

Items for Information

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|--|----------|----|
| 13. Report on SFC Analysis of the 2018-19 Annual
Accounts of Scotland's Colleges and Universities | Paper 13 | AR |
| 14. Schedule of Business 2020-21 | Paper 14 | AR |
| 15. Any other business | | |

Next meeting: 2 March 2021, Venue: TBC

Shirley Cowan
Secretary to the Committee

FINANCE AND GENERAL PURPOSES COMMITTEE

MINUTES: Tuesday 8 September 2020

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

ATTENDING: David Alexander (Vice Principal Operations), Alan Ritchie (Director of Finance), Vivienne Mulholland (Head of Finance and Student Funding), Waiyin Hatton (Chair of the Board of Management), Shirley Gordon (Secretary to the Committee), Martin Joyce (Director of Infrastructure).

APOLOGIES Angela Wilson.

FPM341 DECLARATIONS OF INTERESTS

- Jim Hannigan - NMIS Programme Manager, Skills Development Scotland.
- Liz Connolly - Trustee of the West College Scotland Foundation.
- Angela Wilson – West Dunbartonshire Council.
- David Alexander - Board member of the Scottish Funding Council and as Chair of the Scottish Funding Council Audit and Compliance Committee.
- Waiyin Hatton: Wai Beyond, People and organisational development consultancy; Harvey McMillan, People and organisational development consultancy; Action Against Stalking; Ayrshire Sportsability; Scottish Chamber of Commerce.

FPM342 MINUTES

The Chair welcomed everyone to the meeting and introduced Martin Joyce, the newly appointed Director of Infrastructure who was in attendance as an observer as part of his induction.

The minutes of the meetings held on Tuesday 2 June 2020 and Thursday 9 July 2020 were **approved**.

FPM343 ACTIONS

The Committee **noted** a report on actions taken since the last meeting and updates were reported.

FPM344 MATTERS ARISING FROM THE MINUTES (NOT OTHERWISE ON THE AGENDA)

An update on the following matters arising was provided:

- Catering and cleaning review update – [REDACTED]

[REDACTED]

- Digital Poverty – Procurement of Student IT Equipment – an order for approximately 1,800 chrome books had duly been placed since approval at the July FGPC meeting. When these were received, the IT team was ready to mobilise to distribute the equipment to students. In addition to that, Mr Alexander summarised additional SFC funding received and the re-purposing of kit within the College that had taken place which, overall, should ultimately result in over 3,000 pieces of IT equipment being available for distribution to students. An IT Helpdesk (staffed by students) would also be made available to support student use of IT equipment. The Committee recognised the challenge ahead in the application / distribution process of this equipment but commended the College for bringing this opportunity to fruition. It was a fantastic initiative which would result in vital support to staff and students.
- Pentana – a full update report would be made available to the November 2020 meeting of the Committee. Mr Ritchie confirmed that the system was now functional, operational and linked to the College Corporate Plan. Staff training was taking place as the first quarter operational planning updates for 2020-21 were required.

The Committee noted the matters arising.

FPM345 COMMITTEE REMIT AND PROPOSED COMMITTEE MEETING DATES 2020-21

The Secretary to the Committee presented the Committee's remit, current membership and 2020/21 meeting dates.

The Committee:

- **Approved the Finance and General Purposes Committee remit.**
- **Noted the current membership of the Committee.**
- **Approved the 2020/21 meeting dates as follows:**
 - ❖ Tuesday 8 September 2020
 - ❖ Tuesday 24 November 2020
 - ❖ Joint Audit and FGPC – Tuesday 24 November 2020
 - ❖ Tuesday 2 March 2021
 - ❖ Tuesday 1 June 2021

FPM346 MONITORING OF REGIONAL OUTCOME AGREEMENT

The Vice Principal Operations reported that the Board of Management had agreed that each Committee should monitor progress on areas of the Regional Outcome Agreement (ROA) for which they had responsibility and provide a report to the Board at the end of the academic year.

Mr Alexander reported that the College ROA (to cover the period 2020-21) was finalised following the SFC 2020-21 final funding announcement on 9 June 2020. The annual process that had operated, in previous years to date would then have seen formal agreement of the ROA reached with the SFC by 31 July 2020. The College received correspondence, however, from the SFC on 29 May 2020 and Mr Alexander summarised the detail and implications of that which ultimately concluded that the SFC would not ask governing bodies (College Boards and University Courts) to sign off the AY2020-21 Outcome Agreements in the usual way, would not publish the AY2020-21 Outcome Agreements on its website and would attach the allocation of core funding in AY2020-21 to refocused sector commitments and activity which would provide them with reassurance on use of designated funding.

Given this, Mr Alexander explained that the College awaited SFC confirmation of the refocused sector commitments and activity. For now, the College was, therefore, proceeding on the basis that the key outcomes previously detailed within the final draft

2020-21 ROA would remain and required to be delivered. It was not expected that any changes in funding would arise as a result of the SFC correspondence of 29 May 2020 and further updates on the ROA process would be provided to the Committee and Board at future meetings as required.

Mr Alexander offered assurance that engagement with all College partners had continued throughout all stages of the pandemic. In terms of ensuring outcomes were achieved and he explained that, although the delivery format of some College courses may change going forward, it was expected that the SFC and College processes for the measurement of outcomes would remain consistent to that in previous years.

In relation to the Programme for Government announced by the First Minister on 1 September 2020 for the coming parliamentary year, the Principal alluded to the commitments / investment for the sector and confirmed that work continued with the SFC and SDS to explore opportunities for economic recovery which may help inform how funding was allocated.

