

15. Any other business

Next meeting: 10 March 2020, Abercorn 1, Paisley Campus

Drew McGowan
Secretary to the Committee

FINANCE AND GENERAL PURPOSES COMMITTEE

MINUTES: 3 September 2019

Present: Jim Hannigan (in the Chair), Liz Connolly, John Leburn.

Attending: David Alexander (Vice Principal Operations), Alan Ritchie (Director of Finance and Estates), Vivienne Mulholland (Head of Finance and Student Funding), Gwen McArthur (Secretary to the Committee).

Apologies: Keith McKellar, Angela Wilson, David Black.

FPM274 DECLARATION OF INTERESTS

Jim Hannigan declared an interest as NMIS Programme Manager, Skills Development Scotland. Liz Connolly declared an interest as a Trustee of the West College Scotland Foundation. David Alexander declared an interest as a Board member of the Scottish Funding Council and as Chair of the Scottish Funding Council Audit and Compliance Committee.

FPM275 MINUTES

The minutes of the meeting held on 27 May 2019 were approved.

FPM276 ACTIONS

The Committee noted a report on actions taken since the last meeting, and particularly the following:

.1 Information Technology: SFC Strategic Funding (FPM258.4)

The Vice Principal Operations informed the Committee that the Scottish Funding Council (SFC) was now to work with the College Development Network (CDN) to establish a Digital Strategy for the College sector. This meant that the SFC would not be working with West College Scotland as had previously been discussed. However, the College would be represented on the CDN group by Angela Pignatelli, Assistant Principal, Creativity and Skills. The Committee would be kept informed of developments as appropriate.

.2 Technology One Finance System (FPM271)

The Committee noted that the review of the project and the report on lessons learned had originally been scheduled to be brought to the meeting later in September. However, due to various diary challenges it was now unlikely that the second meeting in September would take place. It was **agreed** that the report on the review of the project would be brought to the November meeting for consideration. **[Action: AR]**

FPM277 COMMITTEE REMIT, MEMBERSHIP AND DATES OF MEETINGS IN 2019-20

The Committee considered its remit, membership and dates of meetings in session 2019/20.

.1 Committee Remit and Membership

The Committee noted its membership. In considering its remit it was proposed that an amendment be made to the remit under the heading of 'Procurement'. It currently stated that the Committee could approve contracts with a value above £250,000. However, contracts with a value above £500,000 had to be approved by the Board. In order to clarify this situation the Committee

RECOMMENDS to the Board that the remit be amended as follows:

Under the heading 'Procurement', the third bullet point be amended to read 'Approve the awarding of contracts between the values of £250,000 and £500,000.' **[Action: JH]**

The remit is attached at Annex 1.

.2 Dates of Meetings in 2019/20

It was noted that a meeting of the Committee had been scheduled to be held on 24 September 2019. However, due to various diary commitments this was proving challenging. In light of this the business that had been scheduled to be transacted at the second meeting in September had been split, with the more urgent items on the agenda for this meeting and other items would be on the agenda for the next scheduled meeting in November. The Committee **agreed** that the meeting scheduled to be held on 24 September 2019 be cancelled and the next meeting of the Committee would be on Tuesday 19 November 2019 at 2.00 p.m. This would be followed by the Joint meeting with the Audit Committee starting at 4.00 p.m. on 19 November 2019. **[Action: GMcA]**

FPM278 MONITORING OF REGIONAL OUTCOME AGREEMENT (FPM204)

The Vice Principal Operations provided a paper setting out background information in relation to the process for producing the Regional Outcome Agreement (ROA) and highlighting the College's key objectives that were contained within the ROA. The paper indicated the ROA objectives applicable to the Finance and General Purposes Committee and how these would be monitored during the year with a report being provided to the Board of Management at the end of the year. The Committee welcomed this information and **agreed** the processes in place to enable this monitoring and reporting.

FPM279 2019-20 BUDGET AND FINANCIAL STRATEGY (BM546; FPM261)

The Committee noted that the Board of Management had approved the 2019-20 Budget and 5 year financial strategy at its meeting on 17 June 2019. The financial strategy had been based on the information available at that time. Since then the Scottish Funding Council (SFC) had issued a circular 'The financial forecast return (FFR) for further education institutions 2018-19 to 2023-24 and information on financial planning assumptions' – a copy of which was before the Committee. This confirmed the 2019-20 Budget that the Board had approved in June, was robust and in line with the guidance and financial assumptions issued by SFC and did not need to be reconsidered.

The College has used the FFR guidance provided by the SFC to prepare two financial planning models for consideration by the Committee, these being:

Model 1 – Used the 2019-20 Budget and 5-year financial forecast approved by the Board as its base and applied the SFC FFR assumptions. The model highlighted the key differences in primarily years 2 to 5.

Model 2 – Used the base data from Model 1 and amended these to show the impact of the curriculum changes being brought forward through the College Business Transformation Plan to be agreed with the SFC which would take effect from year 2 (2020-21).

In discussion of these models the following points were raised:

i) Model 1

- The SFC had not confirmed that they would meet all the costs associated with the increase in employer contribution pension costs taking effect during 2019-20, and so the Model was based on the College receiving 50% of the total increase in costs.
- The implementation of the return to the College being funded by the SFC via formula funding would have an impact in years 4 and 5 of the forecast.
- The loss of European Social Fund (ESF) funding would also have an impact on years 4 and 5, and this would be a sector wide issue.
- Should the SFC assumptions be correct savings of £3.1M would now be required to be made by the College over the next three years compared to forecasted savings of £4.1M as reviewed by the Board in June.

ii) Model 2

- The SFC had made funding available to other colleges to help them meet the costs of implementing National Bargaining and harmonisation. However, as the College had already been through a harmonisation process prior to this taking place nationally, it had not received any additional funding for this in the same way that some other colleges had. The SFC has previously acknowledged this situation.
- The nature of the curriculum being delivered by the College, a significant amount of which was high cost (e.g. engineering, supported learning, etc), meant that the College did not receive funding from SFC at an appropriate level for the nature of the curriculum it delivered.
- The previous Business Transformation Plan has been further developed and discussions with the SFC have been ongoing. The implementation of this revised plan would lead to changes in the curriculum being offered from 2020-21. The revised plan would see a reduction in distance learning activity especially that which is offered outwith the West region with an increase in taught/blended learning activity, potentially leading to a net reduction in overall College activity of 6,000 Credits. The College core teaching grant in aid would remain at the same level despite the reduction in Credit activity which would assist the College in achieving a financially sustainable future.
- Savings of c£3M would still need to be made over the next three years.

The Committee acknowledged that savings would need to be made over the next three years using either model. It was noted that the College was unlikely to receive any further funding from the SFC to meet the costs of operating a Voluntary Severance (VS) Scheme. The College had, so far, been able to retain a resilient operating position in part due to the cash it held but, if it was to fund its own VS scheme, this would put the College into an operational deficit position and see cash levels reduce. The Curriculum Re-imagined Project would, therefore, be essential to deliver efficiencies in the future. Another meeting with the SFC would take place at the end of September to consider the changes being proposed to address the current financial position and the College would prefer to propose

Model 2 to the SFC. It was suggested that, in its discussions with the SFC, the College might offer to reduce its distance learning activity that it delivers out with the region by 7,000 credits. This might provide a greater flexibility for the College in re-designing its future curriculum offerings. The outcome of the discussions with the SFC would be reported to the Board at its meeting in October.

The Committee **agreed** that it supported the approach being taken and that Model 2 should be submitted to the SFC for consideration. **[Action: LC; DA; AR]**

FPM280 STRATEGIC RISK REGISTER (FPM264)

The Director of Finance and Estates informed the Committee that there had been no changes to the Strategic Risk Register since the Board meeting in June, although several of the mitigating actions had been updated as appropriate. The Committee noted the Strategic Risk Register and had no further changes or amendments to make to it.

FPM281 ANNUAL UPDATE REPORT ON 2018-19 TAXATION MATTERS, BANKING ARRANGEMENTS AND BAD DEBT WRITE OFF (FPM213)

The Committee noted the 2018-19 annual report on taxation matters, banking arrangements and bad debt write off. It was pleased to note that there had been a reduction in the amount of debt being written off as the College had adopted a more active approach to pursuing debtors.

FPM282 AUDIT SCOTLAND REPORT: SCOTLAND'S COLLEGES 2019

The Committee noted the Audit Scotland Report – Scotland's Colleges 2019. In particular the Committee noted that Audit Scotland had included the matter of the need for investment in the estate across the College sector.

FPM283 ACCOUNTS DIRECTION FOR SCOTLAND'S COLLEGES 2018-19

The Committee noted the Accounts Direction for Scotland's Colleges 2018-19 that had been issued by the SFC.

FPM284 INTERNAL AUDIT PLAN 2019-20

The Committee noted the Internal Audit Plan for session 2019-20.

FPM285 SCHEDULE OF BUSINESS 2019-20

The Committee noted its schedule of business for 2019-20.

FPM286 NEXT MEETING

Tuesday 19 November 2019 at 2.00 p.m. at the Paisley Campus. This will be followed by the Joint meeting with the Audit Committee at 4.00 p.m.

RESERVED BUSINESS

The following items are deemed to be restricted under the Freedom of Information Act as being commercially sensitive.

[REDACTED]

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GMCA/11.09.19/Final

Finance & General Purposes Committee: Meeting of 3 September 2019

Actions from the Minutes

Date of Meeting	Min Ref	Matter for Action	Responsible Person	Action Taken	Timescale (where applicable)
3 Sep 2019	FPM276.2 271 252	TechnologyOne Finance System – review of the project and report on lessons learned to be brought to November meeting	A Ritchie		November 2019
	FPM277.1	Committee Remit – amendments to remit to be recommended to Board for approval	J Hannigan	Board approved amendments at its meeting on 7 October 2019	Complete
	FPM277.2	Dates of meetings in 2019-20 – Meeting scheduled for 24 September to be cancelled	G McArthur	Meeting cancelled	Complete
	FPM279 261	2019-20 Budget and Financial Strategy – Committee supported approach being taken by Management and Model 2 to be submitted to SFC for consideration. Outcomes of discussions with SFC to be reported to Board at its meeting on 7 October 2019	L Connolly D Alexander A Ritchie	Discussions with SFC were held and outcomes reported to the Board at its meeting on 7 October 2019. Discussions with SFC are continuing and further updates will be provided as appropriate	On-going
	FPM287	Catering and Cleaning Services – .1 Catering Services – a Consultant to be brought in to advise the College on best way forward; a survey of staff and students be conducted in order to identify their preferences; the outcomes of this survey to be brought to the November meeting. .2 Cleaning Services – the Consultant brought in to review Catering Services	D Alexander A Ritchie	.1 Outcome of staff and student survey to be brought to next meeting in November	November 2019

		should also assist in review of Cleaning services.			
	FPM288	Contract Approvals – 2 contracts for the supply of Ambient and Chilled Food and Associated Products and the Supply of Catering Sundry Products to be recommended to the Board for approval.	A Ritchie	Both contracts were approved by the Board at its meeting on 7 October 2019	Complete
		Actions from previous minutes			
27 May 2019	FPM257.2 226.1	Business Transformation Plan – Committee to be kept informed of progress with discussion with SFC	L Connolly	Update provided as part of discussion on 2019-20 Budget and Financial Strategy (FPM279)	Complete
	FPM257.3 204	Corporate Plan and Regional Outcome Agreement (ROA) – information showing how annual objectives in ROA tied in with Strategic Plan to be provided	L Connolly		Future meeting
	FPM258.4	Information Technology: SFC Strategic Funding – College working with SFC on project on how possible future investment in ICT across the sector might be identified in a consistent way and prioritised. Committee to be kept informed of progress	D Alexander D Black	SFC now working with College Development Network to establish a Digital Strategy for the College sector (FPM276.1)	Complete
	FPM263	Draft Scottish Public Sector Cyber Resilience Framework – Committee to be kept informed of progress with Scottish Government’s final version of the framework for implementation	D Black		Future meeting
	FPM245 227	College Cyber Action Plan – annual accreditation to be sought through Cyber Essentials Plus scheme	D Black		Future meeting

GMCA/14.10.19/revised 17.10.19

TITLE: VICE PRINCIPAL UPDATE/OVERVIEW REPORT

Background: This paper provides the Finance and General Purposes Committee with updates in relation to:

- Funds arising from net depreciation
- SFC funding announcements
- Ongoing West College Scotland engagement with the SFC
- National bargaining
- Information technology

Action: The Finance and General Purposes Committee is invited to consider and note the report for information.

Lead: David Alexander, Vice Principal Operations

Status: Open

Vice Principal Update/Overview Report

1.0 Funds Arising from Net Depreciation

- 1.1 The Finance and General Purposes Committee and Board of Management have previously been made aware of the arrangement put in place between Colleges Scotland, the Scottish Government and the Scottish Funding Council (SFC) to allow the cash balance arising from net depreciation to be expended by the college sector within certain parameters.
- 1.2 The 2019-20 West College Scotland (WCS) budget approved by the Finance and General Purposes Committee on 27 May 2019 and subsequently by the Board of Management on 17 June 2018, detailed that £1,639,000 of cash arising from net depreciation is available to be utilised during the current financial year. It has been agreed with the SFC that this amount will be applied towards meeting the following College priorities during 2019-20:
- repayment of bank loans (£509,000);
 - funding of core College ICT expenditure (£486,000); and
 - to meet the cost prior year staff pay increases (£644,000).

2.0 SFC Funding Announcements

- 2.1 The SFC issued the following circulars to colleges during the recent period in relation to 2019-20 in year funding allocations:

STSS – College Additional Funding (SFC/AN/11/2019 – Issue Date 8 July 2019)

The Deputy First Minister wrote to SFC on 7 June 2019 to confirm that funding allocations from the UK Government for the period 1 September 2019 to 31 March 2020 had now been confirmed, with the Scottish Government agreeing to provide additional funding of £7.8 million for the college sector to meet increased costs arising in relation to the employer contribution rate for the STSS pension fund. This Circular confirmed the additional costs would be met in full for the period 1 September 2019 to 31 March 2020. However, this funding allocation is for Financial Year 2019-20 only, with future allocations being considered as part of the Spending Review for Financial Year 2020-21 and beyond. As discussed at recent Finance and General Purposes and Board meetings, this position will therefore be kept under review in relation to the funding provided and the associated impact upon the College budgeted position.

Funding for Counsellors (SFC/AN/17/2019 – Issue Date 1 November 2019)

This Circular announced the allocation of additional funding in 2019-20 from the Scottish Government, which has committed to providing more than 80 additional counsellors in Further and Higher Education over the next four years, with an investment of around £20 million. The Scottish Government's Programme for

Government - Delivering for today, investing for tomorrow: the Government's programme for Scotland 2018-2019 – outlined that they will begin a radical reform of the way we respond to and treat mental ill health. It states they will take a public health approach focused on prevention and will improve clinical services so that they are more responsive to children, young people and adults and build new networks of support easily accessible from schools, colleges, universities, and communities. Funding has been allocated to colleges and universities in order to provide additional counsellors based on a range of factors, including student numbers, mental health and wellbeing indicators, and geography. Institutions are invited to formally accept this offer of funding by 15 November 2019. West College Scotland has been allocated £122,000 in order to support the introduction of 2.71FTE counsellors.

Tackling Child Poverty Plan (SFC/AN/16/2019 - Issue Date 17 October 2019)

In March 2018 the Scottish Government published its first Child Poverty Delivery Plan. This Circular confirms that the Scottish Government will now make £400,000 available to the college sector in financial year 2020-21 for Tacking Child Poverty. Colleges are invited to submit proposals by 6 January 2020 detailing how proposed activity could contribute to reducing current levels of child poverty - particularly for those most at risk, with a focus on lone, single and young parents, and BME groups. Proposals that demonstrate collaborative/partnership working, for example with a local authority, which would result in more impactful and sustainable outcomes for the funding provided, are encouraged.

Student Support funds (SFC/CI/07/2019 – Issue Date 23 October 2019)

This Circular invited colleges to relinquish unspent student support funds or to request an increase to their student support allocations for 2019-20 by 22 November 2019. Given that the West College Scotland student support funding allocation for 2019-20 was already a lower amount than in 2019-20 the SFC had been made aware from the outset that additional resource would be required. This position has been further exacerbated by the need to meet a significantly higher level of demand from care experienced students. *Agenda Item 7 (Management Accounts to 31 October 2019)* outlines the position in more detail and thus the College will make a submission to the SFC seeking a significant in-year increase in the level of funding available to support student needs.

3.0 Ongoing West College Scotland Engagement with the SFC

- 3.1 Following the SFC final 2018-19 funding announcement on 18 May 2018 the SFC Interim Director of Access, Skills and Outcome Agreements wrote to the Principal of West College Scotland on 30 May 2018 to confirm that SFC remains committed to working in partnership with the College to support its financial planning and future sustainability.

- 3.2 The Board of Management meeting which took place on 8 October 2018 resolved that the College business transformation plan, '*Future Proofing our College*', be approved and forwarded to the SFC to aid discussions with them in relation to financial sustainability. It was also agreed that the Board would focus on different areas covered within the plan at each meeting.
- 3.3 The College Executive has continued to engage with the SFC regarding financial sustainability, and to agree actions required to achieve an underlying financial breakeven position on an ongoing basis. The Finance and General Purposes meeting of 3 September 2019 and the Board of Management meeting of 7 October 2019 also considered the College business operating model and approved the actions being taken to deliver a sustainable financial operating position over the next five-year period. The Board meeting of 7 October 2019 approved the approach to be taken in discussions with the SFC and asked to be kept informed of progress. Dialogue with the SFC remains ongoing and an update will be provided at this meeting on the current position.

4.0 National Bargaining

- 4.1 On 18 March 2016 the Colleges Scotland board approved the creation of an Employers' Association. This Association has representation from all colleges as employers and has full authority in relation to national bargaining but remains within the Colleges Scotland structure. The Employers Association nominated ten representatives to take forward national bargaining discussions with teaching and support trade unions through a National Joint Negotiating Committee (NJNC). The Vice Principal Operations and Director of Finance and Estates are two of those nominated representatives for 2019-20.
- 4.2 Existing pay agreements with teaching and support staff trade unions remain in place until 1 September 2020. Trade unions are therefore expected to provide colleges with awareness of their pay claim by spring 2020.
- 4.3 For support staff, the process of national job evaluation has commenced, with all colleges being required to complete role profile documentation by 11 November 2019. Beyond this milestone further detail of this project remains to be agreed with trade unions nationally and advised to the sector. Further updates will be provided to the Finance and General Purposes Committee as this project progresses.
- 4.4 The Colleges Scotland Employers Association annual Residential event is scheduled to take place on 13 and 14 November, and an update will be provided at this meeting.

5.0 Information Technology

5.1 Skype for Business Implementation

As previously discussed at the Finance and General Purposes Committee a key project identified for progression through the IT Strategy is the roll out and implementation of *Skype for Business* – a unified communications platform that enables instant messaging, audio and video conferencing, online meetings, and real time presence. Following a procurement exercise run under an APUC Framework agreement West College Scotland appointed a supplier, Exactive, to support the implementation of this project. A full roll out of the system is continuing to take place during 2019-20, with current statistics reflecting that 811 users have been migrated - 850 migrated users is considered to represent functional completion. It is anticipated the project will be completed by the end of the 2019 calendar year.

On 30 July 2019 Microsoft announced Skype for Business would go end of life on 31 July 2021 and that the Office365 '*Teams*' application will be the replacement communications and collaborations software. West College Scotland currently has access to *Teams* via our existing subscriptions and have now arranged a discovery workshop with our supplier support partners, Exactive. Staff from across the College are scheduled to be in attendance, and this is aimed at offering insights into the migration choices and path to introduce Teams into our existing environment. *Teams* and Skype for Business both contain similar features including instant messaging, audio calling, video conferencing and desktop sharing.

5.2 Cyber Essential Plus Accreditation

The Cyber Essentials scheme identifies fundamental technical security controls that an organisation needs to have in place to help defend against Internet-borne threats. It is an approved accreditation under the UK Government Cyber Essentials scheme.

The College achieved Cyber Essentials Plus accreditation during 2018 in line with Scottish Government requirements – and the annual reaccreditation review is planned for 2-4 December 2019. The scheme is unchanged for 2019-20, but enhancements - and therefore a revised testing regime - are planned for introduction in 2020-2021, with more information on this expected sometime into 2020. The Finance and General Purposes Committee will be kept updated of requirements at future meetings.

5.3 Pentana System

Pentana is a management software solution that enables organisations to assign actions and monitor the delivery of plans using a centrally accessible Cloud based system in real time – with the intention being to enhance management information, caproate awareness and performance. The College is seeking to implement this system during 2019-20 and is currently reviewing the planning framework which will be required to support this in collaboration with West Dunbartonshire Council's

Performance and Strategy Manager given the local authority's experience in the use of Pentana.

5.4 *SFC Strategic Funding – Investment in College ICT – CDn group*

As advised previously to the Board of Management and the Finance and General Purposes Committee, the level of SFC operational funding available to the College for 2019-20 and beyond is not sufficient to maintain and develop the basis of a reliable, resilient and responsive ICT infrastructure that the College requires in order to meet 21st century teaching, learning and operational needs. During 2018-19 the College therefore sought to secure funding from the SFC in order to address this, with it being estimated that at least £2.5m of investment would be required. However as advised at the 3 September 2019 Finance and General Purposes Committee, the SFC has now agreed to work with the College Development Network (CDN) to establish a Digital Strategy for the College sector rather than seek to progress this matter directly with West College Scotland, as had previously been considered. However, the College is represented on the CDN group by Angela Pignatelli, Assistant Principal, Creativity and Skills and an initial series of roadshows are being undertaken prior to the end of 2019 within colleges to gather views on digital priorities for the next ten years.

5.5 The attached paper from Colleges Scotland provides some further background on the Infrastructure Commission for Scotland; the Learning Estate Strategy and the Digital Ambition work being undertaken by Colleges Scotland. Regarding the Digital Ambitions of the sector, Colleges Scotland will be working with the project group led by Ken Thomson, Principal, Forth Valley College, to develop a draft strategy in line with the sector's digital ambitions.

6.0 Recommendation

6.1 The Finance and General Purposes Committee is asked to consider and note the report.

College Infrastructure

Paper 4

Introduction

In order to support a discussion at the Funding and Finance Committee scheduled for Wednesday 29 May 2019, Colleges Scotland has developed this paper to give an update on connected areas of infrastructure related activity ahead of member discussions with regards to a scoping document on digital investment.

The purpose of the paper is to inform committee members by providing an overview of the work completed by Colleges Scotland in informing the work of the Infrastructure Commission for Scotland and the development of the Scottish Government's Learning Estate Strategy, in addition to the initial work completed in developing a Digital Ambition for the college sector.

1. Infrastructure Commission for Scotland

As an organisation, we expressed our support for the Infrastructure Commission for Scotland and acknowledged the valuable role that the commission will play in ensuring that Scotland will be able to meet future economic growth and societal needs.

We welcomed the publication of the remit and guiding principles, and the opportunity to share our thoughts on how the commission could advise and inform the development of a long-term strategy for infrastructure in Scotland.

Our main narrative in this context was delivering the message that colleges have an important role to play in supporting inclusive growth and a low carbon economy, and that it was important that colleges were a key component of conversations as the commission develops its work going forward.

Simultaneously the message was conveyed that colleges are a key delivery partner for the workforce who construct and maintain infrastructure across Scotland, delivering high-quality technical education courses to provide workers with the skills that are required for them to hold successful careers in infrastructure related roles.

Subsequently we argued that colleges need to be adequately involved in discussions moving forward, especially with regards to the possible creation of a Scottish National Infrastructure Company. If such a body was created in order to oversee the delivery of infrastructure in Scotland, then we believe it would be highly beneficial for both the industrial and educational sectors for there to be college representation, given the proximity of colleges to infrastructure-related activity, and to ensure that college representatives could bring their skills and experience to direct the work of any potential national body.

From our perspective there was a wider question running throughout the document, concerning where the wider digital and connectivity agenda fitted within the remit of this commission. Given the significance placed upon digital connectivity in Scotland, and the role

this can play in supporting economic opportunities moving forward, we noted that we expected greater emphasis to be paid to this subject within the paper.

We welcomed the development of a national approach to infrastructure, but we recommended that any national approach should not be overly restrictive. Any future approach should be informed by local and regional needs, and to enable the development of partnership working to meet such need.

On a separate note Colleges Scotland took the opportunity to again raise awareness of the financial challenges facing the sector with regards to capital investment. In particular it was highlighted that the recent Estates conditions survey commissioned by the Scottish Funding Council (SFC) identified £360 million over five years was required to bring all current college buildings simply up to an acceptable standard.

2. Learning Estate Strategy

Colleges Scotland was invited to share comments with the Scottish Government with regards to the development of the draft Learning Estate Strategy. The view was taken that the strategy would have been stronger if there was more of a focus on the college sector within the document. It appeared that colleges had been 'bolted-on' to the strategy, rather than having been incorporated as part of a much wider focus on the whole learner estate.

The issue was raised of whether digital activity had been considered as part of the strategy, as it was felt there was little focus in the paper regarding how technology and digital learning can and must affect how we use our existing and new estates. This was reflected in the principles focusing on learning being in a "place", i.e. a school.

Whilst the strategy presented an overview with regards to next steps to be taken, it was felt that this did not strongly focus on the college sector and it was not clear where the sector fitted in with the future investment plans. More fundamentally it was not clear how the strategy would lead to change, other than expressing a desire to see better estates across Scotland.

As part of this comment it was noted that there was a lack of specific asks on the college sector within the strategy, with the strategy instead merely giving an overview of the current learning estate, answering the question of where we are currently, as opposed to what the future learning estate would look like, and the steps that would be taken to get there.

Our recommendation to the Scottish Government was that the strategy needed re-working to ensure that the college estate was a core element to what was being proposed as part of the strategy. As such Colleges Scotland declined to provide an organisational foreword in support of the strategy, and instead highlighted that the emphasis should now be on what a follow up document may look like, which should set out more specific actions for the college sector.

Colleges Scotland offered to work with both the Scottish Government and the SFC to develop the strategy to ensure it is more reflective of the work colleges complete with all learners across Scotland.

After receiving an updated draft of the strategy in response to our initial comments we welcomed the narrative change that was apparent in parts of this updated draft, and the specific examples of college estates that were incorporated into the document as part of this. However, we believe that this did not significantly impact on the overall focus of the strategy, and we were still left with the impression that the strategy was overly focused on schools as learning estates, at the expense of a more holistic approach which truly incorporated the college estate.

It was considered that there was an opportunity to further strengthen the tie in between estate and digital infrastructure. We felt that the focus on digital could have still been stronger and should have been viewed as a key driver with the potential to reshape our thinking on the physical infrastructure needs and the way we deliver services.

We also reiterated the point we previously raised in dialogue with regards to the lack of specific asks of the college sector.

Subsequently, the Scottish Government has indicated that a second document may be produced as a follow up to the Learning Estate Strategy which would be much more focused on the colleges sector. Initial comment from Scottish Government is that the opinions of Colleges Scotland will be highly welcomed in developing such a document that is much more reflective of the sector learning estate.

3. Digital Ambition

Members will recall that at the last Funding and Finance Committee meeting held on Wednesday 20 March 2019 it was agreed that Ken Thomson, Tony Jakimiciw and Colleges Scotland hold a discussion around developing a digital ambition strategy for the colleges sector. Ken Thomson, Tony Jakimiciw, Andy Witty and Tom Hall met on Wednesday 1 May to have this discussion and agree upon next steps.

This also supported a discussion at the Colleges Strategic Futures Group scheduled for Tuesday 14 May 2019, Colleges Scotland developed a paper, to set out the actions which would need to be taken forward in developing a sectoral digital strategy, whilst also identifying the key stakeholders who would be involved in delivering the digital ambitions of the sector going forward.

This strategy would be informed by the drivers of digital ambition. These include (but are not limited to):

- Contributing to economic growth
- Assisting innovative and creative approaches
- Increasing digital content and approach to the learning environment and pedagogy
- Growing demand by learners for an individualised approach to learning
- Developing opportunities for blended and remote learning
- A desire (expressed through the Enterprise and Skills approach) to unbundle courses, with the ICT implications for tracking students
- Identifying and promoting best practice in learner analytics
- Assist in providing flexibility for learners in relation to their learner journeys, and to ensure a seamless link between schools, colleges and universities
- Assist in widening access
- Support up-skilling and retraining, in particular for SMEs
- Facilitating business engagement, both locally, nationally and internationally

In our opinion, the sector strategy should ensure that the college-based delivery of education is capable of providing a learning experience which encapsulates the full range of technology, such as Artificial Intelligence and Virtual Reality learning, with the best available equipment, in order to maximise the potential of colleges to deliver work based learning, contribute to increased economic productivity, inward investment and meet the changing needs of users.

Simultaneously, it is about enhancing the educational reach of the sector, to enable it to support the full range of learners accessing college-based learning platforms across Scotland.

Next Steps

It is proposed that a Colleges Scotland working group led by Ken Thomson, Principal, Forth Valley College, will develop a scoping document, outlining a draft strategy in line with the sector's digital ambitions.

Our intention following the circulation of this scoping document will be to hold workshops across the country supported by CDN, involving relevant stakeholders with a view to using this to develop a sector wide strategy. The proposed stakeholders at the time of writing would include the Scottish Government, Scottish Funding Council (SFC), industry and university partners and representative bodies covering industry, university, digital and estates interests. Colleges Scotland's ambition is to develop a draft sectoral digital strategy and an implementation plan which would underpin the delivery of the strategy.

At the latest Strategic Futures Group meeting held on Tuesday 14 May 2019 Colleges Scotland secured Scottish Government and SFC agreement to support the processes proposed in this paper and to encourage wider stakeholder participation.

Timeline

- September 2019 – Scoping document publication
- October- November 2019 – Workshop Access & Member Consultation
- January- February 2020 – Implementation Plan Publication & Circulation
- March 2020 – Implementation Plan Consultation Opens
- April 2020 – Implementation Plan Consultation Closes

Recommendations

The Funding and Finance Committee is asked to:

- Agree with the next steps outlined in the paper and support the activity of the working group in developing a scoping document and implementation plan.
- Consider how they can inform the development of the scoping document and implementation plan, by bringing their ideas and views to discussions regarding both the format and content of those documents.
- Suggest appropriate representatives from the college sector to be involved in this work moving forward.

Colleges Scotland
May 2019

TITLE: FINANCIAL STATEMENTS TO 31 JULY 2019

Background: The College Financial Statements for the year to 31 July 2019 (Appendix A) are presented to the Finance and General Purposes Committee for review and approval for presentation to the Joint Audit / Finance and General Purposes Committee.

This report provides an overview of the 2018-19 Financial Statements and encompasses:

- Financial reporting requirements;
- An overview of the final year end position, reconciling the College April Management Accounts forecast as presented to the Finance and General Purposes Committee, to the audited position as at 31 July 2019;
- The College's underlying financial operating position as at 31 July 2019; and
- Consideration of balance sheet movements.

The Financial Statements for the year ended 31 July 2019 have been audited by Mazars LLP, and the 2018-19 Annual Audit Report along with the associated Letter of Representation will be considered by the Joint Audit / Finance and General Purposes Committee.

Action: The Committee is requested to review the Financial Statements and approve them for presentation to the Joint Audit / Finance and General Purposes Committee.

Lead: Alan Ritchie, Director of Finance and Estates

Status: Open

1. Reporting Requirements

1.1 The Scottish Funding Council (SFC) annually issues mandatory guidance for the preparation of College annual report and financial statements. The 2018-19 guidance was issued on 5 July 2019 and was considered by both the Audit and the Finance and General Purposes Committees at the September 2019 meetings.

1.2 As with previous years the College is required to comply with the requirements of the:

- SFC Accounts Direction for Scotland's College 2018-19;
- 2015 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP); and
- Government Financial Reporting Manual 2018-19.

in preparing the 2018-19 annual report and financial statements for the College.

1.3 A new SORP (the 2019 SORP) was issued in October 2018 and this must be adopted for accounting periods beginning on or after 1 January 2019 and thereafter. West College Scotland will therefore be required to comply with the new SORP for the year ending 31 July 2020. The new SORP is intended to:

- improve the quality of financial reporting by institutions;
- enhance the relevance and comparability of, and the ability to understand, the information presented in institutions' financial statements;
- provide clarification, explanation and interpretation of accounting standards and their application to sector-specific transactions; and
- assist those who are responsible for the preparation of financial statements.

1.4 The deadline for the approval of the College annual report and financial statements for 2018-19 is 31 December 2019, with copies of the statements and reports to be submitted to the Auditor General for Scotland and the SFC by that date.

1.5 The September 2019 paper to the Finance and General Purposes Committee and Audit Committee highlighted the College annual reporting requirements, and how the College planned to meet these. The External Audit Annual report to be considered at the joint committee meeting confirms that the College has complied with the various requirements noted in section 1.2 above in preparing and presenting the attached 2018-19 Financial Statements for approval.

2. Year End Position

2.1 Audit Scotland and the SFC consider that the adjusted operating position is the key indicator of the financial sustainability of a college. Throughout the year the Management Accounts presented to the Finance and General Purposes Committee have included a report on the adjusted operating position within the Executive Summary. The table below shows in summary form:

- the April 2019 forecast position as reported to the Finance and General Purposes Committee in May 2019; and
- the final audited 2018-19 year-end position.

	July 2019	April 2019
	£'000	£'000
Deficit before accounting adjustments	(5,960)	(3,111)
Pension adjustment	2,834	0
Depreciation net of release of deferred capital grants	3,518	3,518
Loss on disposal of asset	129	111
Revenue funding allocated to loan repayments	(495)	(495)
Adjusted operating surplus for the year	26	22

The approved College budget for 2018-19 had originally anticipated an underlying surplus of £8,000. As can be seen the movement in the underlying operating position is minimal and the College has effectively achieved a breakeven financial operating position for 2018-19. In section 2.3 of this report, a commentary is provided on the movement in the reported deficit for the College as contained in the 2018-19 Financial Statements.

2.2 As part of the audit clearance process the above table was considered by the SFC. The inclusion of this review was a recommendation from Audit Scotland to ensure that colleges are consistently preparing their adjusted operating positions. The College has received confirmation from the SFC that the College position is in line with the Accounts Direction guidance.

Reported Outturn Position

2.3 The table below provides an overview of the key movements between the April and July 2019 reported outturn positions:

	July 2019 £'000	April 2019 £'000	Movement £'000
2018-19 Budget Position	(2,410)	(2,410)	
Increased level of SFC voluntary severance income matched to staff costs.	1,000	803	197
Adjustment to SFC funding towards support staff job evaluation matched to staff costs.	857	0	857
Movement other SFC income received in year including flexible workforce development and ESF funding.	(558)	(503)	(55)
Reduction in SFC estate maintenance funding substantially matched to project expenditure.	(1,343)	0	(1,343)
Inclusion of development funding at year end recognising completion of projects.	105	0	105
Movement in Foundation Apprentice income partially matched by increased staff costs.	(70)	(190)	120
Release of prior year income provision and movement in other income.	(35)	(170)	135
Movement in commercial income and matched by increased staff costs	(74)	(252)	178
Income movement	(118)	(312)	194
Cost of voluntary severance programme substantially matched to income.	(1,014)	(803)	(211)
Adjustment to SFC funding towards support staff job evaluation matched to staff costs.	(857)	0	(857)
Movement in temporary staffing due to increased income recognition	11	277	(266)
Savings recognised from staff turnover, vacancy and other operational savings.	786	820	(34)
Staff costs movement	(1,074)	294	(1,368)
Movement in non-staff costs to match additional income generated and an increase in departmental consumable costs.	(177)	30	(207)
Reduction in SFC estate maintenance expenditure matched to reduced SFC income.	1,384	0	1,384
Non-staff costs movement	1,207	30	1,177
Reported deficit after accounting for impact of College controllable elements	(2,395)	(2,398)	3

	July 2019 £'000	April 2019 £'000	Movement £'000
Non-cash movements			
Loss on disposal of assets	(129)	(111)	(18)
Revised depreciation charge as result of revaluation carried out in July 2018	(602)	(602)	0
Pension interest charge	(394)	0	(394)
Pension service costs net of contributions	(2,444)	0	(2,444)
Reported deficit after accounting for impact of non-controllable elements	(5,960)	(3,111)	(2,849)

- 2.4 The movement between April and July 2019 was an increase of £2,849,000 in the reported deficit position from £3,111,000 to £5,960,000. The table below provides further explanation in relation to the movements and splits those movements into those that are considered as controllable by the College and those that are not.

	£'000	Total £'000
<u>Increased level of SFC voluntary severance funding</u> The movement represents the recognition in the accounts of the £1m in funding provided by the SFC towards the voluntary severance programme which closed in July 2019. This income is matched by an increase in staff costs.	197	
<u>Increased SFC Job Evaluation Funding</u> The SFC as part of the Accounts Direction guidance requires the College to recognise the estimated cost of the current job evaluation exercise. This figure is based on an estimate made by Colleges Scotland and will be subject to adjustment in future years. It is matched to an increase in staff costs and at this time represents a non-cash movement.	857	
<u>Movement in Other SFC Income</u> An element of other SFC funding relating to period poverty has been deferred to 2019-20	(55)	
<u>Decrease in Estate Maintenance Funding</u> The College has fully committed the estate maintenance funding it received in 2018-19. In line previous accounting practice, the College only recognises actual income and expenditure at the year end and is therefore required to adjust both income and expenditure regarding estate maintenance activity.	(1,343)	
<u>Increased Development Funding</u> Several projects were finalised at the end of the year allowing the recognition of the project income in last quarter of the year.	105	

	£'000	Total £'000
<u>Foundation Apprentices</u> Increased number of foundation apprentices at the end of the year completing courses resulted in movement in income. This increase was partially matched by increased staff delivery costs.	120	
<u>Release of prior year income provisions</u> The College released several prior year income provisions as they are no longer required including HE fees provision.	135	
<u>Commercial and Other Income</u> Movement in commercial and other income to recognise activity in the last quarter of the year. This increase in income was partially matched by increased staff delivery costs.	178	
Total movement in income		194
<u>Voluntary Severance Costs</u> As part of the College response to the budget challenges, being faced over the next 5-year period, a voluntary severance scheme ran during 2018-19. This was funded by the SFC and the increase in costs is almost fully matched by the increase in SFC funding.	(211)	
<u>Increase in support staff costs associated with job evaluation</u> See note under income section for explanation.	(857)	
<u>Temporary Staff</u> Increase in temporary staffing due to increased income recognition in commercial, foundation apprentices and other income.	(266)	
<u>Other Staff Movement</u> Less than anticipated savings recognised from staff turnover, vacancy and other operational savings at the year end.	(34)	
Total movement in staff costs		(1,368)
<u>Decreased level of savings in non-staff costs</u> The anticipated savings in non-staff expenditure across several areas in the last quarter of the year were less than anticipated. There remains a conscious effort by all departments to reduce expenditure where possible.	(207)	
<u>Decrease in Estate Maintenance Expenditure</u> The College has fully committed the estate maintenance funding it received in 2018-19. In line previous accounting practice, the College only recognises actual income and expenditure at the year end and is therefore required to adjust both income and expenditure regarding estate maintenance activity.	1,384	
Total movement in non-staff costs		1,177
Increase in reported deficit after accounting for impact of College controllable elements		3

	£'000	Total £'000
<u>Loss on disposal of assets</u> This movement represents a non-cash movement in relation to the demolition of part of the Inchinnan building at the Paisley campus.		(18)
<u>Year-end Adjustment re Strathclyde Pension Fund (SPF) valuation</u> Given the unpredictable nature of the movement in valuation and the fact that the College does not control this given it is technical in nature, the annual budget does not account for the movement in the SPF pension valuation.		(2,834)
Reduction in reported deficit after accounting for impact of non-controllable elements		(2,849)

- 2.5 The impact on the 2018-19 College financial statements of the Strathclyde pension fund year-end valuation is noted below:

	2018-19 £'000	2017-18 £'000
Pension interest charge	(390)	(732)
Current service cost	(5,464)	(3,773)
Contributions	2,406	1,931
Contributions in respect of unfunded benefits	614	601
Pension service costs net of contributions	(2,444)	(1,241)
Total movement in pension provision	(2,834)	(1,973)

3. Balance Sheet

Fixed Assets

- 3.1 The College did not receive any land and buildings capital funding during 2018-19 therefore there has been no additions to the fixed asset base of the College. The movement in the value of the fixed assets relates to the depreciation charge for the year based upon the revaluation of the assets as at 31 July 2018.

Cash

- 3.2 The level of cash held by the College has increased from £3.8m to £5.7m due to the retention of project funding committed to at the end of the year that will be expended during 2019-20. The movement is explained within the cash flow statement contained within the financial statements.

Creditors

- 3.3 Creditors due in less than a year have increased by £2.5m from £5.8m to £8.3m due to increases of:
- £1.0m in accruals and deferred income in relation to future support staff job evaluation costs; and
 - £1.5m in amounts owed to the SFC due to deferred income held towards meeting the costs of committed estate projects.
- 3.4 Creditors due in more than one year have decreased by £1.8m due to the repayment of bank loans of £0.4m and the release of deferred capital grants in line with depreciation charges of £1.4m.

