 2018



Clydebank Campus

College Square, Queens' Quay
Clydebank, G81 1BF

Greenock Campus

Finnart Street
Greenock, PA16 8HF

Paisley Campus

Renfrew Road
Paisley, PA3 4DR