The Finance and General Purposes Committee:

- **Noted the background information provided in relation to the ROA process.**
- **Noted the key objectives of the West College Scotland Regional Outcome Agreement; which covered the period to 31 July 2021.**
- **Noted that further information in relation to the 2020-21 ROA process and refocused sector commitments and activity required to be provided by the SFC, and that further updates would therefore be provided to the Committee and Board of Management on these matters as required.**
- **Considered and agreed that the required processes were in place to enable Finance and General Purposes Committee monitoring of required 2020-21 ROA outcomes and to support provision of the required report to the Board of Management. In agreeing that, it was noted that should the further information to follow from the SFC regarding the 2020-21 ROA process require a revision of these processes then this would be able to be considered by the Committee at a future meeting.**

FPM347 VICE PRINCIPAL UPDATE REPORT

The Vice Principal Operations provided an overview of the report highlighting the following:

- Funds arising from net depreciation – The 2020-21 College budget (approved by the Finance and General Purposes Committee on 9 July 2020 and subsequently by the Board on 20 July 2020) detailed the cash arising from net depreciation that was available to be utilised during the current financial year. The College priority areas, to which this would be applied had been agreed with the SFC and these were summarised by Mr Alexander.
- 2020-21 SFC funding – The SFC had made two additional announcements of funding since approval of the College 2020-21 budget on 20 July 2020 and these were reported by Mr Alexander. He noted that some elements of SFC funding for 2020-21, including for initiatives such as mental health and period poverty, still required to be advised to the sector.
- College Voluntary Severance Scheme - The College 2020-21 budget assumed that a minimum of £500,000 in staffing efficiencies would be achieved with part, and possibly all, of this saving requiring to be achieved through voluntary severance (VS). The SFC FFR June 2020 guidance stated colleges should assume that up to 6 months of any VS costs would be supported by the SFC during 2020-21. Mr Alexander reported that

continuing discussions with the SFC since the Board approved the College budget on 20 July 2020 had seen the SFC advise that their stated 6 month financial support for College voluntary severance schemes during 2020-21 was only a planning assumption - and that the SFC had no budget cover to support that assumption. The position therefore remained that any voluntary severance costs would require to be funded by the College's own cashflow. The current closing date for applications to the College VS scheme was 31 August 2020 and Mr. Alexander provided an update on the VS applications that had been approved. The College would require to reflect upon the fact that the recent VS process had not provided the overall level of savings that had been identified as required for 2020-21. The Committee would receive further updates on this matter at future meetings.

- Ongoing West College Scotland engagement with the SFC – The SFC committed to a change in the College business model 'in principle' from 2020-21 and the College had been awaiting final agreement and confirmation of this decision. SFC Circular SFC/AN/06/2020 - *College outcome agreement funding allocations for Academic Year 2020-21* issued on 7 April 2020 and confirmed on 8 June 2020 provided that formal agreement, confirming that there was to be a reduction in credit activity of 5,000 for West College Scotland in 2020-21 – from 157,855 to 152,855 - when compared with 2019-20. That change was in line with the expectations of the Business Transformation Plan that West College Scotland previously agreed with the SFC. The SFC had not consequently reduced associated teaching funding with this movement in credit activity and this reflected discussions the SFC had had with the College to recognise movement towards higher cost activity over the course of previous years. As a condition of this change, the College must reduce its third-party distance learning activity. The College, therefore, required to ensure there was ongoing engagement with the SFC during 2020-21 regarding the revised business model that required to be in place under the Business Transformation Plan agreement.
- National bargaining and Job Evaluation – Existing pay agreements with teaching and support staff trade unions remained in place until 1 September 2020. However, the support staff trade unions had lodged a dispute procedure with the Colleges Scotland Employers Association regarding the application of the previous pay agreement to the period the end of August 2020 and this required to be considered through the national dispute resolution process. Negotiations with trade unions were ongoing regarding pay awards beyond August 2020. Mr Alexander explained that, for support staff, the process of national job evaluation was progressing, and he summarised the four stages of the process reporting that the impacts of the lockdown period on the overall project timescales was currently under review.
- West College Scotland Senior Management – Asset and Infrastructure – There was currently an ongoing transition of estates responsibilities from the Director of Finance to the Director of Infrastructure. The existing responsibilities of the Director of Finance would change to take on a wider responsibility for operational planning, data analysis and business process improvement going forward. Responsibility for all estates, IT and wider infrastructure would now be within the remit of the Asset and Infrastructure Committee.

The Committee noted the report.

FPM348 2019-20 FINANCIAL YEAR END UPDATE

The Director of Finance provided an update in relation to the 2019-20 College financial forecast and cashflow position. This position was subject to the finalisation of the external audit work which was due to commence on 14 September 2020.

The Director of Finance explained that the College had received updated information from the SFC, Scottish Government and wider partners in relation to several areas since consideration of the Management Accounts in July 2020. This had impacted on the College operating environment and forecast financial outturn position as considered by the Finance and General Purposes Committee and the Board during July 2020. Mr Ritchie summarised the 2019-20 financial impacts and further variances arising from this updated information and detailed income (including ESF Credit Activity, SFC Income Deferral, Fee and Commercial activity, UK Government Job Retention Scheme and Other income) and expenditure (including staff costs and non-staff costs). The impact of these changes was that the previous 2019-20 forecast adjusted operating deficit had been revised.

In terms of the College cashflow position, Mr Ritchie explained that the availability of cash in order to support ongoing College operations was essential and he summarised the movement in the year-end cash position since July 2020. These movements resulted in the actual cash balance as at 31 July 2020 increasing from the previously reported forecast and the College continued to ensure cashflow was monitored on an ongoing basis in order to identify, mitigate and manage any risk which may emerge.

The Committee thanked Mr Ritchie for the encouraging update and commended the College for maximising a host of opportunities which had resulted in such an improved financial position.

The Finance and General Purposes Committee:

- **Considered and noted the revised forecast 2019-20 College adjusted operating position.**
- **Noted the updated forecasted impact of the COVID-19 lockdown on the 2019-20 operations and financial position of the College.**
- **Noted the updated 2019-20 College cashflow position.**

FPM349 2020-23 FINANCIAL FORECAST RETURN UPDATE

The Director of Finance updated on key assumptions and sensitivities relating to the 2020-21 College budget and financial forecast to 2022-23 as approved by the Board of Management on 20 July 2020.

The Director of Finance explained that the key assumptions within the College 2020-21 budget and 2021-23 financial forecast were based on direction provided within the SFC Financial Forecast Return (FFR) guidance issued to the sector on 9 June 2020. The College had continued to engage with the SFC during August in seeking clarification in relation to several matters contained within the FFR guidance and Mr Ritchie provided an update in relation to the key assumptions and sensitivities. He confirmed that the College would continue to keep these under review on an ongoing basis to ensure financial stability and sustainability.