Pension Provision

- 3.5 The actuaries undertook a remeasurement of the pension provision, which has resulted in a decline in the balance sheet position as at 31 July 2019 of £9.9m (liability at 2019: £22.7m compared to 2018: £12.8m). Overall, the default actuarial financial assumptions adopted by the College at 31 July 2019 has resulted in a significantly lower net discount rate compared to 31 July 2018 (mainly arising from a fall in AA corporate bond yields) which serves to increase the value placed on the past service obligations.
- 3.6 The actuarial valuation provides an allowance for the impact from the potential McCloud judgement. In 2015 the Government introduced reforms to public sector pensions meaning most public sector workers were moved into new pension schemes in 2015. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members of the judges' and firefighters' schemes, as part of the reforms, amounted to unlawful discrimination. During July 2019 the Government announced that they accept that the judgement applies to all the main public service pension schemes. This is a complex matter which will require to be worked through by individual pension schemes which have adjusted their valuations to account for this matter.
- 3.7 As noted in the external auditor report on the financial statements, the College has had a measure of the impact of the Guaranteed Minimum Pension allowance made but has not adjusted the pension provision for this. This treatment has been agreed with the external auditors.
- 3.8 The College has complied with the SFC requirement to include the valuation in the financial statements but has no control over the impact this exercise has on the financial position of the College. The movement is of a non-cash nature.

Income and Expenditure Reserve

- 3.9 In line with the Scottish Government requirement that the College should not seek to accumulate reserves and must expend all the resource allocated to it, the position for 2018-19 was as follows:

	2018-19 £'000	2017-18 £'000
Income and expenditure reserve b/fwd	15,226	13,914
Deficit from income and expenditure account	(5,090)	(3,070)
Transfer from revaluation reserve	2,663	2,409
Release of unrestricted funds spend in year	2,834	1,973
Balance as at 31 July	14,763	15,226

- 3.10 The movement on the income and expenditure reserve is in line with expectations and comparable to the previous year.

4. Conclusion

- 4.1 As detailed above, the College year-end outturn for the 2018-19 financial year is in line with previous forecasts provided to the Finance and General Purposes Committee, both on an accounting and adjusted operating basis.
- 4.2 The Committee is requested to review and approve the 2018-19 Performance and Accountability Report and Financial Statements for presentation to the Joint Audit / Finance and General Purposes Committee.



Report and Financial Statements

For the year ended 31 July 2019

Charity Number SC021185



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Professional Advisors

Financial Statement Auditors:	Mazars LLP 100 Queen Street Glasgow G1 3DN
Funding Auditors:	Wylie & Bisset LLP 168 Bath Street Glasgow G2 4TP
Internal Auditors:	Scott Moncrieff LLP Exchange Place 3 Semple Street Edinburgh EH3 8BL
Bankers:	Royal Bank of Scotland 36 St Andrew Square Edinburgh EH2 2YB
Solicitors:	Anderson Strathern 1 Rutland Court Edinburgh EH3 8EY

Introduction from the Principal

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

As Principal and Chief Executive, I am delighted to be writing the introduction to the Annual Report to highlight the achievements of the College during these challenging times. It is an exciting time to be a part of the education sector and to be leading West College Scotland. I would like to thank all staff, students and partners for the warm welcome I have received since taking up my new position in September 2018. Over the course of 2018-19 we have built upon the strong foundations laid in the years since merger, with an emphasis on team work, a focus on improvement and innovation and a clear purpose to make a difference. Based on this collective effort I know our College has a great future ahead of it and we continue to deliver our ambitions with great pride and passion.

The accomplishments of our students are witness to the inspiring education delivered across all curriculum areas and 2018-19 has been another year of academic achievement, national recognition and student success stories. The vocational, technical and professional educational opportunities, along with the skills training, the expertise and the advice the College offers, extends across a range of industry sectors: from energy conservation, to health and social care, to tourism and digital technology.

The College reach, influence and impact extends beyond the West Region with more than 20 vocational centres across the globe, including in the Far East. Within the Region, the College plays an important leadership role, using its influence and scale, to help shape the educational and employability landscape.

Our relationship with employers and businesses is critical to the work we do, and it is mutually beneficial. We want the College to be the natural choice to assist businesses 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.

To help the College ensure that it continues to respond to the needs of business, during 2018-19 we conducted and published a regional skills survey ‘Our Workforce, Our Future’ (<https://www.westcollegescotland.ac.uk/our-workforce-our-future/>). The survey was completed by more than 230 organisations, employing more than 65,000 people. It is the first survey of its kind in Scotland ever conducted by a college or university. It confirmed the strong relationships which already exist between the College and the businesses we work with. It also, however, flagged up a digital skills gap in the region and provided additional insight into other workforce development needs. We are using this intelligence to further strengthen our employer partnerships and inform our own curriculum development.

It is now six years since the College’s creation, and I am fortunate to have taken up the position of Principal at a stage when we have overcome many of the challenges we faced before and after merger. I believe we can look forward with confidence and positivity.

2018-19 saw the College implement a Business Transformation Plan to address key challenges within our operating environment and to ensure we can address the financial challenges that exist. This approach has seen the College again deliver an underlying operating break-even position for 2018-19.

Our new Strategic Plan 2019-2025 builds on the progress we have already made and will ensure that West College Scotland continues to be innovative and forward-thinking in meeting the needs of the region and our students.

There is no doubt we, along with colleges across the sector, will face further challenges over the next academic year - but with challenge comes opportunity and I am confident the College is now in well placed to embrace those opportunities and build on the success of recent years. We will continue to develop in 2019-20, making sure we are meeting the needs of students, employees, businesses, policy makers and our economy.

Elizabeth Connolly
Principal and Chief Executive

Highlights of the Year

During the year to 31 July 2019 the College's achievements included:

- In November 2018, Derek MacKay MSP, Cabinet Secretary for Finance, the Economy and Fair Work, launched the AC Whyte Skills Academy at our Greenock campus. This collaboration with AC Whyte, a Barrhead-based construction company delivering major refurbishment projects mainly for local authorities and Housing Associations, has guaranteed 12 students full-time employment with the company following graduation. The initiative won the prestigious Herald HE Employer Engagement with Colleges Award in June 2019.
- At the annual College Development Network Awards 2018 our Learning Development team won the Employer Engagement award for their work in giving opportunities to students with learning and health needs. The College's Marketing Team also took first prize for their #BeLike campaign, which encouraged students to use their own online social network connections to promote the summer recruitment campaign.
- Three '*Choose Your Career Days*' were organised in Clydebank, Greenock and Paisley in early 2019 to showcase courses and activities to potential students and partners.
- The Students' Association won the National Union of Students Award for Officer Team of the Year in March 2019.
- Richard Lochhead MSP, Minister for Further Education, Higher Education and Science visited the Paisley campus in February 2019. During a lengthy visit he met management staff and students. Mr Lochhead also oversaw the signing of a joint long-term Mental Health Strategy between College management and the Students' Association.
- In April, Greenock-based Employability Advisor Leeann Jenkinson won the top prize at the annual Scottish Learning Disability Awards for her work with students in Inverclyde.
- The College hosted the annual SNIPEF SkillPLUMB apprentice competition in June 2019. This was the second consecutive year WCS has hosted this event, which showcases talents from across colleges, businesses and training centres across Scotland
- Deputy First Minister and Cabinet Secretary for Education and Skills, John Swinney, visited our Greenock campus to meet Inverclyde school pupils and WCS motor vehicle staff who had provided support and guidance in building a F24 race cart to be showcased at an event at Silverstone. Mr Swinney met our team, as well as our Principal and others.

Our Vision

Collective Ambition
Pride and Passion
Inspirational and Innovative

INTRODUCTION

This Report provides information on the College, its main purpose, activities, objectives, strategies and the principal risks that exist. The Report also contains an Overview and Performance Analysis.

Purpose and Activities

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

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

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

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

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

The College's objectives in relation to the public funding it receives are set out annually in its Regional Outcome Agreement with the Scottish Funding Council. In 2018-19, 84% of the College's income was from the Scottish Funding Council. Other sources of income included tuition fees, education and employability contracts, and general operating income.

Key Issues and Risks

The Scottish Government set out several key policy objectives for Colleges, including the Future Skills Strategy, Flexible Workforce Development Fund, the Developing the Young Workforce Strategy, Widening Access, the prioritisation of Science, Technology, Engineering and Mathematics (STEM) subjects, improving the Learner Journey and the enhancement of gender balance in the curriculum. The College is making good progress in fulfilling these objectives within the required timescales whilst operating in a challenging financial landscape.

The College's 2019-20 Regional Outcome Agreement (http://www.sfc.ac.uk/web/FILES/outcome-agreements-1920/West_Scotland_Outcome_Agreement_2019-20.pdf) lists the following priority areas to be delivered by the end of academic year 2019-20 – we will:

- 1) provide education and training in inspirational and innovative ways to engage and meet the diverse needs of our students. Education and training will be delivered to students in high quality College facilities, in students' place of work or through the development and use of digital technologies.
- 2) 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. The College will support the development of staff to achieve successful outcomes for themselves, students and the College.
- 3) develop our curriculum and services to ensure they align with and support Scotland's key economic sectors. The College will ensure that our students are equipped with the relevant training, qualifications and essential skills they need for employment and life. The College 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) be a strategic resource and valued partner with stakeholders, building relationships, leveraging resources and capabilities to design, develop and deliver products and services.
- 5) have new partners and new areas of activity, which allow the College to grow and develop income streams to reinvest in the core business for the benefits of students, staff and communities.
- 6) grow our profile and reputation both nationally and internationally. The College reputation will be based on the quality of teaching, outcomes for students and willingness to strive for and set the highest standards across all areas of our work.
- 7) take a leadership role in the West Region and, together with partners and stakeholders, tackled the significant social and economic deprivation, which characterise many of the College communities. The College will deliver a sustainable, effective and efficient service to our communities, through the implementation of sound governance, leadership, planning and management.

The College manages the risk that its faces through the:

- College Risk Management Strategy;
- Development of a risk appetite statement; and
- Maintenance of a Strategic Risk Register which identifies the major risks identified by the Board of Management and its Committees and risks identified by the Senior Management Team.

The Risk Management Strategy is overseen by the Board of Management Audit Committee. As of September 2019, the top five risks facing the College have been identified as:

- 1) Inability to clearly forecast the volatility and impact of SFC funding and funding methodology changes in relation to core-grant-in-aid, credit activity model; reduction in European funding; student support funding and estates maintenance.
- 2) Failure to deliver Estate Strategy objectives due to business cases for development of estate being delayed, with this having a resultant negative impact on the ability of the College to recruit students, retain staff and address legislative requirements.
- 3) Failure to secure adequate estates maintenance / capital funding for future investment or refurbishment of IT and physical infrastructure.
- 4) Failure to prepare for the anticipated impact upon the College of Brexit including loss of European funding, loss of students / staff and access to exchange programme funding.
- 5) Failure to deliver SFC Regional Outcome Agreement targets at a time of limited resource results in future credit and/or funding adjustments.

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 2018-19 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 several financial challenges. The Board of Management has approved a 2019-20 budget which details the sources of income and expenditure of the College and considered a 5-year financial projection. The financial forecasts for this period - based upon a set of SFC assumptions - indicate that the ability to deliver an underlying break-even position will be challenging for the College in the current and future years. However, the College has in place a Business Transformation 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, the College continues to adopt the going concern basis in preparing the Financial Statements.

Performance Summary

The College achieved its 2018-19 student activity targets and financial objectives in line with the Board of Management approved budget.

The SFC credit target of 164,223 credits (157,855 core credits plus 6,386 European Structural Funds Priority 5: Strategic Skills Pipeline credits) was exceeded by 305 credits. The College delivered an adjusted operating surplus of £26,000 (2017-18: £19,000) as shown in the table on page 15, which is considered as a break-even position. The 2018-19 financial deficit was £6.0m (2017-18: £3.1m deficit) after inclusion of year-end pension valuation adjustments of £2.8m (2017-18: £2.0m).

PERFORMANCE ANALYSIS

Operational Review

The College continued to invest in resources appropriate to the size and complexity of its business; and managed its key organisational risks whilst committing to satisfactory standards of corporate governance. A robust institution-wide risk management process is in place, monitored by the Senior Management Team, with oversight provided by the Board of Management Audit Committee. Risk management reports are provided to all Board of Management Committees and the Board of Management on a continuous basis throughout the year. The key risks reported in the Strategic Risk Register continue to be kept under close review, with emerging risks promptly identified, managed and mitigated accordingly.

During the year the College implemented a Business Transformation Plan '*Future Proofing our College*'. Like many public sector organisations, colleges face a future that is uncertain. The future policy context has the potential to substantially impact the role of colleges. The outcomes of the Government's learner journey programme and the potential impact of the new Enterprise and Skills Strategic Board will shape the future. The impacts arising from College sector national bargaining also require to be considered in developing the College's workforce plan and approach to curriculum delivery. The SFC funding model supporting colleges is also likely to change and the SFC's 2018-19 funding announcement of 18 May 2018 confirmed a return to a simplified funding model going forward. The College has therefore faced, and continues to face, several challenges, and the immediate priority is to work closely with the Scottish Funding Council to meet and address these and deliver a financially stable and sustainable College.

The scale of the financial challenge in 2018-19 and beyond means that the College will require to work in partnership with SFC to implement a range of solutions. SFC strategic financial support will be an essential element of this. The range of approaches the College will implement include:

- 1) Workforce planning, realignment and reshaping.
- 2) Realising further efficiencies through improved efficiency and productivity.
- 3) Continuing to refine and reshape the delivery models for core learning and teaching activity.
- 4) Improved use and disposal of current property assets, with a review being undertaken of the current campus model and business cases being progressed with the SFC for new campus developments.

5) Exploration of service delivery options.

6) Growth of alternative income streams.

In the longer-term sustainable savings can only be achieved if allied with specific strategic investment. The College believes the investment required falls into three categories:

- 1) Widening access – with a need to focus on attracting and enabling students from SIMD 10/20 to achieve their full potential.
- 2) Digital infrastructure.
- 3) Development resource for our curriculum portfolio and business development portfolio in order ensure the College continues to evolve and meet regional community and employer needs.

In order to ensure that the College is focused on the achievement of the Business Transformation Plan an updated Corporate Strategy outlining the vision over the next five years was developed in 2019. At the heart of the Strategy are four key priority areas for the College:

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

The challenges we face will not alter the College’s vision and we will continue to manage key strategic and operational risks in a structured and coherent manner and deliver a sustainable and successful College for the benefit of staff, students and communities.

Review of Financial Performance

The financial outcomes for the 2018-19 financial year are in line with budgeted expectations. The College has a five-year financial plan in place which aims to ensure that the organisation 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 College delivered an adjusted operating surplus of £26k (2017-18: £19k), which is effectively a break-even position. The College reported an accounting deficit for the year of £6.0m (2017-18: deficit of £3.1m) the detail of which is further explained in the following sections.

2018-19 Income and Expenditure

The overall position of the College for 2018-19 can be summarised as follows, and is further explained in the commentary below the tables:

	2018-19	2017-18	Movement	
	£m	£m	£m	%
Income	59.0	58.7	0.3	0.5%
Expenditure	(65.0)	(61.8)	(3.2)	(5.2)%
Deficit in year	(6.0)	(3.1)	(2.9)	(93.6)%

The College income is derived from several sources and is summarised below:

	2018-19	2017-18	Movement	
	£m	£m	£m	%
Tuition fees and Education Contracts	6.6	6.9	(0.3)	(4.4)%
<i>Teaching and fee waiver grant (SFC)</i>	39.1	39.0	0.1	0.3%
<i>Teaching and fee waiver grant (ESF)</i>	1.5	1.7	(0.2)	(11.8)%
<i>Estate maintenance funding</i>	2.8	3.1	(0.3)	(9.7)%
<i>Childcare funding</i>	2.2	1.9	0.3	15.8%
<i>Other SFC income</i>	2.7	1.6	1.1	68.8%
<i>Release of deferred capital grant</i>	1.2	1.5	(0.3)	(20)%
Scottish Funding Council income	49.5	48.8	0.7	1.5%
<i>Other grant / operating income</i>	2.9	3.0	(0.1)	(3.4)%
<i>Investment income</i>	0	0	0	0%
Other income	2.9	3.0	(0.1)	(3.4)%
Total Income	59.0	58.7	0.3	0.5%

Income has increased by £0.3m (0.5%) to £59.0m from 2017-18 due to:

- Tuition Fee and Education Contract income reducing by £0.3m, reflecting a small drop in fee paying and education contract activity.
- Scottish Funding Council income increasing by £0.7m, due primarily to an increase in other SFC income of £1.1m as a result of additional funding being received towards supporting the College voluntary severance scheme. This increase was matched by an increase in staff costs.
- SFC Estates maintenance funding was fully utilised by the College in order to meet Estate Strategy objectives. The income is only recognised in the accounts as expenditure is incurred.
- The movement in childcare funding is matched to expenditure and represents a higher level of demand in this area combined with an increase in the charge levied by external providers.
- The release of deferred capital grant being matched to an increased level of depreciation charged during the year, in line with the College accounting policy.

The College expenditure is derived from several sources and is summarised below:

	2018-19	2017-18	Movement	
	£m	£m	£m	%
Wages and salaries	32.7	32.2	0.5	1.6%
Social security costs	3.3	3.3	0	0%
Pension costs	5.8	5.8	0	0%
Sub-total wages and salaries	41.7	41.2	0.5	1.3%
Support Staff Job Evaluation	0.9	0.0	0.9	100%
FRS102 Pension and other movements	2.4	1.3	1.1	84.7%
Total staff costs	45.0	42.5	2.5	5.9%
Other operating expenses	14.4	13.7	0.7	5.1%
Depreciation	5.0	4.7	0.3	6.4%
Interest and other finance costs	0.6	0.9	(0.4)	(44.4%)
Total non-staff costs	19.9	19.3	0.6	3.1%
Total expenditure	65.0	61.8	3.2	5.2%

As outlined within the above table, total salary costs (excluding support staff Job Evaluation and FRS102 pension costs) increased by £0.5m (1.3%) to £41.7m in the year. Contributing factors to the movement in salaries include a cost of living increase for all staff, the impact of harmonisation and migration of teaching staff from local to national terms / conditions and the costs of the voluntary severance scheme.

Other operating expenses increased by £0.7m, which represents a 5.1% movement, and this has largely arisen due to additional expenditure on childcare which is matched by an increase in income. Interest and other finance costs are comprised of cash payments in relation to interest on loans of £186k (2017-18: £193k) and non-cash interest charges in relation to the support staff pension scheme of £390k (2017-18: £732k), which are technical accounting adjustments.

Adjusted Operating Position

The deficit for the 2018-19 financial year as per the Statement of Comprehensive Income and Expenditure is £6.0m. This is the result of several factors which are explained below. When these factors are adjusted, the underlying operating position for the College is that of break-even.

	Note	2018-19	2017-18
		£'000	£'000
Deficit for the year as per statement of comprehensive income and expenditure		(5,960)	(3,070)
Add back:			
Depreciation (net of deferred capital grant release)		3,518	2,980
Non-cash pension adjustment – salary costs	1	2,444	1,241
Non-cash pension adjustment – interest costs	1	390	732
Loss on disposal of assets	2	129	153
Deduct:			
Exceptional income - Release of prior year provision	3	0	(1,529)
Revenue funding allocated to loan repayments	4	(495)	(488)
Adjusted operating surplus		26	19

(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. Note 10 sets out the impact of the Net Interest cost of the annual pension valuation on Interest Payable. These costs are non-cash related and as the College cannot control their impact, they have been adjusted for.

(2) Loss on Disposal of Assets

The College has during the year demolished two properties at its Paisley campus resulting in the noted loss on disposal (see note 12 to the Financial Statements - Tangible Fixed Assets for further information).

(3) Exceptional Income - Release of Prior Year Provision

2017-18 represented the final year of £3.2m SFC estate maintenance provision being utilised towards maintenance costs, in line with the original condition of grant award letter and as approved by SFC.

(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 and are recorded in the Statement of Cashflows and Note 19.

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.

The College has a fixed cash budget for priorities of £1.6m per year which must be spent on agreed governmental priorities as outline in the table below.

	2018-19	2017-18
	£m	£m
Revenue		
Contribution towards 2015-16 cost of living award	0.6	0.0
ICT maintenance costs	0.5	0.0
Voluntary severance cost	0.0	0.3
Estate maintenance costs	0.0	0.8
Total impact on operating position	1.1	1.1
Capital		
Loan repayments	0.5	0.5
Total capital loan repayments	0.5	0.5
Total cash budget for priorities spend	1.6	1.6

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 19 days in the year to 31 July 2019 (2017-18: 18 days). 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 £49.8m as at 31 July 2019 (2018: £62.8m). The decrease in net assets of £13.0m is largely attributable to (a) the annual depreciation charge on the Fixed Assets (£5.0m), (b) an increase in deferred income in relation to unspent estate project funding (£2.4m), and (c) an increase in the pension provision required to be held by the College following the annual valuation exercise (£10.0m). The balance sheet reflects the stable liquidity position of the College and effective working capital management processes.

Cash at bank at 31 July 2019 was £5.7m compared to £3.8m in July 2018 due to the retention of project funding expended after the year end. 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 several 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 2019, the ratio of current assets: current liabilities were 1.01 (2018: 1.00) and the day's cash to total expenditure was 32 days (2018: 22 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 Strategy

The College has developed a 5-year financial forecasting model which has the fundamental goal of ensuring the financial sustainability of the College and a continual underlying break-even position. This financial strategy ensures 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 and integrated with other key supporting organisational strategies and plans, this approach is designed to ensure the College can achieve the objectives set out in the Corporate Strategy and meet the objectives set in the Regional Outcome Agreement with the SFC.

Financial Outlook

The College achieved a financial performance during 2018-19 which was in line with budgeted expectations, maintaining a financially sustainable underlying break-even 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 are intended to 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 of West College Scotland to achieve financial targets and continue to operate in a financially sustainable manner.

Student Activity Performance Highlights

Delivery of widening access and progression targets

	2018-19 %	2017-18 %	2016-17 %
(a) Gender Action Plan			
Male learners	42	42	40
Female learners	58	58	60
(b) Equality Report			
Students reporting having a declared disability	22	20	18
(c) Access and inclusion Strategy			
% of total delivery to the most deprived postcodes (SIMD10)	25	25	27
(d) School College Partnership			
Level of senior phase activity	4.2	4.1	3.8

The College has published the following documents to support the above performance indicators and further details can be found on the College website at

<https://www.westcollegescotland.ac.uk/college/about-us/publication-policies/>:

- a) **Gender Action Plan** 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 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.
- b) **Equality Report** details progress on its Equality Outcomes. The College will aim to monitor trends in students' 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.
- c) **Access and Inclusion Strategy** 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 at least 20% of college activity by 2020-21 should be delivered to students from a SIMD10 postcodes (Scottish Index of Multiple Deprivation). As noted above the College is above the sector average and reflects 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.

School College Partnership - The College continues to work in partnership to deliver on national priorities such as the Scottish Government's Youth Employment Strategy by working in partnership with local authorities, schools and a variety of employers in the region. The revised delivery model and common cross region timetabling ensures pro-active planning and co-ordination thereby improving the efficiency of the programmes delivered.

Other partnership work with schools has extended as the College continually revises and improves the curriculum being offered to stakeholders. The Creative Industries Department worked with Inverclyde primary school pupils on a raising attainment national priority music project that resulted in pupils receiving an accredited SQA award. This programme model is now being rolled out across other curriculum areas. The college has increased the number of taster programmes and introduced new areas of interest such as cyber security and games development. Pupils from West Dunbartonshire enrolled on the HNC Business course, successfully completed their qualification and graduated at the end of 2018-19.

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.

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.

SFC/Education Scotland Quality Arrangements - The College published an Evaluation Report and Enhancement Plan (EREP) in December 2018 in line with SFC/Education Scotland Arrangements for quality. The document *'How Good is Our College'* was published in December 2017 and set out an evaluation framework with three high-level quality indicators against which each college self-assesses. The evidence to support these indicators is externally validated prior to publication. The College published grades were as follows:

- Leadership and Quality Culture – Very Good
- Delivery of learning and services that support learning – Very Good
- Outcomes and impact - Good

An update report on progress during session 2018-19 was submitted on 31 October 2019. This report will evaluate our performance against four key areas of the student experience (1) recruitment (2) retention (3) attainment and (4) progression. A progress visit by Education Scotland is scheduled for late January 2020 with the objective of assessing the College progress against the EREP actions. The next date for submission of a full Evaluation Report and Enhancement Plan is October 2020.

Student attainment

	Actual 2016-17	Actual 2017-18	Target 2018-19	Actual 2018-19	Target 2019-20	Sector target 19-20
FE Full-time	69%	69%	70%	68%	70%	73%
HE Full-time	69%	69%	72%	65%	72%	74%
FE Part-time	68%	72%	72%	76%	72%	
HE Part-time	77%	80%	78%	80%	78%	

Improving attainment remains a key priority for the College and it is disappointing that success rates for full time HE and FE have fallen in 2018-19. The College continues to exceed the targets set for both HE and FE part time success rates. The College was anticipating a reduction in full-time success rates against the previous upward trend due to the impact of strike action during session 2018-19 and this despite actions having been taken to minimise any strike influence. The overall sector performance for 2018-19 is not available at the time of this report but is expected to follow a similar trend. Further benchmark analysis will be carried out to ensure that the College recognise and action any other factors that may have impinged on the overall College performance.

The College aspires to have student success levels in the upper quartile of sector rates by 2020. Despite the reduction in 2018-19 the College believes this aspiration is still attainable but recognising the high levels of deprivation across the region the aspiration remains challenging. The College will continue to prioritise providing access, offering opportunities and developing individuals at a pace and level best suited to them and with adequate support structures in place. The College has maintained the percentage of students attaining a qualification at part time HE level as a result of focused support for those just missing out previously on their qualification group awards and on improving attainment through flexible approaches to remediation and independent learning.

Early withdrawal

	Actual 2016-17	Actual 2017-18	Target 2018-19	Actual 2018-19	Target 2019-20
FE Full-time	8.7%	7.6%	7.5%	8.3%	7.5%
HE Full-time	4.8%	6.3%	4.0%	7.1%	4%

College early withdrawal rates generally compare well against the overall sector. The College has made consistent progress in ensuring adequate levels of student support is in place prior to and in the early weeks of entry to students on full time programmes. The rise in early withdrawal for FE and HE full time students is subject to rigorous programme level analysis via the Portfolio Review process. Early intervention strategies have been put in place for session 2019-20 including a retention group and additional well-being and mental health support being offered on each campus. Learning from the College participation in the Scottish Government College Improvement Project has resulted in a renewed focus on use of quality improvement tools and data across curriculum departments.

ICT Strategy and Digital Ambitions

A key focus continues to be the implementation and realisation of West College Scotland's IT and digital ambitions. There is a continuing need to ensure that the College's ICT infrastructure offers, and can maintain pace with, changing digital technologies so that students, internal departments and communities can take advantage of the digital changes occurring in society.

In October 2019 the College published its Digital Strategy, which recognises the importance of skills development and partnership working alongside infrastructure and resource development. The strategy has 6 key aims with the objective of ensuring that the College has the digital capacity and capabilities to deliver in a modern economy:

1. DIGITAL DELIVERY – the College will have reimagined our curriculum so that digital innovation and delivery is incorporated across all modes and levels
2. DIGITAL CAPABILITY – the college will have attained a skills and confidence level across our student and staff that ensures digital practice is a norm.
3. DIGITAL INTELLIGENCE – the college will be deriving business intelligence and analytics easily and freely from the data we collect across the organisation
4. DIGITAL INFRASTRUCTURE – the College will ensure that our digital infrastructure will have evolved to meet our digital ambition
5. DIGITAL RESOURCES – the College will ensure that our processes and service offerings will be digitally designed and delivered
6. DIGITAL PARTNERSHIPS – the College will be recognised for our digital engagement across our Regi

The College's IT Strategy and Digital Strategy provide the framework and direction that mean College operations, activities and objectives will be supported by appropriate, skills development, user and partner engagement, technology and infrastructure. Key projects for 2019-2020 onwards include:

- Deploying software to support enhancement of the College operational planning process and the College's planning framework.
- Developing the College's ability to deliver information and analytics to key operational users.
- Upgrading the finance ledger system.
- 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.
- Renewal of the College's Cyber Essentials plus accreditation to ensure College operations are delivered in line with the requirements of the Government's Cyber Action Plan.

Delivery of these projects and the overarching IT / Digital Technology Strategies will require ongoing levels of significant investment during 2019-20 and beyond. Whilst the step-change opportunity for the College infrastructure that realisation of the Estates business case would provide, remains to be realised, the College will continue to engage with 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.

Estate Strategy

The College Estate Strategy 2016-2026 addresses emerging and future needs of both student and staff bodies. The College is based at three main campus locations in Clydebank, Greenock and Paisley and since merger in 2013 has continued to invest in the maintenance of its buildings to improve the teaching and learning environment. Our vision is to develop an estate that is fit for purpose, technologically advanced, future proofed, sustainable and cost efficient that meets the needs of both our current and future students.

The key College Estate Strategy challenges identified by the 2016 condition survey of the College estate, and recognised by the Scottish Funding Council college sector national condition survey of December 2017, include:

- 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.
- A need to invest £33m 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 a 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 up to £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 identified as 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 the region 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 delivery of the Estates Strategy is overseen by the Vice Principal Operations and supported by the Estates Management Team, reporting to the College Senior Management Team, College Executive and Board of Management. The Board of Management Estates Committee retain ongoing oversight of the Estate Strategy implementation, and the Board of Management receive an annual update on the implementation of the Strategy. Updated College condition surveys will be undertaken during 2019-20, with the intention of these further informing development of the Estate Strategy.

Employer Engagement

The College is committed to employer engagement and workforce development and to support this hosts several 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 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 and stakeholder events within the College itself.

The College utilised the SFC College Innovation Accelerator Fund to undertake research with over 230 regional businesses to understand some of the barriers and challenges they face now and in the future. Respondents ranged from new start-ups to well-established businesses, from SMEs to FTSE 100-listed companies. 86% were SMEs – which is testament to the College’s unique reach into this business base. We believe this is the first of its kind to be conducted by a college or university in Scotland. The output of this research was publication of the ‘Our Workforce, Our Future’ report. Three Regional employer engagement events were held across our campuses in Greenock, Paisley and Clydebank to outline the output of the report and the College response including the offer of customised training needs analysis to organisations in order to have a greater understanding of their reskilling and up-skilling needs. In response to the research and further employer and stakeholder engagement we are developing several new products as well as sector specific innovation workshops to support employers of all sizes to realise innovative potential, enabling them to boost productivity and performance to sustain and grow their business.

Students Association

The College is committed to supporting and contributing to the strengthening of the Students’ Association. The Association has a dedicated annual budget, agreed by the Board of Management, that College is committed to maintaining in order to give the Association stability and autonomy. The Association 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. The Association produces an annual operating plan and in keeping with all College operational areas this is monitored and reviewed against target on a quarterly basis. During session 2018-19 the Association worked with the National Union of Students and the College Quality Department on a revised Constitution which was approved by the Board in May 2019.

The Association operate to an action plan aligned to the national ‘*Framework for Developing Strong and Effective Student Associations*’ and continue to use the new self evaluation tool kit as a method for continuous monitoring and review of activity. The 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 2019-20

Enrolments for full-time classes for 2019-20 show increased numbers from 2018-19 in subject areas such as Care, Learner Development, Construction and ESOL. Overall student numbers are at a similar level to 2018-19 and planning processes are in place to support achievement of the College student activity credit target for the year. The School College partnership recruitment is generally good, however, the recruitment to the Foundation Apprenticeships has not been in line with targets. An action plan has been initiated to address recruitment in future years.

Curriculum Planning and Review meetings are scheduled for the autumn to review overall performance and plan curriculum changes for 2020-21.

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 Colleges 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 870 tonnes (16%) between 2015 and 2018 which is in excess of the original target. The College has implemented several projects to achieve this and in the third year of reporting to July 2018 a reduction of 415 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 further reductions 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 2018-19 annual climate change report, which will consider data to July 2019, and this is due for submission in November 2019, building upon the work undertaken in the previous year.

The Performance Report is approved by The Principal and Chief Executive on 9 December 2019:

Elizabeth Connolly
Principal and Chief Executive

ACCOUNTABILITY REPORT



Corporate Governance Report

Board of Management Report

The membership of the Board of Management during the year to 31 July 2019 is outlined at page 31 and includes all members who served for part or the whole of the reporting period. The register of Interests for these Board members is available on the College website at:

<https://www.westcollegescotland.ac.uk/college/about-us/board-of-management/>. No significant company directorships or other interests were held which may have conflicted with their duties as Board Members and no member of the Board had any other related party interest during the reporting period.

The Board complies with the 2016 Code of Good Governance for Scotland's Colleges ('the Code') and it has complied throughout the year ended 31 July 2019. Further to this the Board has adopted and operates under the model Code of Conduct developed by the Standards Commission. There has been no requirement during the year to report any personal data-related incidents to the Information Commissioners Office.

The Board's authority, reserved matters and the delegation of authority are set out in the Scheme of Delegation. Delegation of authority in relation to financial decision-making is further detailed in the College's Financial Regulations. Both documents are published on the College's website and can be found at: <https://www.westcollegescotland.ac.uk/college/about-us/board-of-management/>

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

The College Executive Team comprises:

- Elizabeth Connolly – Principal and Chief Executive
- Stephanie Graham – Vice Principal Educational Leadership
- David Alexander – Vice Principal Operations

The staff members also influence the decisions of the College as a whole.

Statement of the Board of Management's Responsibilities

The Board of Management defines its overall responsibilities in accordance with the Code:

- to lead the College and set its strategic direction and values;
- to ensure effective management and financial controls to support the student experience within a framework of public accountability and transparency;
- to deliver high quality learning and outcomes.

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

The Board of Management governance framework sets out the roles, accountabilities and expectations for board members, board committees, staff and students. The Board of Management Articles of Governance are publicly available via the college website <https://www.westcollegescotland.ac.uk/college/about-us/board-of-management/>.

Corporate Governance Statement

Introduction

The Governance Statement is provided to summarise the operation, responsibilities, structure and functions of the College Board of Management, with approaches to ensure effectiveness and improvements. Due recognition has been given to the guidance set out in the 2016 Code of Good Governance for Scotland's Colleges and the Governance Statement section of the Scottish Public Finance Manual (SPFM).

The College Board of Management has approved a Business Transformation Plan with the primary objective of ensuring the College maintains a sustainable financial operating model. The College has now initiated the next phase of its transition through the delivery of its Strategic Plan 2019-25 and the accompanying Business Transformation Plan.

The Board comprises a Chair appointed by Scottish Ministers; the Principal; 12 Non-Executive Members whose appointments are made in accordance with Scottish Government Ministerial guidance issued in 2014, and approved by both the Chair and Scottish Ministers; two Staff Members elected by the teaching and support staff of the College; and two Student Members nominated by the Students' Association of the College. Details of membership during the year to 31 July 2019 are provided at page 31.

Governance Structure

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 College's Board of Management met five times during 2018-19 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.

All Committees operate under the authority of, and with terms of reference approved by, the Board. Meetings of the Board and its Committees are conducted in accordance with Standing Orders which are approved by the Board, and minutes of these meetings are published on the College's website.

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. All of the above information is available on the College website at the following link:

<https://www.westcollegescotland.ac.uk/college/about-us/board-of-management/>

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 meet a minimum of three times a year and, in addition, also meet once a year with the Audit Committee to consider the Annual Report and Financial Statements.

Audit Committee

The Audit Committee ensures compliance with corporate governance requirements, monitors adherence to regulatory 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. 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 Audit Committee meets four times a year and, in addition, meets once a year with the Finance and General Purposes Committee to consider the annual audit report of the external auditors, the Financial Statements and to recommend their approval to the Board of Management. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members, and once a year the Committee members meet both the internal and external auditors independently.

The College internal auditors 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.

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 three times a year.

Organisational Development & Human Resources Committee

The Organisational Development and Human Resources Committee is responsible for the development of an organisational development and HR Strategy and to ensure the College complies with all aspects of employment and health and safety legislation. It also ensures that the College operates effective policies, procedures and systems in all matters relating to 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 oversees the effective governance and strategic development of learning and teaching within the College and has general oversight of all matters relating to the student experience. 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 three 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 the requirements of any severance scheme. Details of the remuneration of senior post-holders for the period ended 31 July 2019 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 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.

Operation of the Board of Management

Membership

In alignment with the Post-16 Education Act (2013), West College Scotland continued to formally review its Board membership during the year to 31 July 2019. The Board consists of 18 members. The Board is satisfied that the election of a Support Staff Board Member, in September 2018, was conducted in line with good practice guidance for the election of staff board members.

Induction and Development

All new members receive a formal induction provided by the College which is followed by attendance at the induction training organised by the College Development Network (CDN). Other development sessions held within the College during the year 2018-19 focused on increasing Board Diversity, Workforce Planning, Regional Outcome Agreement and the development of an Assurance Framework. An annual Strategic session with members of the Senior Management Team, was held in April, with input from the Chair of the Enterprise and Skills Development Board and the Chair of the Scottish Funding Council, and which considered key strategic matters with implications for the College.

Evaluation

The annual effectiveness review of the Board was conducted in May 2019. The outcomes of this review have been used to inform and update the Board Development Action Plan. Both the report and subsequent action plan have been forwarded to the SFC and are published on the College website at the following link: <https://www.westcollegescotland.ac.uk/college/about-us/board-of-management/>.

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

Statement of Compliance

In the opinion of the Board of Management the College complies with all the provisions of the 2010 Corporate Governance Code in so far as they apply to the College sector, and it has complied throughout the year ended 31 July 2019. The Board has also complied with the 2016 Code of Good Governance for Scotland's Colleges.

Board of Management Membership

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

Name	Status	Job Title	Date Appointed	Date Resigned
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	
A Cumberland	Chief Executive	Principal, West College Scotland	1 August 2013	31 August 2018
E Connolly	Chief Executive	Principal, West College Scotland	1 September 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	NMIS Project Manager , Skills Development Scotland	Re-appointed 1 February 2018	

Name	Status	Job Title	Date Appointed	Date Resigned
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	31 July 2019
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	17 June 2019
N Allan	Non-Executive Member Chair, Estates Committee	Self-employed Property Consultancy and Strategic Asset Management	Re-appointed 1 February 2019	
J Johnston	Non-Executive Member	External Affairs Manager, Citizens Advice Scotland	Re-appointed 1 February 2019	

Name	Status	Job Title	Date Appointed	Date Resigned
M Newlands	Non-Executive Member Chair, Corporate Development Committee, and Remuneration Committee from 1 January 2017	Head of Partnerships, Scottish Enterprise	Re-appointed 1 February 2019	
L Johnston	Non-Executive Member	Business Transformation Manager, 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	
M Murray	Student Member	Students Association, West College Scotland	1 August 2018	15 January 2019
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	15 January 2019	31 July 2019
S Vere (Co-opted)	Co-opted member of Audit Committee	Scottish Futures Trust	1 March 2014 Re-appointed 1 March 2018 for one year	28 February 2019
G Bold (Co-opted)	Co-opted member of Audit Committee	Strategy Director, Standard Life	Re-appointed for one year from 1 July 2018	
P Macleod (Co-opted)	Co-opted member of Learning, Teaching and Quality Committee	Director of Children's Services, Renfrewshire Council	10 October 2017	December 2018

Name	Status	Job Title	Date Appointed	Date Resigned
D Mark (Co-opted)	Co-opted member of Organisational Development & HR Committee	Retired	1 March 2019	
R Binks (Co-opted)	Co-opted member of Learning, Teaching and Quality Committee	Corporate Director of Education, Communities and Organisational Development, Inverclyde Council	1 March 2019	
W Wong (Co-opted)	Co-opted member of Audit Committee	Secretary to the Trustee of the Elementis Group Pension Scheme	1 March 2019	
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 Educational Leadership		
Liz Connolly Appointed Principal and Chief Executive from 1.09.18	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 2019

Name	Possible Attendance	Actual Attendance
K McKellar (Chair) (2)	5	5
E Connolly	5	5
M Haggerty	5	2
J Hannigan	5	4
J Henry (Vice Chair)	5	5
A Hetherington	5	5
L Lauder (3)	5	4
J McMillan	5	5
N Allan	5	3
J Johnston	5	4
M Newlands	5	5
L Johnston	5	3

Name	Possible Attendance	Actual Attendance
J Leburn	5	4
A Wilson	5	4
D Watson	5	5
D Walls (3) (4)	5	3
M Murray (3)	2	2
N Percival	5	4
J Morrison (4)	3	3
Co-opted Members (1)		
S Vere		
G Bold		
P Macleod		
D Mark		
R Binks		
W Wong		

- (1) Co-opted members do not attend Board meetings.
- (2) Chair is ex officio member of all committees except the Audit Committee.
- (3) Three members resigned during the year: M Murray resigned 15 January 2019; D Walls resigned 17 June 2019 and L Lauder resigned 31 July 2019.
- (4) Two new members joined the Board: D Walls joined 7 October 2018 and J Morrison joined 15 January 2019.

Committee Attendance

	2018-19	2017-18
Board of Management	83%	81%
Audit Committee	80%	92%
Corporate Development Committee	92%	63%
Estates Committee	88%	63%
Finance and General Purposes Committee	90%	75%
Learning, Teaching & Quality Committee	81%	67%
Organisational Development & HR Committee	100%	75%

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

Corporate Strategy

In respect of its strategic and development responsibilities, the Board of Management receives recommendations and advice from its committees, the Principal and Chief Executive and the Executive Team. In addition to Board meetings, the Board holds an annual strategic session with the Senior Management Team which provides an opportunity to focus debate on matters of vision and strategic direction. In 2019 this was held in April.