Mr Ritchie reported that, given the significant impact on learning and teaching that would arise from any loss of ESF activity and income in 2022-23, the College had continued to engage with the SFC regarding this matter. The SFC had advised of its expectation that the College would not lose ESF funding in Year 3 but would retain this and see a reduction in the level of SFC ESF credit activity. This would mean the College requiring to fund any VS costs arising from this structural change through retention of the SFC income previously associated with ESF credit activity in Year 3. The future planning assumption based on this SFC direction would therefore be that the College retained the same level of SFC income in Year 3 as in Year 2 but a reduced level of teaching activity – with this resulting in a growth in the core unit of SFC funding being made available to the College. However, on this basis it remained the case that the College would still require to review the level of

staffing that was currently required to deliver this reduced level of activity and how it would anticipate implementing this change.

In response to a question about the FWDF, Mr Richie explained that the College was continuing to engage with the SFC on both the confirmation of the allocation of the core and additional funding. The college sector was, as a matter of urgency, seeking clarification on how the remaining funding was to be distributed.

The Committee recognised the challenges and uncertainties impacting on the College financial forecast and was reassured by the prudent approach taken.

The Finance and General Purposes Committee noted the paper.

FPM350 REVIEW OF FINANCIAL REGULATIONS

The Director of Finance reported that the Committee remit included 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 College had undertaken a review of the Financial Regulations based on current operations and best practice.

The Director of Finance presented an updated set of College Financial Regulations which had been revised on that basis.

Mr Ritchie led the Committee through the proposed amendments and clarified that there was no longer a requirement, under government accounting, to prepare notional accounts for the SFC covering the period 1 April until 31 March.

The Finance and General Purposes Committee considered the revised College Finance Regulations and approved the document to the Board of Management.

FPM351 STRATEGIC RISK REGISTER REVIEW

The Director of Finance reported that, in accordance with the Corporate Governance Code, the College Board of Management was tasked with ensuring a framework of risk management and control was in place.

The Director of Finance provided:

- An update on the actions taken by the College to develop the College Risk Management Strategy.
- The next steps in the development of the College Risk Management Strategy.
- The current College Strategic Risk Register for the consideration of the Finance and General Purposes Committee.

Mr Ritchie explained the Board of Management approved the current version of the risk register at its meeting in June 2020. Since that meeting, the Senior Management Team (SMT) had continued to carry out a review of the College Strategic Risk Register. The mitigating controls had been updated to take account of items such as the ongoing interactions with the SFC, the outcomes of internal / external audit reports and any Scottish Government / Scottish Funding Council (SFC) announcements.

Mr Richie led the Committee through the current version of the College Strategic Risk Register explaining that it was proposed to amend the format of the current Register so that a revised layout captured and presented the content in a user-friendly way. He provided an exemplar of the proposed revised format and summarised the primary changes. The

Committee agreed that the revised format was an improvement in terms of structure, layout and overall accessibility.

Mr Alexander responded to a question by confirming that, in the event of no future SFC capital funding being received, the resultant impact on College estate would continue to be reflected on the Risk Register with associated mitigations.

The Finance and General Purposes Committee:

- **Noted the update on the actions taken to embed risk across the College.**
- **Considered the revised format for the Risk Register report and endorsed this.**
- **Noted and endorsed the next steps in the development of the College Risk Management Strategy.**
- **Reviewed the current Strategic Risk Register and in doing so considered:**
 - ❖ **The risks included in the register;**
 - ❖ **The revised risk rating both pre and post mitigation;**
 - ❖ **Whether any other risks should be considered for removal; and**
 - ❖ **Whether any new risks should be considered for inclusion.**

FPM352 ANNUAL UPDATE REPORT – 2019-20 TAXATION MATTERS, BANKING ARRANGEMENTS AND BAD DEBT WRITE OFF

The Head of Finance and Student Funding presented an update in relation to College banking arrangements and bad debt write off for 2019-20. Mrs Mulholland added that a further update on taxation matters would be presented to the November Committee meeting following the completion of the 2019-20 financial year end audit work.

The Head of Finance and Student Funding led the Committee through a summary of banking arrangements and bad debt. Ms Mulholland reported that the College considered it had complied with the Financial Regulations regarding debt recovery / write off during 2019-20. The outstanding debt position of the College was reported to the Finance and General Purposes Committee on an ongoing basis through the monthly Management Accounts and this would continue during 2020-21.

The Finance and General Purposes Committee noted the:

- **Year-end bank loan position and revision to the Clydesdale Bank loan covenant.**
- **Status of the College banking arrangements.**
- **Year-end debt position and bad debts written off during the year.**

FPM353 EXTERNAL AUDIT PROGRESS UPDATE

The Director of Finance provided a report on the progress made by Mazars in delivering their responsibilities as the College's external auditors. He also highlighted key emerging national issues and developments.

The Director of Finance reported that the Covid-19 pandemic had resulted in significant disruption for public bodies (and their capacity for financial reporting) and to auditors of the public sector. Due to this, the Auditor General for Scotland and the Accounts Commission for Scotland intended to extend the current external audit appointments by one year in the first instance. This was in line with provisions in the current external audit contracts that allowed for extensions of up to two years. The original appointments were for the audit of public bodies for the financial years of 2016/17 to 2020/21 inclusive. The intended extension would be through to the audit of the 2021/22 year. The Auditor General would confirm both the extension and the time period in Autumn 2020.

Mr Ritchie summarised key external audit review stages adding that overall, work was on track in relation to the 2019-20 financial year end review and there were no significant

issues arising. The auditors remained cognisant of the potential impact of the pandemic and would flex the timetable with the College, as appropriate, if required. He outlined audit progress since the issue of the External Audit Strategy Memorandum in May 2020 explaining that the final audit fieldwork was due to begin on 14 September 2020. The external auditors would work in line with Government Covid-19 guidelines in force at the time of the audit fieldwork, and this may mean that onsite working was limited. Where fieldwork was primarily undertaken remotely, the College would facilitate this by setting up secure online portals for sharing information. This ensured easier tracking of information provided and was accessible to all members of the external audit and finance team.

Detailed arrangements would be discussed and made with the finance team in the coming weeks to ensure the audit was as efficient as possible and the auditors would report to the Joint Audit and Finance & General Purposes Committee on 24 November 2020 with the Annual Audit Report and draft opinion on the financial statements. The accounts were due to be approved by the Board of Management on 14 December 2020.

The Finance and General Purposes Committee noted the report.

FPM354 2019-20 ACCOUNTS DIRECTION FOR SCOTLAND'S COLLEGES

The Head of Finance and Student Funding explained that the SFC issued mandatory guidance for the preparation of the annual report and accounts each year. Mrs Mulholland provided an overview of the detailed requirements for the 2019-20 financial year.

The Head of Finance and Student Funding outlined the key points arising from the 2019-20 SFC Accounts Direction and Guidance notes including the Strategic Report (Accountability Report), Performance Report, Adjusted Operating Position, Remuneration and Staff Report, Parliamentary Accountability Report, Corporate Governance and Financial Statements.

The Finance and General Purposes Committee noted the report.

FPM355 SCHEDULE OF BUSINESS 2020-21

The Committee thanked Mr Ritchie and his finance team for the excellent quality of all reports which made often difficult financial content concise and accessible.

The Committee **noted** its schedule of business for 2020-21 as summarised by the Director of Finance.

FPM356 ANY OTHER BUSINESS

- No other business items were raised.
- Date of next meeting:
 - ❖ Tuesday 24 November 2020 at 2pm followed by joint meeting with Audit Committee at 4pm (Location: TBC)

Finance & General Purposes Committee: Actions from the Minutes

Date of Meeting	Min Ref	Matter for Action	Responsible Person	Action Taken	Timescale (where applicable)
19 Nov 2019	FPM291	Business Transformation Plan FPM226.1 on the action tracker to be amended to clarify that updates on the Business Transformation Plan should continue to be given.	D McGowan	Amendment made	Updates will continue to be provided on College engagement with the SFC regarding implementation on the Business Transformation Plan during 2020-21.
	FPM292	Operational Planning Vice Principal to keep the Committee apprised of progress in relation to Pentana	D Alexander		Updates to be provided at 2020-21 Committee meetings.
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 and 2020-21 Budget and Financial Strategy (FPM279)	Ongoing
	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

TITLE: VICE PRINCIPAL UPDATE REPORT

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

- Funds arising from net depreciation
- 2020-21 SFC funding
- College Voluntary Severance scheme
- Ongoing West College Scotland engagement with the SFC
- National bargaining and Job Evaluation
- Implementation of the Pentana System

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 2020-21 West College Scotland (WCS) budget approved by the Finance and General Purposes Committee on 9 July 2020 and subsequently by the Board of Management on 20 July 2020, 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 2020-21:

- repayment of bank loans £509,000
- funding of core College ICT expenditure £486,000
- the cost prior year staff pay increases £644,000

2.0 2020-21 SFC Funding

2.1 The SFC have issued the following circular announcements since the previous Finance and General Purposes Committee meeting which took place on 8 September 2020:

- **SFC/AN/16/2020 - Announcement of additional funding in 2020-21 for counsellors in colleges and universities**

This circular was issued on 22 September 2020. In the 2018 Programme for Government the Scottish Government 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. SFC announced the first year of this funding in November 2019

The funding should enable institutions to put in place counsellors that are dedicated to students and, although these counsellors could be employed by the institution, it is not a requirement of the funding (if alternative arrangements ensure the equivalent additional counselling provision). The funding should cover full-time, part-time and virtual access to counsellors.

The total amount allocated to the college sector was £1,905,000 with the intention that this will fund 42.33 full time equivalent counsellors. West College Scotland received £122,000 (6.4%) of this allocation with the expectation that this will fund 2.71 full time equivalent counsellors – this allocation is in line with 2020-21 budget expectations.

- **Circular SFC/CP/04/2020 – Analysis of the 2018-19 Annual Accounts of Scotland’s colleges and universities**

This circular was issued on 15 October 2020 and presents an aggregate picture of the financial health of Scottish institutions based on a review of their 2018-19 financial statements. *Agenda Item 13* provides a summary on the content and key points arising from this circular.

- **Circular SFC/GD/23/2020 – Programme Guidance on the Flexible Workforce Development Fund (FWDF) for colleges and employers in annual year 2020-21**

This circular was issued on 21 October 2020. In December 2016 the Scottish Government announced the introduction of a Flexible Workforce Development Fund (FWDF) to provide Apprenticeship Levy-paying employers with workforce development training to up-skill and re-skill their existing workforce. The Fund was piloted in 2017-18 and the continued purpose of the FWDF is to provide Levy-payers with flexible workforce development training opportunities to support inclusive economic growth through up-skilling or re-skilling of employees. The FWDF is in addition to apprenticeship support, access to which is available to all employers in Scotland; and Individual Training Accounts (ITAs), which provide eligible individuals with the opportunity to undertake learning opportunities to develop their skills for employment

It is estimated there are 4,365 Levy-payers operating in Scotland across the private, public and third sector, supporting 1,678,750 jobs. It is estimated that approximately 770 levy paying businesses are operating within the West College region, supporting 115,860 jobs – 6.9% of the overall total. In this, the fourth year of the FWDF, Levy-payers will continue to be able to access up to a maximum total of £15,000 in 2020-21. Levy-payers operating on a Scotland-wide basis or across more than one college region may submit only one FWDF application to the college of their choice.

The Scottish Government has allocated £10 million each year for the FWDF since 2017-18. This annual funding was distributed between colleges across Scotland by the SFC. For AY 2020-21, the Scottish Government has increased this allocation for FWDF and is providing £13 million for distribution by SFC, in what will be the fourth year of the scheme. West College Scotland will receive £941,142 as a result of this circular announcement.

- **Circular SFC/CI/10/2020 – Invitation to colleges to relinquish unspent student support funds or request an increase to their student support allocations for annual year 2020-21**

This circular was issued on 4 November 2020. SFC has undertaken work with colleges in the past five years on estimating demand for student support. This publication invites colleges to relinquish unspent student support funds or request an increase to their student support funding allocations for 2020-21 by 23 November 2020. The College is currently reviewing the position and an update will be provided at the Committee meeting.