In June 2019 the Board of Management approved the new Corporate Strategy, setting out the College's strategic aims over the next six years to 2025. It outlines the approach of the College to delivering an expansive and progressive curriculum to meet the needs of industry and equip students to meet the demands of the modern workplace. The Strategy has the College's values at its centre, to define our culture and foster a positive working environment. It also focuses on the status of the College as a key partner in community planning partnerships. At the heart of the Strategy are four key priority areas for the College:

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

Risk Management

Risk Management Arrangements

The College Risk Management Strategy details and communicates the College's approach to risk management and assurance – and the evaluations of internal controls and is part of the College's internal control and corporate governance arrangements. There were no known significant lapses of data security during the year.

The Audit Committee receives regular reports from the College on the risk management process undertaken during the year. The Senior Management Team reviews operational risk and proposes updates to the Risk Register. Any proposed changes to the Risk Register are highlighted and discussed by the Board Committees, prior to the Risk Register being presented to the Board of Management. With regards to GDPR the Committee noted that there were no known significant lapses of data security during the year.

There has been no significant movement in individual items identified on the Risk Register for the financial year to 31 July 2019. Some of the more significant changes in the register include:

- The inability of the College to present clear medium-term financial plans due to the volatility of SFC funding remains the top risk faced by the College;
- With the delays in progressing the Outline Business Cases for the development of Paisley and Greenock campuses the failure to deliver the College Estate Strategy became the second top risk;
- The changes to the SFC estate maintenance funding methodology for 2018-19 meant that the failure to secure adequate investment in the College IT and physical infrastructure remained in the top 5 risk;
- With the uncertainty surrounding Brexit the impact of the delay on future European funding and loss of exchange programmes resulted in risk associated with Brexit moving into the top 5 risk;
- The intensification of the process of agreeing and delivering the Regional Outcome Agreement (ROA) with the SFC, aligned with the financial pressures faced by the College, meant that a failure to deliver the agreed ROA moved into the top 5 risks by the end of the year; and

- The completion of national pay bargaining negotiations with teaching staff and the cessation of associated industrial action resulted in a reduced risk rating in relation to industrial relations.

Capacity to Handle Risk

The Board of Management has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Management is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that have been in place for the period ending 31 July 2019, and up to the date of approval of the annual report and financial statements which accords with good practice as outlined in the UK Corporate Governance Code 2016. This process is regularly reviewed by the Board of Management.

Statement on Internal Control

Scope of Responsibility

The Board of Management is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

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

Under the College's Scheme of Delegation, several 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. A copy of the Articles of Governance and the Scheme of Delegation can be found at:

<https://www.westcollegescotland.ac.uk/college/about-us/board-of-management/>

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.

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; and
- Clearly defined delegated authority and investment control guidelines.

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

The Chair of the Audit Committee provides the Board of Management with a report on internal audit activity in the College annually. The report includes the Chair of the Audit Committee's independent opinion on the adequacy and effectiveness of the College's system of risk management, internal 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 auditor. The conclusion in their annual report was that the College has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, internal controls, effective and efficient achievement of objectives and the management of key risks;
- the work of the Executive and Senior Management Team within the College who have responsibility for the development and maintenance of the internal control framework and annual assurance statements;
- comments and recommendations made by the College's external auditor; and
- the College's risk management processes.

The Principal and Chief Executive has been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor, and a plan to ensure continuous improvement of the system is in place. Based on these assurances, the Principal and Chief Executive can confirm that sound systems of governance, risk management and internal control, consistent with the requirements of the SPFM/accounts direction, have operated for the year ended 31 July 2019 and up to the date of approval of the annual report and accounts.

Additionally, external auditors tested a range of key controls within the main financial processes during the year and did not identify any significant control weaknesses.

The Senior Management Team considers possible control issues brought to their attention by reporting mechanisms and robust risk management processes. The Senior Management Team and Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board of Management's agenda includes a standing item for consideration of risk and control and receives reports thereon from the Executive Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Board met on 9 December 2019 and approved the year-end financial statements and the external auditors report, taking account of a joint Audit and Finance and General Purposes Committee recommendation.

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 2018-19 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 several financial challenges. The Board of Management has approved a 2019-20 budget which details the sources of income and expenditure of the College and considered a 5-year financial projection. The financial forecasts for this period - based upon a set of SFC assumptions - indicate that the ability to deliver an underlying break-even position will be challenging for the College in the current and future years. However, the College has in place a Business Transformation Plan which, with SFC support, is designed to achieve the required 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

Based on the above information, it is the opinion of the Board of Management and Principal and Chief Executive that the College has made good progress over the financial year to 31 July 2019. This is evidenced through implementation of the College Business Transformation Plan with the SFC and approval by the Board of the College Strategic Plan 2019-25. Further to this, the Principal and Chief Executive and the Board of Management are content that effective arrangements are in place for the identification, evaluation and management of organisational risk, and the monitoring of internal controls. The Board will ensure the effective implementation of the College Strategic Plan going forward and will continue to evaluate and enhance its own practice through the Board Development Plan and other such mechanisms.

Remuneration and Staff Report

The following tables have been verified as correct as part of the year-end audit.

		2018-19	2017-18
People		821FTE	829 FTE
Sickness absence		5.2%	5.00 %
Staff turnover		10.99%	11.78%
<i>Gender Balance</i>			
All staff	Male	49%	41%
	Female	51%	59%
Board	Male	61%	61%
	Female	39%	39%
Senior Management Team	Male	58%	50%
	Female	42%	50%

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 2019			12 months ended 31 July 2018		
	Salary	Pension	Total	Salary	Pension	Total
	£'000	Cont's £'000	£'000	£'000	Cont's £'000	£'000
Keith McKellar	25-30	0	25-30	25-30	0	25-30
Elizabeth Connolly *	120-125	20-30	145-150	90-95	15-20	105-115
Stephanie Graham	90-95	15-20	105-115	90-95	15-20	105-115
David Alexander	90-95	15-20	105-115	90-95	15-20	105-115

*The above bandings are a compensate of 1 month in VP role and 11 months Principal role. The annualised salary banding of the Principal role would be 125-130 (salary) and 25-30 (pension).

Salary multiples

The highest paid member of the management team was the Principal. The Principal's remuneration before pension benefits was in the range £125,00-£130,000 (2017-18: £140,000-£145,000). This was 3.0 times (2017-18: 3.6 times) the median remuneration paid to West College Scotland staff which was £41,526 (2017-18: £39,455).

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 2019	Accrued lump sum at pension age at 31 July 2019	Real increase in pension 1 August 2018 to 31 July 2019	Real increase in lump sum 1 August 2018 to 31 July 2019	CETV at 31 July 2019	CETV at 31 July 2018	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Elizabeth Connolly	12	0	3	0	195	131	64
Stephanie Graham	34	102	1	3	756	701	55
David Alexander	36	55	2	0	556	480	76

Cash equivalent Transfer Value (CETV)

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

The value of the accrued pension benefits has been calculated 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 because of total Local Government service and not just their current appointment.

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

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

Real increase in CETV

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

Compensation for Loss of Office

As at 31 July 2019, 36 employees left or were committed to leaving the College under voluntary severance arrangements. They received compensation payments totalling £1,014,487 with this figure including pension fund strain costs of £15,330. The leavers did not receive any additional compensation. There were 12 staff departures under voluntary severance in 2017-18. There have been no compulsory redundancies.

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

	2018-2019		2017-2018	
	Number of other departures agreed	Number of exit packages by cost band	Number of other departures agreed	Number of exit packages by cost band
£10,000 - £25,000	14	14	1	1
£25,001 - £50,000	22	22	5	5
£50,000 - £100,000	0	0	6	6
Total number of agreements	36	36	12	12
Total Cost (£)	£1,014,487	£1,014,487	£593,256	£593,256

Salaries and Related Costs

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

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 2019.

	Year ended 31 March 2019
	FTE
Number of employees who were relevant union officials during the relevant period	21
Full-time equivalent employee numbers	19.31

Percentage of time spent on facility time

	Year ended 31 March 2019
	%
1% to 50%	21

Percentage of staff costs spent on facility time

	Year ended 31 March 2019
	£'000
Total cost of facility time	£104,478
Total staff costs	£40,684,751
Percentage of total staff costs spent on facility time	0.26%

Paid trade union activities

	Year ended 31 March 2019
	%
Time spent on trade union activities as a percentage of total paid facility time hours	6.33

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 2019 was £22.7m (2018: £12.8m) 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 regarding the pension arrangements for the College can be found in Note 23 to the Financial Statements including contribution rates payable.

West College Scotland – Our People

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

821 full-time and part-time staff work at the College, 371 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 450 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 several 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 page; 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 realises 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 9 December 2019 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

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 2019 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 Cash Flow 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 affairs of the college as at 31 July 2019 and of the deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis of opinion

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

Conclusions relating to going concern basis of accounting

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

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

Risks of material misstatement

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

Responsibilities of the Board of Management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. We therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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

Other information in the annual report and accounts

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

In connection with our audit of the financial statements, our responsibility is to read all the other information in the annual report and 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 matters prescribed by the Auditor General for Scotland

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

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

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been

prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council; and

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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

Lucy Nutley

For and on behalf of Mazars LLP

100 Queen Street

Glasgow

G1 3DN

9 December 2019

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

	<i>Note</i>	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
Income			
Tuition fees and education contracts	2	6,575	6,903
Funding body grants	3	49,541	48,811
Other grant income	4	465	317
Other operating income	5	2,409	2,690
Investment income	6	1	3
Total Income		58,991	58,724
Expenditure			
Staff costs	7	43,148	41,878
Support staff job evaluation	7	857	-
Restructuring costs	7	1,014	593
Other operating expenses	9	14,407	13,727
Depreciation	12	4,949	4,671
Interest and other finance costs	10	576	925
Total Expenditure		64,951	61,794
Deficit before Tax		(5,960)	(3,070)
Taxation	11	-	-
Deficit for the Year		(5,960)	(3,070)
Unrealised surplus on revaluation of land and buildings	12	-	10,253
Actuarial (loss) / gain in respect of pension schemes	23	(7,112)	15,737
Total Comprehensive (Expenditure) / Income for the Year		(13,072)	22,920
Represented by:			
Unrestricted comprehensive (expenditure) / income		(13,072)	22,920
(Deficit) / Surplus for the year attributable to:			
College		(13,072)	22,920

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 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
Deficit from the income and expenditure statement	(5,960)	-	(5,960)
Transfers between revaluation and income and expenditure reserve	2,663	(2,663)	-
Release of unrestricted funds spend in the year	2,834	-	2,834
Total comprehensive expenditure for the year	(463)	(2,663)	(3,126)
Balance at 31 July 2019	14,763	57,703	72,466

Balance Sheet

	Note	As at 31 July 2019		As at 31 July 2018	
		£000	£000	£000	£000
Non current assets					
Fixed assets	12		101,935		107,014
Current assets					
Stocks		13		14	
Trade and other debtors	13	2,690		1,995	
Cash	19	5,677		3,825	
		<u>8,380</u>		<u>5,834</u>	
Less: Creditors: amounts falling due within one year	14	<u>(8,257)</u>		<u>(5,817)</u>	
Net current assets			123		17
Total assets less current liabilities			102,058		107,031
Creditors: Amounts falling due after one year	15		(29,592)		(31,439)
Provisions					
Pension provisions	17		(22,701)		(12,755)
Total net assets			<u>49,765</u>		<u>62,837</u>
Unrestricted reserves					
Pension reserve	18		(22,701)		(12,755)
Income and expenditure reserve			14,763		15,226
Revaluation reserve			57,703		60,366
Total reserves			<u>49,765</u>		<u>62,837</u>

The financial statements on pages 51 to 74 were approved by the Board of Management, authorised for issue on 9 December 2019 and signed on its behalf by:

Keith McKellar
Chair of Board of Management

Elizabeth Connolly
Principal and Chief Executive

Statement of Cashflows

	Note	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
Cashflow from operating activities			
Deficit for the year		(5,960)	(3,070)
Adjustment for non-cash items			
Depreciation	12	4,949	4,671
Loss on disposal of fixed assets	12	129	153
Decrease in stock		1	4
(Increase) in debtors	13	(695)	(244)
Increase / (decrease) in creditors	14	1,089	(3,975)
Net cost of pension provision	23	2,834	1,973
Adjustment for investing or financing activities			
Investment income	6	(1)	(3)
Interest payable	10	186	193
Net cash inflow / (outflow) from operating activities		<u>2,532</u>	<u>(298)</u>
Cash flows from investing activities			
Investment income	6	1	3
		<u>1</u>	<u>3</u>
Cash flows from financing activities			
Interest paid	10	(186)	(193)
Repayments of amounts borrowed	19	(495)	(488)
		<u>(681)</u>	<u>(681)</u>
Increase / (Decrease) in cash in the year		<u>1,852</u>	<u>(976)</u>
Cash at beginning of the year	19	3,825	4,801
Cash at end of the year	19	5,677	3,825

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 have been prepared in accordance with the Statement of Recommended Practice (SORP) 2015: 'Accounting for Further and Higher Education' and the 2018/19 Government Financial Reporting Manual (FReM) issued by the Scottish Government and in accordance with Financial Reporting Standards (FRS 102). The College is a public benefit entity and has therefore applied the public benefit requirements of FRS102. The college conforms to relevant parts of the Scottish Public Finance Manual (SPFM), the Accounts Direction and other guidance issued by the Scottish Funding Council.

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 £2.33m 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).

Judgements and key sources of estimation uncertainties

There are no material judgements and key sources of estimation in the preparation of the financial statements.

Notes to the Financial Statements

	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
2) TUITION FEES AND EDUCATION CONTRACTS		
FE fees - UK	2,445	2,359
FE fees - non EU	280	302
HE fees	3,039	3,316
SDS contracts	811	926
	6,575	6,903
3) FUNDING BODY GRANTS		
FE recurrent grant	40,562	40,730
Childcare funds (Note 25)	2,165	1,923
Release of deferred capital grants	1,247	1,507
Other SFC grants - job evaluation	857	-
Other SFC grants	1,867	1,568
Estates maintenance funding	2,843	3,083
	49,541	48,811
4) OTHER GRANT INCOME		
Development grants	281	133
Release of deferred capital grants	184	184
	465	317
5) OTHER OPERATING INCOME		
Catering	1,042	1,045
Other income generating activities	506	500
Income from charitable foundation	-	178
Support for Learning	211	345
Other income	650	622
	2,409	2,690
6) INVESTMENT INCOME		
Interest receivable	1	3
	1	3

Notes to the Financial Statements

	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
7) STAFF COSTS		
Wages and salaries	32,712	32,166
Social security costs	3,253	3,251
Pension costs including actuarial cost (Note 23)	8,193	7,042
Holiday pay provision charge	4	12
Support staff Job Evaluation	857	-
	45,019	42,471
Teaching departments	23,529	23,646
Teaching services	4,399	4,358
Administration and central services	8,233	8,254
Premises	2,332	2,179
Other expenditure	1,519	1,508
Catering	692	692
Pension adjustments	2,444	1,241
Total	43,148	41,878
Support staff Job Evaluation	857	-
Restructuring costs	1,014	593
Total	45,019	42,471

Staff Numbers:

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

	2019 FTE	2018 FTE
Teaching departments	371	375
Teaching services	73	73
Administration and central services	236	237
Premises	74	73
Other expenditure	40	42
Catering	27	29
Avg number of FTE - Directly employed	821	829
Headcount: Teaching	573	595
Headcount: Support	619	646
Agency staff - costs	128	99
Avg number of FTE - Agency	6	5

Notes to the Financial Statements

7) STAFF COSTS (Continued)

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

	2019	2018
	Numbers	Numbers
£65,001 - £70,000	-	10
£70,001- £75,000	10	1
£90,001 - £95,000	2	3
£120,001 - £125,000	1	-
£140,001 - £145,000	-	1
	<u>13</u>	<u>15</u>

8) SENIOR POST-HOLDERS' EMOLUMENTS

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

<u>12</u>	<u>14</u>
-----------	-----------

Senior post-holders' emoluments are made up as follows:

	Cost 2018-19	Cost 2017-18
	£000	£000
Salaries	951	1,110
Pension contributions	179	205
Total Emoluments	<u>1,130</u>	<u>1,315</u>

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

	Cost 2018-19	Cost 2017-18
	£000	£000
Principal	<u>123</u>	<u>143</u>
Pension contributions	<u>24</u>	<u>25</u>

No senior post-holder received any benefits in kind.

Compensation for loss of office paid to former higher paid employees

	2019	2018
	£000	£000
Higher paid employees (2019 : 0) (2018 : 1)	<u>-</u>	<u>82</u>
	<u>-</u>	<u>82</u>

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

The Principal and 9 other senior post holders were members of the Strathclyde Pension Fund, a further 2 senior post holders were members of the Scottish Teachers Superannuation Scheme. All pension contributions were paid at the same rate as for other members of staff.

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

Notes to the Financial Statements

	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
9) OTHER OPERATING EXPENSES		
Teaching departments	2,315	1,757
Catering	499	527
Other income generating activities	174	127
Premises: operating	2,237	2,157
Premises: maintenance	2,862	3,358
Administration	3,775	3,725
FE and HE childcare (Note 25)	2,165	1,923
Student support fund costs	251	-
Loss on disposal of assets	129	153
	14,407	13,727
Included in Administration expenses are:		
Auditors remuneration (inclusive of VAT)		
Internal audit services	36	32
External audit services	31	30
Other services	8	9
10) INTEREST PAYABLE		
On bank loans, overdrafts and other loans	186	193
Pension interest costs (Note 23)	390	732
	576	925
11) TAXATION		

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

Notes to the Financial Statements

12) TANGIBLE FIXED ASSETS

	<i>Inherited Land & Buildings £000</i>	<i>Other Land & Buildings £000</i>	<i>Equipment £000</i>	<i>Total £000</i>
Cost or valuation				
At 1 August 2018	62,810	52,900	2,418	118,128
Disposals in year	(474)	-	-	(474)
At 31 July 2019	62,336	52,900	2,418	117,654
Depreciation				
At 1 August 2018	5,588	3,482	2,044	11,114
Charge for year	2,930	1,872	147	4,949
Disposals in year	(344)	-	-	(344)
At 31 July 2019	8,174	5,354	2,191	15,719
Net book value at				
31 July 2019	54,162	47,546	227	101,935
31 July 2018	57,222	49,418	374	107,014
Analysis of net book value at 31 July 2019				
Inherited	20,994	-	-	20,994
Financed by capital grant	33,168	24,337	1	57,506
Other	-	23,209	2	23,211
Leased	-	-	224	224
	54,162	47,546	227	101,935

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 £44,004,000 (2018: £46,273,000)

Land and buildings with a net book value of £66,758,000 (2018: £70,638,000) have been funded from Exchequer Funds, under the definition found in the Financial Reporting Manual. These assets cannot be disposed of without the prior approval of the Scottish Funding Council, and then any proceeds only used in accordance with their instructions.

Included within Land and Buildings is land with a valuation of £5,924,000 (2017: £5,924,000) which is not depreciated.

Notes to the Financial Statements

	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
12) TANGIBLE FIXED ASSETS (Continued)		
The depreciation charge for the year is analysed as follows:		
Based on cost	2,286	2,262
Based on valuation	2,663	2,409
	<u>4,949</u>	<u>4,671</u>
Analysed:		
Owned assets	4,853	4,575
Assets held under finance leases	96	96
	<u>4,949</u>	<u>4,671</u>
13) TRADE AND OTHER DEBTORS		
Trade debtors	215	301
Other debtors	10	33
Prepayments and accrued income	1,201	965
Amounts owed by SFC - Job Evaluation	857	-
Amounts owed by SFC	407	696
	<u>2,690</u>	<u>1,995</u>
14) CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	413	399
Finance lease	96	96
Trade creditors	113	159
Other creditors	161	145
Accruals and deferred income	4,053	2,988
Amounts owed to SFC	2,084	599
Deferred capital grants SFC	1,153	1,247
Deferred capital grants non-SFC	184	184
	<u>8,257</u>	<u>5,817</u>
15) CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR		
Bank loans	1,693	2,106
Finance lease	128	224
Deferred capital grant SFC	23,148	24,302
Deferred capital grant non-SFC	4,623	4,807
	<u>29,592</u>	<u>31,439</u>

Notes to the Financial Statements

	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
16) ANALYSIS OF BORROWINGS OF THE COLLEGE		
a) Bank loans		
Within one year	413	399
Between one and two years	422	413
Between two and five years	814	943
After five years	457	750
	<u>2,106</u>	<u>2,505</u>

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	32	128
	<u>224</u>	<u>320</u>

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

17) PENSION PROVISION

Pension provision at 31 July 2018	12,755	26,519
Movement in year	9,946	(13,764)
Pension provision at 31 July 2019	<u>22,701</u>	<u>12,755</u>

The movement in pension provision is further analysed in Note 23

18) PENSION RESERVE

Balance at 1 August	(12,755)	(26,519)
Current service cost in year	(3,998)	(3,773)
Past service cost	(1,106)	-
Employer contributions	2,046	1,931
Contributions re unfunded benefits	614	601
Net interest	(390)	(732)
Transfer to Income & Expenditure	(2,834)	(1,973)
Pension scheme actuarial (loss) / gain	(7,112)	15,737
As at year end	<u>(22,701)</u>	<u>(12,755)</u>

Notes to the Financial Statements

19) ANALYSIS OF NET CASH / (DEBT)

	At 31 Jul 18	Cash Flows	Other Non Cash Changes	At 31 Jul 19
	£000	£000	£000	£000
Cash	3,825	1,852	-	5,677
	3,825	1,852	-	5,677
Debt due within one year	(495)	495	(509)	(509)
Debt due after one year	(2,330)	-	509	(1,821)
	1,000	2,347	-	3,347

20) FINANCIAL COMMITMENTS

At 31 July 2019 the College had annual commitments under non-cancellable operating leases for Land and Buildings as follows:

	Year ended 31 July 2019	Year ended 31 July 2018
	£000	£000
Future minimum lease payments due:		
Expiring within 1 year	128	129
Expiring between two and five years	354	381
Expiring after 5 years	366	427
Total lease payments due	848	937

21) CAPITAL COMMITMENTS

The College has not received any capital grant funding during 2018/19 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
Elizabeth Connolly	Developing the Young Workforce West Region	Board Member
Nick Allan	Dunbartonshire Chamber of Commerce	Non-Executive Director
Jim Hannigan	Skills Development Scotland	NMIS Programme Manager
Jacqueline Henry	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 Partnerships
Angela Wilson	West Dunbartonshire Council	Strategic Director
Graeme Bold	M&G Prudential	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 2019	31 July 2018
	£000	£000
The total pension cost for the College was :		
Contributions paid	5,749	5,801
Pension cost as a result of implementing FRS 102	2,444	1,241
Total pension cost (Note 7)	8,193	7,042

Scottish Teachers' Superannuation Scheme (STSS)

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

A full actuarial valuation was carried out as at 31 March 2016. The results of this confirmed an increase in the employer contribution rate from 17.2% to 22.4% from 1 April 2019 to 31 March 2023. This increase has been deferred until 1 September 2019 and adjusted to 23%. The next valuation of the scheme will be completed on 31 March 2020.

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%.

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 2019	At 31 July 2018
Principal Actuarial Assumptions		
Rate of increase in salaries	3.60%	3.60%
Rate of increase for pensions in payment / inflation	2.40%	2.40%
Discount rate for liabilities	2.10%	2.80%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. For 2019 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 2019	At 31 July 2018
Current pensioners	Males	20.7	21.4
	Females	22.9	23.7
Future pensioners	Males	22.2	23.4
	Females	24.6	25.8

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 2019 £000	Year ended 31 July 2018 £000
Fair value of employer assets	97,486	89,861
Present value of funded liabilities	<u>(109,850)</u>	<u>(92,293)</u>
	(12,364)	(2,432)
Present value of unfunded liabilities	<u>(10,337)</u>	<u>(10,323)</u>
Net liability	<u><u>(22,701)</u></u>	<u><u>(12,755)</u></u>
Amount in the Balance Sheet:		
Pension liability	<u><u>(22,701)</u></u>	<u><u>(12,755)</u></u>

Notes to the Financial Statements

23) PENSION SCHEMES (Continued)

	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
Amount charged to Comprehensive Income and Expenditure:		
Employer service cost (net of employee contributions)	2,444	1,241
Interest on obligation	390	732
Actuarial gain / (loss) on scheme assets	7,112	(15,737)
Total	9,946	(13,764)
Changes in the fair value of scheme assets:		
Opening fair value of scheme assets	89,861	85,929
Net interest	2,525	2,327
Contributions by members	648	619
Contributions by the employer	2,046	1,931
Contributions in respect of unfunded benefits	614	601
Benefits paid	(1,964)	(1,903)
Unfunded benefits paid	(614)	(601)
Expected return on assets	4,370	958
Closing fair value of scheme assets	97,486	89,861
Changes in the present value of the defined benefit obligation:		
Opening defined benefit obligation	102,616	112,448
Current service cost	3,998	3,773
Past service cost	1,106	-
Interest cost	2,915	3,059
Contributions by members	648	619
Estimated benefits paid	(1,964)	(1,903)
Estimated unfunded benefits paid	(614)	(601)
Actuarial loss / (gain)	11,482	(14,779)
Closing defined benefit obligation	120,187	102,616
History of experience losses		
Scheme assets	97,486	89,861
Defined benefit obligation	(120,187)	(102,616)
Deficit	(22,701)	(12,755)
Experience gains on scheme assets	4,370	958
Experience (losses) / gains on scheme liabilities	(11,482)	14,779

Notes to the Financial Statements

23) PENSION SCHEMES (Continued)

	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
Net assets excluding pension liability	72,466	75,592
Pension liability	(22,701)	(12,755)
Net assets including pension liability	49,765	62,837
The analysis of amounts charged to the Statement of Comprehensive Income and Expenditure (SOCIE) is as follows:		
Analysis of the amount charged to staff costs (Note 7):		
Current service cost	(3,998)	(3,773)
Past service cost	(1,106)	-
Total charged to staff costs	(5,104)	(3,773)
Analysis of the amount charged to pension interest (Note 10):		
Expected return on pension scheme assets	2,525	2,327
Interest on pension scheme liabilities	(2,915)	(3,059)
Net pension interest charged	(390)	(732)
(Charge) / credit to other comprehensive income:		
Return on assets excluding amounts included in Interest Experience (losses) / gains arising on the scheme liabilities	4,370	958
Changes in assumptions underlying the present value of the scheme liabilities	(293)	7,518
	(11,189)	7,261
Actuarial (loss) / gain	(7,112)	15,737
Total (Charge) / Gain to the SOCIE	(12,606)	11,232
Analysis of the movement in deficit during the year		
Deficit in scheme at beginning of the year:	(12,755)	(26,519)
<u>Movement in year:</u>		
Current service cost	(3,998)	(3,773)
Past service cost	(1,106)	-
Contributions	2,046	1,931
Contributions in respect of unfunded benefits	614	601
Total net interest	(390)	(732)
Actuarial (loss) / gain	(7,112)	15,737
Deficit in scheme at end of the year	(22,701)	(12,755)

Notes to the Financial Statements

24) FE BURSARY AND OTHER STUDENT SUPPORT FUNDS

	FE Bursary	EMAs	Other	Total 31 July 2019	Total 31 July 2018
	£000	£000	£000	£000	£000
Balance b/fwd.	(34)	(43)	-	(77)	(53)
Clawback/Recovered	34	43	-	77	53
Allocation received in year	9,383	443	834	10,660	10,521
Expenditure	(9,542)	(443)	(926)	(10,911)	(10,255)
Virements	-	-	-	-	(343)
College contribution to funds	159	-	92	251	-
Balance c/fwd.	-	-	-	-	(77)
<u>Represented by:</u>					
Owed from SFC	-	-	-	-	(77)
	-	-	-	-	(77)

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 2019	Total 31 July 2018
	£000	£000
Balance b/fwd.	-	-
Allocation received in period	2,165	1,580
Expenditure	(2,165)	(1,923)
Virements	-	343
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.

Notes to the Financial Statements

27) IMPACT OF DEPRECIATION BUDGET ON STATEMENT OF COMPREHENSIVE INCOME

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

	Year ended 31 July 2019	Year ended 31 July 2018
	£000	£000
Deficit before other gains and losses (FE/HE SORP basis)	(5,960)	(3,070)
Add back: Depreciation budget for government funded assets	3,518	2,980
Adjusted (Deficit) / Surplus on Central Government accounting basis	(2,442)	(90)

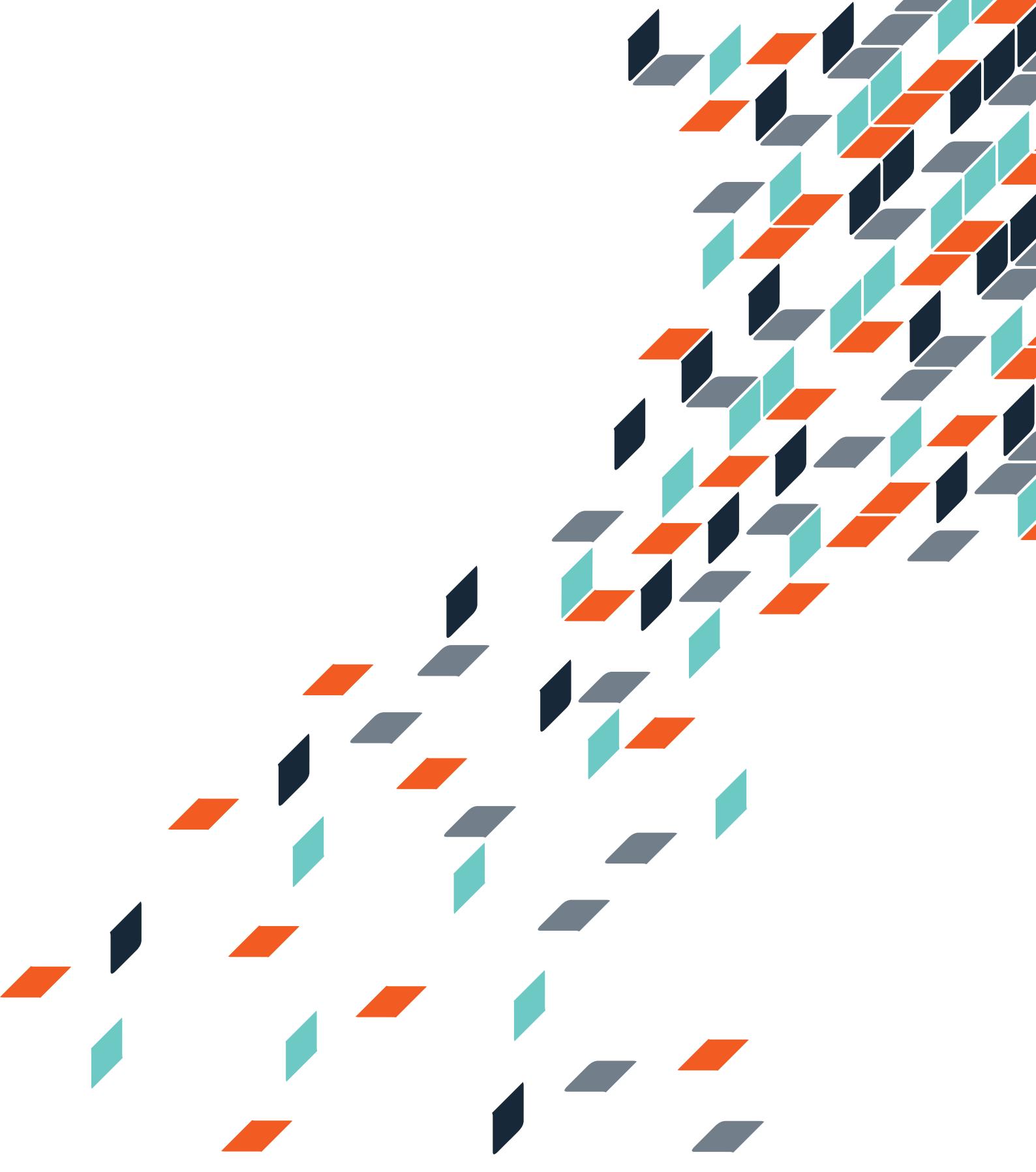
Under the FE/HE SORP, the College recorded an operating deficit of £5,960,000 for the year ended 31 July 2019. After taking account of the Government non-cash budget, the College shows an “adjusted” deficit of £2,442,000 on a Central Government accounting basis. The deficit is attributable to other factors reflected in the adjusted operating position 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 2018-19 SFC Accounts Directions and has been included as required by the SFC. It does not form part of the Financial Statements.

2018-19 Accounts direction for Scotland's colleges and Glasgow Colleges' Regional Board

- 1 It is the Scottish Funding Council's direction that institutions¹ comply with the 2015 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts².
- 2 A new SORP ("the 2019 SORP") was issued in October 2018 and this must be adopted for accounting periods beginning on or after 1 January 2019 and thereafter. Early adoption is permitted as described in Section 27 ('Transition to the 2019 SORP') of the 2019 SORP.
- 3 Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RSB) (for assigned colleges).
- 4 Incorporated colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2018-19 (FRoM) where applicable.
- 5 Incorporated colleges and Glasgow Colleges' Regional Board are reminded that they must send two copies of their annual report and accounts to the Auditor
- 6 The annual report and accounts should be signed by the chief executive officer / Executive Director and by the chair, or one other member of the governing body.
- 7 Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council
5 July 2019



Clydebank Campus

College Square, Queens' Quay
Clydebank, G81 1BF

Greenock Campus

Finnart Street
Greenock, PA16 8HF

Paisley Campus

Renfrew Road
Paisley, PA3 4DR

TITLE: **MANAGEMENT ACCOUNTS TO 31 OCTOBER 2019**

Background: This paper presents to the Committee the Management Accounts for the three-month period to 31 October 2019.

Action: The Finance and General Purposes Committee is requested to approve the Management Accounts as at 31 October 2019.

Lead: Alan Ritchie, Director of Finance and Estates

Status: Open

1. Introduction

1.1 The Management Accounts presented are for the three-month period to 31 October 2019 and contain the following information:

- An Executive Summary, which provides an overview of those factors with a potential to impact the accounts or which require to be drawn to the attention of the Finance and General Purposes Committee. This summary also highlights the:
 - College Business Transformation Plan efficiencies to be achieved and the year to date position;
 - Adjusted operating position of the College which is a key indicator of financial sustainability; and
 - Key risks which may have an impact on the financial position of the College.
- The Statement of Comprehensive Income and Expenditure provides a summary of the financial position and provides a comparison of the approved 2019-20 budget with the full year forecast position to 31 July 2020. This statement also includes the audited 2018-19 figures for comparison.
- An analysis of key variances provides detail of the movement between the budgeted and forecast position for 2019-20.
- The Balance Sheet reflects the assets and liabilities of the College.
- The student funding analysis provides a summary of the budgeted and forecast income and expenditure to 31 July 2020 resulting from the processing of student bursary, childcare and discretionary expenditure. The only element which is recorded within the College Statement of Comprehensive Income and Expenditure is childcare income and expenditure as the College is deemed to act as an agent for these funds. All other funds are accounted for through the College balance sheet.
- The cashflow analysis shows the actual cash position and forecasts the cash flows to 31 July 2020.
- The aged debt analysis shows a summary of the age of the sales ledger along with a split between corporate and student debt. The emphasis continues to be the reduction in the level of debt in excess of 3 months.
- The financial graphs and performance indicators provide background information about income and expenditure and highlight the main indicators of financial sustainability.

2. Recommendation

- 2.1 The Finance and General Purposes Committee is requested to approve the Management Accounts to 31 October 2019.



Financial Information Pack
2019-20

For the period to 31 October 2019

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College balance sheet	6
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EXECUTIVE SUMMARY

Budget 2019-20

The Board of Management on 17 June 2019 approved the 2019-20 budget which showed an adjusted operating surplus of £25,000 after accounting for savings of £1.386m. The savings for 2019-20 have been reflected within the management accounts with a summary of the budget and forecast level of savings noted below.

Business Transformation Plan

The College Financial Forecast Return (FFR), which was submitted to the SFC in September 2019, recognised the requirement to make significant savings over the coming 5 year period. A revised College Business Transformation Plan has been updated to reflect these savings and has been submitted to the SFC. Discussions remain on going with the SFC on how these savings are to be delivered and further updates will continue to be provided to the Finance and General Purposes Committee and to the Board of Management. The table below shows the actual level of savings delivered in 2018-19 along with the planned savings for 2019-20.

	2018-19	2019-20		2020-21	2021-22
	Actual £'000	YTD Actual £'000	Budget £'000	Plan £'000	Plan £'000
Growth in income	100	0	0		
Funding to meet nursery costs	125	0	0		
Staff voluntary severance	565	543	685		
Staff cost efficiencies	275	60	300		
Reduction in estate expenditure	50	0	0		
Non-staff cost efficiencies	100	100	401		
Savings required/yet to be identified				1,377	1,367
Total	1,215	703	1,386	1,377	1,367

Discussions remain on-going with the SFC as to the level of savings / efficiencies required be to achieved by the College for 2020-21 and beyond. It is anticipated that staffing efficiencies will be a key element of the savings required going forward and any voluntary severance arising will require to be funded by the College from its own resource. The College anticipates achieving the level of staff savings indicated in 2019-20 through the staff who have previously agreed to leave the College.

The College continues to undertake a review of the financial projections in an uncertain environment. It should be noted that there are potentially further movements in the projected savings depending on the outcome of discussions with the SFC, future SFC funding settlements, the settlement of the Scottish Governments budget for 2019-20 and the ongoing review of staff costs/structures.

The above table is based on SFC FFR assumptions as at June 2019 as reviewed by the Finance and General Purposes Committee. The College will continue to assess the basis of the assumptions used and revert back to the Finance and General Purposes Committee should it become clear that the basis of the budget requires to be amended.

EXECUTIVE SUMMARY (Continued)

Adjusted Operating Position

The key identifier of College financial sustainability is the ability of the College to generate an adjusted operating surplus. The table below shows the current year position compared to prior years:

	<u>2019-20</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
	<u>Forecast</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Financial accounts deficit as per SCI&E	(2,984)	(2,996)	(5,960)	(3,070)
Non-cash pension adjustments	0	0	2,834	1,973
Financial accounts deficit excluding pensions	(2,984)	(2,996)	(3,126)	(1,097)
Depreciation net of release of deferred capital grant	3,494	3,531	3,518	2,980
Loss on disposal of assets	25	0	129	153
Exceptional income - release prior yr. provisions	0	0	0	(1,529)
Revenue funding allocated to loan repayments	(510)	(510)	(495)	(488)
Adjusted operating surplus for the year	25	25	26	19

Page 5 sets out several variances against the agreed 2019-20 budget with the overall position being unchanged - adjusted operating surplus £25,000 for 2019-20.

Student Credit Target

	<u>2019-20</u>		<u>2018-19</u>	<u>2017-18</u>
	<u>Forecast</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Core activity target	157,855	157,855	158,160	160,394
ESF Developing Scotland's Workforce	6,264	6,264	6,368	7,086
Total	164,119	164,119	164,528	167,480

Balance Sheet

The College continues to review its Balance Sheet position primarily in relation to its cash position. The bank loan covenants continue to be reviewed in order to ensure that the College is operating within the agreed loan parameters.

As noted in the 2018-19 external audit report there is a requirement for the College to review how it calculates the depreciation charge levied in the accounts each year. This review is likely to lead to a significant increase in the amount of depreciation charged each year from 2019-20. It should be noted that this is an accounting adjustment and does not affect the adjusted operating position of the College.

EXECUTIVE SUMMARY (Continued)**Key Risks Relating to 2019-20 Accounts****1 Achievement of 2019-20 Credit Target**

The College continues to face a challenging operating environment, however it anticipates achieving the 2019-20 Credit target set by the SFC. It should be noted that 1,000 Credits equates to approximately £250,000 of SFC funding.

2 Failure to deliver Business Transformation Plan savings

The delivery of the savings identified in the Business Transformation Plan represent a key financial pressure faced by the College. As can be seen from the preceding page, progress is being made in achieving the 2019-20 savings. Clarity is required as to how future savings beyond 2019-20 will be delivered given the actions arising from the revised Business Transformation Plan require to be agreed with the SFC.

3 Student Support Funding

The College highlighted to the SFC that the levels of student support funding allocated for 2019-20 were insufficient when the announcement was made in May 2019 given this was £230,000 less than in 2018-19. The College continues to face substantial pressure to meet the demands of the 2019-20 student funding obligations. Based on a review of the current funding applications the College is anticipating a further £1m will be required to meet these obligations. This increase is as a result of the 6% uplift in bursary maintenance payments (2018-19 spend £7.3m), with no corresponding increase in the SFC funding allocation, allied with an increase in the number of care experienced students who are entitled to £8k per annum (2018-19: 70 students 2019-20: to date - 210 students) which is twice that of a non care experienced student. In early October the College again brought this to the attention of the SFC declaring a potential £1m gap in student support funding. In October 2019, the SFC published its in-year redistribution circular with responses required back by 22 November 2019. The College will therefore make an in-year redistribution request to the SFC seeking the additional levels of student support funding required. The College does not anticipate receiving notification of additional funding until late in December 2019.