- 2.2 *Agenda Item 8 (Management Accounts to 31 October 2020)* incorporates funding arising from SFC circular announcements since the previous Finance and General Purposes meeting on 8 September 2020 as required.

3.0 College Voluntary Severance Scheme

- 3.1 The College 2020-21 budget assumed that a minimum of £500,000 in staffing efficiencies will require to be achieved – with part, and possibly all, of this saving requiring to be achieved through voluntary severance (VS). The SFC Financial Forecast Return (FFR) June 2020 guidance stated that Colleges should assume that up to 6 months of any VS costs would be supported by the SFC during 2020-21.
- 3.2 As advised to the Finance and General Purposes Committee meeting of 8 September 2020, continuing discussions since the Board of Management approved the College budget on 20 July 2020 have seen the SFC advise that their stated 6 month financial support for college voluntary severance schemes during 2020-21, as stated within the 9 June 2020 FFR guidance, is only a planning assumption - and that the SFC have no budget cover to support this assumption. The assumption therefore remains that any voluntary severance costs will require to be funded by the College's own cashflow. This remains the position despite acknowledgement within the recently published *SFC Phase 1 Review of Coherent Provision and Sustainability* that a sector Transformation Fund may be required to support colleges and universities over the coming period.
- 3.3 To date the College has incurred £190,000 of voluntary severance costs (representing 5FTE/9 staff) during 2020-21 in order to secure required efficiency savings. These departures being in line with the Board of Management approved voluntary severance scheme.

4.0 Ongoing West College Scotland Engagement with the SFC

- 4.1 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 on 30 May 2018 to confirm that SFC remained committed to working in partnership with the College to support its financial planning and future sustainability.

- 4.2 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 and that the Finance and General Purposes Committee would have oversight of the Plan.
- 4.3 The Finance and General Purposes meeting of 3 September 2019 and the Board of Management meeting of 7 October 2019 subsequently 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 in order to progress the Business Transformation Plan and achieve ongoing financial sustainability and asked to be kept informed of progress.
- 4.4 The SFC committed to a change in the College business model 'in principle' from 2020-21 and the College had been awaited final agreement and confirmation of this during the latter part of 2019-20. SFC Circular SFC/AN/06/2020 - *College outcome agreement funding allocations for Academic Year 2020-21* – issued on 7 April 2020 and confirmed on 8 June 2020 - provided this formal agreement, confirming that there is to be a reduction in core credit activity of 5,000 for West College Scotland in 2020-21 – from 157,855 to 152,855 - when compared with 2019-20.
- 4.5 This change in core credit activity is in line with the expectations of the Business Transformation Plan that West College Scotland previously agreed with the SFC. The SFC has not consequently reduced associated teaching funding with this reduction in credit activity - meaning an increase in £ per credit for West College Scotland which equates to 8.6% - from £255 in 2019-20 to £277 in 2020-21. This reflects discussions SFC has had with the College to recognise our movement towards higher cost activity over the course of previous years. As a condition of this change, the College must reduce its third-party distance learning activity.
- 4.6 The College requires to ensure there is ongoing engagement with the SFC during 2020-21 regarding the revised business that is to be in place under the Business Transformation Plan agreement. A further meeting took place between the College and the SFC on 13 November regarding the 2020-21 College business model and an update on these discussions will be provided at the Finance and General Purposes Committee meeting.

5.0 National Bargaining and Job Evaluation

- 5.1 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 are two of those nominated representatives for 2020-21.
- 5.2 Existing pay agreements with teaching and support staff trade unions remain in place until 31 August 2020. Formal agreement has now been reached with the EIS for a 2% cost of living pay award to cover the period 1 September 2020 to 31 August 2021. The College 2020-21 financial projections therefore take account of this. However, support staff trade unions have not reached agreement on a cost of living pay award to cover the 2020-21 period, and a further meeting to discuss this with support staff trade unions is scheduled for 2 December 2020.

National Support Staff Job Evaluation

- 5.3 For support staff, the process of national job evaluation is progressing. The project progress at each key stage is as follows:
- Stage One – Role Outline Questionnaires
Stage One is the completion, agreement and submission of job role outline questionnaires. This stage was largely complete as at Monday 4 May 2020, with 87% of roles have all documentation returned (questionnaire, job description and signatory sheet). In roles where all the documentation is yet to be submitted, this is primarily due to long term absence, maternity leave and “failures to agree”.
 - Stage Two – Role Analysis
Stage Two is the release of sector nominated Role Analysts to deliver role evaluation for a dedicated period. This commenced on Monday 6 January 2020 and a total of 21 Role Analysts (19 FTE) have been sanctioned for release, all of whom have undergone a period of training. This part of the process is now projected to be complete by April 2021.
 - Stage Three – Implementation
Stage Three is the implementation stage. Running in parallel to the process of role analysis, considerations of the pay and grading implications of job evaluation will be discussed, developed and costed within the Employers' Association and NJNC forum. All pay adjustments will be backdated to 1st September 2018.

- Stage Four – Appeals

Stage Four is the appeal stage. Following implementation of pay and grade outcomes, there will be a right of appeal for employees against the outcomes of job evaluation. This is projected to run for a six-month period from the date of implementation of job evaluation outcomes and it is now estimated that this is likely to run into 2022 with panels consisting of members trained on the National Scheme but not having direct involvement in the previous scoring of the roles. The timescale for completion of this final part of the process will obviously be dependent upon the number of appeals submitted.

- 5.4 The Scottish Funding Council (SFC) has set aside an annual recurrent revenue funding allocation of £12.4 million (equivalent to six percent of the overall sector support staff salary costs) to fund any pay implications arising from September 2018 as a result of the implementation of job evaluation. Indicative allocations for individual colleges outlined at this time relate to calculations which were undertaken during 2019, and which will require revision at the point the project is concluding.
- 5.5 Further updates will be provided to the Finance and General Purposes Committee as this project progresses.

6.0 West College Scotland – Implementation of the Pentana System

- 6.1 As previously reported to the Finance and General Purposes Committee, Pentana is a management software solution being implemented and developed by the College. This system 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, corporate awareness and performance.
- 6.2 The College has entered into a partnership agreement with West Dunbartonshire Council (WDC) for the provision of support in developing the Pentana system. WDC have been using the system for several years and it is now embedded within the performance management culture of the local authority. It is worth noting that the Council were keen to stress at the outset of the agreement that the process of embedding the system will take several years and should be implemented in incremental steps to ensure user buy in.
- 6.3 The College now also has dedicated internal resource in place to support the rollout of the system and undertake training for administrators and users of Pentana. Implementation of the system has therefore been continuing during the covid-19 lockdown and restriction period, with the core focus of system use being to support reporting on and monitoring of College 2020-21 operational plans. The organisation planning framework and associated reporting is being reviewed in alignment with this.

- 6.4 The College Pentana management system is now therefore operational within the College. During the initial period of 2020-21, the College Corporate Plan 2019-2025 priorities and objectives were uploaded to the system along with a structure which links departmental 2020-21 operational targets and activities to these strategic outcomes. This will allow the College to report on the overall progress being made towards achievement of the Corporate Plan during 2020-21 in real time. The first quarterly system updates for 2020-21 were input to the system by 16 November 2020. Towards the latter part of November, the Senior Management Team will consider the output from the first quarter Pentana reports and consider how the reporting and system functionality could be further developed.
- 6.5 The College Strategic Risk Register has also now been uploaded onto the Pentana system. The overall objective is to electronically link the mitigating actions being undertaken against each strategic risk to the activities being undertaken by departments. The reporting of the strategic risks faced by the College will over the course of the latter part of 2020 move away from the Word version of the register to a fully online system with users updating progress on mitigating controls on a regular basis.
- 6.6 The next steps in the development of the Pentana system include:
- Development of WDC support arrangements in relation to wider reporting;
 - Consideration of the operational planning arrangements for 2021-22 including integration of risk mitigating actions;
 - Input of other key assurance documents to the system -for example the College Digital Strategy, Procurement Strategy, People Strategy; and
 - Further development of overall College planning calendar to identify key inputs and outputs required by College staff and stakeholders.

Further updates on the implementation and development of the Pentana system will be provided to the Finance and General Purposes Committee at future meetings.

7.0 Recommendation

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

TITLE: COLLEGE CATERING SERVICE UPDATE

Background: [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]
[REDACTED]

[REDACTED] [REDACTED]
[REDACTED]

[REDACTED] [REDACTED]
[REDACTED]

[REDACTED] [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] [REDACTED]

Status: Restricted

1TITLE: FINANCIAL STATEMENTS TO 31 JULY 2020

Background: The College Financial Statements for the year to 31 July 2020 (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 2019-20 Financial Statements and encompasses:

- A summary of financial reporting requirements;
- An overview of the final year end position,
- A reconciliation of the College April Management Accounts forecast as presented to the Finance and General Purposes Committee, to the audited position as at 31 July 2020; and
- Consideration of balance sheet movements.

The Financial Statements for the year ended 31 July 2020 have been audited by Mazars LLP, and the 2019-20 Annual Audit Report along with the associated Letter of Representation will be considered by the Joint Audit / Finance and General Purposes Committee.

Action: The Finance and General Purposes Committee is requested to review and approve the 2019-20 Performance and Accountability Report and Financial Statements for presentation to the Joint Audit / Finance and General Purposes Committee.

Lead: Alan Ritchie, Director of Finance

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 2019-20 guidance was issued on 17 July 2020 and was considered by both the Audit and the Finance and General Purposes Committees at their September 2020 meetings.

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

- SFC Accounts Direction for Scotland's College 2019-20;
- 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP); and
- the Government Financial Reporting Manual

in preparing the 2019-20 Annual Report and Financial Statements.

1.3 The deadline for the approval of the College Annual Report and Financial Statements for 2019-20 is 31 December 2020, with copies of the statements and reports to be submitted to the Auditor General for Scotland and the SFC by that date.

1.4 The September 2020 paper to the Finance and General Purposes Committee and Audit Committee highlighted 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 the College has complied with the various requirements noted in section 1.2 above in preparing and presenting the attached 2019-20 Financial Statements for approval.

2. Year End Position

Adjusted Operating 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. Table (1) below shows in summary form:

- the forecast position as reported to the Finance and General Purposes Committee in September 2020; and
- the final audited 2019-20 year-end position.

Table (1): Actual adjusted operation deficit compared to September 2020 reported figure

	2019-20 Budget	Forecast September F&GP Committee	Actual	Movement September to Actual	Movement Budget to Actual
	£'000	£'000	£'000	£'000	£'000
Deficit before accounting adjustments	(2,996)	(3,586)	(7,434)	(3,848)	(4,438)
Pension adjustment	0	0	3,455	3,455	3,455
Depreciation net of release of deferred capital grants	3,531	2,638	2,638	0	(893)
Sub Total	535	948	(1,341)	(393)	(1,876)
Loss on disposal of asset	0	25	25	0	25
Revenue funding allocated to loan repayments	(510)	(510)	(510)	0	0
SFC adjusted operating surplus / (deficit)	25	(1,433)	(1,826)	(393)	(1,851)

- 2.2 Included within the adjusted operating deficit of (£1,826,000) is a technical non-cash holiday pay charge of (£393,000). This is attributable to the fact that at the year-end College support staff had accumulated a significant level of annual leave which had not been taken due to the operational impacts of covid-19. The College is required to account for this as if it were liable to pay the staff and this has resulted in the (£393,000) movement noted above. This is a non-cash technical adjustment and SFC requires it to be considered in calculating the adjusted year end operating position. If this amount were not included in calculating the College adjusted operating position the deficit would be (£1,433,000) – in line with the forecast reported to the September Finance and General Purposes Committee.
- 2.3 The Board of Management approved 2019-20 College budget had anticipated an underlying surplus of £25,000. However, as outlined in *Section 2.5, below*, the impact of the Covid-19 lockdown period has resulted in the College posting an adjusted operating deficit for 2019-20.
- 2.4 At the year-end due to support staff not having taken their normal holiday allowance by July 2020 the College has amassed a significant level of untaken holiday. In line with previous years the College is required to account for this as if it were liable to pay the staff and this has resulted in the £393,000 movement noted above. If this could be removed from the adjusted operating position, the College adjusted operating deficit would be £1,433,000 as reported to the September Committee. The College views this as a technical adjustment and one which is likely to have the reverse effect in 2020-21.