4 Failure to secure funding for future estates / IT investment

The budget has allowed for an element of maintenance expenditure. However should there be a major failure, this could have a significant impact upon the currently reported position.

5 National Bargaining**Job Evaluation**

Colleges Scotland has provided the sector with the anticipated costs of Job Evaluation (JE) at college level. The Accounts Direction issued in July 2019 for use in compiling the 2018-19 Statutory Report and Accounts, required colleges to post these artificial figures to the accounts as accrued income and a corresponding accrued salary cost. There is currently no clarity of what the outcome of the JE exercise will be, or how it may affect the 2019-20 accounts.

National Pay

A pay deal has been reached with support staff for the period to April 2020. National negotiations for teaching staff led to a pay deal to cover period to August 2020. These have been reflected in the budget.

6 Estate Strategy

The College continues to implement the 2016-26 Estate Strategy however without material investment the delivery of the strategic objectives will prove challenging. For 2019-20 the financial accounts will not be materially impacted by the implementation of this strategy. The Board has approved the relocation of the New Street campus activities to the Renfrew Road campus which will see a saving in lease and operating costs from summer 2020.

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE 2019-20
Year to 31 October 2019

	Year to date			Full Year Budget V Forecast			Draft 2018/19
	Budget	Actual	Variance (Adv)/Fav	Budget	Forecast	Variance (Adv)/Fav	Actuals
SFC Income	11,389	11,389	(0)	47,077	47,199	122	48,293
SFC Support Job Evaluation	0	0	0	0	0	0	0
SDS Income	13	15	2	1,000	1,000	0	1,092
Fees	823	816	(7)	5,775	5,775	0	5,716
Other Income Excl Interest	632	629	(3)	2,496	2,521	25	2,457
Interest Received	0	0	0	0	0	0	1
Total Income	12,856	12,849	(7)	56,348	56,495	147	57,559
Salary Costs	(10,126)	(10,700)	(574)	(42,753)	(42,874)	(122)	(40,963)
Planned Savings	0	603	603	985	985	0	0
Restructuring Fund	0	(0)	0	0	0	0	(1,014)
Net Depreciation/Resource Spend	0	0	0	644	644	0	644
Unfunded Pensions	(173)	(173)	0	(612)	(612)	0	(595)
Total Salaries	(10,299)	(10,270)	29	(41,736)	(41,857)	(122)	(41,928)
Property Costs	(871)	(867)	4	(4,694)	(4,651)	42	(5,060)
Supplies & Services	(2,064)	(2,064)	0	(4,411)	(4,450)	(38)	(4,937)
Other Operating Costs	(808)	(810)	(2)	(3,680)	(3,710)	(30)	(3,780)
Finance Charges	(29)	(28)	0	(162)	(162)	0	(186)
Total Expenditure Excl Salaries	(3,771)	(3,769)	1	(12,947)	(12,973)	(26)	(13,963)
Total Expenditure	(14,070)	(14,039)	31	(54,683)	(54,830)	(148)	(55,891)
Surplus before accounting adjustments	(1,214)	(1,189)	25	1,665	1,665	(0)	1,667
Release of SFC DCG	288	288	0	1,153	1,153	0	1,247
Release of Non SFC DCG	46	46	0	184	184	0	184
Depreciation	(1,217)	(1,215)	2	(4,868)	(4,831)	37	(4,949)
Net Depreciation	(883)	(881)	2	(3,531)	(3,494)	37	(3,518)
Loss on disposal of Fixed Asset	0	(25)	(25)	0	(25)	(25)	(129)
Deficit after accounting adjustments	(2,097)	(2,095)	2	(1,866)	(1,854)	12	(1,980)
Cash budget for priorities	0	0	0	(1,130)	(1,130)	0	(1,144)
Financial accounts deficit	(2,097)	(2,095)	2	(2,996)	(2,984)	12	(3,122)
Revaluation reserve	662	845	185	2,646	2,814	168	2,663
Historical (Deficit)/Surplus	(1,435)	(1,250)	187	(350)	(170)	180	(459)

DETAILED VARIANCE ANALYSIS

	<u>Variance</u> <u>(Adv)/Fav</u> <u>£'000</u>
Board of Management approved deficit for 2019-20	(2,996)
1 Income	
SFC announced additional Mental Health funding. This is matched with a corresponding increase in salaries.	122
Other incidental movements.	25
Total Income Movement	<u>147</u>
2 Salaries	
Increased support staff costs - matched to SFC Mental Health Funding	(122)
Total Salaries Movement	<u>(122)</u>
3 Property Costs	
Other incidental movements	42
	<u>42</u>
4 Supplies and services	
Other incidental movements	(38)
	<u>(38)</u>
5 Other operating expenditure	
Other incidental movements	(30)
	<u>(30)</u>
Total Expenditure Movement	<u>(147)</u>
Net Operating Movements	0
Forecast deficit before accounting adjustments	<u>(2,996)</u>
Depreciation adjustment in respect of disposal of asset	37
Loss on disposal of asset	(25)
Forecast deficit after accounting adjustments	<u><u>(2,984)</u></u>

COLLEGE BALANCE SHEET AS AT 31 October 2019 £'000

	<u>As at</u> <u>31 July 19</u>	<u>As at</u> <u>31 October 2019</u>	<u>Movement</u>
Fixed Assets			
Tangible Fixed Assets	101,937	100,560	(1,376)
Current Assets			
Stock	13	13	0
Trade Debtors	215	717	502
Other Debtors	10	1,106	1,096
Prepayments	347	0	(347)
Other Accrued Income	854	0	(854)
Scot. Funding Council Debtor	407	188	(219)
Scot. Funding Council Debtor - Support job evaluation	857	857	0
Cash at Bank and in Hand	5,677	6,400	723
	<u>8,380</u>	<u>9,282</u>	<u>902</u>
Creditors: Amounts Falling Due			
Within One Year			
Bank Loans/Other Loans	(413)	(413)	0
Finance lease	(96)	(96)	0
Trade Creditors	(113)	(1,053)	(940)
Other Creditors	(162)	(138)	24
Other Creditors: Support job evaluation	(857)	(857)	0
Accruals & Deferred Income	(4,053)	(3,215)	838
Tax & Social Security	0	(846)	(846)
Scot. Funding Council - Creditor	(1,228)	(2,359)	(1,131)
Deferred Capital Grant SFC	(1,153)	(1,153)	0
Deferred Capital Grant Non SFC	(184)	(184)	0
	<u>(8,259)</u>	<u>(10,313)</u>	<u>(2,054)</u>
Net Current (Liabilities)/Assets	121	(1,031)	(1,152)
Total Assets less Current Liabilities	102,058	99,529	(2,529)
After One Year			
Bank Loan	(1,693)	(1,600)	93
Finance lease	(128)	(120)	8
Deferred Capital Grant SFC	(23,149)	(22,860)	289
Deferred Capital Grant Non SFC	(4,623)	(4,577)	46
	<u>(29,593)</u>	<u>(29,158)</u>	<u>434</u>
Net Assets Excluding Pension Liability	72,465	70,371	(2,095)
Net Pension Liability	(22,701)	(22,701)	0
Net Assets Including Pension Liability	<u>49,764</u>	<u>47,670</u>	<u>(2,095)</u>
Restricted Reserves			
Pension Reserve	(22,701)	(22,701)	0
Unrestricted Reserves			
I&E Reserve	14,763	13,514	(1,249)
Revaluation Reserve	57,704	56,858	(846)
	<u>72,465</u>	<u>70,371</u>	<u>(2,095)</u>
	<u>49,764</u>	<u>47,670</u>	<u>(2,095)</u>

STUDENT SUPPORT FUNDS BUDGET AND FORECAST

As at 31 October 2019

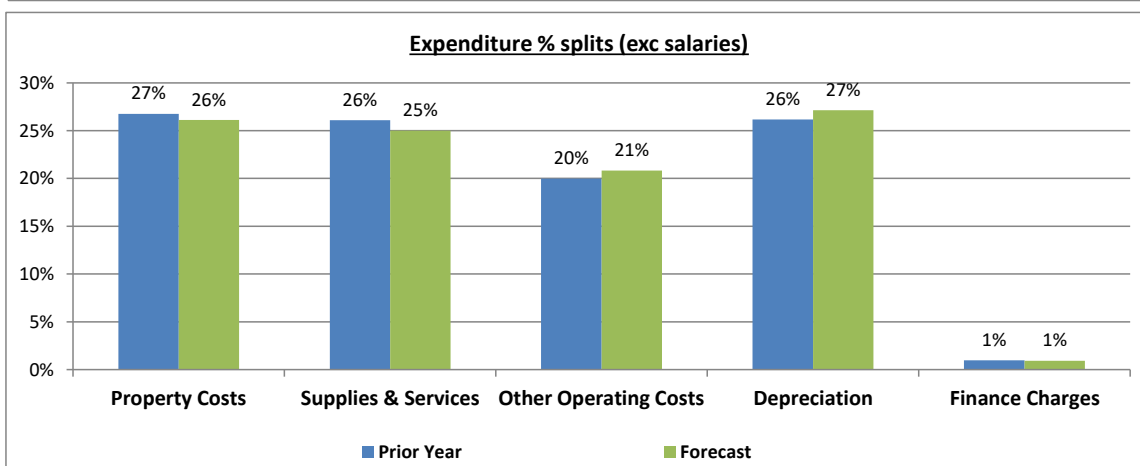
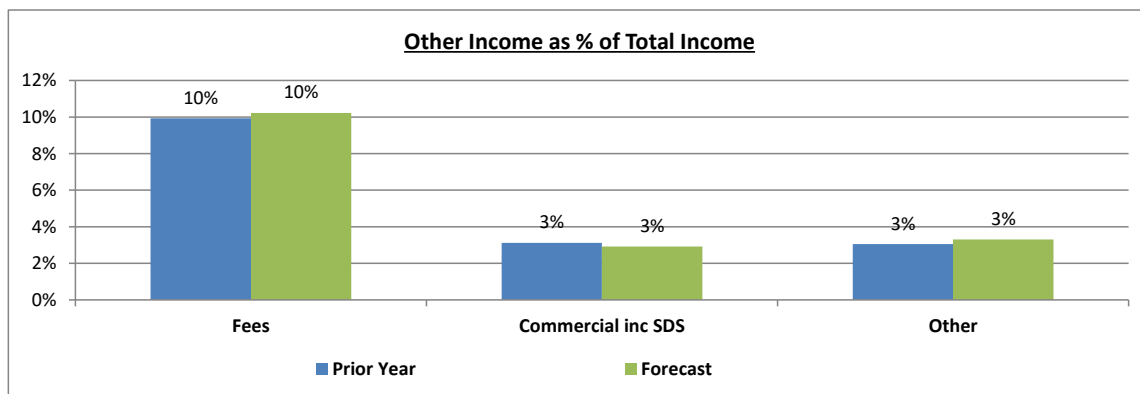
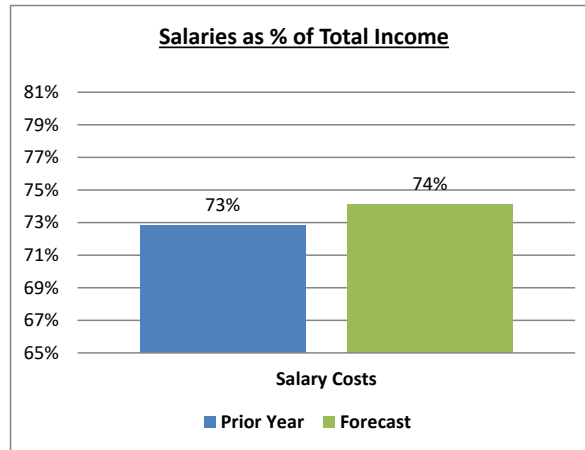
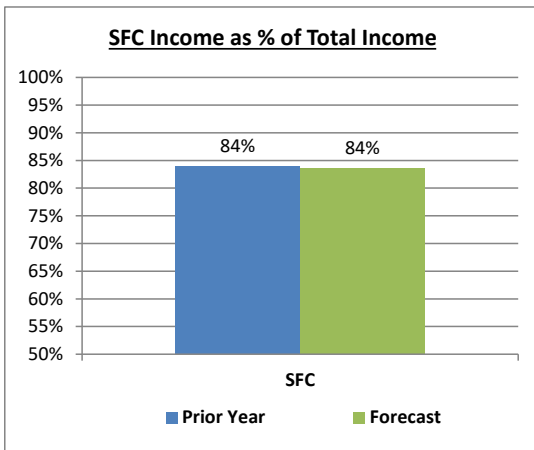
	Bursary		FEDF		Childcare		Total		HE Funds	
	Budget £'000	F'Cast £'000	Budget £'000	F'Cast £'000	Budget £'000	F'Cast £'000	Budget £'000	F'Cast £'000	Budget £'000	F'Cast £'000
<u>Income Analysis</u>										
Allocation	9,312	9,312	611	611	1,984	1,984	11,907	11,907	276	276
In-Year Redistribution	-	-	-	-	-	-	-	-	-	-
College Contribution	200	200	-	-	-	-	200	200	-	-
Total Income	9,512	9,512	611	611	1,984	1,984	12,107	12,107	276	276
<u>Expenditure Analysis</u>										
Alternative Travel - Taxis	50	50	-	-	-	-	50	50	-	-
Disability Needs	-	-	6	6	-	-	6	6	15	15
SEN	250	250	-	-	-	-	250	250	-	-
Disclosure	-	-	65	65	-	-	65	65	5	5
Childcare Nurseries - Internal	-	-	-	-	388	388	388	388	-	-
HE Childcare - External	-	-	-	-	391	391	391	391	-	-
FE Childcare - External	-	-	-	-	1,205	1,205	1,205	1,205	-	-
Student Maintenance & Travel	8,751	9,751	540	540	-	-	9,291	10,291	256	256
Cost of Course	461	461	-	-	-	-	461	461	-	-
Total Expenditure	9,512	10,512	611	611	1,984	1,984	12,107	13,107	276	276

CASH FLOW FORECAST FOR THE YEAR ENDED 31 JULY 2020

Actuals to 31 October 2019

	Actual	Forecast	Forecast	Forecast	
	<u>Qtr 1</u>	<u>Qtr 2</u>	<u>Qtr 3</u>	<u>Qtr 4</u>	<u>TOTAL</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
	5,666	7,618	5,733	6,623	5,666
<u>Income</u>					
SFC Grants	10,500	7,000	10,206	11,386	39,092
FDWF	184	184	183	183	734
SFC College Maintenance	-	1,000	1,531	-	2,531
SFC Student Funding Grants	3,280	2,700	3,794	2,132	11,906
National Bargaining Harmonisation	65	-	70	-	135
STSS - Support	190	285	186	-	661
WCS VS	(9)	9	-	-	-
ESF Income 1819	407	-	-	-	407
ESF Income 1920	306	306	306	306	1,224
Other Operating Income inc EMA	1,557	4,282	2,899	1,793	10,531
Total Income	16,480	15,766	19,175	15,800	67,221
<u>Expenditure</u>					
Staff Costs	8,831	10,101	10,726	11,931	41,589
Student Support Costs	2,277	3,068	4,865	2,171	12,381
Estate Maintenance	508	1,074	792	789	3,163
Other Operating Costs inc EMA	2,299	3,191	1,774	3,247	10,511
Restructuring costs	487	91	-	-	578
Loan/Lease Repayments	126	126	128	130	510
Total Expenditure	14,528	17,651	18,285	18,268	68,732
Net (Outflow)/Inflow	1,952	(1,885)	890	(2,468)	(1,511)
Closing Bank Balance	7,618	5,733	6,623	4,155	4,155
Reconciliation to College cash balance:					
Student Funding Bank Balances	(1,230)				
Petty Cash Floats Balances	12				
College Cash Balance	6,400				

Financial Graphs and Performance Indicators



	As at 31 July 2019	Forecast 31 July 2020	As at Current Date
Days Cash	32	30	40
Debtor Days	27	30	30
Creditor Days	19	20	20
Staffing costs as % of income	73%	73%	80%

Current days cash reflects SFC monies received per cashflow which includes Student Support Funds

TITLE: COLLEGE FINANCE SYSTEM REPORT

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

Status: Restricted

TITLE: CATERING AND CLEANING SERVICES REVIEW

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

TITLE: PROCUREMENT – ANNUAL STRATEGY AND REPORT UPDATE**Background:****Procurement Strategy**

Under Section 15 of the Procurement Reform (Scotland) Act 2014 all contracting authorities with an annual regulated procurement spend above or equal to £5 million must prepare and implement a Procurement Strategy. The *West College Scotland Procurement Strategy 2016-2020* was approved by the Finance and General Purposes Committee on 22 November 2016 and is enclosed with this report. Since approval of the Strategy in 2016 annual updates on progress made in achieving the College's Procurement objectives have been considered by the Finance and General Purposes Committee. This report provides the latest annual update for the period from 1 August 2018 to 31 July 2019.

Procurement Annual Report

The Procurement Reform Act also requires all public sector organisations to prepare and publish a *Procurement Annual Report*, which summarises procurement activities carried out during the year. A Procurement Annual Report for the period 1 August 2018 to 31 July 2019 is therefore also provided.

Action:

The Finance and General Purposes Committee is asked to:

- Consider the progress made in implementing the College Procurement Strategy; and
- Approve the 2018-19 Procurement Annual Report for publication.

Lead:

Vivienne Mulholland, Head of Finance and Student Funding
Alan Ritchie, Director of Finance and Estates

Status:

Open



Annual Procurement Report And Strategy Update 1 August 2018 to 31 July 2019



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Introduction

This report details procurement activities undertaken as follows:

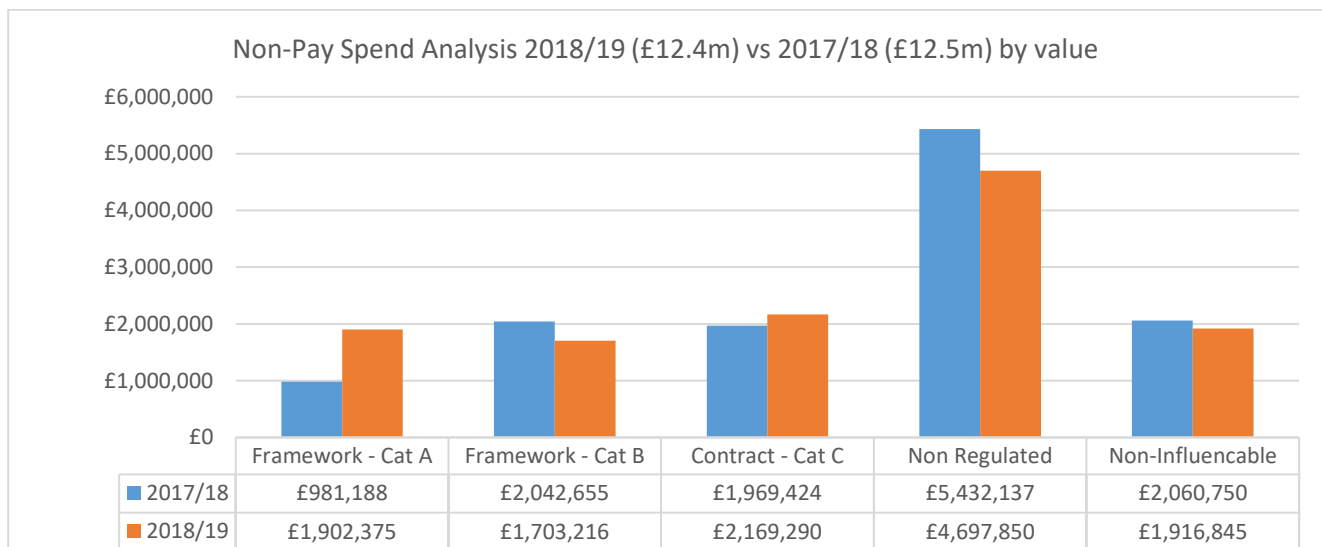
- Section 1: Summary of Completed Regulated Procurement
- Section 2: Review of Regulated Procurement Compliance and Strategy Progress
- Section 3: Summary of Community Benefits Summary
- Section 4: Summary of Supported Businesses Summary
- Section 5: Summary of Future Regulated Procurement Summary
- Section 6: Other Considerations - this provides an overview of some of the key procurement developments being undertaken by the College.

The categorisations of College procurement expenditure referred to within this Report can be summarised as follows:

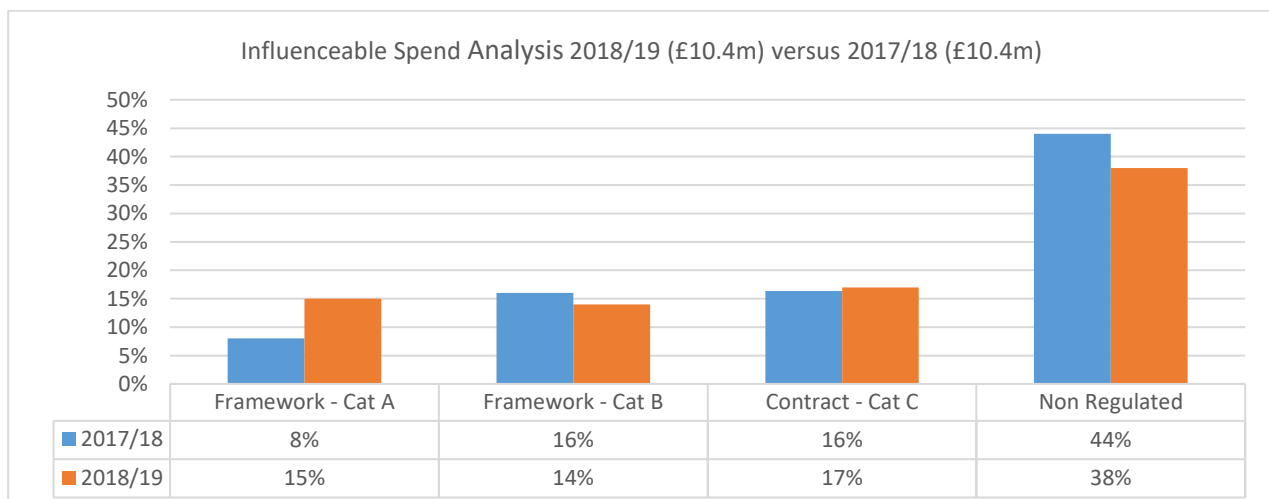
- Non-Pay Expenditure – all College expenditure – both influenceable and non-influenceable – that does not include remuneration costs.
- Non-Influenceable Spend – expenditure that relates to fixed and statutory requirements – such as irrecoverable VAT, property rent and rates and examination fees.
- Influenceable Spend – all expenditure that the College has an ability to influence.
- Framework Category A commodities are those used across the public sector, such as utility contracts / Insurance / IT supplies, and which are negotiated under collaborative contracts at national level.
- Framework Category B commodities are those such as food/cooking supplies and curriculum support materials, with the procurement being undertaken through framework arrangements with Advanced Procurement for Universities and Colleges (APUC), Scotland Excel (the Centre of Procurement Expertise for the local government sector) and other similar centres of procurement excellence.
- Contract Category C commodities are those supplies and services that are sourced through procurement exercises undertaken by the College (WCS Local) and not associated with any collaborative framework.
- Regulated and Non-Regulated Procurement – Under the Procurement Reform (Scotland) Act 2014 the definition of regulated procurement is contracts valued at £50,000 or above, excluding VAT for goods and services and £2,000,000 for works. Non-regulated procurements are those contracts below the £50,000 threshold.

The annual expenditure profile of West College Scotland continues to be monitored on a supplier basis to identify areas for efficiency, improvement and collaborative procurement. The College’s non-pay expenditure for 2018-19 totalled £12.4m (2017-18: £12.5m), of which £1.9m (2017-18: £2.1m) was non-influenceable spend, covering areas such as exam fees, property rent and rates and VAT payments. Therefore, £10.5m (85%) of College expenditure is considered to be influenceable (2017-18: £10.4m (83%).

An analysis of all College **non-pay expenditure** of £12.4m for the reporting period when compared to 2017-18 is summarised within the chart below:



Excluding non-influenceable expenditure, an analysis of **influenceable** College spend for the reporting period when compared to 2017-18 can be summarised as follows:



As can be seen above, 29% (2017-18: 24%) of the 2018-19 College’s expenditure was undertaken through Category A and Category B contractual arrangements. The key reason for this movement between 2017-18 and 2018-19 is the increased level of spend on Category A Electricity contract which was let in year for a contract period of 3 years. WCS Local contract spend (Cat C) has increased

slightly from 16% to 17% year on year. Non-regulated expenditure has decreased from 44% of non-pay spend in 2017/18 to 38% of influenceable spend in 2018/19. This is as a result of a greater level of procurement occurring at regulated levels during 2018-19, with key areas being in relation to Waste, Transport and Sports Uniforms contract areas. This is as a result of the work undertaken across the College in consolidating spend below £25,000 and channelling it through regulated procurement approaches

There were three EU regulated procurements (goods and services contracts with a value of more than £181,302¹ (excluding VAT) totalling £1.5m in total contract value completed in the period covered by this report. These procurements related to waste management, transport and sports uniforms.

There were no EU regulated procurements arising in relation to works (contracts with a value of more than £4,551,413 (excluding VAT).

Regulated procurements are defined as goods and services worth more than £50,000 excluding VAT. There were 13 such procurements totalling over £5,000,000 completed during the 2018-19 year compared to 14 completed in 2017-18 with a total value of £1,800,000. More detail on these regulated procurements is provided within the Sections of this report which follow.

¹ Public contracts (EU) thresholds are revised every 2 years – next due on 01 /01/2020

Section 1: Summary of Completed Regulated Procurements

The Procurement Annual Report is required to focus upon regulated procurements, which are purchases of goods and services over £50,000, and works over £2,000,000 (excluding VAT).

The College has conducted a number of regulated procurements for goods and services during the year. The College did not conduct any regulated procurement in the works category. To be included in this report the regulated procurement will have had an award notice published on the Public Contracts Scotland Tender portal.

Categories and Nature of Procurement

Regulated Contracts

The work plan included as Appendix A provides details of the description and category of regulated procurement tendering activity that the College progressed during the reporting period, with this totalling over £5m in total contract value.

Appendix B outlines the regulated tendering activities that the College is likely to undertake over the next two reporting periods – 2019-20 and 2020-21 - with this estimated to total almost £12m, and details the anticipated spend category that the procurement relates to under the following categorisations:

- Category A purchases are commodities that are used across the public sector, such as utility contracts / IT supplies;
- Category B purchases are commodities where the procurements are undertaken at sector level, with assistance from APUC and other collaborative bodies as required, such as curriculum support materials; and
- WCS Local are commodities and services that are sourced through procurement exercises undertaken by the College and not associated with any collaborative framework.

For West College Scotland, the value of regulated contracts let has increased from less than £2m to over £5m in the reporting period. This number is expected to increase as evidenced by the forward procurements noted in Appendix B. The increase in the level of regulated procurements for 2019-20 and 2020-21 is due mainly to the re-letting of existing contracts and Category B contracts (£8m), and WCS Local procurements (£4m) including the procurements required in relation to SFC High Priority Maintenance expenditure.

Section 2: Review of Regulated Procurement Compliance and Strategy Progress

Regulated Procurement Compliance

The College conducted a total of 13 procurement exercises over the regulated threshold of £50,000 during 2018-19 -these are detailed in Appendix A and were in the areas of:

- Facilities Management (2)
- Curriculum Materials (1)
- Utilities (1)
- Waste Management (2)
- Transport (2)
- Catering including food (2)
- Library Books (1)
- IT Software and Licencing (1)
- Insurance Services (1)

Of these regulated procurements, seven were above the OJEU threshold.

For the seven regulated procurements above the EU threshold, three were conducted by OJEU open tenders (waste management, curriculum materials and transport); three were let through Category B frameworks (catering, insurance services and IT software); and one was let through a Scottish Government framework (utilities).

The College continues to:

- seek to access and utilise collaborative procurement approaches wherever possible, including the use of procurement framework agreements with APUC and other centres of procurement expertise; and
- consolidate procurement wherever possible across campuses as legacy contracts expire. This consolidated approach has increased the value of regulated contract procurements over the 2018-19 year and this trend is forecast to continue in future periods.

Procurement Strategy Progress

Strategy Objectives

Compliance with regulated procurement requirements is a key element in achieving the objectives of the College Procurement Strategy.

There are seven Procurement Strategy objectives with twenty associated outcomes. In achieving Procurement Strategy objectives, procurement activities are directly contributing to overall College corporate objectives.

The achievement of the Procurement Strategy objectives and the resulting action plan is reviewed on a regular basis with updates on progress reported to the College Senior Management Team with an annual update to the Finance and General Purposes Committee.

The College’s recently issued new Strategic Plan 2019-2025 will inform an update to our Procurement Strategy which will cover the period August 2020 to July 2025.

The progress to date in implementing and delivering the current Procurement Strategy is detailed in the following pages and can be summarised as follows:

Status	2017-18 Number of Outcomes	%	2018-19 Number of Outcomes	%
Blue (fully implemented)	4	20	5	25
Green (actioned and being implemented)	13	65	13	65
Amber (in progress)	3	15	2	10
Red (not started)	0	0	0	0
	20	100	20	100

The College considers that it has made good progress implementing the Procurement Strategy outcomes. 2 outcomes (10%) are categorised as in progress with the remaining 18 outcomes (90%) of the outcomes now showing as actioned and being implemented or fully implemented.

The implementation of the Strategy to date has contributed to achievement of wider College objectives and has had the following impacts:

- Continued awareness of the need for procurement compliance across the organisation;
- Further improvements to the College intranet Procurement Hub, including improved information on routes to procurement and financial thresholds;
- Increased consolidation of expenditure requirements and collaborative procurement exercises across the wider organisation;
- External collaborative opportunities are promoted as a route to procurement wherever appropriate;
- Sustainability is promoted within the procurement process via tender selection criteria;
- Community benefits are embedded within the procurement process where appropriate and returns monitored as part of the contract management process;

- Promotion of the College's ethical standards are embedded within the procurement process, including a Modern Slavery statement;
- A College Contract Delivery Plan is in place for the next two reporting periods – 2019-20 and 2020-21 - and is used to plan forward procurement activity and the resource required to deliver it;
- Promotion of e-procurement across the organisation via staff training and awareness;
- The increased use of Public Contracts Scotland delivering increased transparency and traceability in procurement along with wider engagement with the local supply base and beyond; and
- Use of Public Contracts Scotland-Tender platform to run complex tender exercises above the OJEU regulated thresholds for supplies and services.

Progress against Strategic Objectives 2018-19

During year 3 of the Procurement Strategy, the College has consolidated the work carried out to date and aims to deliver the following outcomes in 2019-20:

Objective	Strategy Action	2017-18 RAG	Target 2018-19	2018/19 Work Undertaken	2018-19 RAG	2019-20 Planned Outcomes
1. Development and enhancement of procurement skills and knowledge, policies, practices and governance frameworks						
1.1	Improve communications		Further development of the Procurement Hub including targeted procurement information for departments, how to interact with procurement and news of potential framework arrangements.	The Procurement Hub has been redesigned to reflect the principles of the Procurement Department aligned with the Procurement Strategy. The Procurement Hub now features a quick and easy tile system for users to access information on key information such as procurement thresholds, routes to procurement, relevant information and a link to the Contract Register		To continue to review in the light of any organisational development and/or statutory changes
1.2	Improve training opportunities		Embed into standard operational procurement procedure by ensuring all training requirements are kept up to date.	Ongoing continuous professional development in place for all Procurement staff in the form of courses including studying towards MCIPS, conferences and mentoring.		Embed into standard operational procurement procedure by ensuring all training requirements are kept up to date.

Objective	Strategy Action	2017-18 RAG	Target 2018-19	2018/19 Work Undertaken	2018-19 RAG	2019-20 Planned Outcomes
1.3	Review processes/create procedures		Further development and completion of procurement dashboard using spend data from improved financial system.	Improved spend data analysis carried out on a quarterly basis now being used to create quarterly KPI's and issued to Senior Management Team		Further development and completion of procurement dashboard using spend data from improved/enhanced financial system.
1.4	Review procurement resource		Embedded into standard operational procurement procedures by ensuring resources are allocated where required throughout the year.	Creation of forward contract delivery plan with projects allocated across the team		Improved fulfilment of Contract Delivery Plan in 2019-20
2. Creation of Procurement Plans and Procedures						
2.1	Define ethical requirements		Embedded into standard operational procurement procedure	Invitation to Tender and Quick Quote documentation now includes Fair Working Practices including Living Wage questions, the College Modern Slavery statement and the APUC Supply Chain Code of Conduct. Community Benefits method statements are also included where applicable.		Increased level of engagement and knowledge of supplier approach in relation into these areas

Objective	Strategy Action	2017-18 RAG	Target 2018-19	2018/19 Work Undertaken	2018-19 RAG	2019-20 Planned Outcomes
2.2	Define sustainability requirements		Develop sustainability procedures and embed into standard operational procurement procedure	Development of appropriate sustainability procedures including method statements around sustainability and environmental impact within procurement processes ensuring these procedures are relevant to the procurement exercise being undertaken		Appropriate sustainability procedures included in tender and quotation documentation
2.3	Embed in standard documents		More detailed sustainability method statements included in relevant quick quotes and tenders and mandatory for regulated procurements to demonstrate sustainability throughout the College supply chain	Detailed sustainability method statements included in relevant quick quotes, competitive tenders and in all procurement above OJEU thresholds. All suppliers now being asked to adopt the APUC Supply Chain Code of Conduct.		KPI detailing the number of suppliers adopting the APUC Supply Chain Code of Conduct KPI detailing suppliers sustainability measures

Objective	Strategy Action	2017-18 RAG	Target 2018-19	2018/19 Work Undertaken	2018-19 RAG	2019-20 Planned Outcomes
2.4	Define community benefit opportunities		Ensure contractors tendering for regulated procurement contracts are given the opportunity to commit to providing community benefits with specific reference to the contract they are bidding for	The request for commitment to Community Benefits have been made in three OJEU threshold supply and service contracts. Community benefits also sought where relevant to contract type and value on lower level contracts		Community Benefits Returns KPI requested from suppliers every six months
3. Continued implementation and development of electronic procurement systems to support Purchase to Pay (P2P)						
3.1	Implement P2P		Continued development of expanded e-procurement systems with the introduction of internal electronic supplier catalogues and hosted external supplier catalogues	Change in finance system strategy from Technology One to Symmetry Bluqube 4 has resulted in a requirement to continue this work into 2019/20 when the new system is fully embedded.		KPI for number of internal and hosted catalogues
3.2	Greater use of Quick Quote and Procurement Contracts Scotland		Continued promotion for stakeholders to engage with procurement should see continued increases in the incidence of quick quotes and tenders promoting broader engagement with the supply base.	The College has undertaken 40 quick quotes and 5 open tenders in 2018/19. 3 of these open tenders have been over the OJEU threshold and utilised PCS-T Scottish Government tendering portal.		Quick Quotes/Tenders Use KPI in Quarterly Reporting

Objective	Strategy Action	2017-18 RAG	Target 2018-19	2018/19 Work Undertaken	2018-19 RAG	2019-20 Planned Outcomes
3.3	Standard forms to support processes		Continued work on developing procurement documentation and where appropriate making available on the intranet	Continued development of available procurement documentation – including Suppliers request form and SSJ (Single Source Justification) form and guidance available on the procurement intranet page – and what does this assist us in achieving that we didn't do before?		Submission of completed forms to procurement
4. Identification of collaborative and shared services opportunities						
4.1	Analyse spend to identify internal collaborative opportunities		The College will continue to seek collaborative procurement by embedding the concept of early procurement involvement and awareness across the organisation	Procurement now being involved at an early stage in major procurement exercises.		Number of open tenders for supplies and services and quick quotes for works

Objective	Strategy Action	2017-18 RAG	Target 2018-19	2018/19 Work Undertaken	2018-19 RAG	2019-20 Planned Outcomes
4.2	Investigate sector opportunities		The College will continue to consolidate procurement requirements internally whilst seeking the most appropriate collaborative national cross sector frameworks and other arrangements	The value of collaborative national procurement contracts awarded increased by over £2,800,000 in 2018/19 from 2017/18, sectoral procurement contracts awarded increased by over £3,000,000 and internal collaborative contracts awarded (cross campus and cross departmental) has increased by over £500,000 as a result of a collaborative approach to procurement		Spend data analysis showing collaborative contract information
5. Achievement of efficiencies, cost savings and benefits (economic, social and environmental)						
5.1	Identify efficiencies and cost savings		Embedded into standard operational procurement procedure	Work to contract delivery plan in 2018/19 focusing on high value/high risk strategic contracts and opportunities with 83% of overall value delivered – over £9m contracts covered of a total £11m (64% of overall plan by number)		KPI detailing progress to annual contract delivery plan

Objective	Strategy Action	2017-18 RAG	Target 2018-19	2018/19 Work Undertaken	2018-19 RAG	2019-20 Planned Outcomes
5.2	Identify benefits		Individual Procurement Project Plans being used for each contract renewal and new procurement exercise to ensure all stages of the procurement journey are scheduled to an achievable timescale	Individual project plans utilised for major procurements detailing all stages of the procurement journey. Development of a resource based planner for the contract delivery plan.		Procurement exercises undertaken being delivered to schedule. Improved contract delivery status for 2019/20
6. Undertake Scottish Government Procurement and Commercial Improvement Programme (PCIP)						
6.1	Submit College PCIP		Further development work on improvement plan on a continuous improvement basis	Continued work on improvement plan in all areas outlined		PCIP banding for 2019 assessment has been award at Gold Status with an assessment score of 76%
6.2	Create improvement programme		Embedded into standard operational procurement procedure	Continued work to embed the recommendations on the action plan in procurement operational procedure		Continue measuring progress against PCIP action plan

Objective	Strategy Action	2017-18 RAG	Target 2018-19	2018/19 Work Undertaken	2018-19 RAG	2019-20 Planned Outcomes
7. Improved contract renewal, monitoring and supplier management processes						
7.1	Enhance contract renewal monitoring		Embedded into standard operational procurement procedure	Further Hunter training undertaken via APUC. Hunter now forming part of operational procedure for College contract register		College contract register versus Hunter database and public facing contract register
7.2	Engage with suppliers		Rolling out contract management process across the contract portfolio with support from internal stakeholders	Contract management undertaken for key contracts. Contract management process being included in mobilisation of new contracts where appropriate		Contract management meeting evidence for key contracts
7.3	Report outcomes		Embed procurement management information reporting in any new college financial system to automate management information as much as possible	Further development of management information (MI) including quarterly reporting to SMT. Finance system upgrade in September 2019 to facilitate improved MI. MI being used to create and inform procurement strategy and objectives including contract delivery plan		Improved spend data informing improved contract coverage, more efficient contract delivery planning and further consolidation of spend

Low Value / Low Risk Purchases

The College utilises the online portals available to promote and manage its procurement activities. This includes Public Contracts Scotland electronic portal to source competitive quotes for non-regulated procurement exercises via the Quick Quote system and to issue Prior Information Notices and Contract Notices for procurement exercises over the regulated thresholds. Suppliers must be registered on Public Contracts Scotland portal and this can prove a challenge to ensure that local small and medium sized enterprises are registered and able to bid for College contracts. Further increased usage of the PCS and PCS-T portal systems is an indication that Procurement's influence has continued to grow across the organisation through the College whilst demonstrating compliance and transparency in our procurement exercises.

The following table gives details of utilisation of quick quotes during 2018-19 along with the target for 2019-20:

	2016-17 Actual	2017-18 Actual	2018-19 Target	2018-19 Actual	2019-20 Target
Number of Open Tenders Published	1	0	0	5	>10
Notes of Interest Received	36	0	0	127	>260
Number of Submissions Received	10	0	0	43	>90
Average Number of Contractor Submissions per Open Tender	10	0	0	9	>10
Quick Quotes					
Number of Quick Quotes Published	13	44	50	40	45
Number of Invitations Sent	85	214	>300	218	>250
Number of Unique Suppliers Invited	56	154	>175	181	>150
Average Number of Contractor Submissions per Quick Quote	7	5	>6	4	>5

This reporting period has seen five Open Tenders being published by the College. Of these five Open Tenders, three of these were above OJEU thresholds for supplies and services and as such were of a greater level of complexity. The above demonstrates an increased level of maturity for the College's procurement department including the use of data analytics to drive collaboration and the engagement of users to seek collaborative solutions.

The 10% reduction in quick quote usage in the reporting period has resulted from increased use of Open tenders and accessing national frameworks.

The College Procurement Strategy will result in a greater mix of quick quotes and open tenders in the future. This will be will due to the consolidation of non-pay spend and embedding of a corporate procurement approach.

Section 3: Community Benefit Summary

The College is committed to maximising any opportunities to obtain Community Benefits from procurement activities. The provision of community benefits is obligatory under the terms of the Procurement Reform Act for contracts with a total value over £4,000,000.

These opportunities are maximised by including a section on Community Benefits in the standard documentation used for larger regulated procurements where appropriate.

The College assesses each individual procurement on a case-by-case basis to consider its appropriateness for Community Benefits in terms of contract value, supplier base and nature of contract. Part of this assessment process takes in to consideration any negative effect on choice or value for money that seeking Community Benefits may have on a contract below the mandatory Community Benefits level of £4,000,000.