Financial Accounting Position as at 31 July 2020

- 2.5 The Board of Management approved budget for 2019-20 would have resulted in a financial deficit of (£2,996,000). The Annual Report and Financial Statements (*Appendix A*) record a financial deficit of (£24,391,000), a movement of (£21,395,00), which is summarised in table (2) below.

Table (2): Movement on College financial deficit position for year ended 31 July 2020

	£'000	Note
Deficit for the year as reported in the Annual Accounts	(24,391)	
To add back:		
Actuarial loss to support staff pension provision	16,957	1
Pension charge as a result of the year end valuation	3,455	1
Technical non-cash movement on holiday pay provision	393	2
Loss on sale of Drumry Road	25	3
Deterioration in operating position due to Covid-19	1,458	4
To deduct:		
Movement following review of economic life of asset	(893)	5
Board of Management approved financial deficit	(2,996)	

Note

- (1) Given the unpredictable nature of the movement in pension valuations and the fact that the College does not control this given it is technical in nature – with the figures being calculated by actuaries - the annual budget does not account for movement in the SPF pension valuation nor the costs to be charged to the College as a result of the year end valuation.
- (2) This movement is a non-cash technical charge to the College and relates to support staff holiday pay which accumulated due to the operational impacts of covid-19 – and which could not have been foreseen at the commencement of 2019-20 and was therefore not budgeted for.
- (3) The amount of the sale of Drumry Road was not agreed until after the 2019-20 budget was set and therefore the budget did not account for either a loss or profit on the sale of this property.

- (4) As previously reported to the Committee, the College has been impacted by the Covid-19 pandemic due to:

	£'000
• Loss of SFC income (ESF and Flexible Workforce Development)	(550)
• Loss of SDS fees and development funding (primarily European funded)	(425)
• Loss of tuition fees	(430)
• Loss of commercial income and training contracts	(280)
• Loss of catering income	(330)
• Access to Government Job Retention Fund	680
• Increased non- staff costs to deal with pandemic	(123)
Movement against budget for 2019-20	(1,458)

- (5) A review of the useful economic life of College revalued assets was undertaken during the year following a recommendation made by the external auditors. This has resulted in an amendment to the annual depreciation charge. While the movement in depreciation charge was not considered material by the auditors it was agreed for accuracy purposes to make this amendment. This review resulted in a reduction in the forecasted net depreciation charge of £0.893m. This movement does not impact the College cash position.

3. Balance Sheet

Fixed Assets

- 3.1 The College did not receive any land and buildings capital funding during 2019-20 therefore there has been no additions to the fixed asset base of the College. The movement in the value of the fixed assets (£4,137,000) relates to the:
- a) disposal of excess property from the College estate with the sale of Drumry Road (Net book value of £162,000); and
 - b) depreciation charge for the year based upon the revaluation of the assets as at 31 July 2020 (£3,975,000).

Cash

3.2 The level of cash held by the College has increased from £5.7m to £6.9m as at 31 July 2020. This is in line with the position reported to the Committee in September.

3.3 The College continues to hold cash of £2.4m which it will require to expend during 2020-21 relating to:

• SFC estates maintenance funding for committed projects	£1.6m
• SFC Flexible Workforce Development Fund (FWDF)	£0.3m
• SFC support for digital poverty	£0.4m
• SFC counselling support	£0.1m
Total	£2.4m

3.4 If the College cash position was adjusted to account for the above amounts, this would result in an underlying College cash balance to fund ongoing operations of £4.5m as at 31 July 2020 – which is the equivalent of approximately 30 days cash.

3.5 The College continues to ensure cashflow is monitored on an ongoing basis in order to identify, mitigate and manage any risk which may emerge.

Creditors

3.6 Creditors due in less than one year have increased by £2.2m from £8.3m to £10.5m due to increases of:

- £0.45m in trade creditors which relates to the timing of the payment of creditors which this year did not take place until after the year end;
- £0.53m to fund the purchase of student digital equipment and student welfare activities;
- £0.30m in accruals to provide for potential refund of ESF funding;
- £0.39m in the holiday provision maintained by the College;
- £0.13m accrued to assist with supporting staff working from home claims; and
- £0.40m in deferred income due to funds not being able to be accounted for as income due to Covid-19.

3.7 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

3.8 The actuaries undertook a year-end review of the pension provision, which has resulted in a decline in the balance sheet position as at 31 July 2020 of (£20.4m) (overall liability at 2020: £43.1m compared to 2019: £22.7m). This movement is primarily due to the market uncertainty arising from the impacts of Covid-19 around the time the valuations were undertaken.

- 3.9 The pension provision continues to account for the impacts of the McCloud judgement. In 2015 the Government introduced reforms to public service 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, gave rise to unlawful discrimination.
- 3.10 On 15 July 2019 the Chief Secretary to the Treasury made a written ministerial statement confirming that, as 'transitional protection' was offered to members of all the main public service pension schemes, the difference in treatment will need to be removed across all those schemes for members with relevant service. The Employment Tribunals will oversee the process of agreeing a remedy for claimants. The government has agreed to an interim declaration with claimants in several cases and the declarations mean that the claimants in those cases are entitled to be treated as members of the appropriate pre-2015 schemes.
- 3.11 However, this is not straightforward as simply returning all relevant members to the pre-2015 schemes would cause detriment for some members. There are many individuals who were in post as at the 31 March 2012 that are expected to be better off in the post-2015 scheme. Changes to legislation will be necessary to deliver the commitment to remove the discrimination from all public service pension schemes whilst ensuring that members can instead keep the benefits that they have earned to date.
- 3.12 The pension provision now also includes a measure of the impact of the Guaranteed Minimum Pension allowance made and this has been agreed with the external auditors.
- 3.13 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.
- 3.14 It should also be noted that the Strathclyde Pension fund is currently being revalued as at 31 March 2020. The results of this valuation will impact the employer contribution rates (currently 19.3%) payable as from 1 April 2021 to 31 March 2024.