Relevant Community Benefits may include but are not restricted to:

- Upskilling opportunities for students and staff
- Student workplace and vocational training opportunities
- Direct involvement in college schemes or programmes
- Educational support initiatives
- Presentations for staff and students; and
- Minimising negative environmental impacts, for example those impacts associated with vehicle movements and associated emissions.

West College Scotland has awarded three regulated procurement contracts which included community benefits over the reporting period. None of these were over £4 million in value, however all of these regulated procurements included community benefit requirements in the contract.

In the reporting period, the College engaged with Enva who provide pop-up displays and the contribution of materials towards activities promoting sustainability issues. The College has also obtained support from hair dressing and beauty supplier College Kits Direct in providing student training in the year 2018/19.

It is expected that an increased level of community benefits will be achieved from the three contracts outlined above in the next reporting period. These benefits will be monitored by the College's Community Benefits tracker.

The College will continue to promote areas of community benefit as follows:

- All standard quotation documentation will now include a section inviting bidders to provide Community Benefits where appropriate.

- Tender documentation for regulated procurements includes a method statement response on Community Benefits that may be provided specific to the contract, where appropriate.
- The College has achieved Living Wage Accreditation and will continue to promote payment of the Living Wage and Fair Work Practices for all relevant procurements.
- The College now ensures that in future, where suppliers have committed to providing Community Benefits as part of a contract, that they will prepare a report on the delivery of these benefits on a six-monthly basis as part of the Contract Management programme.

Section 4: Supported Businesses Summary

A Supported Business is defined as one where over 50% of the workforce have a disability. (Article 19 of the EU public procurement directive allows public bodies to make the decision to reserve public contracts for supported businesses. This is enacted in Scotland by Regulation 7 of the Public Contracts (Scotland) Regulation 2012 and as a public body, you can make use of these regulations to restrict the tendering process for goods or services to supported businesses only.)

Higher value procurements, regulated procurements (between £50,000 and OJEU threshold and those equal to and above the OJEU thresholds) are conducted in line with Routes 2 and 3 respectively of the Scottish Government Procurement Journey. Both Routes 2 and 3 mandate the use of the European Single Procurement Document (ESPD (Scotland)). The ESPD covers exclusion, selection and award criteria and includes questions relating to companies self-certifying themselves in terms of size (micro, small or medium), or whether they are supported businesses.

The College reviews each procurement to determine whether it could be fulfilled by a Supported Business, whilst remaining compliant with EU and Scottish Procurement Legislation and ensuring value for money for the institution (using the only Supported Business [register](#) currently available and published by Ready for Business).

During the reporting period, the College had an agreed arrangement with Haven to recycle IT hardware. This enables the College to recycle IT hardware in a compliant manner and contribute to the College's aims to meet its sustainable obligations.

It is anticipated that opportunities for engagement with supported businesses will increase going forward. External bodies such as APUC and Scotland Excel promote opportunities for supported businesses along with small and medium enterprises (SMEs) and micro business and the College will look to engage with businesses via this route as well as in its own local contracting arrangements.

Section 5: Future Regulated Procurement Summary

The College has prepared a summary of the anticipated regulated procurement schedule over the next two years as shown in Appendix B. This is estimated as the College receives funding on an annual basis and the level of purchasing requirement cannot therefore be predicted with certainty.

Possible contracts have been included, with these being above the regulated contract tender threshold based on the total value over the anticipated period of the contract.

The College will continue to publish Prior Information and Contract Notices via Public Contracts Scotland in the 2019-20 year to alert the supply base to tender opportunities.

Significant capital work on the College estate has not been included as, although outline business cases to secure funding have been submitted to the Scottish Funding Council, these have not proceeded to the stage of securing funding.

Section 6: Other Considerations

In this section, the College is highlighting procurement/process improvements that support better procurement. These improvements support the achievement of Procurement Strategy objectives and promote improved compliance.

Procurement Influenced Spend

Further development of procurement spend information coupled with greater engagement with procurement across the College have resulted in the reduction of non-regulated spend from 45% to 38% of total influenceable spend.

Procurement Procedures

A number of procurement procedures are in place to provide best practice information and reflect legislative requirements. The procedures have been sited on the College Procurement Intranet site and cover a range of procurement subjects to enhance communication, engagement, competence and compliance. These procedures are aligned to the Scottish Government Procurement Journey and support the College strategic plan.

Procurement and Commercial Improvement Plan (PCIP)

PCIP Assessment	2016 Actual Score	Performance Band	2019 Score	Performance Band
Overall Score (%)	45%	Purple	76%	Gold

West College Scotland is required to undertake the Procurement and Commercial Improvement Plan (PCIP) Lite assessment with APUC. This assessment focusses on the policies and procedures driving procurement performance and the results they deliver.

The College's PCIP assessment for the period 2016 to 2019 was completed by APUC in early October 2019 and a rating of 76% has been awarded, which compares favourably to the 2016 PCIP assessment rating of 45% and demonstrates significant process in the College's procurement approach. This means that the College falls into the Gold performance outcome rating.

The following areas of procurement activity have been the focus of the College's continuous improvement programme over the last three years and have contributed to the gains achieved in the 2019 PCIP Lite assessment:

- Development and enhancement of procurement skills and knowledge, policies, practices and governance frameworks
- Creation, continuous development and embedding of procurement plans and procedures
- Identification of collaborative and shared services opportunities
- Achievement of efficiencies, cost savings and benefits (economic, social and environmental)

The next College PCIP review by APUC is due to be completed by December 2021. The College plans to consolidate the gains made from the 2019 assessment with particular emphasis on areas where further improvement can be made such as contract management.

Summary

This report outlines the College commitment to compliant, proactive and best practice procurement. The College is actively engaging with the aims of the Procurement Reform (Scotland) Act 2014 and is maintaining an ethos of continuous improvement for both current procurement activities and future planned work. The College will continue to promote awareness of procurement amongst staff and students and is proactively engaging with stakeholders to offer advice and training to further raise the profile of procurement.

Appendix A

Regulated Procurements completed 2018/19

Date of Award	Name of Supplier	Description	Category	Contract Value	Start Date	End Date
1	25/01/2019	Glasgow Window Cleaning	The Provision of Glass Cleaning Services-All Campuses	Contract Cat C	£71,992	01/04/19 31/03/23
2	05/02/2019	Digby Gardening & Maintenance Ltd	All Campus Landscaping & Gardening	Contract Cat C	£82,320	01/04/19 31/03/23
3	18/03/2019	Renfrewshire Cab Co.	Taxi Services- Paisley - LOT 2	Contract Cat C	£163,200	01/08/19 31/07/23
4	12/03/2019	Enva - Rental of Wste Compactors LOT 3	Waste & Recycling Management Services - LOT 3	Contract Cat C	£214,652	29/04/19 28/04/23
5	12/03/2019	Enva - Waste Management Services - LOT 1	Waste & Recycling Management Services - LOT 1	Contract Cat C	£275,624	29/04/19 28/04/23
6	18/03/2019	Inverclyde Taxis	Taxi Services- Greenock - LOT 3	Contract Cat C	£360,000	01/08/19 31/07/23
7	16/04/2019	White Label Sourcing Ltd (VSN)	Sports Uniforms	Contract Cat C	£408,000	01/07/19 30/06/23
Total Cat C				£1,575,788		
8	19/09/2018	EDF Energy	Supply of Electricity (HH,NHH & Domestic) APUC UTI-1000-AP	Framework Cat A	£1,800,000	01/04/19 31/03/22
9	21/01/2019	Grahams the Family Dairy	Fresh Dairy Products	Framework Cat B	£96,000	01/02/19 31/01/23
10	18/01/2019	D McGhee & Sons Ltd	Fresh Bakery Prodcuts	Framework Cat B	£120,000	01/02/19 31/01/23
11	25/01/2019	Kelvin Books	Library Books, Educational Textbooks and Multimedia Supplies	Framework Cat B	£500,000	01/02/19 31/01/23
12	25/06/2019	Capita Software	Supply of Student Information Management Systems & Assoc Services	Framework Cat B	£525,655	01/07/19 30/06/24
13	03/06/2019	Zurich Municipal	Insurance Policy Renewal	Framework Cat B	£703,927	01/08/19 31/07/23
Total Cat B				£3,745,582		
				£5,321,370		

Appendix B

Planned Future Procurement 2019/20 and 2020/21

Expected Date of Award	Description	Contract Type	Contract Duration - mths including extensions	Estimated Total Contract Value including extensions	Status
2019/20 Forward Procurement Plan					
14/11/2019	Data Circuits	Contract - Category B	48	£200,000	Re-let
03/02/2020	CPA to Inchinnan: Refurbishment Oakshaw Building	Contract - Category B	5	£1,100,000	New
01/03/2020	Internal Audit and Other Audit Services	Contract - Category B	48	£200,000	Re-let
01/04/2020	Grocery - Dry Goods and Grocery	Contract - Category B	48	£160,000	New
01/04/2020	Grocery - Frozen and Chilled Goods	Contract - Category B	48	£400,000	New
01/04/2020	Butcher Meat	Contract - Category B	48	£100,000	New
01/07/2020	Musical Instruments and Associated Equipment	Contract - Category B	48	£451,980	New
01/07/2020	Soft Drinks and Associated Products	Contract - Category B	48	£274,031	New
01/07/2020	Fresh Fruit and Vegetables	Contract - Category B	48	£61,389	New
		Total Category B		£2,747,400	
01/12/2019	Minor Works Framework	Contract - Category C	48	£2,000,000	New
		Total Category C		£2,000,000	
2020/21 Forward Procurement Plan					
01/11/2020	Trade Materials - Hand Tools	Contract - Category B	48	£100,000	New
01/01/2021	Vehicle Hire	Contract - Category B	48	£91,271	Re-let
01/01/2021	Specialist Skincare	Contract - Category B	48	£200,000	New
01/01/2021	Hair Colouring	Contract - Category B	48	£100,000	New
01/02/2021	Beauty Consumables	Contract - Category B	12	£560,000	Re-let
01/02/2021	Hair Consumables	Contract - Category B	12	£520,000	Re-let
01/02/2021	Hair and Beauty Uniforms	Contract - Category B	12	£496,000	Re-let
01/02/2021	Make Up Artistry Kits	Contract - Category B	9	£600,000	Re-let

Expected Date of Award	Description	Contract Type	Contract Duration - months incl extensions	Estimated Total Contract Value incl extensions	Status
01/02/2021	Beauty Kits	Contract - Category B	12	£500,000	Re-let
01/07/2021	Facilities Management Services	Contract - Category B	48	£800,000	New
01/07/2021	Travel Services	Contract - Category B	48	£560,000	New
		Total Category B		£5,127,271	
01/11/2020	Trade Materials - Automotive	Contract - Category C	48	£600,000	New
01/11/2020	Trade Materials - Construction	Contract - Category C	48	£600,000	New
01/03/2021	Fire Alarms and CCTV Servicing and Maintenance	Contract - Category C	48	£600,000	New
01/05/2021	Winter Gritting	Contract - Category C	48	£200,000	New
		Total Category C		£2,000,000	
				£11,874,672	

Procurement Strategy 2016 – 2020



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Executive Summary

This Procurement Strategy aims to demonstrate a clear and well-structured approach to West College Scotland's procurement activities. The Strategy will set out the procurement vision for the College and how this will be achieved.

The Procurement Strategy supports delivery of the College Corporate Plan and achievement of the Regional Outcome Agreement priorities.

The effectiveness and impact of our Procurement Strategy will also be measured via the Scottish Government Procurement and Commercial Improvement Programme (PCIP) which is undertaken every two years, thereby ensuring a culture of continuous improvement.

In addition to the promotion of improved procurement practices the Strategy is aimed at providing a focus for the dissemination of good practice and the means to identify and capture savings opportunities.

This Strategy will also ensure legislative obligations are complied with including:

- a requirement to publish a Procurement Strategy and action plan
- aligning the procurement objectives to the 5 strategic areas defined in the Scottish Governments Public Procurement Reform Agenda
- a requirement to maintain a public contracts register on our external website
- compliance with the increasing scope of regulated procurements
- a requirement to publish an annual procurement report
- the need to meet the sustainable procurement duty

The objectives identified in this Strategy are to:

1. Develop procurement skills , capabilities and knowledge
2. Create procurement plans and procedures whilst embedding legislative requirements
3. Further implement and develop electronic procurement systems
4. Identify and promote collaborative opportunities
5. Achieve efficiencies, cost savings and benefits (economic, social and environmental)
6. Undertake PCIP assessment
7. Improve contract renewal, monitoring and supplier management processes

The successful implementation of this Strategy will only be achieved by those involved in the procurement of goods, services and works working in partnership internally, and externally, working collaboratively with our partners across the wider education and public sector.

Collaborative working will contribute to the future sustainability of the College activities and allow the reinvestment of the resultant savings and benefits to enhance student learning experiences and meet our objectives as set out in the West College Scotland Corporate Plan.

This Strategy has been informed by the Scottish Government statutory guidance with the support of Advanced Procurement for Universities and Colleges (APUC) and will be subject to an annual review and reported to the Finance and General Purposes Committee.

The Procurement Strategy was approved by the College's Finance and General Purposes Committee on the 22 November 2016 and was subsequently published on the College website.

Introduction

West College Scotland delivers learning and vocational training to the West Region of Scotland, a catchment area of 1.2 million people, representing 23% of the resident population of Scotland. The College has an important presence and deep roots in our main towns of Paisley, Clydebank and Greenock, and our footprint stretches from Oban to Barrhead.

We are committed to taking a leadership role in the West of Scotland and, together with partners and stakeholders, tackling significant social and economic deprivation which still characterises many of the towns and communities across the region. The College works across local authority boundaries and engages formally with seven authorities.

As Scotland's second largest Regional College we provide education and training to almost 20,000 students. The College manages total funds of £67m and employs approximately 1,200 staff.

West College Scotland is one of the Region's largest employers and is uniquely placed to help shape the West region's educational landscape and contribute to its social and economic development. The College wishes to exploit its scale and capacity to maximise its impact as a leader and influencer across the region and the wider College sector. While students are at the heart of what we do, we want to attract business at home and from abroad, and we seek to build a reputation which is recognised for being innovative, enterprising and modern.

At West College Scotland, we recognise the key role that Procurement has in underpinning the development, improvement and success of our College. The Procurement Strategy provides the framework and direction to ensure procurement development and legislative compliance.

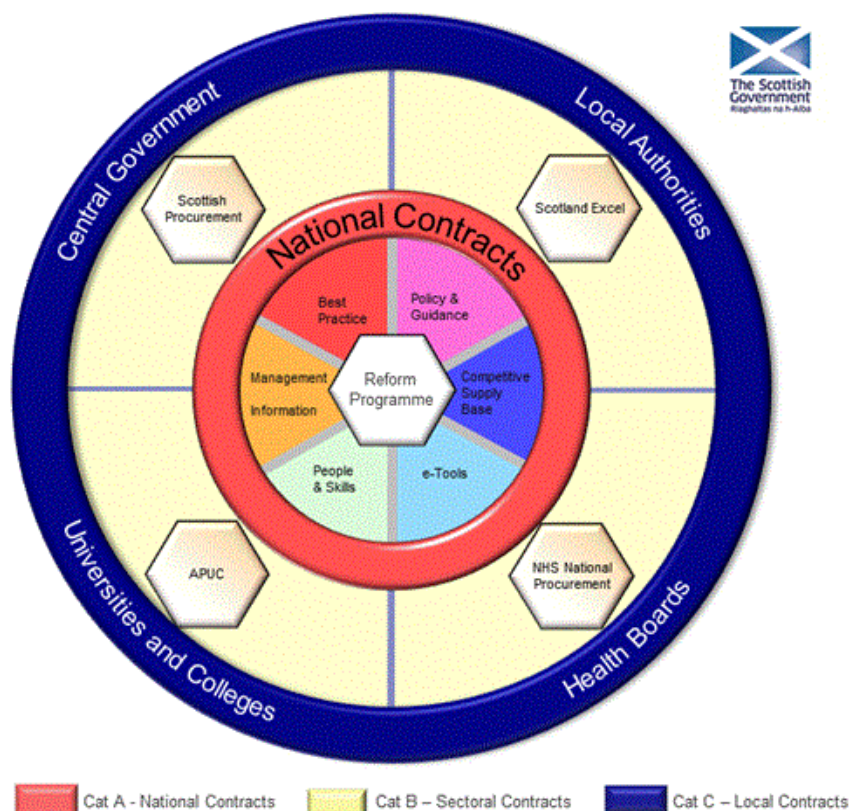
Procurement Strategy Context

Procurement is the process of acquiring goods, services or works. The process spans the whole life cycle of whatever is being purchased:

- From identification of needs and formation of a sourcing Strategy
- To options and supplier appraisals
- Through to the end of the contract or the useful life of an asset

Scottish Procurement is responsible for developing and advising on a range of procurement activity, including implementing policy and setting up contracts and framework agreements for itself and the wider public sector in Scotland.

The diagram below shows the inter-relationship between the different public procurement organisations and their respective responsibilities.

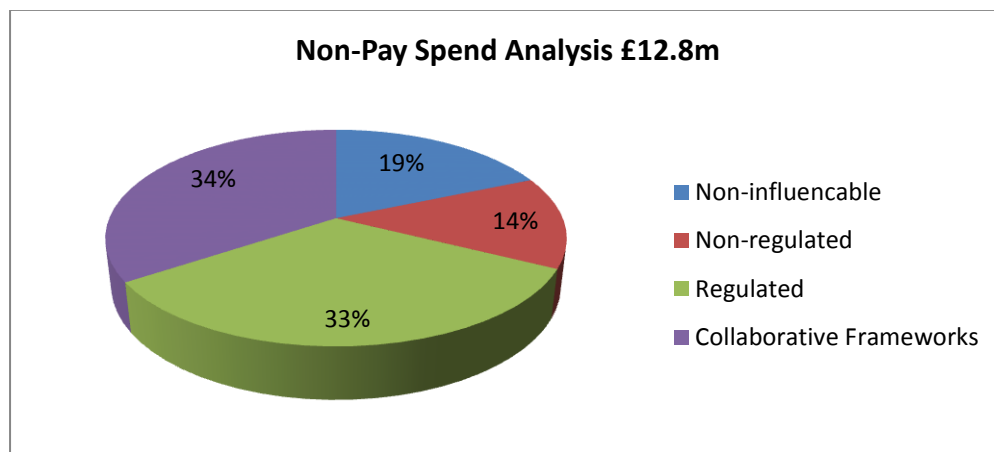


The college sector centre of procurement expertise is represented by APUC (Advanced Procurement for Universities and Colleges). It is responsible for sectoral (Category B) commodities within Scotland's colleges and universities. It aims to maximise the contribution that advance procurement makes to Scotland's investment in teaching and research.

This Strategy recognises that our procurement practice is based on this Scottish Model of Procurement which sees procurement as an integral part of policy development and service delivery and is essentially about achieving the best balance of cost, quality and sustainability.

As part of the requirements of the Procurement Reform (Scotland) Act 2014, this Strategy also focuses on a number of general duties on contracting authorities regarding their procurement activities and some specific measures aimed at promoting good, transparent and consistent practice in procurement processes detailed in Pages 11 to 12.

The College's annual spend profile for the year 2015/16 identified is displayed below with a total non-pay spend was in the region of £12.8m of which approximately £2.4 million was non-influenceable spend. The non-influenceable spend is the spend that related to statutory requirements (irrecoverable VAT, disclosure costs, exam fees, property rent and rates etc) and other expenditure not covered by procurement legislation.



For clarity, Collaborative Frameworks include both Category A and Category B contracts which the College are currently participating in.

Procurement is the process of acquiring these goods, works and services and this Strategy will outline the approach to be taken by the College in order to obtain best value for money from all procurement activities.

The strategic approach for procurement has been developed to take account of several key business drivers to achieve the College objectives to:

- co-ordinate current processes across all campuses
- identify improvement opportunities
- continually improve the procurement capabilities, assessed by PCIP
- increase internal and external collaboration
- develop standard processes for procurement activities
- adopt standard e-procurement systems and reporting tools
- promote training
- improve contract and supplier management
- develop performance management

The Strategy outcomes will be defined and monitored through an Action Plan covering the period of this Strategy and progress will be reported to senior management.

College Mission Statement and Procurement Vision

The Finance Department will provide procurement expertise and support for the College, minimising risks and delivering a positive service in support of the College's mission:

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

Procurement will provide a customer focused service, improving teamwork and communication, maximising the use of resources, promoting efficiencies and innovation, driving legislative compliance, capturing savings and adopting sustainable practices which enhance equality and diversity in everything it does.

West College Scotland Strategic Priorities

Our Vision of a *'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'* will be achieved by implementing the College's eleven Strategic Priorities.

At the heart of our strategic priorities are our Ambitions, which include:

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

The Procurement Strategy reflects our ambitions and values and is aligned to support the implementation of the following College Strategic Priorities:

Strategic Priority 1 – Inspirational and Innovative

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

Strategic Objective 2

To develop a culture of continuous self-evaluation, involving all staff and students, which will focus on improvement and development.

Strategic Priority 4 – Supporting Success

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

Strategic Objective 3

To promote the continual professional development of staff, enhancing their capacity, capabilities, skills and expertise.

Strategic Objective 5

To enhance meaningful engagement of students, involving them in decisions to inform and shape provision, enhance learning and teaching, including empowering students to take responsibility for their learning.

Strategic Priority 8 – Securing our Future

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.

Strategic Objective 2

To enhance internal business processes, exploiting the use of technology where appropriate, to deliver user friendly, effective and efficient ways of working.

Strategic Priority 9 – Reputation

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.

Strategic Objective 3

To identify and benchmark national and international best practice in pursuit of educational, training and service excellence.

Strategic Objective 4

To develop strategic alliances with key agencies to enhance our activities, locally, nationally and internationally.

Strategic Priority 11 – Committed to our Region

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

Strategic Objective 1

To secure a well-managed, financially and environmentally sustainable College.

Strategic Objective 3

To develop and implement College operational planning processes and effective utilisation of resources to maintain strategic focus, manage risk and sustain growth.

Procurement Strategic Objectives

Our strategic procurement objectives form the core of our Procurement Strategy and are as follows:

1. Development and enhancement of procurement skills, capability and knowledge among procurement practitioners, plans, practices and governance frameworks;
Strategic Priority 4(3), 9(3), 11(1), 11(3)
2. Creation of procurement plans and procedures. Sound ethical, social and environmental plans should be embedded within the College's procurement activities and should comply with relevant Scottish and EU legislation in meeting the sustainable procurement duty;
Strategic Priority 11(1), 11(3)
3. Continued implementation and development of electronic procurement systems to support Purchase to Pay (P2P); **Strategic Priority 1(2), 8(2)**
4. Identification and promotion of collaborative and shared services opportunities;
Strategic Priority 4(5), 9(4)
5. Achievement of efficiencies, cost savings and benefits (economic, social and environmental);
Strategic Priority 11(1), 11(3)
6. Undertake Scottish Government Procurement and Commercial Improvement Programme (PCIP); **Strategic Priority 11(1)**
7. Improved contract renewal, monitoring and supplier management processes;
Strategic Priority 11(1), 11(3)

Mapping of Objectives to Scottish Government strategic areas

Each procurement objective is mapped to the five strategic areas as defined by the Scottish Governments' Public Procurement Reform Agenda namely: Sustainability, Access, Efficiency and Collaboration, Savings and Benefits, and Capability.

Procurement Objectives	Sustainability	Access	Efficiency & Collaboration	Savings & Benefits	Capability
1. Procurement skills & capabilities	√			√	√
2. Plans and Procedures	√	√	√		
3. e-procurement		√	√	√	
4. Collaboration/Shared Services			√	√	
5. Efficiencies, cost savings and benefits			√	√	
6. PCIP			√		√
7. Contract Management		√	√	√	√

These objectives and the detailed outcomes will be measured through an Action Plan (Appendix A) and through the publication of an Annual Procurement Report. This will ensure the combined outcomes of these objectives meet the College's statutory duties as well as providing operational improvements and sustainable outcomes.

Procurement Procedures

Procurement procedures will be developed as part of the aims of this Strategy for dedicated areas such as Communication and Engagement, Information Technology, Sustainability and Legislative Issues as well as general procurement.

These will set out the operational framework of how we conduct procurement and will be aligned to the Scottish Government's Procurement Journey.

This will facilitate our procurements being conducted in accordance with best practice in a legally compliant manner that is consistent with the college's aims in achieving value for money for our stakeholders. These will support the college's strategic approach to procurement.

Strategy compliance with the Procurement Reform (Scotland) Act 2014

To comply with legislation the College must observe a number of general duties and some specific measures which will be embedded in the Strategy Action Plan but are detailed below for clarity:

- **Contribute to the effective achievement of the college function and purpose**

The College will analyse its third party expenditure and identify 'EU regulated procurements' (OJEU thresholds -Goods and Services more than £164,176; Works more than £4,104,394) and also 'Reform Act regulated procurements' (Reform Act thresholds: Goods and Services more than £50,000 and Works more than £2 million).

In addition, the College will identify all procurements above £25,000 in accordance with the Financial Memorandum with the Scottish Funding Council (SFC).

The College will consider appropriate contract and supplier management to monitor and improve the regulated procurement outcomes.

- **Deliver value for money**

Value for money is defined as the best balance of cost, quality including sustainability.

The College through its procurement processes and practice will consistently apply these principles.

- **Treating relevant economic operators equally and without discrimination**

All procurements will be undertaken following the principles of equal treatment, non-discrimination, transparency, proportionality and mutual recognition together with the obligations under the sustainable procurement duty.

- **Acting in a transparent and proportionate manner**

The College will ensure it engages with its local supply market.

The College will take steps to make access easier for smaller and local businesses to bid for contracts through the use of Public Contracts Scotland and Quick Quote, smaller Lots and by publishing a contract register to highlight contract awards which may be of interest.

- **The Sustainable Procurement Duty**

To ensure compliance with the Duty, the College will give consideration to the environmental, social and economic issues relating to all regulated procurements. Considerations will be given to the benefits which can be gained (e.g. Community Benefits), on a contract-by-contract basis.

- **Policy on the use of community benefits**

The College will include Community Benefits on all procurements over £4m (Reform Act obligations) with a view to improving the economic social or environmental wellbeing of the communities around the College. Community benefit clauses will be included in appropriate tenders below this threshold to support the College's own strategic aims and aspirations.

- **Consulting and engaging with those affected by procurement**
 The College will adopt good practice principles for engagement with stakeholders and will endeavour to consider communities affected by its contracts and engage with stakeholders as required. Consultations, when used, will be on a scale and scope relevant to the procurement in question.
- **Living Wage**
 The College recognises the value of a well-motivated and dedicated workforce both in its own organisation and in those of its suppliers. The College will include Fair Work Practice (FWP) in its tenders for Services and Works.
- **Compliance with the Health and Safety at Work Act 1974**
 The College is committed to contracting with suppliers that comply with all appropriate and relevant legislation, including Health and Safety legislation.
- **Fairly and ethically traded goods and services**
 The College supports the sourcing of goods that are fairly and ethically traded and shall make use of appropriate standards and labels where appropriate to adopt fair and ethical trading considerations.
- **Health, wellbeing and education of communities and the promotion of animal welfare**
 The College will investigate practical ways to supply healthy, fresh, seasonal, and sustainably grown food which represents value for money and improves the health, wellbeing and dietary education of our teaching and learning communities, aligned with promoting animal welfare.
- **Payment terms**
 The College will comply with the Late Payment legislation and will review on a contract by contract basis whether such obligations can be enhanced with shorter payment periods or extension to the suppliers' supply chain.

Annual Procurement Report

Statutory Requirement

In accordance with requirements of the Reform Act the College will publish an Annual Procurement Report as soon as practicable after the College's financial year end and this will describe how we have discharged our obligations under the Act.

The Annual Report will also provide a commentary on the progress of the Strategy.

Contents of the Annual Procurement Report

To comply with legislation, the Annual Procurement Report will contain, as a minimum, the following:

- A summary of the regulated procurements that have been completed during the year covered by the Report
- A review of whether these procurements have complied with this Strategy
- The extent to which any regulated procurements did not comply, a statement of how the College intends to ensure that future regulated procurements do comply
- A summary of any community benefit secured
- A summary of regulated procurements with supported businesses during the year covered by the Report
- A summary of the regulated procurements the College expects to commence in the next two financial years
- Such other information as the Scottish Ministers may specify that demonstrates compliance with other legislation that places specific requirements on the College with respect to its procurement activities and the College will also consider including:
 - Details of those affected by our procurements and what we have done to respond to these views
 - An update on procurement performance and impact over the previous year
 - How the College is working with other bodies – for example procurement centres of expertise – to maximise effectiveness and efficiency.

Publication

The College will publish its Annual Procurement Report in a way that will enable stakeholders to form a clear view of the College's procurement performance.

Review

The first Annual Report will cover the period from 31 December 2016 to 31 July 2017 and thereafter cover the period 1 August to 31 July.

PROCUREMENT STRATEGY ACTION PLAN

References: CP – Corporate Plan Objective

Q1 = August/September/October

Q2 = November/December/January

Q3 = February/March/April

Q4 = May/June/July

Procurement Objective	Action	Target Date	Outcome Key Performance Indicator
1. Development and enhancement of procurement skills, capability and knowledge, processes, practices and governance frameworks CP 4(3); CP 9(3); CP 11(1); CP 11(3)	1.1 Improve communications	Q3 2016/17	<ul style="list-style-type: none"> • Maintenance of Procurement Hub on Intranet • Develop internal communication procedure
	1.2 Provide training opportunities	Q3 2016/17	<ul style="list-style-type: none"> • Undertake National Procurement Competency Framework • Organise refresher courses and take advantage of sector training
	1.3 Review processes/create procedures	Q2 2016/17	<ul style="list-style-type: none"> • Further develop portfolio of procedures • Present updated Procurement Strategy • Development of management information • Further development of contract management process
	1.4 Review procurement resource	Q2 2016/17	<ul style="list-style-type: none"> • Undertake recruitment if necessary • Identify contract ownership duties

Procurement Objective	Action	Target Date	Outcome Key Performance Indicator
2 Embed sound ethical, social and environmental procedures within the college's procurement activities and to comply with relevant Scottish and EU legislation in meeting the sustainable procurement duty CP 11(1); CP 11(3)	2.1 Define ethical requirements	Q2 2016/17	<ul style="list-style-type: none"> College ethical requirements will be embedded within procedures
	2.2 Define sustainability requirements	Q2 2016/17	<ul style="list-style-type: none"> Develop sustainability procedures
	2.3 Embed in standard documents	Q3 2016/17	<ul style="list-style-type: none"> Embed standard format to ensure sustainability issues are addressed in tendering exercises
	2.4 Define Community Benefit opportunities	Q3 2016/17	<ul style="list-style-type: none"> Develop Community Benefit Procedure, include standard clauses in documents Promote local, SME, supported business spend
3 Continued implementation and development of electronic procurement systems to support Purchase to Pay (P2P) CP 1(2); CP 8(2)	3.1 Implement P2P	Q4 2016/17	<ul style="list-style-type: none"> Promote the use of e-procurement across College (with the implementation of the new Finance system) including training where required
	3.2 Greater use of Quick Quote and Procurement Contracts Scotland	Q3 2016/17	<ul style="list-style-type: none"> Promote the use of Quick Quote (QQ) Monitor use of QQ and Procurement Contracts Scotland (PCS)
	3.3 Standard forms to support processes	Q4 2016/17	<ul style="list-style-type: none"> Develop and maintain standard online forms
4 Identification and promotion of collaborative and shared services opportunities CP 4(5); CP9(4)	3.1 Analyse spend to identify internal collaborative opportunities	Q2 2016/17	<ul style="list-style-type: none"> Maintenance of Contract Register Development of risk based approach to contract identification Consider creation of internal procurement network
	3.2 Investigate sector opportunities	Q1 – Q4	<ul style="list-style-type: none"> Participate in sector and other User Intelligence Groups

Procurement Objective	Action	Target Date	Outcome Key Performance Indicator
5 Achievement of efficiencies, cost savings and benefits (economic, social and environmental) CP 11(1); CP 11(3)	5.3 Identify efficiencies and cost savings	Q2 2016/17	<ul style="list-style-type: none"> • Development of financial benefit tracking model
	5.4 Identify benefits	Q2 2016/17	<ul style="list-style-type: none"> • Develop non-cash benefit tracking records and maintain identification of cash benefits
6 Undertake Scottish Government Procurement and Commercial Improvement Programme (PCIP) CP 11(1)	6.1 Submit college PCIP	Q2 2016/17	<ul style="list-style-type: none"> • Prepare submission 2016/17 • Develop 2 year future work plan
	6.2 Create improvement programme	Q3 2016/17	<ul style="list-style-type: none"> • Develop action plan from PCIP outcome
7 Improved contract renewal, monitoring and supplier management processes CP 11(1); CP 11(3)	7.1 Enhance contract renewal monitoring	Q2 2016/17	<ul style="list-style-type: none"> • Maintain Contract Register to be more inclusive and accurate • Begin segmentation of main suppliers based on commodities supplied
	7.2 Engage with suppliers	Q4 2016/17	<ul style="list-style-type: none"> • Review opportunities for meeting buyers
	7.3 Report outcomes	Q4 2016/17	<ul style="list-style-type: none"> • Further development of management information and reports

GLOSSARY OF TERMS

Agreement

Mutual consent between two or more parties, an essential component of a valid contract.

Aggregation

In order to determine whether the value of goods / services reaches a threshold under the relevant EU directive or Reform Act threshold, a buyer must combine, i.e. aggregate, the value of orders or potential orders e.g. £80k per annum over 3yrs = £240k contract value.

APUC

The Centre of Procurement Excellence for the Higher Education and Further Education sector. This organization creates collaborative procurements, accessible to all HE/FE establishments should they choose to use them.

Benchmarking

The process of comparing performance or price with others to identify areas for improvement.

Best Value

Often known as 'value for money'. The optimum combination of whole life costs and quality to meet the customer's requirement.

Collaboration

The establishment of a contract for the use of participating clients. Clients must agree to participate in the collaboration from the outset and agree to honour the terms and conditions which constitute the contract.

Continuous Improvement

A process of improving an organisations or supplier's performance over a given period of time with agreed areas or criteria requiring improvement.

Contract

A 'business contract' implies the entry into an unambiguous legal agreement with a company, another party, person (other supplier) to deliver supplies (goods/services) or to do something (e.g. construct a building) on mutually agreed terms.

Contract Management

Managing the relationships between all parties in the most effective way so as to ensure the contract meets the optimum combination of cost, time and quality.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) has become the broadly accepted phrase to describe a collection of related disciplines, all of which combine to represent an organisation's overall ethos – its personality, philosophy and character, as regards its role in the world in the largest sense.

Corruption

Any action that involves inducement by means of improper 'consideration'.

Cost

The total contract sum including price plus any additions that may be associated with ownership and use, e.g. maintenance or disposal.

eMarketplace

Virtual area that enables companies/individuals to offer their goods or services for sale also enables people to purchase goods or services electronically

eProcurement

Ability to purchase/sell through electronic trading via the Internet

Ethics

An increasingly important aspect of business nowadays, as people become more aware of such issues as child labour in the third world, despoliation of the environment, and so on. A framework of ethical and moral theory and practice describing best behaviour in procurement.

Fair Work Practices

Definition of working conditions and practices which are considered conducive to best practice working conditions for staff.

Invitation To Tender (ITT)

A request made to potential suppliers to submit bids on goods, works and services to be purchased. Commonly known as Request For Quotation (RFQ) for smaller values.

Key Performance Indicators (KPI)

They are used in performance management to monitor and assess the present state of the business or a contract and to inform the best course of action for satisfactory completion of business strategies or contracts.

Life-Cycle Costing

Total costs of an item throughout its life, including acquisition, operational, maintenance, support and disposal costs.

Living Wage

The UK national Living Wage which also effectively becomes the UK national minimum wage, and obliges minimum hourly levels of pay for staff.

PCA/PCIP

A national assessment exercise of procurement capacity and capability.

PCA (Procurement Capability Assessment) was the original assessment tool and was conducted on an annual basis up until 2013, when it was withdrawn and replaced with PCIP.

PCIP (Procurement Commercial and Innovation Programme) has replaced the PCA. Both assessments consider a suite of questions which are applied across the public sector and allow an organization to benchmark and compare its progress against others in areas of procurement capacity, expertise and improvement.

Procurement

Often used interchangeably with Purchasing. Procurement is the totality of acquisition starting from the identification of a requirement to the disposal of that requirement at the end of its life. It therefore includes pre-contract activities e.g. sourcing and post contract activities e.g. contract management, supplier relationship management activities. However, it does not include stores management and logistics. Procurement relates to goods, works and service requirements.

Procurement Competency Framework

A national assessment tool which allows individual procurement practitioners to identify their competencies, their knowledge gaps and their requirements for future training.

Public Contracts Scotland (PCS)

A national e-sourcing tool which reflects best practice (the Procurement Journey) as defined by the Scottish Government. The tool allows practitioners to conduct their procurements in a standard compliant manner, it also provides a hub for suppliers to register for work and bid for work in their commodity categories. The tool allows electronic, paperless, tenders.

Public Procurement Directives (EU Directives)

The EU procurement Directives set out the legal framework for public procurement. They apply when public authorities seek to acquire goods, services and works. They set out procedures which must be followed before awarding a contract when its value exceeds set financial thresholds.

Purchasing

Often used interchangeably with procurement is to acquire goods, works or services from a selected supplier. Purchasing is a component of the wider function of procurement and consists of activities such as ordering, expediting, receipt and payment.

Purchase To Pay (P2P)

A seamless process enabled by technology designed to speed up the process from point of order to payment.

Quick Quote (QQ)

Provides the same service as **PCS** (mentioned above) but for lower value procurements, usually values under £50k the regulated contract threshold. QQ provides the platform for seeking quotations as described below and provides a hub for suppliers to register the commodities they are interested in and submit bid for quotation requests from buyers.

Quotation

Not to be confused with “estimate”. Quotations are preferable because they should give an accurate price for the goods or services offered, whereas an estimate gives an approximate cost of the goods or services concerned.

Request for Information (RFI)

A request to suppliers to engage with the market place to gain technical or commercial information and market knowledge. An RFI is usually issued on more complex procurements and is usually a part of a Prior Information Notice and issued to those suppliers expressing an interest in the procurement. The scope of the RFI can be varied and information adopted will be included in the tender and available to all participant bidders.

Risk

The combined effect of the probability of occurrence of an undesirable event and the magnitude or impact of the event on a procurement process.

Risk Management

Involves three key activities, risk analysis, risk assessment, and risk mitigation, all of which facilitate the taking of decisions and actions to control risk appropriately by providing a disciplined and objective approach.

Reform Agenda, Scottish Government Public Procurement

A general programme of procurement improvement which has been ongoing since 2006. Besides legislative changes the programme has informed best practice which is available as the Procurement Journey on the PCS website.

Regulated Procurement

These are procurements which exceed the various financial thresholds imposed by EU Directives and the Procurement Reform (Scotland) Act and are classified as “regulated”. These procurements must adopt the procedures and requirements of these procurement legislations.

Services

Usually coupled with goods, as in goods and services. Services are intangible items such as maintenance, marketing or consultancy.

Sourcing

Searching marketplaces for sources of goods and services, or works contractors. Strategic sourcing is the attempt to make sure everything is being sourced as efficiently as possible.

Supplier Rationalisation

Strategic approach to reducing a large numbers of suppliers to manageable few and from which contractual benefits can be obtained.

Supplier Relationship Management (SRM)

The process for managing the interaction between two entities of a contract– the supplier of the goods, works or services and the organization in receipt of those items.. SRM is a two way process in that it should improve the performance of the buying organisation as well as the supplying organisation and hence be mutually beneficial

Sustainable Procurement Duty

Specific obligations laid down in legislation, EU Procurement Directives and Procurement Reform (Scotland) Act to promote and encourage sustainable practices.

Tender

An offer to provide goods or services, in response to an invitation to tender, for a specified price and an agreed quality.

Unique/Sole Supplier

A supplier who is the only organization in the marketplace who can supply a particular requirement - a good, service or works. The supplier may be unique due to intellectual property rights, for example, particular IT software that others cannot copy, or may own a particular manufacturing process or product which cannot be made by others, e.g. a published book or music score.

User Intelligence Group (UIG)

A group created from participants in collaborative procurement. The group is made up of technical and procurement staff but may be augmented by operational or administrative expertise (e.g. legal, finance, etc) who combine their expertise to create a best practice and innovative procurement.

Value For Money (VFM)

Is the optimum combination of whole life costs and quality (or fitness for purpose) to meet the user’s requirement? This will not mean lowest price, but the most advantageous of a combination of price and quality.

TITLE: FINANCIAL REGULATIONS - ANNUAL REVIEW

Background: The Finance and General Purposes Committee remit includes the requirement to *'advise the Board of Management on key issues of the College's financial and resource management including regular review of finance policies, procedures and regulations'*

The report presents an updated set of College Financial Regulations for consideration by the Finance and General Purposes Committee. The College has undertaken a review of the Financial Regulations based upon current College operations and best practice.

Action: The Finance and General Purposes Committee are requested to consider the revised College Finance Regulations and approve the document to the Board of Management.

Lead: Alan Ritchie, Director of Finance and Estates

Status: Open

1. The Financial Regulations

- 1.1 This report presents an updated set of College Financial Regulations for consideration by the Finance and General Purposes Committee. The College has undertaken a review of the Financial Regulations based upon current College operations and best practice.
- 1.2 The Regulations have been reformatted based on user feedback to make the document easier to read. This has resulted in several changes which if presented in a tracked format version would have made the document extremely difficult to review.
- 1.3 The review has not resulted in a change to any of the thresholds contained in the Regulations and in some cases further clarification has been inserted to allow users to fully understand their responsibilities.
- 1.4 The following sections outline the proposed changes.

2. Proposed Amendments

Overall

- Page, section and paragraph numbering will be updated once the document revisions have been concluded.
- Several typos and grammar errors have been corrected throughout the document.
- Hyperlinks have been inserted where appropriate to direct users to the most up to date

Relevant Documents and Organisations

- This section has been expanded to include links to the relevant documents referred to throughout the Regulations. A section has been included which references and provides links to several organisations which are referenced in the document.

Section 2 – Status and Context

- This section is now more focused in line with recent Audit Scotland guidance on the annual Accountability reporting undertaken by the College. The section now lists all the relevant guidance documents that should be referred to when reading the Regulations.

Section 3 -Board of Management

- The Board of Management financial responsibilities have been clarified and a number of legislative references have been removed.

Section 5 – Committee Structure

- This section has been shortened and a link to the Board of Management internet page has been included. This will ensure that readers are referring to the most up to date information in relation to the College Committee structure and remits.

Section 11 - Financial Control

- Virement process clarified based on user feedback.

Section 17 - Expenditure

- Scheme of delegated authorities reformatted to allow users to better understand what authorities they have.
- Purchase order authorisation levels supplemented to include requirement for Finance and General Purposes / Board approval for orders above £250,000. This was already the case and is not clarified in the Regulations.
- Procurement
 - Procurement strategy section inserted – clarifies the process the College would look to undertake in developing the procurements undertaken.
 - Quotations and tenders table updated to provide improved clarity to users on the actions required, responsibilities and authorisation levels for the procurement of goods/ services and works.
 - There has been no change to the thresholds.

3. Conclusion and Next Steps

- 3.1 The Finance and General Purposes Committee are requested to consider the revised College Finance Regulations and approve the document to the Board of Management.

Policy & Procedure	Financial Regulations
Policy Area	Finance
Version Number	11
Approving Committee	Board of Management
Date of Approval	November 2019
Date of Equality Impact Assessment	September 2018
Date of Next Review	November 2021
Responsible Senior Manager	Director of Finance and Estates

History of Amendments

Date	Version	Summary of changes
	4	Changes to reflect revised college sector status arising from ONS reclassification of Colleges.
	5	Revisions to take account of Internal Audit report June 2015 ' <i>Review of Financial Regulations and Audit Committee Remit</i> '.
	6	Several changes to reflect revised Finance Department structure and a new Head of Service.
February 2017	7	Changes reflecting impact of revised procurement legislation, banking arrangements and minor administrative changes.
February 2018	8	Changes to reflect revised EU Procurement threshold values.
September 2018	9/10	Changes based on updated guidance and rationalisation of document content.
November 2019	11	Updated to current operating procedures and clarification of procurement operations.

Policy Statement

The current approved version of the College Financial regulations is published on the West College Scotland staff intranet. Any revised version becomes effective as soon as it is published on the staff intranet.

Template documents and procedures associated with this policy can be accessed through the Staff Intranet.

Equality Statement

The College is committed to providing equal opportunities to ensure students, staff, customers and visitors are treated equally regardless of gender reassignment, race, religion or belief; disability; age; marriage and civil partnerships; pregnancy and maternity; sexual orientation; sex.

Please note this document is available in other formats, which can be requested by sending an email to - info@wcs.ac.uk

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Relevant Documents and Organisations

Noted below are several documents and organisations referred to throughout the Financial Regulations. The relevant weblink is also included to ensure the most up to date documents are available to the users of these Regulations.

Relevant Documents	
FM	SFC Financial Memorandum with Fundable Bodies in the College Sector http://www.sfc.ac.uk/web/FILES/Guidance_Governance/Financial_Memorandum_with_the_College_Sector_-_1_December_2014.pdf
FReM	Financial Reporting Manual https://www.gov.uk/government/publications/government-financial-reporting-manual-2018-to-2019
SPFM	Scottish Public Finance Manual https://www.gov.scot/Topics/Government/Finance/spfm/Intro
Audit Code	Audit Scotland Code of Audit Practice https://www.audit-scotland.gov.uk/docs/corp/2011/110520_codeofauditpractice_bw.pdf
SORP	Statement of Recommended Practice (SORP): Accounting for Further and Higher Educational Institutions https://www.universitiesuk.ac.uk/policy-and-analysis/reports/Pages/statement-of-recommended-practice-2019.aspx
Risk Management Strategy	College Risk Management Strategy https://www.westcollegescotland.ac.uk/college/about-us/publication-policies/
Whistleblowing Policy	Public Interest Disclosure (Whistleblowing) Policy and Procedure https://www.westcollegescotland.ac.uk/media/151856/public-interest-disclosure-policy-and-procedure-approved-sept-2017.pdf
Procurement Journey	Scottish Government Procurement Journey https://www.procurementjourney.scot/
Procurement Thresholds	Procurement Thresholds https://www.gov.scot/publications/eu-procurement-thresholds/
Relevant Organisations	
SFC	Scottish Further and Higher Education Funding Council http://www.sfc.ac.uk/
ONS	UK Office of National Statistics https://www.ons.gov.uk/
SG	Scottish Government https://www.gov.scot/
OSCR	Office of Scottish Charity Regulator https://www.oscr.org.uk/

A GENERAL PROVISIONS

1 Introduction

- 1.1 The College was created under the provisions of the Further and Higher Education Act (Scotland) 1992 and was designated a Regional College under the Post-16 Education (Scotland) Act 2013. The College structure of governance is laid down in the instrument and articles of government, which may only be amended by application to the First Minister for Scotland. The College is accountable through its Board of Management which has ultimate responsibility for the effectiveness of its management and administration.
- 1.2 The College is an exempt charity by virtue of the Charities and Trustees Investment (Scotland) Act 2005 with charity number is SCO21185 as registered with the Office of the Scottish Charity Regulator (OSCR).
- 1.3 The Scottish Funding Council (SFC) is the national strategic body which is responsible for funding teaching and learning provision, research and other activities in Scotland's colleges, universities and higher education institutions.
- 1.4 The Financial Memorandum between the SFC and the College sets out the terms and conditions on which grant funding is made available. The Board of Management is responsible for ensuring that SFC conditions of grant are met. As part of this process, the College must adhere to the SFC's Outcome Agreement; the SFC Financial Memorandum (FM); the Scottish Government's Scottish Public Finance Manual (SPFM) (except where any special actions or derogations have been agreed with Scottish Ministers) and the SFC's Audit Code of Practice, which requires sound systems of financial and management control. The Financial Regulations of the College form part of this overall system of accountability and control and more information on wider regulatory documents is contained in Section 2.7.

2 Financial Regulations – Status and Context

- 2.1 To conduct business effectively, the College needs to ensure that it has sound financial management systems in place and that these systems are strictly adhered to. Part of this process is the establishment of Financial Regulations which set out the financial policies of the College.
- 2.2 The purpose of the financial regulations is to provide control over the totality of College resources and provide management with assurances that these are being properly applied in an accountable manner which:
- Maintains financial sustainability;
 - Achieves value for money;
 - Fulfils the responsibility for the provision of effective financial controls over the use of public funds;
 - Ensures compliance with all relevant legislation; and
 - Safeguards the assets of the College.
- 2.3 The Financial Regulations of the College form part of the overall organisational system of accountability and are subordinate to the College's instruments and articles of government and to any restrictions contained within the SFC FM. The SFC's interpretation of the FM will be final.
- 2.4 Compliance with College Financial Regulations is compulsory for all College staff, members of the Board of Management and members of Board of Management Committees. Any non-compliance with the Financial Regulations may be subject to disciplinary action. The Board of Management will be notified of such breaches as required through the Audit Committee.
- 2.5 The Finance and General Purposes Committee is responsible for reviewing the College Financial Regulations, through the Director of Finance and Estates, and for advising the Board of Management of any additions or changes necessary.

- 2.6 In exceptional circumstances the Board of Management Committee may authorise a departure from the detailed provisions herein. Such departure must be reported to the Board of Management at the earliest opportunity.
- 2.7 The Financial Regulations should be read in conjunction with relevant guidance on accountability and propriety issued by the following bodies:
- The SFC – Financial Memorandum; Regional Outcome Agreement and wider funding guidance
 - Audit Scotland – Audit Code of Practice; Internal Audit Manual
 - National Audit Office or the Scottish Parliament Public Audit and Post-legislative Scrutiny Committee
 - The UK Government - Financial Reporting Manual
 - SORP Board - Statement of Recommended Practice (SORP): Accounting for Further and Higher Educational Institutions
 - Scottish Government – Scottish Public Finance Manual.

B CORPORATE GOVERNANCE

3 The Board of Management

- 3.1 The Board of Management will meet the principles of good governance set out in the Good Governance Code for Scottish Colleges, and the wider principles identified within these Financial Regulations.
- 3.2 The Board of Management is responsible for the management and administration of the College to ensure the provision of education that meets the needs of students, communities and partners. College financial responsibilities are to ensure that:
- Public funds are used in accordance with relevant legislation, the requirements of the SFC Financial Memorandum and for the purpose(s) which they are intended. Strategic, capital and other grant funding should only be used for the purposes for which it is provided by SFC;

- Subject to any legal requirement to observe confidentiality, the College will be open and transparent with the SFC and other stakeholders, and will give, or be prepared to give, a public justification of its decisions in relation to the use of public funds.
- The College strives to achieve best value and is economical, efficient and effective in the use of public funding;
- There is effective planning and delivery of the institution's activities in accordance with its mission and its Outcome Agreement agreed with SFC;
- The College plans and manages its activities to remain sustainable and financially viable. A College is being managed on a sustainable basis if, year on year, it generates enough income to cover its costs and allow for maintenance of and investment in its infrastructure (physical, human and intellectual) at a level which enables it to maintain adaptive capacity necessary to meet future demands.
- The College has a sound system of internal management and control, including an audit committee, an effective internal audit service, and adequate procedures to prevent fraud or bribery;
- The College has an effective policy of risk management and risk management arrangements;
- The College has regular, timely, accurate and adequate information to monitor performance and account for the use of public funds. Such information will be made available to SFC on request, as necessary, for the exercise of its functions and to gain assurance;
- The College is engaged actively in continuously enhancing the quality of its activities and involves students and other stakeholders in these processes.

3.3 The Board of Management's financial responsibilities are also to:

- approve the strategic plan and SFC Regional Outcome Agreement;
- approve the annual audit report and financial statements;
- appoint, grade and determine the pay and conditions of service of the Principal;
- approve the appointment of the internal audit service;
- approve an annual budget, financial plans and regulations;
- approve the acquisition and disposal of property, subject the SFC approval; and

- determine tuition fees.

4 The Principal and Chief Executive

4.1 The Principal is accountable directly to the Board of Management for the proper conduct of the College's affairs. The Principal is also accountable directly to the SFC's Accountable Officer for the College's proper use of funds deriving from Scottish Ministers and compliance with the requirements of the SFC's Financial Memorandum. The Principal may be required to justify any of the College's financial matters to the Scottish Parliament Public Audit and Post-Legislative Scrutiny Committee. In particular, the College Articles of Governance at 4.4.7 charge the Principal with responsibility:

- for ensuring the proper and effective operation of financial, planning and management controls, and for giving effect to the Board's policies for securing the efficient, economical and effective management of all the College's income, assets and expenditure;
- arranging for presentation to the Board for approval an Annual Budget of income and expenditure, and to give regular updates on income and expenditure account, balance sheet and cash flow statements; and
- arranging for the preparation, audit and presentation to the Board the Accounts following the end of each financial year in compliance with the requirements of the Accounts Direction and encompassing Audit Scotland and the Scottish Funding Council direction.

4.2 The Principal shall demonstrate oversight of financial matters by signing the Statement of Corporate Governance and Balance Sheet within the College Annual Report and Financial Statements, and the declaration pages of the Financial Forecast Return (FFR) and Financial Statement Return submitted to the SFC.

4.3 The Principal must inform the SFC's Accountable Officer without delay of any circumstance that is having, or is likely to have, a significant adverse effect on the ability of the College to deliver its education programmes, and other related activity, including delivery of the Regional Outcome Agreement with the SFC. The Principal must also notify SFC's Accountable Officer of any serious weakness, such as a significant and immediate threat to the institution's financial position, significant fraud or major accounting breakdown or any material non-compliance with any requirement of the SFC's Financial Memorandum.

5 Committee Structure

5.1 The Board of Management has ultimate responsibility for College financial matters but has delegated specific powers and processes to College Committees as detailed below. These Committees are accountable to the Board of Management:

- Audit Committee
- Corporate Development Committee
- Estates Committee
- Finance and General Purposes Committee
- Learning, Teaching and Quality Committee
- Organisational Development and Human Resource Committee
- Nominations Committee
- Remuneration Committee

5.2 The College Articles of Governance outline the purpose and scope of these Committees. A full listing of these Board Committees, their remits and respective delegated authority is available on the College intranet (<https://www.westcollegescotland.ac.uk/college/about-us/board-of-management/>) or from the Secretary to the Board.

6 Financial Responsibility of Staff

6.1 Executive Team

The Executive Team of the College – which incorporates the Principal and Vice Principals - is responsible for the operational and financial management of the areas and activities they manage and control. They are advised by the Director of Finance and Estates on financial matters. The Executive Team is ultimately responsible for establishing and maintaining clear lines of responsibility within the areas they manage for all operational and financial matters including the delegation of day to day budget control to other budget managers and team leaders. The Executive Team shall provide the Director of Finance and Estates with such information as may be required to enable:

- compilation of the College's financial statements;
- implementation of financial planning and budgeting; and
- implementation of audit and financial reviews, projects and value for money

6.2 Vice Principal Operations

The Vice Principal Operations is responsible for strategic financial management and direction and advice to the Board, Principal and the Senior Management Team.

6.3 Director of Finance and Estates

Day-to-day financial administration is managed and controlled by the Director of Finance and Estates, who is responsible to the Vice Principal Operations for:

- preparing annual revenue and capital budgets and financial plans;
- preparing monthly and/or quarterly accounts, management information, monitoring and control of expenditure against budgets and all financial operations;
- preparing the College's annual accounts and other financial statements which the College is required to submit to other authorities;
- ensuring that the College maintains satisfactory financial systems;
- providing professional advice on all matters relating to financial strategy and planning,
- providing cash and resource returns to the SFC; and
- liaising with the internal and external auditors to implement audit strategies.

The Director of Finance and Estates will be assisted in carrying out these duties by the Head of Finance and Student Funding.

6.4 Assistant Principals and Directors

These budget holders are responsible to the Vice Principals or Principal (depending on the reporting structure of their roles) for the financial management of the areas and activities they manage and control. They are advised by the Director of Finance and Estates in executing their financial duties. The Director of Finance and Estates will also supervise and approve the financial systems operating within their departments, including the form in which accounts and financial records are kept. Assistant Principals and Directors are responsible for establishing and maintaining clear lines of responsibility within their departments for all financial matters. Where resources are devolved to other budget holders, they are accountable to their Director or Manager for their own budget.

6.5 All members of staff

All members of staff should:

- be aware of and have a general responsibility for the security of College property, for avoiding loss and for due economy and best value in the use of resources.
- ensure they are aware of the College's delegated authority limits, the value of purchases for which quotations and tenders are required and the associated procurement procedures;
- make available any relevant records or information to the Director of Finance and Estates or their authorised representative in connection with the implementation of College financial policies, these Financial Regulations and the system of financial control;
- provide the Director of Finance and Estates and/or Vice Principal Operations with such financial and other information as they may deem necessary, from time to time, to carry out the requirements of the Board of Management; and
- immediately notify the Director of Finance and Estates whenever any matter arises which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the College. The Director of Finance and Estates shall take such steps as they consider necessary by way of investigation and report.

7 Risk Management

- 7.1 The delivery of College objectives is surrounded by uncertainty which poses both threats to success and offers opportunity for improved outcomes. Risk is defined as uncertainty of outcome, whether positive opportunity or negative threat of actions and events.
- 7.2 In considering risk, the College must recognise the environment within which it operates as a non-departmental public body. This environment includes compliance with the Scottish Public Finance Manual which requires that it is *“...necessary to develop a framework for assessing risks that evaluates both the likelihood of the risk being realised, and of the impact if the risk is realised. Risk assessment should be recorded in a way that demonstrates clearly the key stages of the process.”*
- 7.3 The SFC Financial Memorandum requires that the Board of Management complies with the principles of good governance set out in the Code of Good Governance for Scotland’s Colleges. The SFC also requires the governing body to ensure that:
- The College has an effective policy of risk management and risk management arrangements;
 - Internal audit must provide the governing body and senior management of the College with an objective assessment of adequacy and effectiveness of risk management, internal control, governance and value-for- money; and
 - The College undertakes careful appraisal of the risks before accepting any contingent liability.
- 7.4 The College Risk Management Strategy therefore takes account of the requirements of the SFC Financial Memorandum and SPFM and is subject to independent review by auditors.
- 7.5 A detailed College risk register is maintained to record risks and how they may be mitigated. In line with the College Corporate Strategy, the Board of Management requires that the Risk Management Strategy and supporting documentation include:
- the adoption of common terminology in relation to the definition of risk and risk management;

- the establishment of College-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence, together with a sensitivity analysis;
- a decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes;
- a decision on the level of risk to be covered by insurance;
- regular review at Teaching and Support Department, level to identify significant risks associated with the achievement of key objectives and other relevant areas;
- development of risk management and mitigation plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing the risk in question;
- regular reporting to the Board of Management of all identified risks; and
- an annual review of the implementation of risk management arrangements.

8 Whistleblowing

8.1 Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice or potential instances of malpractice in the workplace. An individual can raise matters about a crime, civil offences (including negligence and breach of contract), miscarriage of justice, danger to health and safety or the environment, breach of the financial regulations and/or the cover-up of any of these matters. It does not matter whether the information is confidential, and the whistleblowing can extend to malpractice occurring in the United Kingdom and any other country or territory.

8.2 Normally, any concern about a workplace matter at the College should be raised by a member of staff with their line manager(s). However, the College recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult. If the member of staff does not wish to raise the matter in this way, it may be raised with a member of the SMT. If the concern relates to a member of the SMT the concern can be reported to the Principal. Any concerns that relate to the Principal can be raised with the Chair of the Board of Management via the Secretary to the Board.

8.3 Detailed guidance on this is provided by the College Public Interest Disclosure (Whistleblowing) Policy and Procedure.

9 Code of Conduct

9.1 The College is committed to the highest standards of openness, integrity and accountability. It seeks to conduct affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life adopted and advocated by the Scottish Government. All Governing Body members and members of staff are expected to observe these principles as set out at Appendix 1.

9.2 Board members are also charity trustees and as such are subject to obligations imposed by charity legislation and Office of Scottish Charity Regulator (OSCR).

9.3 Members of the Board of Management and all staff members are also required to disclose interests in the College Register of Interests maintained by the Secretary to the Board and the Director of Finance and Estates. It is the responsibility of individual Board of Management members and staff to ensure that entries in the register relating to them are kept up to date regularly and promptly as required.

9.4 No person shall participate in a College procurement or be a signatory to a College contract where they have an interest in the activities of the other party.

9.5 Receiving and Making of Gifts or Hospitality

A gift is something voluntarily given or donated without the expectation of receiving anything in return and generally without preconditions. In the context of this guidance gifts received can be defined as the donation of cash or other resources or invitations to events with a current market value.

It is an offence under the Prevention of Corruption Act 1906 and the Bribery Act 2010 for Board members, members of Board Committees and members of staff to accept any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity.

The guiding principles to be followed by Board members, members of Board Committees and all members of staff are:

- the conduct of individuals should not create suspicion of any conflict between their official duty and their private interest; and
- the action of individuals acting in an official capacity should not give the impression to any member of the public, to any organisation with whom they deal or to their colleagues - that they have been, or may have been, influenced by a benefit to show favour or disfavour to any person or organisation.

Thus, Board of Management members, Board of Management Committee members and staff should not accept any gifts, rewards or hospitality - or have them given to members of their families - from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such gifts, rewards and/or hospitality. When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined, or advice sought from the Director of Finance and Estates.

All Board of Management members, Board of Management Committee members and staff in receipt of gifts or hospitality are obliged to promptly notify, by email, the Director of Finance and Estates where the value is in excess of £25.

Before any gifts with a value over £25 are made by the College or members of College staff, prior written approval requires to be obtained from the Principal or a Vice Principal.

C FINANCIAL MANAGEMENT AND CONTROL

10 Financial Planning

10.1 Responsibility

The Director of Finance and Estates is responsible for preparing annually a rolling five-year strategic financial forecast for approval by the Board of Management and for submitting a financial forecast return and cash forecast to the SFC. Financial plans should be consistent with the strategic plans approved by the Board of Management.

10.2 Budget Objectives

The Board of Management will from time to time, set budget objectives for the College. These will assist the Vice Principal Operations and the Director of Finance and Estates in preparing the financial plans for the College.

10.3 Resource Allocation

Resources are allocated annually by the Board of Management on the recommendation of the Finance and General Purposes Committee and based on the above objectives (10.2). The Senior Management Team is responsible for the economic, effective and efficient use of resources allocated to them.

10.4 Budget Process

The Director of Finance and Estates is responsible for preparing annually:

- a detailed budget for the forthcoming financial year, for approval by the Board of Management on the recommendation of the Finance and General Purposes Committee;
- a 12-month cash flow forecast, and balance sheet based on the annual SFC funding allocation and the 12-month budget;
- a list of major assumptions used in arriving at the budget and forecast;
- scenario plans to address potential material movements in the above assumptions and how the College would respond to these movements;
- a Financial Forecast Return (FFR) for submission to the SFC; and
- a five-year financial forecast.

Financial plans should be consistent with the SFC Regional Outcome Agreement, the College Corporate Plan and any other relevant College strategy documents as approved by the Board of Management. Following approval by the Board of Management the budget will be communicated to budget holders as soon as possible.

10.5 Budget Review

During the year the Director Finance and Estates is responsible for submitting a revised Statement of Comprehensive Income and Expenditure Profit and Loss account forecast, cash flow forecast and projected year-end balance sheet to the Finance and General Purposes Committee for consideration before submission to the Board of Management for approval as required.

10.6 Capital Expenditure

Capital expenditure includes all expenditure on land, buildings, equipment, furniture and associated costs, whether they are funded from capital grants or capitalised for inclusion in the College's financial statements.

Where the College receives capital grant funding from the SFC the Director of Finance and Estates will establish protocols with the College Executive for the inclusion of capital projects in a capital programme for approval by the Board of Management. These protocols will set out the information that is required for each proposed capital project as well as the financial criteria that they are required to meet.

The Director of Finance and Estates will also establish procedures for the approval of any variations arising in relation to capital projects, including the notification of variations to the Scottish Funding Council, as laid down in Scottish Funding Council guidelines. The Director of Finance and Estates is responsible for providing regular statements concerning all capital expenditure to the Board of Management for monitoring purposes.

Following completion of any major capital project with a value in excess of £500,000, a post-project evaluation requires to be submitted to the Board of Management including the actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as any other issues affecting completion of the project.

Where a project has a value in excess of £3m the SFC requires a formal post occupancy evaluation to be undertaken and submitted for review. Further guidance on the form and content of this type of review can be found at:

<http://www.sfc.ac.uk/web/FILES/Guidance/Post-Occupancy-Evaluation-Guidance.pdf>

10.7 Estate Development Programme

The estate development programme includes all expenditure on land, buildings, equipment, furniture and associated costs normally funded by SFC maintenance grants or from College funds. Expenditure of this type is approved by the Senior Management Team normally at the start of each year.

The Director of Finance and Estates will establish protocols with the College Executive for the creation of the estate development programme. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet. The Director of Finance and Estates is responsible for providing regular statements concerning all estate development expenditure to the Senior Management Team, for monitoring purposes.

10.8 Other Major Developments Including Overseas Activity

Any new aspect of business, or proposed establishment of a company or joint venture, which will require an investment of more than £250,000 must be presented for approval to the Finance and General Purposes Committee. The College must have due regard to the relevant guidelines issued by the SFC.

The Director of Finance and Estates will establish protocols for any such major developments proposed, to enable them to be considered for approval. These will set out the information that is required for each proposed development including a business plan, using a risk-based approach which considers matters of ownership, accountability and governance, as well as the financial criteria that requires to be met.

11 Financial Control

11.1 Budgetary control

The control of income and expenditure within an agreed budget is the responsibility of the budget holder, who must ensure that monitoring is undertaken effectively. Budget holders are responsible to their Director/Assistant Principal for the income and expenditure appropriate to their budget. The Accountant allocated to the budget holder will ensure that they receive training in the use of the finance system to allow them to actively monitor income and expenditure. Significant variances from agreed budgetary targets must be reported immediately to the Director of Finance and Estates by the budget holder concerned and, if necessary, corrective action taken.

A budget holder may delegate their overall budget or a proportion of it to delegated budget holders, subject to the approval of the Director of Finance and Estates. In this situation the budget holder and the delegated budget holder are both responsible for ensuring they have awareness of the requirements of the Financial Regulations.

11.2 Financial information

Budget holders are assisted in their duties by management information provided by the Finance Department. The Vice Principal Operations is responsible for supplying budgetary reports on all aspects of College finances to the Finance and General Purposes Committee. These reports are then presented to the Board of Management as required, which has overall responsibility for College finances.

11.3 Changes to the approved budget

Changes proposed to the approved overall College budget surplus / (deficit) will be first considered by the Finance and General Purposes Committee, which will make proposals to the Board of Management as required.

11.4 Virement

The virement of budgets must not lead to any net change in the overall annual budget for the College. Virement between budgets is permitted as set out below:

Movement	Authority
Between staff and non-staff budgets	Director Finance and Estates and or Head of Finance and Student Funding.
Non-staff budgets under a budget holder	Accountant
Between non-staff budgets <£25,000	Principal Accountant
Between non-staff budgets >£25,000 to £100,000	Principal Accountant and Head of Finance and Student Funding
Between non-staff budgets >£100,001	Director of Finance and Estates and Head of Finance and Student Funding

11.5 Carry forward of budgets

The carry forward of balances of any budget from one year to another is not permitted.

12 Accounting Arrangements

12.1 Financial Year

The College financial year will run from 1 August until 31 July the following year. Although there is also a requirement, under government accounting, to prepare notional accounts for the SFC covering the period 1 April until 31 March.

12.2 Basis of accounting

The annual consolidated College financial statements are prepared on the historical cost basis of accounting modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards, the SFC Annual Accounts Directions and the Scottish Government SPFM.

The accounts directions issued by the Scottish Ministers via the SFC require that the annual accounts for a financial year shall:

- comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM), as approved by the Financial Reporting Advisory Board, which is in force for the financial year for which the accounts are prepared; and
- give a true and fair view of the state of the affairs of the College as at the end of the financial year, and of the net resource outturn, resources applied to objectives, recognised gains and losses, and cash flow.

12.3 Format of the financial statements

The financial statements are prepared in accordance with the Statement of Recommended Practice (SORP): *Accounting for Further and Higher Education* and in accordance with applicable Accounting Standards, subject to any specific requirements of the SFC, and in accordance with the provisions of the Companies Act, if that is appropriate.

12.4 Capitalisation and depreciation

Assets are recorded in the Balance Sheet at Depreciated Replacement Cost for Land & Buildings and at Historic Cost less depreciation for Equipment in accordance with the Financial Reporting Manual. Buildings will be depreciated in equal instalments over their estimated remaining useful life, but subject to periodic revaluation. Land will not be depreciated.

Expenditure incurred on repair, refurbishment or extension of existing buildings will not be capitalised unless it can be demonstrated that the resultant value of the building, based on depreciated replacement value, is greater than the current book value.

Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost including VAT per item is £5,000 or more grouped items (e.g. a suite of computers) with a group value of £5,000 or more, will also be capitalised. Capitalised assets other than land and buildings will be depreciated in accordance with the College's financial policy on capitalised assets and depreciation.

Certain tangible assets will be revalued normally land and buildings. Where such a policy is adopted it will be applied consistently to all tangible fixed assets of the same class, and the carrying amount should be the current asset value. A full valuation of land and buildings will take place at least every 5 years with an interim valuation in year 3,

Where an asset is found to have suffered impairment, the prospective impairment and background must be communicated to the SFC at the earliest opportunity.

Depreciation periods will be set as follows:

Asset Class	Depreciation periods
Land	Nil
Buildings	5 to 50 years
Leasehold property	Length of lease
Plant and equipment	3 to 10 years
Computers	3 years

Motor vehicles	3 years
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12.5 Accounting Records

The Director of Finance and Estates is responsible for the retention of financial records. These should be kept in a form that is acceptable to the relevant authorities. Guidance on the retention of financial records which may be required in connection with the preparation and audit of accounts is set out in the SPFM.

The College is required by law to retain certain key documents for six years plus current years. This list is not exhaustive but includes:

- official purchase orders
- paid invoices /cheques
- accounts raised
- bank statements
- copies of receipts
- payroll records

The Director of Finance and Estates will make appropriate arrangements for the retention of electronic financial records. Staff should ensure that retention arrangements comply with any specific requirements of external funding organisations. For auditing and other purposes, all financial documents should be retained for at least three years.

12.6 Public Access

Under the terms of the Freedom of Information (Scotland) Act 2002, the Board of Management is required to supply any person with a copy of the College's most recent financial statements within twenty working days of a request after such date as which the financial statements have been laid before and approved by the Scottish Parliament. The College will also make available the Annual Report and Financial Statements on the College's website. A printed copy will be available on request to the College. Previous annual financial statements are also available on the College website or by request.

12.7 European Structural Funds Funded Projects

An important aspect of European Structural Funds is the retention of all project records, in order to demonstrate a clear and transparent audit and procurement trail. Documentation relating to ESF funded projects will be retained by the relevant department for the prescribed period.

12.8 Taxation

The activities of government and public bodies can give rise to tax liabilities, either directly on their own account or through contracts with other bodies where the tax system influences the terms of contracts. In assessing cost effectiveness in activities where tax considerations might be important, it should be borne in mind that savings arising from tax mitigation may arise at the expense of other taxpayers, or other parts of the public sector.

All individuals who qualify as employees for tax purposes must be paid through the payroll system with tax deducted at source. No payment arrangements should be put in place that could be perceived, reasonably, as seeking to minimise the tax liability of either the individual or the paying organisation concerned.

Proposals to put in place non-standard tax management arrangements must be approved in advance by the SFC. The Director of Finance and Estates is responsible for advising managers, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the College. Therefore, the Director of Finance and Estates will issue guidance and instructions to departments as required on compliance with statutory requirements, including those concerning VAT and other corporate taxes. The Director of Organisational Development and HR is responsible for guidance on PAYE and National Insurance.

The Director of Finance and Estates is responsible for maintaining College tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

13 Audit Requirements

13.1 General

External auditors and internal auditors have authority to:

- access College premises at reasonable times;
- access all assets, records, documents and correspondence relating to any financial and other transactions of the College;
- require and receive such explanations as are necessary concerning any matter under examination;
- require any employee of the College to account for cash, stores or any other College property under his or her control; and
- access records belonging to third parties, such as contractors, when required.

The Director of Finance and Estates is responsible for drawing up a timetable for the audit of the financial accounts and will advise the staff and the external auditors accordingly. A joint meeting of the Audit and Finance and General Purposes Committees, chaired by the Chair of the Audit Committee, will review the annual College Financial Statements. On their recommendation, the annual College Financial Statements will be submitted to the Board of Management for approval.

13.2 SFC

Where appropriate, the College must provide data returns requested by the SFC in accordance with the deadlines and standards specified.

13.3 External audit

Under the terms of the Public Finance and Accountability (Scotland) Act 2000, the Auditor General for Scotland is responsible for the appointment of the external auditors for the College. The primary role of external audit is to report on the institution's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds.

The external auditor is entitled to receive all notices of and other communications relating to any meeting of the governing body which any member of the governing body is entitled to receive. They are also entitled to attend any such meeting and to be heard at any meeting which they attend, on any part of the business which concerns them as auditors.

The external auditor must also be entitled to attend the meeting of the governing body or other appropriate committee at which the College annual report and financial statements are presented.

The external auditor is expected to attend, as a minimum, any meetings of the Audit Committee where relevant matters are being considered, such as planned audit coverage, the audit report on the financial statements and the audit management letter. It is the responsibility of the Secretary to the Board of Management to notify the external auditor of such meetings.

The external auditors, notwithstanding responsibilities to their clients, are expected to co-operate fully with any enquiries or routine monitoring that the SFC undertakes. The College must not in any way limit SFC's access to the College's external auditors.

13.4 Internal audit

The internal auditor is appointed by the Board of Management on the recommendation of the Board of Management Audit Committee.

Internal audit provides an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. Internal audit provides an appraisal of the College's internal control system and takes the actions required to provide the Principal with a continuing assurance that College risk management, control and governance arrangements are adequate and effective. Internal audit assists the College accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The operation and conduct of internal audit requires to comply with Public Sector Internal Audit standards.

The Principal is responsible for ensuring that appropriate internal control systems exist within the College, and for deciding whether to accept and implement internal audit findings and recommendations. The Principal has overall responsibility for ensuring that prompt and effective action is taken on audit recommendations, and that the risks resulting from any inaction are recognised and accepted. The College's appointed internal auditor has the right of direct access to the Principal/Chair of the Board of Management and the Audit Committee.

Internal audit evaluates compliance with the College's internal control system - including relevant regulations, guidance and procedures - as part of the review process. However, the primary responsibility for monitoring compliance rests with operational areas and their line management, up to and including the Principal.

Entities or individuals involved in the external audit of the College should undertake non-external audit related work for the College only in exceptional circumstances.

The College must have in place an effective internal audit service. The operation and conduct of the internal audit service must conform to the professional standards of the Chartered Institute of Internal Auditors. For incorporated colleges and Regional Boards, the operation and conduct of internal audit must comply with Public Sector Internal Audit Standards and, where relevant, the SPFM.

The College must inform the SFC when an internal auditor is appointed and must inform SFC immediately if the internal auditor is removed or departs before the end of their term of office.

The internal audit service must provide the governing body and senior management of the College with an objective assessment of adequacy and effectiveness of risk management, internal control, governance, and value-for- money.

The internal audit service must extend its review over all financial and other management control systems, identified by the audit needs assessment process. Internal audit must cover all activities in which the College has a financial interest, including those not funded by SFC. It must include review of controls that protect the College in dealings with organisations such as subsidiaries or associated companies, Arms-Length Foundations, the Students Association, collaborative ventures and/or joint ventures with third parties.

The College appointed internal auditor will produce an annual report for the governing body on its' activities during the year. The report must include an opinion on the adequacy and effectiveness of the College's risk management, internal control, and governance. The report must be presented to the College's Audit Committee and subsequently to the Board of Management, and a copy sent to the SFC.

13.5 Other audit services

The College, subject to the prior approval of the Audit Committee, can procure other audit services as required to comply with external funding or other stakeholder audit requirements.

13.6 Fraud, Bribery and Corruption

The College has made a clear commitment to ethical standards in public life through its Fraud and Corruption Policy. A copy of this policy can be found on the College intranet.

Fraud can be perpetrated by persons outside as well as inside an organisation and by collusion. The term fraud is commonly used to describe a wide variety of dishonest behaviour such as deception, forgery, false representation, and concealment of material facts. It is usually used to describe the act of depriving a person of something by deceit, which may involve the misuse of funds or other resources, or the supply of false information. Computer fraud covers the use of information technology equipment to manipulate programs or data dishonestly – for example by altering, substituting or destroying records, or creating spurious records - or where the use of an IT system was a material factor in the perpetration of a fraud. The fraudulent use of computer time and resources is included in this definition.

All staff have a responsibility in relation to the prevention and detection of fraud, but the prime responsibility for designing, operating and reviewing control systems rests with the managers involved. Managers should consult the College finance function and internal audit where new control procedures are being set up or significant changes to existing procedures are being proposed.

Procedures set up to prevent and detect fraud must be carefully followed and monitored. Many frauds are due to failure to comply with existing control systems.

It is the duty of the Board of Management, Senior Management and all members of staff to notify the Director of Finance and Estates immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety. Further details can be found in the Anti-Fraud and Corruption Policy and Procedure and the Public Interest Disclosure (Whistleblowing) Policy and Procedure.

The Director of Finance shall immediately invoke the fraud response plan, which incorporates the following key elements:

- the Principal and the Audit Committee (through its Chair) will be notified of the suspected irregularity and shall take such steps as considered necessary by way of investigation and report;
- the Principal shall inform the police if a criminal offence is suspected of having been committed;
- any significant cases of fraud or irregularity shall be reported to the Scottish Funding Council in accordance with their requirements as set out in the audit code of practice;
- the Audit Committee shall commission any such investigation as may be necessary of the suspected irregularity, by the College, internal audit service or others, as appropriate; and
- the internal audit service, or others commissioned to carry out an investigation, shall prepare a report for the Audit Committee on the suspected irregularity. Such report shall include advice on preventative measures.

If the suspected fraud is thought to involve the Vice Principal, Director of Finance and Estates and/or the Principal, the member of staff shall notify the Chair of the Audit Committee directly of their concerns regarding irregularities.

Under the terms of the SFC FM, the College is required to submit an annual report to SFC of each incidence of fraud loss that exceeds £5,000. The report should describe the number of instances and total cost.

13.7 Value for Money

Value for Money provides a common framework for continuous improvement in public services in Scotland and is a key foundation of the Scottish Government's Public Service Reform agenda. The Principal has a specific responsibility to ensure that arrangements have been made to secure Value for Money. In addition, the Board of Management has a corporate responsibility for promoting the efficient and effective use of staff and other resources by the College in accordance with the principles of Value for Money. Under the terms of the Public Finance and Accountability (Scotland) Act 2000 the implementation of the Value for Money duty by relevant public service organisations is subject to scrutiny by the Auditor General for Scotland.

Guidance for Accountable Officers on Value for Money is available on the Scottish Government website. The guidance identifies the themes which an organisation needs to focus on in order to deliver the duty of Value for Money and provides detail on what organisations should be aiming for and points to related support and guidance material. Value for Money should be appropriate to, and proportionate to, an organisation's priorities, operating environments and scale / nature of business and should be implemented accordingly.

It is a requirement of the FM between the SFC and the College that the Board of Management is responsible for delivering value for money from public funds. It should keep under review arrangements for managing all the resources under its control, considering guidance on good practice issued from time to time by the SFC or other relevant bodies. The College has a Value for Money Policy which sets out the arrangements in place.

The College, as part of its internal audit arrangements, must obtain a comprehensive appraisal of management arrangements for achieving value for money. This forms part of the Audit Committee annual report.

13.8 Other Auditors

The College may, from time to time, be subject to audit or investigation by external bodies such as the SFC, Accounts Commission, European Court of Auditors, HM Revenue and Customs. They have the same rights of access as external and internal auditors.

14 Cash Management

14.1 Cash Management Policy

All bodies to which the SPFM is directly applicable are required to have their core bank accounts with the Government Banking Service (GBS).

The College should take appropriate steps to prevent bank account fraud. Banking operations should be annually reviewed.

Cash on site should be kept to minimum levels agreed by the Head of Finance and Student Support Funding. Cash reserves held during the year should be kept to the minimum level consistent with the efficient operation of the College and the level of funds required to meet any relevant liabilities at the year-end. Grant-in-aid shall not be paid into any restricted reserve held by the College. Transfers to arms-length-foundations are permitted and will require the agreement of the SFC.

14.2 Borrowing

All borrowing will require the approval of the Scottish Ministers. Requests to borrow must be submitted to the SFC for consideration in the first instance.

14.3 Banking Arrangements

The Director of Finance and Estates is responsible, on behalf of the Board of Management Finance and General Purposes Committee, for liaising with the College's bankers in relation to bank accounts and the issuing of cheques. All cheques shall be ordered on the authority of the Director of Finance and Estates, who shall make proper arrangements for their safe custody.

The following conditions will apply to the operation of the College banking arrangements:

- Only a combination of two from the Principal, Vice Principals and/or the Director of Finance and Estates may open or close a bank account for dealing with College funds. All bank accounts shall be in the name of the College.
- All automated transfers on behalf of the College, such as BACS or CHAPS, must be authorised by two persons drawn from the Principal, Vice Principals, the Director of Finance and Estates, Head of Finance and Student Funding, Finance Manager, Principal Accountant and/or Accountants/System Accountant.
- All BACS payment reports must be approved for payment by either the Head of Finance and Student Funding, Finance Manager, Student Funding Manager and/or the Principal Accountant.
- All cheques drawn on behalf of the College must be signed by two authorised persons.
- Details of authorised persons and limits shall be provided for in the College's banking mandates, copies of which are available from the Finance Department and will be reported annually to the Finance and General Purposes Committee.

The Head of Finance and Student Funding is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

14.4 Investments

The College must not make any investments without the prior written approval of SFC.

15 Income

15.1 General

The Director of Finance and Estates is responsible for ensuring that appropriate procedures are in operation to enable the College to receive all income to which it is entitled. All receipt forms, invoices, tickets or other official documents in use and electronic collection systems must have the prior approval of the Director of Finance and Estates.

The Director of Finance and Estates is responsible for:

- the prompt collection, security and banking of all income received;
- ensuring that all grants notified by funding bodies are received and appropriately recorded in the College accounts; and
- ensuring that all claims for funds are made by the due date.

15.2 Repayment of SFC Grant

If the College fails to comply with the requirements of the SFC FM, and any other specific terms and conditions attached to the payment of grant from the SFC, it may be required to repay the SFC any sums received from it and to pay interest in respect of any period during which a sum due to the SFC remains unpaid. If, in the reasonable opinion of the SFC, any provision set out in the FM is not observed by the College, the SFC will be entitled to take the following action:

- In the case of funding by way of SFC grant: to require immediate repayment of any and all grants or any part or parts of any grants at any time after the SFC becomes aware of such failure to observe (without prejudice to further demands until the whole of all sums made available by way of grant shall have been paid in full); and
- In the case of funding by way of loan (notwithstanding the terms of any agreement attached to the same): to require immediate repayment of the whole or part of each such loan at any time after SFC becomes aware of such failure to observe (without prejudice to further demands until the whole of all sums made available by way of loan shall have been repaid in full).

15.3 Maximisation of Income

It is the responsibility of all staff to ensure that revenue to the College is maximised by the efficient application of agreed procedures for the identification, collection and banking of income. This requires the prompt notification to the Finance Department of sums due so that collection can be initiated.

15.4 Tuition Fees

Except for those which are set by SFC or Student Awards Agency for Scotland (SAAS) the College must charge student tuition fees at the levels prescribed within the Fee Policy document. A copy of the Fee Policy can be found on the College internet.

15.5 Receipt of Cash and Cheques

All monies received within departments from whatever source must be recorded by the department daily together with the form in which they were received, for example cash, debit/credit cards, cheques, and other negotiable instruments.

All monies received must be paid to the Finance Department promptly, and in accordance with any timetable stipulated by the Finance Manager. The custody and transit of all monies received must comply with the requirements of College insurers.

All sums received must be paid in and accounted for in full and must not be used to meet miscellaneous departmental expenses or be paid into the departmental petty cash float. Personal or other cheques must not be cashed out of money received on behalf of the College.

15.6 Receipts by credit or debit card

The College can receive payments by debit or credit card in person, over the telephone using merchant terminals or through hosted payment facility. The terminals support primary account number (PAN) truncation where the card number is partially obscured on the customer receipt. A copy of the receipt should be retained to support evidence of payment.

In operating this facility, the College is bound by the Payment Card Industry Data Security Standard (PCI DSS), which is designed to ensure cardholder information is stored, processed and transmitted securely.

The Director of Finance and Estates is responsible for ensuring the College maintains PCI DSS compliance, which is monitored by the merchant services unit.

15.7 Collection of Debts

The Head of Finance and Student Funding should ensure that:

- debtor's invoices are raised promptly on official invoices, in respect of all income due to the College
- invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account
- any credits granted are valid, properly authorised and completely recorded
- VAT is correctly charged where appropriate, and accounted for
- monies received are posted to the correct debtors account
- swift and effective action is taken in collecting overdue debts, in accordance with the protocols noted in the financial procedures
- outstanding debts are monitored, and reports prepared for management
- correction of an error using a credit note requires Finance Manager approval i.e. posting/text/coding/amount/VAT/withdrawal of student

The Director of Finance and Estates will implement procedures for the collection of debts including any instalment arrangements the periods in which different types of invoice must be paid.

A bad debt is a debt that is not collectable. A bad debt can also arise where the cost of pursuing the debtor is more than the amount that can be collected. Debt write off must be carried out in line with the authorisation levels stated below:

Value of Debt	Authorising Official
Up to £1,000	Finance Manager
£1,001 to £5,000	Head of Finance and Student Funding
£5,001 to £50,000	Director of Finance and Estates or Vice Principal Operations
Over £50,000	Finance and General Purposes Committee

15.8 Student Fees

The Policy for collecting tuition fees must be approved annually by the Senior Management Team. The Director of Finance and Estates is delegated to ensure that all student fees due to the College are received.

Any student who has not paid an account for fees or any other item owing to the College may not receive the certificate for any degree, diploma or other qualification awarded by the College until all outstanding debts have been cleared. Such students may be prevented from re-enrolling at the College and from using any College facilities until appropriate arrangements have been made.

The College seeks to minimise the opportunities for money laundering in accordance with the Money Laundering Regulations. For further advice and guidance see <https://www.gov.uk/topic/business-tax/money-laundering-regulations>. Where refunds are required, they should be made to the original payer and follow the method by which the money was received.

16 Other Income-Generating Activity

16.1 Private Consultancies and Other Paid Work

Unless otherwise stated in the contract of employment of a staff member:

- outside consultancies or other paid work may not be accepted without the consent of the Principal and Chief Executive.
- outside consultancies must not conflict with the work of the College.
- applications for permission to undertake work as a purely private activity must be submitted to the Principal, as appropriate, and include the following information:
 - the name of the member(s) of staff concerned;
 - the title of the project and a brief description of the work involved;
 - the proposed start date and duration of the work;
 - any remuneration received for the outside consultancy or paid work;
 - full details of any College resources required (for the calculation of the full economic cost); and
 - an undertaking that the work will not interfere with the teaching and normal College duties of the member(s) of staff concerned.
- any outside consultancy or other paid work may require to be listed in the College Register of Interest.

16.2 Off-Site Collaborative Provision

If the off-site collaborative arrangement goes beyond the provision of premises, physical resources and administrative support a formal partnership and course delivery agreement may be required. This is especially relevant for any arrangement whereby the College provides education to students away from College premises with the assistance of persons other than the College's own staff or with independent contractors/partner organisations. The following procedure must be followed:

- There shall be a signed contract in place setting out the responsibilities of each party to the agreement before any educational provision is delivered.
- The impact of any collaborative contract shall be subject to scrutiny and considered by the appropriate College Committee. They shall consider the risk factors associated with the proposed partnership.

- Where the partnership would represent a significant departure from the College strategic plan, the Board of Management shall approve the departure and the Principal shall inform the SFC and seek their view.

16.3 European Union (EU) and other Matched Funding

Any such project requires the approval of the appropriate Vice Principal or member of SMT prior to any commitment being entered. Such approval shall be dependent upon the relevant Manager being able to demonstrate that eligible matching funds are available and that the project is financially viable by the application of the College's costing and pricing policy.

Individual applications for funds in excess of £250,000 shall be the subject of a report to the Corporate Development Committee which will set out the potential risks and opportunities generated by the project. If the College agrees such EU contacts for provision the relevant member of SMT shall ensure that:

- this is based on a written contract which allows for full audit access to detailed records;
- appropriate monitoring procedures are in place to ensure that the outputs are achieved, and the provision is of suitable quality; and
- payments are only made against detailed invoices.

The SPFM also provides guidance on funding from the European Union (EU) and related expenditure and the College requires to take cognisance of this.

16.4 Profitability and Recovery of Overheads

All other income-generating activities must be self-financing or surplus-generating unless it is intended that a new course is to be launched as a loss leader. If that is the case, the reason for it must be specified and agreed by the relevant Assistant Principal / Director.

Other income-generating activities organised by members of staff must be costed and agreed with the relevant Assistant Principal / Director and the Director of Finance and Estates before any commitments are made. Provision must be made for charging both direct and indirect costs, for the recovery of overheads.

16.5 Donation of surplus funds to arms-length foundations

The College may donate any surplus on its income and expenditure account as at 31 March each year to an arms-length foundation. The donation must take place in the financial year in which it arises and is subject to sufficient cash and resource cover being available. Authorisation for any donation to a Foundation requires the approval of the Board of Management and the SFC.

16.6 Deficits

Any unplanned deficits incurred on other income-generating activities will be charged against the respective departmental budget.

16.7 Additional Payments to Staff

Any proposal which involves additional College payments to members of staff should be supported by a schedule of names and values and must be approved by the appropriate Assistant Principal / Director. Any payment to a Vice Principal or the Principal must be approved by the Chair of the Board of Management. The tax treatment of such proposals must be confirmed with the Finance Department in advance of the agreement being signed off.

17 Expenditure

17.1 General

The Director of Finance and Estates is responsible for making payments to suppliers for goods and services supplied to the College. External business and Management Consultancies greater than £100,000 and operating leases (non-property) greater than £250,000 require SFC approval.

17.2 Scheme of Delegation/Financial Authorities

Budget holders are responsible for purchases within their department. In exercising this delegated authority, budget holders are required to observe these Financial Regulations.

The Director of Finance and Estates shall maintain a register of authorised signatories. Under procedures agreed by the Director of Finance and Estates, central control shall be exercised over the creation of requisitioners and authorisers and their respective limits (for electronic systems). Any changes to the authorities to commit expenditure must be notified to the Head of Finance and Student Funding immediately.

The Head of Finance and Student Funding is authorised to approve payments, regardless of value, in respect of:

- payroll and VAT returns, this includes payments to HMRC, pension funds and other outside bodies in respect of deductions made from employees' pay;
- capital and interest repayments made to financial institutions in respect of loan agreements taken out by the College; and
- transfers between College bank accounts and investment accounts.

These payments will be validated and authorised by the Finance Manager or Principal Accountant before seeking the Head of Finance and Student Funding authorisation.

The SPFM requires the College to seek prior approval from the SFC for:

- Any new voluntary severance scheme;
- Any change to a previously approved scheme;
- Any payment, forming part of any scheme, considered to be sensitive or high profile;
- Any use of settlement agreements; and

- Any payment to an individual in excess of contractual entitlement out with an approved voluntary severance scheme.

Subject to the payments being made in relation to an approved scheme, the Director of Organisational Development and HR is authorised to approve payments made to employees, except for the Principal. Any severance payment to the Principal must be authorised by the Chair of the Board of Management and approved by the SFC. There is a delegated limit of up to £1,000 for special severance payments and any value above £1,000 requires prior SFC approval.

17.3 Purchase Orders

College orders must be placed for the purchase of all goods or services. Only in exceptional circumstances should petty cash be used to purchase goods or services.

Purchase orders may not be split to lower the value per order with a view to reducing the authorisation level required.

Budget holders are not authorised to commit the College to expenditure without first reserving enough funds to meet the purchase cost.

Purchasing directly from on line sites is not advised as the College has limited protection when purchasing from this source. Purchasing from eBay and Amazon is prohibited.

The following purchase order approval limits for individual items of expenditure will be applied within the Finance System:

Expenditure	Authoriser
£0 to £250	Budget Holder/delegated budget holder
£251 to £10,000	Principal Accountant
£10,001 to £50,000	Director of Finance and Estates/Head of Finance and Student Funding
£50,001 to £250,000	Vice Principal Operations / Principal
£250,001 to £500,000	Finance and General Purposes Committee
➤ £500,000	Board of Management

A request for a special payment is used to make payments to suppliers without the requirement to set up full supplier details on the finance system, and may only be used under the following conditions:

- To make a foreign payment;
- For non-recurring purchases up to £1,000 (including VAT) where the supplier does not accept bank or credit card payments;
- For regular payments to groups of individuals, who may only ever be paid once. This includes nursery or specific membership refunds.

It is the responsibility of the Director of Finance and Estates to ensure that all purchase orders refer to the College's conditions of contract.

The College will not utilise on-line payment transaction systems – such as PayPal - for payment of on-line goods and services as there is limited recourse against the provider of the goods/services.

17.4 Credit Cards

Where appropriate, the Principal and the Vice Principal Operations may approve the issuing of College credit cards to senior staff. The operation and control of the College's credit cards is the responsibility of the Director of Finance and Estates. There will be appropriate oversight of the distribution of such cards and the associated card limits provided by the Vice Principal Operations.

Holders of credit cards must use them only for the purposes for which they have been issued and within the authorised purchase limits. Such cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action. Cards must not be loaned to another person, nor should they be used for personal or private purchases.

Cardholders should obtain approval to purchase from the relevant budget holder and should ensure that there is enough budget available to meet the costs. The Director of Finance and Estates shall determine what information is required on purchases made with cards from cardholders and deadlines for receipt in the finance department to enable financial control to be maintained. There should be appropriate segregation of duties, with those reviewing and reconciling cards not holding and using those cards.

All items purchased on the College credit card must have an approved purchase order before the goods or services are procured. The Director of Finance and Estates/Head of Finance and Student Funding will approve and sign credit card reconciliations at least quarterly.

17.5 Procurement

The College requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the most economically advantageous cost (MEAT). This should be consistent with quality, delivery requirements, sustainability and equalities legislation and in accordance with the College's Procurement Strategy considering procurement framework agreements as appropriate. Budget holders should engage with the procurement function at the earliest possible opportunity.

The Director of Finance and Estates is responsible for:

- ensuring that the College procurement procedures and requirements are known and observed by all involved in purchasing for the College;
- advising all stakeholders on matters of College procurement process and practice;
- advising and assisting departments on specific departmental purchases;
- developing appropriate standing supply arrangements on behalf of the College to assist budget holders in meeting their value for money obligations;

- the drafting and negotiation of all large-scale purchase contracts undertaken by the College, in collaboration with the responsible department; and
- ensuring that the College complies with all relevant public procurement policies.

Guidance on procurement matters is available on the procurement area of the College intranet. College procurement processes reflect the relevant guidance issued by Advanced Procurement for Universities and Colleges (APUC); relevant policy and advice issued by the Scottish Procurement and Commercial Directorate; and European Union directives

Any proposal to award a contract without competition (non-competitive action) at a level above £25,000 must be approved in advance by SFC.

Goods and services should firstly be sourced through APUC and Government framework agreements, prior to any alternative procurement route being taken.

Strategy Development and Authorisation

The Procurement Department will create a procurement strategy for all tendering activities above £25,000 total contract value in line with best practice. This procurement strategy will detail the methodologies applied when tendering a commodity or category including the suggested route to procurement and tendering approach.

Procurement strategies will be authorised by the following staff for estimated contract values of:

Estimated Contract Value	Authorised By
£25,000 to £50,000	Budget Holder and Head of Finance and Student Funding
£50,001 to £100,000	SMT Member and Director of Finance and Estates
>£100,000	SMT Member and Vice Principal Operations

17.6 Scottish and EU Procurement Regulations

The Director of Finance and Estates is responsible for ensuring that the College complies with its legal obligations concerning Scottish and EU procurement legislation. Scottish and EU procurement regulations apply to written contracts for all forms of procurement, purchase or hire with a total value exceeding the EU threshold value.

The Director of Finance and Estates will advise Senior Management Team on the financial thresholds that are currently in operation. Any breach of these Scottish and EU regulations could be liable to action by a supplier or potential supplier.

It is the responsibility of Senior Management Team to ensure that their members of staff comply with the Scottish and EU procurement regulations by notifying the Director of Finance and Estates of any purchase that is likely to exceed the thresholds. This will need to be done well in advance where tenders are of a higher value in order to permit advertisements in journals such as the Official Journal of the European Union (OJEU) if this is required.

17.7 Quotations and Tenders

Delegated budget holders must comply with the College's Procurement Policy and the Scottish Government Procurement Journey. Tendering procedures as follows for the contract values of:

Goods and Services

Total Contact Value	Action	Responsibility / Notes	Contract Authorisation
<£5,000	At least 2 written quotations where no current contract / framework is in place.	<u>Department</u> A balanced approach being undertaken based on the nature and level of the transaction involved. Value for money must always be achieved.	The Budget Holder
£5,001 to £25,000	Endeavour to obtain at a minimum 3 written quotations where no current contract	<u>Department</u> The procurement must demonstrate best value, due diligence and transparency in the selection process in line with	A member of SMT and Head of Finance and Student Funding

Total Contact Value	Action	Responsibility / Notes	Contract Authorisation
	/ framework is in place.	corporate and statutory regulations.	
£25,001 to £50,000	At a minimum 3 quotes via PCS 'quick quote' require to be obtained where no current contract / framework is in place.	<u>Procurement</u> The procurement must demonstrate best value, due diligence and transparency in the selection process in line with corporate and statutory regulations.	A member of SMT and Director of Finance and Estates and / or Head of Finance and Student Funding
£50,001 to £250,000	Open tender via PCS / PCS-T endeavouring to obtain at least 3 responses.	<u>Procurement</u> Where a suitable procurement framework exists, a mini competition or direct award may be carried out. If no suitable framework is available, it will be necessary to carry out an open tender exercise. The exercise should also be carried out in a manner that will allow any resulting contract to be formed on the Colleges' terms and conditions.	Director of Finance and Estates and Vice Principal Operations / Principal
£250,001 to £500,000	Open tender via PCS-T	<u>Procurement</u> Where a suitable framework exists, a mini competition or direct award may be carried out. If no suitable framework is available, it will be necessary to carry out an open tender exercise. Procurements falling into this category must be advertised as per the current relevant procurement regulations.	Finance and General Purposes Committee
>£500,000	Open tender via PCS-T	<u>Procurement</u> Where a suitable framework exists, a mini competition or direct award may be carried out. If no suitable framework is available, it will be necessary to carry out an open tender exercise. Procurements falling into this category must be advertised as per the current relevant procurement regulations.	Board of Management

The College is required to include a Community benefits clause where the contract value is in excess of £4m as per the current procurement regulations. For all contracts above the OJEU

limit the College will seek to a community benefits clause where considered relevant and appropriate.

For Works

Works are defined as under Schedule 2 of the Public Contracts (Scotland) Regulations 2015.

Total Contact Value	Action	Responsibility / Notes	Contract Authorisation
<£25,000	Endeavour to obtain at least 3 written quotations where no current contract / framework is in place.	<u>Department</u> A balanced approach being undertaken based on the nature and level of the transaction involved. Value for money must always be achieved.	The Head of Estates
£25,001 to £250,000	Written quotations require to be obtained via PCS / PCS-T where no current contract / framework is in place. Where an open tender is not conducted a minimum of 5 suppliers will be invited to respond.	<u>Procurement</u> The procurement must demonstrate best value, due diligence and transparency in the selection process in line with corporate and statutory regulations.	Director of Finance and Estates and / or Vice Principal Operations
£250,001 to £500,000	Open tender via PCS / PCS-T	<u>Procurement</u> If no suitable framework is available, it will be necessary to carry out a competitive exercise. The exercise should also be carried out in a manner that will allow any resulting contract to be formed on the Colleges' terms and conditions. Advertising for procurements falling into this category is compulsory except when using a	Finance and General Purposes Committee

Total Contact Value	Action	Responsibility / Notes	Contract Authorisation
		framework.	
>£500,001	Open tender via PCS-T	<u>Procurement</u> An open tender exercise must be carried out if a framework is not available. Where a suitable framework does exist, a mini competition or direct award may be carried out in accordance with the framework rules. Advertising for procurements falling into this category is compulsory except when using a framework. Tenders for works above a total contract value of £4m must include provision for achieving Community Benefits as part of their outcomes.	Board of Management

The College is required to include a Community benefits clause where the contract value is in excess of £4m as per the current procurement regulations. For all contracts above the OJEU limit the College will look to include a community benefits clause where considered relevant and appropriate.

17.8 Building Contracts

Building contracts in excess of £250,000 are the responsibility of the Finance and General Purposes Committee and the Board of Management, with advice provided by the Vice Principal Operations and Director of Finance and Estates and where necessary external professional advisors.

Proposals will be initiated as a result of required and planned capital developments.

Managing consultants may be appointed if the project is of a scale or specialism that requires this. All such appointments shall be subject to tendering and other procurement procedures as appropriate.

Proposals for building contracts that require Board of Management approval shall be presented in the form of an options appraisal including relevant costings as appropriate, prepared by the Vice Principal Operations and Director of Finance and Estates. Option appraisals should comply with Scottish Funding Council guidance.

Following consideration, and approval by the Board of Management, option appraisals should be forwarded to the Scottish Funding Council where appropriate. If the required agreement is secured from the Scottish Funding Council, the relevant procedural rules should be followed. Scottish Funding Council guidance on best practice should be followed even when Scottish Funding Council approval is not required.

The achievement of value for money will be an objective in the awarding of all contracts.

17.9 Receipt of Goods and Services

All goods shall be received at designated receipt and distribution points. All goods received shall be checked for quantity and/or weight and inspected for quality and specification. A delivery note shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods. All persons receiving goods on behalf of the College must be independent of those who negotiated prices, its terms and placed the official order.

All goods and services received shall be entered onto the finance system as soon as practicable after receipt or delivery. If goods are deemed to be unsatisfactory, the record shall be marked accordingly, and the supplier immediately notified so that they can be collected for return as soon as possible. Where goods are short on delivery, the record should be marked accordingly, and the supplier immediately notified.

17.10 Payment of invoices

The procedures for making all payments shall be in a form specified by the Director of Finance and Estates.

Payments to UK suppliers will normally be made by BACS transfer and will only be varied after consulting with the Head of Finance and Student Funding.

Budget Holders are responsible for ensuring that expenditure within their departments does not exceed funds available.

Suppliers should be instructed by the budget holder to submit invoices for goods or services directly to the Finance Department by electronic means where possible.

Care must be taken by the budget holder to ensure that discounts receivable are obtained.

Payments will only be made by the Finance Manager against invoices that have been certified for payment by the appropriate budget holder and that can be matched to a receipted order. Certification can either be paper based or done electronically through the finance system.

Certification of an invoice or receipting of an electronic order will ensure that:

- the goods have been received, examined and approved for quality and quantity, or those services rendered, or work done is satisfactory;
- where appropriate, it is matched to the order;
- invoice details (quantity, price discount) are correct;
- the invoice is arithmetically correct;
- the invoice has not previously been passed for payment;
- where appropriate, an entry has been made on a stores record or departmental inventory; and
- an appropriate cost centre is quoted; this must be one of the cost centre codes included in the budget holder's area(s) of responsibility and must correspond with the types of goods or service described on the invoice.

17.11 Staff Reimbursement

The College's purchasing and payments procedures are in place to enable most non-pay supplies to be procured through the purchase ledger system without staff having to incur any personal expense. However, on occasion, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement. Where such purchases by staff are planned, Senior Management Team members may approve advances to staff that are going to incur expenditure on the College's behalf. Advances by bank transfer may be requested from the Finance team.

Upon completion of the travel or project to which the advance relates, a staff expenses claim must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid and returned to the Finance team. Expense claims must be approved by a Senior Management Team member and returned to the Finance team. Approved expense claims will be paid by BACS with the employees' next salary payment. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to an individual is still outstanding. The College travel and subsistence procedure document is available on the College staff intranet page.

17.12 Late Payment Rules

The Late Payment of Commercial Debts (Interest) Act 1998 and Late Payment of Commercial Debts Regulations 2002 gives businesses the statutory right to claim interest on late payments from large organisations and public authorities, including the College. Key points in relation to this are:

- small businesses can charge interest on overdue invoices
- interest is chargeable on sales made after 1 November 1998
- the rate of interest is currently 8% per annum above the official daily rate of the Bank of England
- late payment compensation
- the Act also applies to overseas organisations
- the College can be sued for non-payment

In view of the penalties in this Act, the Board of Management requires that invoices must be passed for payment when received, and payment made in accordance with the Prompt Payment Code (<http://www.promptpaymentcode.org.uk/>).

17.13 Losses and Special Payments

In principle, the College will always attempt to pursue the recovery of overpayments, irrespective of how they came to be made. In practice, however, there will be both practical and legal limits to how cases should be handled. Each case will therefore be dealt with on its merits.

The College will only take a decision not to seek recovery of an overpayment based on a cost benefit analysis of the options. A decision not to pursue recovery will be exceptional and will only be taken after a careful appraisal of the relevant facts. A Vice Principal or the Director of Finance and Estates must authorise the non-pursuance of an overpayment. The decision not to pursue an overpayment must consider the guidance in the section of the SPFM on Losses and Special Payments. Any decision not to pursue recovery, or not to pursue recovery in full, should be defensible in the public interest.

Losses should only be written off after careful appraisal of the facts. All reasonable action must have been taken to affect the recovery of losses. Where there is a request to write off a loss or make a special payment exceeding £250,000 this will require to be authorised by the SFC prior to instigating the write off or making the payment.

Losses and special payments have been grouped into several different categories and include the following:

- Cash and book keeping losses
- Losses of assets, stores and equipment
- Extra-contractual payments.

These are payments which, although not legally due under the original contract or subsequent amendments, appear to place an obligation on a public sector organisation which the courts might uphold. Such obligations will usually arise from administrative action or inaction in relation to the contract. A payment is regarded as extra-contractual even where there is doubt whether the organisation is liable to make it, for example, where the contract provided for arbitration, but a settlement is reached without recourse to arbitration. A payment made as a result of an arbitration award is contractual. Compensation payments are ones made in respect of unfair dismissal or in respect of personal injuries, traffic accidents, and damage to property suffered by staff. Ex gratia payments are payments made where there is no legal obligation to pay.

There must always be good public policy grounds for making such payments. Within this category may fall out of court settlements, such as cases where the pursuer has no legal case, but the College wishes to stop the litigation because it may be costly in time and resources. Other examples of ex gratia payments would be payments as compensation for distress or loss arising from a perceived failure of the College but where there was no legal obligation to pay, or awarding a dismissed office holder a gratuity, that goes beyond any legal entitlement by virtue of his/her employment.

Losses incurred by the College in excess of £3,000 each year should be reported annually to the SFC. The report should detail the number of such losses and the total cost.

17.14 Bankruptcy / Liquidation / Receivership

When the College learns of a bankruptcy / liquidation or receivership, it will stop all payments pending confirmation of the individual / organisation status. Once the bankruptcy / liquidation or receivership has been confirmed it is essential for the College to ensure that any payment due by them is made only to the proper person, and that any claim by them is properly lodged. The College should also consider, in consultation with legal advisers as required, whether any contract should be terminated. Any amounts to be written off as a result of bankruptcies will be subject to the SPFM guidance on Losses and Special Payments.

18 Petty Cash, Floats and Project Advances

18.1 Cash Requests

Where a single item is for less than £25 and is not an existing supplier it should be paid from petty cash if possible. The reimbursement must be supported by receipts or vouchers.

College petty cash sheets are supplied by the Finance Department and available on the intranet and must be used for recording all petty cash transactions. The Director of Finance and Estates shall make available to departments float imprests as considered necessary for the disbursements of incidental expenses. However, it is important for security purposes that imprest floats are kept to a minimum. All expenses must be supported by receipts and vouchers.

Requisitions for reimbursements must be sent to the Finance Department, together with appropriate receipts or vouchers, before the total amount held has been expended, in order to retain a working balance pending receipt of the amount claimed.

18.2 Floats

The member of staff granted a float is personally responsible for its' safe-keeping. The petty cash box must be kept locked in a secure place in compliance with the requirements of College insurers when not in use and will be subject to periodic checks by the Finance Manager or another person nominated.

College float reconciliation sheets are supplied by the Finance Department and must be used for recording all imprest accounts.

Interim annual audits will be undertaken by the Finance Department of floats and certificate of the balances held should be completed by the member of staff responsible for the float and counter-signed by the budget holder. At the end of the financial year all floats must be returned to Finance and requested again at the start of the new financial year.

18.2 Project Advances

The Head of Finance and Student Funding and the relevant budget holder may jointly approve project cash advances where projects are carried out away from the College. These specifically relate to situations where cash expenditure may be unavoidable, especially in relation to student day trips.

Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent payment or a College credit card. College purchasing and payments procedures are in place to enable most non-pay supplies to be procured through the finance system without staff having to incur any personal expense.

Advances will not be issued to cover normal staff expenditure incurred in relation to travel and subsistence. Reimbursement for this will be sought in accordance with the College Travel and Subsistence Procedure with reimbursement through payroll.

Receipts or paid invoices will be retained for all sums expended in this way. Upon completion of the project to which the advance relates, within one month a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to a project or individual is outstanding.

Where cash advances in excess of £250 are requested, then these require to be further approved by a member of SMT. If a member of SMT is making the request the approval should be sought from their line manager.

19 Checking Financial Transactions

The responsibility for the propriety, regularity and accuracy of financial transactions cannot be avoided by relying on the work of internal or external auditors. The College will carry out appropriate reviews at operational area level as/if required. This includes checking the arithmetical accuracy of invoices raised / received; claims or other vouchers; fulfilment of the terms of a contract; professional verification for validity; physical checking of goods invoiced; checking of invoices against orders; and application of VAT. Any reviews will be undertaken by finance staff who will have no direct involvement in entering into commitments for related goods and services.

In order to ensure that the review/checking procedures are both effective and economical they must be monitored. At operational area level records should be analysed regularly in order to identify the underlying reasons for any errors - such as the need for improvements in form design or training - and to take remedial action as necessary. In addition, internal audit should report on cases of excessive or ineffective financial checking and where appropriate checking procedures should be adjusted considering any findings. Reviews will consider the extent of and the need for checks carried out in operational areas. Analysis of the results may suggest underlying inadequacies in the procedures or supporting systems which need to be addressed separately.

20 Pay Expenditure

20.1 Remuneration Policy

All College staff will be appointed to College salary scales in accordance with appropriate conditions of service. All letters of appointment must be issued by the Organisational Development and HR Department.

The salary and other benefits for the Principal and Vice Principals will be determined by the Remuneration Committee set up by the Board of Management but will have due regard to public sector pay policy. The salary and other benefits for Assistant Principals, Directors and Heads will be determined by the Principal but will have due regard to public sector pay policy.

20.2 Appointment of Staff

All contracts of service shall be concluded in accordance with College approved HR practices and procedures. All offers of employment with the College shall be made in writing by the Director of Organisational Development and HR. Budget holders shall ensure that the Director of Finance and Estates and the Head of Organisational Development and Human Resources are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

All permanent posts/contracts require to be authorised by a Vice Principal and then by the Director of Organisational Development and HR prior to the position being advertised.

20.3 Salaries and Wages

The College must have regard to public sector pay policy set by the Scottish Ministers. The Director of Organisational Development and HR is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All timesheets and other pay documents, including those relating to fees payable to external examiners and visiting lecturers, will be in a form prescribed or approved by the Head of Organisational Development and HR.

The Director of Organisational Development and HR will also be responsible for keeping the Director of Finance and Estates informed of all matters relating to personnel for budgeting and forecasting purposes. These include:

- appointments, resignations, dismissals, supervisions, secondments and transfers;
- absences from duty for sickness or other reason, apart from approved leave;
- changes in remuneration other than normal increments and pay awards; and
- information necessary to maintain records of service for superannuation, income tax and national insurance.

The Director of Finance and Estates is responsible for the monthly BAC's payments to employees and non-employees (pay over of payroll deductions). The Director of Organisational Development and HR is responsible for informing the appropriate authorities of such payments.

All employees will be included on the payroll.

The Director of Organisational Development and HR shall be responsible for keeping all records relating to payroll including those of a statutory nature. All payments must be made in accordance with the College's detailed payroll financial procedures and comply with HMRC regulations.

20.4 Pension Schemes

The Board of Management is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees. The College provides access to two defined benefit pension schemes. Support staff are eligible to join the Local Government Pension Scheme administered by the Strathclyde Pension Fund. Teaching staff are eligible to join the Scottish Teachers Superannuation Scheme administered by the Scottish Public Pensions Agency.

The Director of Organisational Development and HR is responsible for day-to-day superannuation matters, including:

- paying contributions to various authorised superannuation schemes;
- preparing the annual return to various superannuation schemes; and
- administering the College's pension fund.

The Director of Organisational Development and HR is responsible for administering eligibility to pension arrangements and for deciding when deductions should begin or cease for staff.

20.5 Travel, subsistence and Other Allowances

All claims for payment of subsistence allowances, traveling and incidental expenses shall be completed and submitted electronically/or on paper on the forms available on the HR system. These claims must be made in accordance with the requirements of the College Travel and Subsistence Procedure.

Claims by members of staff must be authorised by their line manager or Director (or Principal in the case of Vice Principals) through the HR system. The certification by the line manager shall be taken to mean that:

- the journeys were authorised;
- the expenses were properly and necessarily incurred;
- the allowances are properly payable by the College; and
- consideration has been given to best value in choosing the mode of transport.

20.6 Non-salary Rewards

The College may make non-salary rewards.

When making such awards care will be taken to avoid any criticism of unfair preference being given. The recipient of the reward will be given some choice or third-party suppliers will be used where, for example, voucher schemes are introduced.

In making the award the College will actively consider whether the non-salary reward schemes represent an appropriate use of public funds.

The College will be open and transparent in the way it deals with non-salary rewards. Should the College introduce such awards, a clear policy on disclosure of information about the awards which have been made and the procedures adopted for making those awards will be approved and widely disseminated.

20.7 Overseas Travel

All arrangements for overseas travel must be approved by a Vice Principal in advance of committing the College to those arrangements or confirmation of any travel bookings. Arrangements for overseas travel by Vice Principals will require to be approved by the Principal. Arrangements for overseas travel by the Principal or members of the Board of Management shall be approved by the Chair of the Board of Management. Arrangements for travel by the Chair of the Board of Management shall be approved by the Finance and General Purposes Committee.

Where spouses, partners or other persons unconnected with the College intend to participate in a trip, this must be clearly identified in the approval request. The College must receive reimbursement for the expected costs it may be asked to cover for those persons in advance of confirming travel bookings.

20.8 Travel and Expenses for Members of the Board of Management

Claims for members of the Board of Management will be authorised by the Secretary to the Board. Claims for the Chairperson will be authorised by the Chair of the Remuneration Committee. Only reasonable expenses can be reimbursed for attending meetings.

20.9 Severance and Other Non-Recurring Payments

In considering terms for severance, early retirement or redundancy packages - whether compulsory or voluntary - public bodies to which the SPFM is directly applicable – including the College - should ensure that issues of legal and regulatory compliance, propriety and value for money are fully considered, alongside employee relations issues. Specifically:

- public funds must not be used wastefully or to underwrite inequitable or over- generous conditions of service, including severance;
- notice of termination of appointments should not be delayed in order to generate compensation payments in lieu of notice;
- where appropriate, ex-gratia severance or redundancy packages should be based on the arrangements set out within relevant extant terms and conditions of employment. Prior consideration should be given to the availability of pension and compensation benefits within these conditions;

- special payments should be transparent and negotiated in such a way as to avoid conflicts of interest;
- offers of subsequent employment or consultancy work should be exceptional and only made where they represent value for money; and
- any undertakings about confidentiality should leave transactions open to proper public scrutiny.

In line with the requirements of the SPFM, the College's severance scheme must be approved by SFC. The SFC issued 'Guidance on seeking approval for severance schemes and settlement agreements' (SFC/GD/01/2016) which incorporates the SPFM requirements. Provided a severance payment is within the parameters of a scheme, which has been approved by the SFC, there will be no need for the College to seek approval to the individual payment from SFC. Approval lasts for the duration of the scheme.

The College must follow the requirements of the SPFM and the SFC in determining settlement agreements, severance, early retirement and redundancy arrangements and payments. In addition, the College must have regard to the principles of good practice in managing early departures of staff contained in Audit Scotland's May 2013 report: *Managing early departures from the Scottish public sector*.

Special severance payments in excess of £1,000 must be approved by SFC, except where provision for such payments has been included in a severance scheme approved by SFC.

Under the terms of the FM, the College is required to submit an annual report to SFC of any compensation payments that exceed £5,000 or ex- gratia payments that exceed £1,000. The report should describe the number of instances and total cost.

21 Assets

21.1 Overall Responsibility

The Board of Management has a duty to ensure that the assets for which they are responsible such as land, buildings or other property - including stores and equipment - are properly and well managed. Robust systems should be put in place to ensure that the accuracy and integrity of information held on registers, databases and inventories is safeguarded and readily available for inspection.

21.2 Land, buildings, fixed plant and machinery

The purchase, lease or rent of land, buildings or fixed plant can only be undertaken with authority from the Board of Management and with reference to SFC requirements where exchequer-funded assets or exchequer funds are involved.

Expenditure should be incurred in a way which represents value for money, considering potential risks to regularity and propriety. Effective control over payments must be maintained at all stages. Expenditure should be authorised in the operational area which entered into the commitment, with due consideration to separation of duties.

21.3 Fixed Asset Register

The Director of Finance and Estates is responsible for maintaining the College register of land, buildings, fixed plant and machinery. Managers will provide the Director of Finance and Estates with any information required to maintain the register.

Under resource accounting and budgeting, asset registers are a key part of financial management systems and must be capable of delivering the accounting requirements of the Government Financial Reporting Manual. The registers should contain details of all assets (both current and non-current) owned, whose value or original purchase price is in excess of the College's capitalisation threshold. Asset registers are computerised and the widespread use of commercial asset management software packages means that the structure and detail held will be dictated by the software but, as a minimum, information held should cover:

- purchase price and date;

- asset accounting code;
- a physical description of the asset (where appropriate) together with details of serial or registration number;
- regular evidence of physical verification of the asset's existence; and
- a depreciation profiles.

21.4 Inventories

Managers are responsible for maintaining inventories, in a form prescribed by the Director of Finance and Estates, for all plant, equipment, furniture and stores in their departments. The inventory must include items donated or held on trust and must be checked at least annually.

The ICT department must maintain an inventory register of all ICT equipment.

When transferring equipment, etc. between departments, a transfer record must be kept, and the inventories amended accordingly.

21.5 Stocks and Stores

Managers are responsible for establishing adequate arrangements for the custody and control of stocks within their departments. The systems used for stock accounting in departments must have the approval of the Director of Finance and Estates.

Managers are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate security checks.

Those Managers whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Director of Finance and Estates and those instructions to appropriate staff within their departments are issued in accordance with advice contained in the College's detailed financial procedures.

21.6 Safeguarding Assets

Managers are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc. under their control. They will consult the Director of Finance and Estates in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

High value assets owned by the College shall, so far as is practical, be effectively marked to identify them as College property.

21.7 Personal Use

Assets owned or leased by the College shall not be subject to personal use without proper authorisation.

21.8 Asset Disposal

Holdings of property, plant and equipment should be kept under constant review with a view to disposing of surplus assets as quickly as possible.

Disposal of equipment and furniture must be in accordance with procedures agreed by the Director of Finance and Estates. In disposing of plant and equipment assets which is surplus to requirements due consideration should be given to value for money. Payment should normally be required to be made before goods are released for collection or delivery. The law implies that any goods sold are of merchantable quality and fit for the purpose for which they are sold. If there is any reason to believe that goods are faulty or sub-standard, it should be made clear that they are sold as seen and without any implied warranties as to quality or fitness.

Disposal of land and buildings must only take place with the authorisation of the Board of Management. SFC consent may also be required if exchequer funds were involved in the acquisition of the asset. Holdings of land and buildings should be limited to the minimum needed to meet present and planned future requirements.

Land and buildings identified for disposal should be valued professionally. The District Valuer or suitably qualified private sector valuers - and in some exceptional cases in-house valuers - may be used. Advice should also be sought on development potential where required.

In disposing of exchequer funded assets, the College must follow the guidance contained within the SPFM and the relevant procedure notes issued by the SFC website.

21.9 Impairments, Provisions and Write-Offs

Assets must be recorded in the Balance Sheet at Depreciated Replacement Cost for Land and Buildings and at Historic Cost less depreciation for Equipment in accordance with the Financial Reporting Manual (FRM). Where an asset, including investments, suffers impairment, it is important that the prospective impairment and background is communicated to the SFC at the earliest possible point in the financial year to determine the budget implications. Any significant movement in existing provisions or the creation of new provisions must be discussed with the SFC.

21.10 All Other Assets

Managers are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the College, whether tangible, such as stock, or intangible, such as intellectual property, including electronic data.

22 Funds Held on Trust

22.1 Gifts, Benefactions and Donations

The Director of Finance and Estates is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the College and initiating claims for recovery of tax where appropriate.

22.2 Student Support Funds

The Director of Finance and Estates will prescribe the format for recording the use of student support funds. Records of support funds will be maintained according to funding body requirements. The College must follow SFC's Student Support Guidance.

23 Other

23.1 Maladministration

The College has a set of clear standards and an accessible complaints procedure. If College services have been found to be deficient the College has a clearly defined procedure in place to ensure that, so far as reasonably practicable, the identified deficiencies are addressed to prevent recurrence.

Any payments of financial redress qualify as ex gratia payments and are therefore subject to the guidance on Losses and Special Payments. Any such payment will require to be authorised in advance by either the Principal or a Vice Principal. Payment on grounds other than actual financial loss or costs should only arise in exceptional circumstances.

23.2 Insurance

Insurance arrangements of all bodies to which the SPFM is applicable should be reviewed from time to time in the context of Risk Management. However, under the Scottish Ministerial policy of self-insurance constituent parts of the Scottish Administration and self-insuring SG sponsored bodies would be justified in taking out commercial insurance only in specified circumstances or if the cost of claims, including in-house and contracted-out administration costs, was calculated as likely to exceed the cost of insurance premiums. All the expected costs and benefits should be taken into account in establishing a value for money case for commercial insurance. Detailed guidance on conducting a cost-benefit analysis is provided in the Green Book. In order to show that commercial insurance provides value for money the cost-benefit analysis must show a positive net benefit. Commercial insurance must be taken out by SG sponsored bodies where there is a legal requirement to do so. The Scottish Ministers have agreed a derogation whereby Colleges can extend their current commercial insurance arrangements for three years to 31 July 2021.

The Director of Finance and Estates is responsible for College insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy, all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities and provide enough cover to meet any potential risk to all assets.

The Director of Finance and Estates is responsible for effecting insurance cover as

determined by the Finance and General Purposes Committee. He or she is therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The Director of Finance and Estates will keep a register of all insurances effected by the College and the property and risks covered and will also liaise with College insurers and advisers about specific insurance matters.

Managers must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the College may be exposed. The Director of Finance and Estates advice should be sought to ensure that this is the case. Directors and Managers must give prompt notification to the Director of Finance and Estates of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. Managers must advise the Director of Finance and Estates immediately of any event that may give rise to an insurance claim. The Director of Finance and Estates will notify the College's insurers and, if appropriate, prepare a claim in conjunction with the head of department for transmission to the insurers.

The Director of Estates is responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.

All staff using their own vehicles on behalf of the College shall maintain appropriate insurance in accordance with the requirements of the College Travel and Subsistence Procedure.

23.3 Companies and Joint Ventures

In certain circumstances it may be advantageous to the College to establish a company or a joint venture to undertake services on behalf of the College. Any member of staff considering the use of a company or a joint venture should first seek the approval of the Director of Finance and Estates who will consult the Board of Management. Approval from the SFC will also be required.

It is the responsibility of the Board of Management to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the College. These and other arrangements will be set out in a memorandum of understanding. The directors of companies where the College is the majority shareholder must submit, via the Finance and General Purposes Committee, an annual report to the Board of Management. They will also submit business plans or budgets as requested to enable the Committee to assess the risk to the College.

Where the College is the majority shareholder in a company, the SFC requires that the company's financial year must be consistent with that of the College.

23.4 Security

Keys to safes or other similar containers are to be carried on the person of those responsible at all times. The loss of such keys must be reported to the Director of Finance and Estates immediately.

The Director of IT shall be responsible for maintaining proper security and privacy of information held on the College's computer network. Appropriate levels of security will be provided, such as passwords for networked personal computers together with restricted physical access for network servers. Information relating to individuals held on computer will be subject to the provisions of the relevant data protection legislation. A College Data Protection Officer shall be nominated to ensure compliance with relevant legislation and the safety of documents.

The Principal's Office is responsible for the safekeeping of official and legal documents relating to the College. The Principal's Office will make the necessary arrangements to ensure the safe keeping of such documents as copies of deeds, leases, agreements and contracts. All such official and legal documents shall be held in an appropriately secure location.

23.5 Contingent Commitments

The College must seek SFC's prior written consent if it intends to lend or give a guarantee, indemnity or letter of comfort. The value of the guarantee should be equal to the total contingent liability over the term of the guarantee. In all cases, the College must take steps to restrict the contingent liability to a minimum and should undertake a careful appraisal of the risks before accepting any contingent liability.

The College should also provide assurance that, in the event of the contingent liability arising, it can be met from College resources, or that appropriate insurance cover has been arranged.

SFC written consent is not required for such arrangements if the indemnity is of a standard type contained in contracts and agreements for day-to-day procurement of goods and services in the normal course of business.

23.6 Students' Association

The Students' Association is a separate legal entity from the College and is recognised as fulfilling a valuable role in supporting and representing the student community. Subject to any constraints imposed by the SFC, the Board of Management shall determine the level of grant to be paid annually to the Students' Association.

The Board of Management requires the Students' Association to provide for information including details of its' proposed budget to assist in determining the appropriate level of grant in accordance with an agreement between the College and the Students' Association. The College's internal auditor shall have access to records, assets and personnel within the Students' Association in the same way as other areas of the College. At the year end the Students' Association financial statements will be independently examined by an appropriately qualified member of staff or firm of auditors and will be presented to the Board of Management for information.

The College will assist the Students' Association by maintaining its financial records and assisting in preparing its annual financial report to the Board of Management.

23.7 Provision of Indemnities

Any member of staff asked to give an indemnity, for whatever purpose, should consult the Director of Finance and Estates before any such indemnity is given.

24 Intellectual Property Rights and Patents

24.1 General

Certain activities undertaken including research and consultancy may give rise to ideas, designs and inventions which may be patentable. These are collectively known as intellectual property.

24.2 Patents

The Board of Management is responsible for establishing procedures to deal with any patents accruing from inventions and discoveries made by staff in the course of their research. Initial guidance should be sought from the SFC should this situation arise.

24.3 Intellectual Property Rights

Intellectual Property is the product of thought, creativity, and intellectual effort. In the course of their studies at the College, students may generate Intellectual Property which is of some commercial value. A variety of legal rights protect applications of ideas and information that may be of commercial value. Those most relevant to the College's activities include patents, registered designs, copyright and 'know how'. The law is clear that intellectual property created by staff 'in the course of their employment' belongs to the College. Students are not normally employees of the College. Any assignment of student Intellectual Property must be done by a specific contract. Colleges must seek to strike a balance between a duty of care to the student and a duty to exploit (e.g. sell, transfer, assign or license) Intellectual Property for the College's good, this balance being best achieved by selective assignment arising out of a specific contract in cases where the College's input in the creation of the Intellectual Property is very clear.

In the event of the College deciding to become involved in the commercial exploitation of inventions and research, guidance should be sought from the College legal advisors. The Director of Finance and Estates requires to authorise any agreement between the College and the students concerned.

24.4 Intellectual Property Rights by Students

Where a student generates Intellectual Property, the student has a duty to promptly inform the College of the Intellectual Property. The College will explain to the Student the matter of ownership in respect of all types of Intellectual Property through the development of appropriate documentation. When considering any Intellectual Property generated by one of its students, the College will seek to strike a balance between fulfilling its duty of care to the student and exploiting intellectual property for the good of the College. In each case the College will be mindful of protecting any third-party rights that may be relevant in the generation of the Intellectual Property.

Appendix 1: The Seven Principles of Public Life

Selflessness

Holders of public office should take decisions solely in terms of public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holder of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

Appendix 2: Summary of Protocols for Proposed Projects

The proposal should be supported by a plan for a period relevant to the size of the project which sets out:

- a demonstration of the proposal's consistency with the strategic plans approved by the Board of Management and with the College's powers under current legislation
- details of the market need and the assumptions (based on reference data) of the level of business available
- details of the business and what product or service will be delivered
- an outline plan for promoting the business to the identified market and achieving planned levels of business
- details of the staff required to deliver, promote and manage the business, together with any re-skilling or recruitment issues
- details of any premises and other resources required
- a financial evaluation of the proposal together with its impact on revenue and surplus, plus advice on the impact of possible alternative plans and sensitivity analyses in respect of key assumptions
- contingency plans for managing adverse sensitivities
- consideration of taxation and other legislative or regulatory issues
- a financial forecast for the proposal including a monthly cash flow forecast and details of the impact on the College cash flow forecast for the financial years in question.

Name of policy/procedure/decision:

Financial Regulations

Provide a brief summary of the aims of the policy/procedure/decision and main activities:

The overall aim of this Policy is to ensure that West College Scotland has sound financial management systems in place and that these systems are strictly adhered to. This should lead to effective control over the totality of the College's resources and provide management with assurances that the resources are being properly applied for the achievement of the College's strategic plan and business objectives, namely:

- financial viability
- achieving value for money
- fulfilling its responsibility for the provision of effective financial controls over the use of public funds
- ensuring that the College complies with all relevant legislation
- safeguarding the assets of the College.

Assessed By:

Clare Fraser

Date: 13 September 2018

This stage establishes whether a policy, procedure or decision will have a differential impact from an equality perspective on people who share protected characteristics or whether it is "equality neutral" (i.e. have no effect either positive or negative).

The protected characteristics are: age, disability, gender reassignment, pregnancy or maternity, race, religion or belief, sex and sexual orientation.

1. Who will benefit from this (students/staff/stakeholders)? Is there likely to be a positive impact on people who share protected characteristics, and if so, how? Or is it clear at this stage that it will be equality “neutral”? i.e. will not have a differential impact on any equality group/s?

Ultimately all stakeholders – students, staff, partners and the general public will benefit from these Regulations given that they provide for good financial management and proper use of public funds. It is not anticipated that there will be any differential positive impact, that is, each group should benefit equally.

2. Is there likely to be an adverse impact on people who share protected characteristics? If so, who may be affected and why? Or is it clear at this stage that it will be equality “neutral”? There is little likelihood that this Policy will have an adverse impact on people who share protected characteristics. In fact, the policy itself could advance equality and prevent discrimination due to the fact that it focuses on robust and transparent systems and processes. Such transparency and openness could reduce the risk of unfairness.

It is also noted that the policy refers to ethical standards which are synonymous with good practice in equality, diversity and inclusion. Additionally, given that the nine Principles of Public Life include specific reference to integrity, objectivity, openness, and respect, and the fact that equal opportunity arrangements are a characteristic of Best Value, there is evidence that this Policy mainstreams good practice in equality.

Finally, this Policy sets out responsibility for ensuring that the College complies with legislation, which includes the Equality Act 2015 and the Specific Equality Duties. This should also reduce the risk of unfairness or discrimination taking place.

3. What action will you take to ensure that you are monitoring the impact of this policy?

Any complaints about the implementation of this Policy will be monitored, and we will also review monitoring information relevant to each of the separate activities/areas referred to within this Policy.

TITLE: CONTRACT APPROVAL

Background: The College is currently undertaking a project to move the teaching activity currently located at New Street in Paisley to the Inchinnan building at the Renfrew Road campus. As part of that project the College is currently tendering for the main works contract and as part of the governance process the College reviewed the Committee authorisations applicable to the project.

An issue has arisen in relation to the recording of the initial authorisation delegated to the College in relation to the award of contracts associated with this project. This report highlights the issue and proposes a course of action to resolve the matter.

Action: The Finance and General Purposes Committee are requested to approve the intended course of action in relation to the contract award for the main works in relation to the relocation of New Street.

Lead: Alan Ritchie, Director of Finance and Estates

Status: Open

1. Background

1.1 The College is currently undertaking a project to move the teaching activity currently located at New Street in Paisley to the Inchinnan building at the Renfrew Road campus. As part of that project the College is currently tendering for the main works contract and as part of the governance process the College reviewed the Committee authorisations applicable to the project.

1.2 The Finance and General Purposes Committee on 5 March 2019 was requested to approve the project with the paper recommending that:

The Finance and General Purposes Committee is requested to:

- *Review the rationale for the intended investment in the project;*
- *Approve the investment of up to £1.4m in order to the transfer of curriculum activity currently undertaken at the New Street (YMCA) building to the Inchinnan South building based at the main Paisley Campus in order to improve the facilities for the provision of creative arts; and*
- *Ask that the Board of Management approve the intended procurement process whereby:*
 - *The overall project value will be phased over a number of contracts;*
 - *These contracts in total will not exceed £1.4m; and*
 - *The individual contracts required to deliver the project can be awarded by the Principal under delegated authority within the overall budget of £1.4m, with a report on progress provided to the Finance and General Purposes Committee at each meeting until the project is complete.*

1.3 On reviewing the minute of the March Committee meeting it was noted that the recommendation was wording as follows:

In discussion the Committee welcomed the plans for the move of the Centre for Performing Arts and the other associated moves that would take place as it recognised the benefits this would bring. It was also noted that the Estates Committee were supportive of this project. The Committee, therefore, RECOMMENDS to the Board that the project to move the Centre for Performing Arts to refurbished accommodation on the Paisley Campus, and a number of other associated moves, be approved with a project budget of up to £1.4M to be set aside for this.

1.3 The recorded minute therefore did not recognise that Finance and General Purposes Committee had delegated authority to the Principal to approve the contact(s) associated with the project up to the value of £1.4m. This minute was what was considered and approved at the subsequent Board meeting later in March.

- 1.4 The College is currently considering the award of the main contract for this project. However, based on the wording of the Board approved minute, the Principal does not have the authority to make the contract award, although this is what was intended
- 1.5 The College would, based on the current position, require to bring this contract award back to Finance and General Purposes Committee and subsequently to the Board for approval now. This contract award is time critical given the works require to commence in January to ensure the teaching activity can move over the summer of 2020.
- 1.6 The contract award documentation will not be available until the start of December at the earliest or the College would have brought the matter back to for the Committee to consider. On this basis the College would intend taking the contract award directly to the Board of Management in December for approval.

2. Recommendation

- 2.1 In order to ensure that the correct governance process is followed the College would propose that:
 - a) The Finance and General Purposes Committee are made aware of the matter; and
 - b) The contract award is presented directly to the Board of Management in December for approval.
- 2.2 The Finance and General Purposes Committee are requested to approve the intended course of action in relation to the contract award for the main works in relation to the relocation of New Street.

TITLE: STRATEGIC RISK REGISTER REVIEW

Background: Under the Corporate Governance Code, the Board of Management is tasked with ensuring a framework of risk management and control is in place. This paper presents the College Strategic Risk Register for the consideration of the Audit Committee.

Action: The Finance and General Purposes Committee is requested to review and approve the College Strategic Risk Register and in doing so consider:

- The risks included in the register;
- The revised risk rating both pre and post mitigation;
- Whether any other risks should be considered for removal;
- Whether any new risks should be considered for inclusion; and
- The further development of the College risk management framework

Lead: Alan Ritchie, Director of Finance and Estates

Status: Open

1. Risk Management Strategy

- 1.1 The West College Scotland Risk Management Strategy was approved by the Board of Management. The College Strategic Risk Register is subject to ongoing review by the Board of Management and all Board of Management Committees, with oversight being provided by the Audit Committee.

2. College Strategic Risk Register Update

- 2.1 Each Board Committee is requested to:

- review the risks included within the register;
- the risk ratings both pre and post mitigation;
- whether any other risks should be considered for removal; and
- whether any new risks should be considered for inclusion.

- 2.2 The College Strategic Risk Register was approved at the October 2019 Board of Management meeting:

- Accepting the proposed adjustments to the Register following the Committee review process; and
- Noted the inclusion of direction of travel arrows for each risk identified.
- Noted that the Register would not show much change over the short term as it was a forward-looking document.

Development of the College Risk Strategy

- 2.3 The Board of Management risk management action plan has been implemented over the course of the previous year with the following actions remaining:

- The introduction of a target risk score

The Audit Committee view was that further development and integration of existing risk management processes was required prior to this matter being taken forward. This action will continue to be reviewed over the course of 2019-20

- Revisions to the Strategic Risk Register following finalisation of the College Corporate Plan

The Strategic Risk Register has been aligned with the new College Corporate Plan subject to the ongoing review by the Senior Management team and by Board Committees as part of the cycle of Committee meetings.

- The introduction of a formal risk management appetite statement
The Board of Management has previously considered that further information around risk and opportunity across a range of College activities might help provide a better understanding of the risk management appetite. The December 2019 Board of Management meeting will commence with an externally facilitated session designed to inform the Board on the various options in relation to the development of a risk appetite statement. The objective of the session is to develop a risk appetite statement for incorporation into the overall Risk Management Strategy.

3. Conclusion

3.1 The Finance and General Purposes Committee is requested to review and approve the Strategic Risk Register and consider:

- The risks included in the register;
- The revised risk rating both pre and post mitigation;
- Whether any other risks should be considered for removal;
- Whether any new risks should be considered for inclusion; and
- The progress made in further developing the College Risk Management framework.



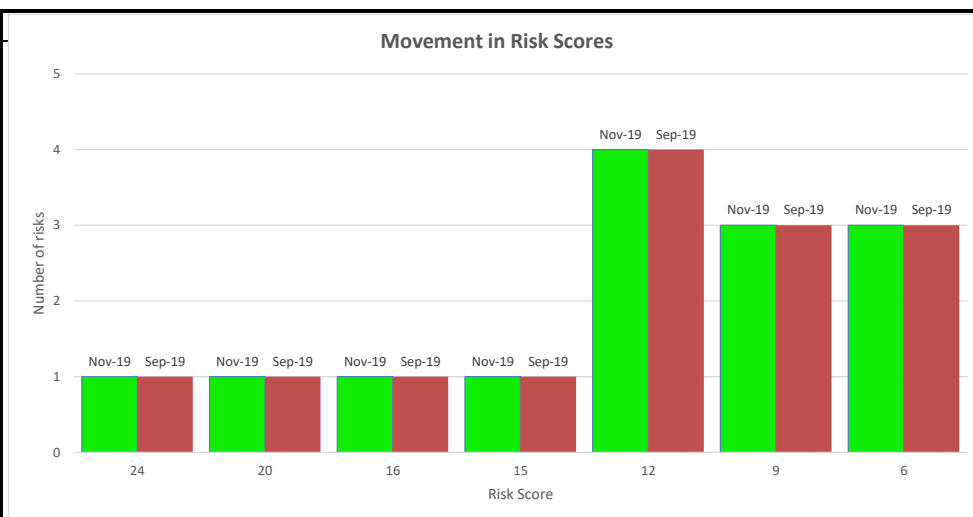
Strategic Risk Register

Strategic Risk Register Dashboard Report

Risk register review period:
Board / Committee review period:

Oct-19
Nov-19

Top 5 Risks Post Mitigation						
Ref	Risk	Movement since previous register	Probability	Impact	Score Nov 19	Score Nov 18
WCS 1	Inability to clearly forecast the volatility and impact of SFC funding and funding methodology changes in relation to core-grant-in-aid, credit activity model; reduction in European funding; student support funding and estates maintenance.	↔	6	4	24	24
WCS 3	Failure to deliver Estate Strategy objectives due to business cases for development of estate being delayed, with this having a resultant negative impact on the ability of the College to recruit students, retain staff and address legislative requirements	↔	5	4	20	16
WCS 2	Failure to secure adequate estates maintenance / capital funding for future investment or refurbishment of IT and physical infrastructure.	↔	4	4	16	16
WCS 16	Failure to prepare for the anticipated impact upon the College of Brexit including loss of European funding, loss of students / staff and access to exchange programme funding.	↔	5	3	15	10
WCS 4	Failure to deliver SFC Regional Outcome Agreement targets at a time of limited resource results in future credit and/or funding adjustments.	↔	4	3	12	12



The most significant risk faced by the College continues to be the volatility of SFC funding.

Continued delays to the business cases for the development of the College estate has moved up the risk register based on the latest developments in Renfrewshire and Inverclyde. This risk is closely linked to the next highest risk which is the failure to secure adequate maintenance funding.

The impact of the UK exit from Europe continues to be a significant risk faced by the College as the level of uncertainty continues.

WEST COLLEGE SCOTLAND STRATEGIC RISK REGISTER

Risk No.	Risk Reference	Strategic Objective	Risk	Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation				Movement since last review	Executive Responsible
				Risk Probability	Risk Impact	Risk Score		Risk Probability	Risk Impact	Risk Score	Previous Score		
1	WCS 1	1.1 1.3 3.1 3.4	Inability to clearly forecast the volatility and impact of SFC funding and funding methodology changes in relation to core-grant-in-aid, credit activity model; reduction in European funding; student support funding and estates maintenance.	6	4	24	1) Detail of 2019-20 final SFC funding received 17 May 2019. This shows a level of core funding which is not greater than in 2018-19; a change in the estates funding methodology which will impact upon College operations; and no specific funding in order to meet the cost of any annual pay increases. The College will continue to face a number of financial challenges arising from this settlement. 2) 2019-20 budget approved in conjunction with 5 year future financial scenario planning and detailed assumptions. 3) Transformation Plan submitted to SFC in order to address future financial challenges. Following submission of revised plan in November 2018 the College continues to engage with the SFC on the implementation of the plan. 4) Robust financial forecasting including production and review of monthly management accounts. 5) Estates Strategy including objective to improve / rationalise the College estate utilising estate maintenance funding. 6) Financial modelling of next 5 years being undertaken based upon SFC FFR assumptions. Allows the College to identify funding gap and to continue to take necessary steps to address the gap. 7) Commercial Development Group reporting to Corporate Development Committee with focus on maintaining and growing income including ESF activity. 8) Robust monitoring of current and future curriculum delivery plans (CMAF) including staffing requirements. 9) Active College representation and involvement in external SFC review groups - funding methodology, CDN Finance network; credit review; access and inclusion; rural and remoteness premium and student funding.	6	4	24	24	↔	VP Operations / VP Educational Leadership
2	WCS 3	1.2 3.1 3.3 3.4	Failure to deliver Estate Strategy objectives due to business cases for development of estate being delayed, with this having a resultant negative impact on the ability of the College to recruit students, retain staff and address legislative requirements	6	4	24	1) The College continues to actively engage with SFC, SFT and other key stakeholders re investment and in relation to implementation of national estate condition survey review and future direction of travel. 2) Approved Estate Strategy highlights required estate investment for consideration by SFC and Scottish Government. 3) Draft Outline Business Case for Paisley estate submitted to the SFC. Response received from SFC in regard to Paisley OBC and the College is currently engaging with partners in relation to the collaborative aspects of any proposals. 4) Outline Business Case for Greenock updated and submitted to the SFC in December 2018 following Board of Management approval. SFC have confirmed receipt and willingness to work with College to take forward OBC 5) Inverclyde local development plan now finalised leading to restrictions on future College developments on preferred site. College continues to engage with partners to find suitable way forward. 6) Ongoing prioritisation of College estates funding in a way which links to priority projects, with update reports being provided to each meeting of the Board of Management Estates Committee. 7) Ongoing involvement in sector/SFC capital working group enables WCS input to ongoing discussions in relation to SFC estates maintenance allocation methodology and capital allocations. 8) Ongoing engagement with SFC	5	4	20	16	↔	VP Operations

Risk No.	Risk Reference	Strategic Objective	Risk	Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation				Movement since last review	Executive Responsible
				Risk Probability	Risk Impact	Risk Score		Risk Probability	Risk Impact	Risk Score	Previous Score		
3	WCS 2	1.1 1.2 2.3 4.1	Failure to secure adequate estates maintenance / capital funding for future investment or refurbishment of IT and physical infrastructure.	5	4	20	1) College Estate Strategy submitted to SFC, reviewed by internal audit and subject to annual review on implementation and progress by Board of Management Estates Committee. 2) 2019-20 SFC funding for estates has seen a reduction in lifecycle maintenance and priority maintenance funding. The continued reduction in lifecycle maintenance does present an operational challenge as financial modelling assumed flat cash settlement in future years. There is also a need to understand the basis of estates maintenance funding allocation beyond 2019-20. 3) WCS participation in SFC/sector Capital Working Group. 4) Outline Business Case for Greenock updated and submitted to the SFC in December 2018 following Board of Management approval. SFC have confirmed receipt and willingness to work with College to take forward OBC. Implications of recently published Inverclyde local development plan now being considered and College is engaging with 5) Outline Business Case for Paisley submitted to the SFC and feedback received from the SFC. Discussion with partner organisations remains ongoing.in relation to the collaborative aspects of the proposals, and an updated OBC for Paisley will require to be submitted to SFC. 6) SFC have issued the outcome of a national College estate condition survey. College has discussed and obtained agreement with SFC as to how the 2018-19 high priority maintenance funding will be applied.	4	4	16	16	↔	VP Operations
4	WCS 16	1.3 2.2 3.1 3.4	Failure to prepare for the anticipated impact upon the College of Brexit including loss of European funding, loss of students / staff and access to exchange programme funding.	5	3	15	1) College undertaken review of possible impacts of Brexit on operations. Output has been discussed at senior management level and with relevant Board Committees. To note potential impact on EU funded programmes (Modern and Foundation Apprentices). 2) The College is a member of a sector working group on Brexit allowing access to latest intelligence specific to the College sector. 3) Close liaison with SFC on future funding arrangements post 2021 when current ESF funding is due to end.	5	3	15	15	↔	Principal
5	WCS 4	1.2 2.1 3.2 3.4	Failure to deliver SFC Regional Outcome Agreement targets at a time of limited resource results in future credit and/or funding adjustments.	5	4	20	1) Positive engagement with SFC in relation to ROA development and monitoring for current and future years. 2) Effective internal monitoring and reporting procedures in place, including operational planning process, and monitoring through the Board of Management and all Committees. 3) Good working relationships with local authorities and school head teachers in order to access attainment funding in support of College activities in this area. 4) Detailed curriculum development planning and review process which has been subject to positive review by internal audit. 5) Blended approach to delivery of teaching and learning including online learning allowing College to address changes in recruitment and delivery. 6) Curriculum offering is reviewed to ensure employer and student needs are met and appropriate courses delivered. 7) The Board of Management considered the College ROA during the meeting in March 2019, and considered the outcomes that will be delivered at that time. The ROA 2019-20 was submitted to the SFC and subsequently approved on 29 July 2019.	4	3	12	12	↔	Principal

Risk No.	Risk Reference	Strategic Objective	Risk	Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation				Movement since last review	Executive Responsible
				Risk Probability	Risk Impact	Risk Score		Risk Probability	Risk Impact	Risk Score	Previous Score		
6	WCS 5	1.1 1.2 1.3 3.4	Impact and outcome of National Pay Bargaining for both teaching and support staff.	6	3	18	1) WCS representation and involvement in national college Employers Association and national joint negotiating committee (NJNC). 2) Financial impact assessment / planning scenarios with the financial impacts of National Bargaining subject to ongoing discussion with the SFC. National Bargaining funding distribution for 2019-20 amended in year and agreed with Colleges Scotland and the Scottish Funding Council. 3) 2018-19 final SFC funding included an allocation in order to meet the cost of national bargaining. 4) Business Continuity Planning considers impact of industrial action, with specific plans in place. 5) Local trade union consultation and negotiating committees for support and teaching staff continuing to meet on an ongoing basis in order to maintain positive College industrial relations. 6) Robust college sector and WCS communications plan including liaison with Student Association on impact on students. 7) Local workforce planning arrangements subject to positive internal audit review (June 2018). 8) Support staff pay award until September 2019 been settled.	6	2	12	12	↔	Principal
7	WCS 6	1.1 2.1 3.3 4.2	Failure to maintain or acquire and use IT systems and infrastructure to support the digital ambitions of the College.	4	4	16	1) IT Strategy, Policies / Procedures and system access processes in place. The Finance and General Purposes Committee have reviewed progress achieved in delivering the IT Strategy as at Year 2 and are satisfied with progress given the level of resource available to the College - although recognise that the College digital ambitions are being constrained by the level of SFC funding. Strategic dialogue with the SFC is ongoing in an effort to secure the required level of funding in order to deliver College digital ambitions. 2) Staff and student feedback and evaluation procedures in place. 3) IT Contingency Plan in place with regular review. 4) College has achieved Cyber Essentials Plus accreditation as required.. 5) College Digital Strategy has been reviewed by SMT and sets out digital ambitions for the College. To be presented to the Board for approval in coming period. 6) Funding bid developed based for submission to SFC to ensure IT systems are fit for purpose. Initial discussions have been held with SFC on IT condition survey and College offered to be model for such a survey. 7) College HR department providing support to staff undertaking national support staff job evaluation, with role profile documentation to be completed by 28 June 2019.	4	3	12	12	↔	VP Operations
8	WCS 15	1.1 2.1 3.4 4.3	Failure to deliver the financial and/or non-financial objectives outlined in the College Transformation Plan "Future Proofing Our College".	4	4	16	1) Transformation Plan has been developed by the College and discussed in detail with the SFC. 2) Board of Management have approved the Plan and financial objectives are monitored through the F&GP Committee. Board of Management monitor overall plan achievement. 3) Projects have been initiated in line with the plan and are directed by a specific member of SMT. 4) Detailed delivery plan has been created to allow milestones to be set and monitoring to take place. 5) College on track to meet financial objectives outlined in the plan during 2018-19. However future years remain challenging and the plan will require to be further reviewed/updated. SFC indicative funding figures have been published and have crystallised the financial challenges faced by the College. No guidance on future years.	3	4	12	12	↔	Principal

Risk No.	Risk Reference	Strategic Objective	Risk	Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation				Movement since last review	Executive Responsible
				Risk Probability	Risk Impact	Risk Score		Risk Probability	Risk Impact	Risk Score	Previous Score		
9	WCS 9	1.2 1.3 3.4	Inability to maintain positive staff relations	4	3	12	1) Approved Workforce Plan in place to address Audit Scotland recommendations. 2) Internal audit on internal communications reported that that the College had effective internal communication channels to staff and students 3) Clear procedures for communication and engagement with Trade Unions and College staff. 4) Staff engagement session and staff surveys undertaken on regular basis allowing issues to be addressed early. 5) Local trade union consultation and negotiation committees in place for teaching and support staff. 6) College is supportive of staff involvement in national job evaluation scheme and has open dialogue with Unions as to how staff can be supported.	3	3	9	9	↔	Principal
10	WCS 11	1.1 2.3 3.1 3.2	Ability to generate consistent levels of alternative income or to grow alternative income streams.	4	3	12	1) Alternative Income Strategy currently under development in response to requirements of Transformation Plan objectives. Strategy will be subject to review by Corporate Development Committee. 2) Annual financial budget agreed and monitored by the Corporate Development Committee. 3) Strong partnerships with local employers and stakeholders. 4) Operation planning process used to identify potential opportunities for income growth. 5) Adaption of course portfolio to meet student / employer needs. 6) Financial strategy and planning in place to address resource needs and redirect as required. 6) Review of resources required within Curriculum Development Planning procedure. 7) Commercial Development Group meets bi-monthly to review and address challenges of delivering alternative income.	3	3	9	6	↔	VP Educational Leadership
11	WCS 7	1.2 3.4	Inadequate business continuity / cyber resilience planning leading to material interruptions to service delivery.	3	4	12	1) Business Continuity webpage created to inform all staff and stakeholders of College approach to business continuity planning. 2) Business Continuity Plan available to relevant staff on OneDrive along with associated documents to assist during any incident (including creation of "battle boxes"). 3) College has achieved Cyber Essentials Plus accreditation and has in place IT recovery plans as part of overall business continuity planning process. 4) Training and scenario planning sessions undertaken on a quarterly basis with involvement from both teaching and support staff. Externally facilitates and lessons learned shared with staff. 5) Adequate insurance cover to assist in recovery after an incident. 6) Risk assessment process well embedded at strategic level now being further embedded at operational level.	3	3	9	9	↔	VP Operations

Risk No.	Risk Reference	Strategic Objective	Risk	Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation				Movement since last review	Executive Responsible
				Risk Probability	Risk Impact	Risk Score		Risk Probability	Risk Impact	Risk Score	Previous Score		
12	WCS 10	1.3 2.3	Failure to embed Workforce Plan resulting in lack of appropriate resources and skills being developed to achieve College strategic objectives and outcomes	4	3	12	1) College Workforce Plan and associated reporting requirements approved by the Board of Management. 2) Detailed teaching resource planning through use of curriculum mapping tool (CMAP). 3) Resourcing of support staff structures reviewed on an ongoing basis by Executive Management Team to ensure alignment with operational and strategic priorities. 4) Itrent HR and payroll software developed to provide staff data and reports including an establishment report. 5) Professional Development Policies are aligned to strategic priorities. 6) Roll out of College CPD review process is ongoing and supports succession planning, leadership development and assists in mitigating the impact of the loss of key staff. 7) Internal audit reviewed workforce planning as part of 2018-19 audit plan. Internal audit recommendations were subject to final report from OD&HR Committee to the Audit Committee in May 2019 allowing the closure of the issues raised. 8) Staff skills survey being developed to allow the College to identify and address future skills gaps.	3	2	6	6	↔	Principal
13	WCS 13	3.4 4.1	Inability to ensure a holistic response to data and information governance, including compliance with the General Data Protection Regulations (GDPR).	3	3	9	1) Data Protection Officer (DPO) appointed in compliance with legislative requirement. DPO is part of shared services agreement allowing the College to work collaboratively with other institutions. 2) DPO is undertaking review of departmental compliance with data legislation and addressing issues as required. Reports provided to working group on progress and issues identified / rectified. 3) College has a working group covering GDPR and data management issues with involvement from senior staff. The Group has oversight of the information risk assessment process. 4) Data Protection concepts and principles embedded within the operations of the College.	3	2	6	6	↔	Principal
14	WCS 14	1.2 3.4	Normal business activities are unduly affected due to the complexity of sequencing estates investment works	4	2	8	1) Detailed resource planning involving all relevant parties at stage to address any issues in advance of project start date. 2) Staff resource increased during 2018-19 to address the significant increase in level of expenditure and complexity of projects being undertaken. 3) Well embedded project / estate team with knowledge base that allows issues to be identified and addressed. 4) use of external professional advisors to provide oversight and critical review of proposed activities / plans.	3	2	6	6	↔	VP Operations

Corporate Strategy 2019-2025

Priorities		Objectives	
(1) Personalisation	We will deliver the skills solutions that employers are looking for and the learning outcomes that students want,	1.1	Developing Bespoke solutions, Fast
		1.2	Raising Aspirations and Enabling Students to achieve outcomes
		1.3	Recruiting and Retaining Talented People
(2) Collaboration	We will build the immersive relationships and make the connections that enhance value for	2.1	Creating Learning Pathways
		2.2	Immersive Partnerships
		2.3	Delivering Inclusive Growth
(3) Agile and Adaptive	We will develop the capability to respond to shifts in demand and seize new opportunities quickly' putting in place specialist delivery capabilities.	3.1	Developing new income opportunities
		3.2	Developing the Market
		3.3	Utilising Specialist Capabilities
		3.4	Managing for Resilience
(4) Digital	We will ensure that the College has the digital capacity and capabilities to deliver in a modern economy.	4.1	Using Data
		4.2	Inspirational Learning
		4.3	Developing the skills base

Tolerance Matrix and Scoring Grid

Probability	Score	Impact	Score
Almost Certain	6	Catastrophic	4
Very Likely	5	Critical	3
Likely	4	Marginal	2
Possible	3	Negligible	1
Very Unlikely	2		
Remote Chance	1		

Risks - Probability x Impact Score Grid

Almost Certain 6	6	12	18	24
Very Likely 5	5	10	15	20
Likely 4	4	8	12	16
Possible 3	3	6	9	12
Very Unlikely 2	2	4	6	8
Remote Chance 1	1	2	3	4
	Negligible 1	Marginal 2	Critical 3	Catastrophic 4

Risk Score - Direction of Travel

- ↔ Post mitigation risk score after review has remained static compared to the last time the register was reviewed.
- ↑ Post mitigation risk score after review has increased compared to the last time the register was reviewed.
- ↓ Post mitigation risk score after review has reduced compared to the last time the register was reviewed.

TITLE: SCHEDULE OF BUSINESS 2019-20

Background: This paper outlines how the Schedule of Business for 2019-20 enables the Finance and General Purposes Committee to fulfil its' remit.

Action: The Finance and General Purposes Committee is requested to note the content of the report.

Lead: Alan Ritchie, Director of Finance and Estates

Status: Open

REMIT	DELIVERABLES				
	3-9-2019	19-11-2019 Joint with Audit	19-11-2019	10-03-2020	2-6-2020
a) <i>To advise the Board of Management on key issues of the College's financial and resource management including:</i>					
<ul style="list-style-type: none"> • <i>solvency of the College</i> • <i>cashflow</i> <ul style="list-style-type: none"> ○ Annual review of banking arrangements ○ Cash flow report (Management accounts) 	Y		Y	Y	Y
<ul style="list-style-type: none"> • <i>the effectiveness and appropriateness of the utilisation of College resources</i> <ul style="list-style-type: none"> ○ Vice Principal Update Report ○ College Business Transformation Plan ○ Update on year-end financial position ○ Management Accounts ○ Internal Audit reports <ul style="list-style-type: none"> ○ Financial Systems Health Check 	Y Y		Y Y Y (October)	Y Y Y (January) Y	Y Y Y(April)
<ul style="list-style-type: none"> • <i>Financial Strategy</i> <ul style="list-style-type: none"> • Management Accounts • Update of 5-year Financial Forecast • SFC Funding Update • Annual budget and 5-year financial forecast 	Y		Y (October) Y Y Y	Y (January) Y Y Y	Y (April) Y Y Y

REMIT	DELIVERABLES				
	3-9-2019	19-11-2019 Joint with Audit	19-11-2019	10-03-2020	2-6-2020
<i>b) To review and approve the Financial Regulations on an annual basis, or more frequently if required.</i>					
<ul style="list-style-type: none"> Annual review of Financial Regulations Corporate Governance Statement - Financial Statements 		Y	Y		
<i>c) To consider and advise the Board on:</i>					
<i>Financial forecasts and budgets in relation to the West Region Outcome Agreement.</i> <ul style="list-style-type: none"> Management Accounts including forecast for year Annual Budget Update of 5-year Financial Forecast Monitoring report on Regional Outcome Objectives 	Y		Y (October)	Y (January)	Y (April)
<ul style="list-style-type: none"> Management Accounts including forecast for year Annual Budget Update of 5-year Financial Forecast Monitoring report on Regional Outcome Objectives 	Y		Y	Y	Y
<ul style="list-style-type: none"> Monitoring report on Regional Outcome Objectives 	Y				Y
<i>Any relevant taxation issues.</i> <ul style="list-style-type: none"> Annual update report on taxation matters Update report if any material changes – as required 	Y				
<i>d) To consider the College's annual financial statements (at a joint meeting of the Audit and Finance and General Purposes committees).</i> <ul style="list-style-type: none"> External Audit Management Letter Corporate Governance Statement 		Y			
<ul style="list-style-type: none"> External Audit Management Letter Corporate Governance Statement 		Y			

REMIT	DELIVERABLES				
	3-9-2019	19-11-2019 Joint with Audit	19-11-2019	10-03-2020	2-6-2020
<ul style="list-style-type: none"> Financial Statements Annual Internal Audit Report Internal Audit Annual Plan 2019-20 External Audit Planning Memorandum 	Y	Y Y			Y
<i>e) To monitor:</i>					
<i>The College's financial performance against agreed budgets and make recommendations on major variations.</i> <ul style="list-style-type: none"> Management Accounts Update on 31 July Year End Position Annual Financial Statements 	Y	Y Y Y	Y (October) Y	Y (January)	Y (April)
<i>All income</i> <ul style="list-style-type: none"> Reported through Management Accounts 			Y (October)	Y (January)	Y (April)
<i>All material financial issues.</i> <ul style="list-style-type: none"> Vice Principal Update / Overview Report Finance System Report 	Y		Y Y	Y	Y
<i>Monthly management accounts.</i> <ul style="list-style-type: none"> Management Accounts 			Y (October)	Y (January)	Y (April)
<i>f) To advise the Board on investments and borrowing and to seek appropriate external advice.</i> <ul style="list-style-type: none"> Annual review of banking arrangements 	Y				

REMIT	DELIVERABLES				
	3-9-2019	19-11-2019 Joint with Audit	19-11-2019	10-03-2020	2-6-2020
g) <i>To ensure adherence to statutory requirements related to the College's financial affairs and compliance with the Financial Memorandum, Scottish Public Finance Manual (SPFM), and related guidance.</i> <ul style="list-style-type: none"> • Internal Audit Annual Report • External Audit Management Letter • Annual report on Governance Compliance 		Y Y			Y
h) To receive a regular report on bad debt write offs <ul style="list-style-type: none"> • Annual report on bad debt write off • Further reports if/as required 	Y				
i) To consider, review and recommend to the Board, pension arrangements for College staff, in consultation with the Organisational Development and HR Committee. <ul style="list-style-type: none"> • Overview of College pension schemes 					Y
j) <i>To receive an annual update on banking arrangements, including Scottish Government banking arrangements and to annually approve the bank signatories.</i> <ul style="list-style-type: none"> • Annual review of banking arrangements 	Y				

REMIT	DELIVERABLES				
	3-9-2019	19-11-2019 Joint with Audit	19-11-2019	10-03-2020	2-6-2020
Information Technology					
k) To agree and approve IT strategy and policies, ensuring these support the priorities and outcomes of the College <ul style="list-style-type: none"> • IT Strategy Implementation Update • Scottish Government/ College Cyber resilience update 				Y	Y
l) <i>To advise the Board of Management on key issues relating to the College's information technology.</i> <ul style="list-style-type: none"> • IT Strategy Implementation Update 				Y	
m) <i>To consider and promote the effective and efficient use of IT services.</i> <ul style="list-style-type: none"> • IT Strategy Implementation Update 				Y	
n) <i>To consider information technology initiatives and innovations for use within the College, the resources required to implement these and to identify risks and opportunities associated with proposals.</i> <ul style="list-style-type: none"> • IT Strategy Review 				Y	

REMIT	DELIVERABLES				
	3-9-2019	19-11-2019 Joint with Audit	19-11-2019	10-03-2020	2-6-2020
Procurement					
o) <i>To agree and approve financial regulations which ensure compliance with legal obligations in respect of tendering and contract procedures</i> <ul style="list-style-type: none"> • Review of Financial Regulations 			Y		
p) <i>To agree and approve procurement strategy and policies that reflect best practice, ensuring these support the priorities and outcomes of the College and the achievement of efficiencies.</i> <ul style="list-style-type: none"> • Procurement Strategy Update • Procurement Annual Report including future year plan • PCIP Update Report 			Y Y Y		
q) <i>Approve the awarding of contracts above £250,000</i> <ul style="list-style-type: none"> • Authorisation sought as required 	Y		Y		
r) <i>To support development of:</i> <ul style="list-style-type: none"> ○ <i>supplier management and contract monitoring</i> ○ <i>electronic procurement systems</i> ○ <i>procurement performance management systems</i> ○ <i>collaborative opportunities</i> <ul style="list-style-type: none"> • Reports on update of implementation of Procurement Strategy 			Y		

REMIT	DELIVERABLES				
	3-9-2019	19-11-2019 Joint with Audit	19-11-2019	10-03-2020	2-6-2020
s) <i>To consider risk relating to the matters that fall within the Committee's remit and to agree what mitigating factors/actions are in place and what further action, if any, needs to be taken to address such matters of risk.</i> <ul style="list-style-type: none"> Review of strategic risk register 			Y	Y	Y
t) <i>Any other factors as required by the Board of Management</i> <ul style="list-style-type: none"> As required 					