Income and Expenditure Reserve

- 3.15 In line with the Scottish Government requirement that the College should not seek to accumulate reserves and must expend all resource allocated to it, the position for 2019-20 was as follows:

	2019-20 £'000	2018-19 £'000
Income and expenditure reserve b/fwd	14,763	15,226
Deficit from income and expenditure account	(7,434)	(5,090)
Transfer from revaluation reserve	2,814	2,663
Release of unrestricted funds spend in year	3,455	2,834
Balance as at 31 July	13,598	14,763

- 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 2019-20 financial year is in line with previous forecasts provided to the Finance and General Purposes Committee.
- 4.2 The Finance and General Purposes Committee is requested to review and approve the 2019-20 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 2020

Charity Number SC021185



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Professional Advisors

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Student and SFC Credit Funding Auditor:

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Internal Auditor:
(From 1 August 2020)

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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 2019-20 Annual Report to highlight the achievements of the College during these challenging times. At the start of this academic year I don't believe anyone could have predicted quite how challenging the year was to become. As a result of the coronavirus pandemic, in line with the rest of the college sector in Scotland, West College Scotland closed all our campuses in March 2020. We did not, however, close the College and continued to deliver learning and teaching virtually to our students. I would like to take this opportunity to pay tribute to all our staff for the way they embraced the enforced change to our operations and continued to deliver a high-quality experience for our students. I'd also like to thank our students for continuing with their studies in what for many of them were particularly challenging circumstances.

Over the course of 2019-20 we continued to build on the strong foundations laid in the years since merger, with an emphasis on teamwork, a focus on improvement and innovation and a clear purpose to make a difference. This underpinning approach was absolutely in evidence as our whole College community responded to the change in our operations from March 2020.

In difficult circumstances the accomplishments of our students are witness to the inspiring education delivered across all curriculum areas and 2019-20 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, expertise and 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 delivery taking place in more than 20 vocational centres across the globe, including in the Far East. Within the Region, the College continues to play 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. Throughout the past year, including during the lockdown, the College has continued to support our local business community with workforce planning, and work with them to address the critical skills needed to operate in a new environment. In return, those same businesses continue to help shape and deliver our curriculum; mentor our students; provide work placements and support live projects.

During 2019-20 the College continued to 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 ongoing engagement with and support from the Scottish Funding Council (SFC) in delivering the College Business Transformation Plan meant that - until the disruption to our business caused by the coronavirus pandemic - the College was on track to achieve an underlying financial breakeven position for 2019-20.

As we adapt to continued remote learning with limited on campus activity, at least for the foreseeable future, there is no doubt we, along with colleges across the sector, will face further challenges over the next academic year. However, as our College community has already demonstrated, we are an organisation that is creative, resilient, agile and adaptable, and I am confident we will continue to deliver an excellent experience and continue to meet 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 2020 highlights included the following:

- In August 2019, Deputy First Minister, John Swinney, visited the College campus in Greenock to congratulate a group of Inverclyde Academy pupils for winning the Scottish heat of the Greenpower Challenge and to wish them good luck as they set off to compete for Scotland at a world competition in Silverstone. The Cabinet Secretary for Education commended Inver Racers, DYW West and the College for this exceptional work.
- The College officially opened the 'Green Fingers Garden' at our Paisley campus in September 2019. After receiving funding from the Grow Wild Project based at the Royal Botanical Gardens, the College Learner Development students developed the area on a brownfield site of a demolished building.
- To recognise the bicentennial of the death of James Watt, the Greenock-born engineer whose invention of the steam engine drove the Industrial Revolution, the College established the James Watt Prize for an Inverclyde-based student who has excelled in Science, Technology, Engineering or Maths (STEM). The College awarded the prize to James Bradley who excelled in his College studies – in addition to volunteering as a STEM Ambassador for primary school children.
- The College was delighted to host Creative Exposure, a showcase of some of the region's leading professionals in hair, beauty and make-up, for the second year. The event, which was held at Glasgow's SWG3, hosted twenty prominent artists and stylists who took to the stage to highlight their talent and deliver a range of masterclasses.
- In October 2019, the College was proud to host the 2019 Annual Major Series of the UK's Premier Young Chefs Competition at our Paisley campus. Competitors, drawn from colleges across the country, competed using our ultramodern facilities.
- The College established a new partnership with West Dunbartonshire Community Learning and Development to address the local authority's lowest educational attainment rates in the country. This collaboration has been highlighted nationally as an example of good practice.
- As we opened applications for our courses for the 2020-21 academic year, the College hosted Choose Your Career Open Days to engage with prospective students of all ages in Clydebank, Greenock and Paisley.
- In March 2020, we welcomed Dr Waiyin Hatton, the new Chair of the Board of Management, to the College following her appointment by the Minister for Further Education, Higher Education and Science.
- The College, in partnership with Renfrewshire Council, secured significant funding from the Advancing Manufacturing Challenge Fund this year to establish a new project - 'The Critical Engineer' - that will unlock the benefits of Manufacturing 4.0 for small-and-medium enterprises across our region.

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 it faces.

Purpose and Activities

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

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

The core purpose of the College is the provision of further and higher education in the Renfrewshire, Inverclyde and West Dunbartonshire regions. West College Scotland delivers education programmes on a full-time and part-time basis to over 24,000 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 a Regional Outcome Agreement with the Scottish Funding Council. In 2019-20, 85% (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 College Board of Management has an established Strategic Risk Register, which considers matters impacting upon the College's ability to deliver its strategic objectives. Risks and mitigating factors are kept under review by the Senior Management and reported to the Board of Management through the Board Committee structure. Risks are categorised alongside the Strategic Priority they relate to. Oversight of the College Strategic Risk Management Framework is undertaken by the Board of Management Audit Committee.

As of October 2020, the top five risks facing the College have been identified as:

1) **Business Continuity / Cyber Resilience Planning**

Inadequate business continuity/cyber resilience planning, which could lead to material interruptions to service delivery primarily resulting from Coronavirus epidemic.

2) SFC Funding and Funding Methodology

An inability to clearly forecast the volatility and impact of Scottish Funding Council 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, which could potentially lead to financial sustainability challenges.

3) Estate Strategy

A failure to deliver College Estate Strategy 2016-2026 objectives - due to a delay in the outline business cases for development of estate - could have a resultant negative impact on the ability of the College to recruit students, retain staff and address legislative requirements.

4) Estates maintenance/ capital funding

A failure to secure adequate estates maintenance/capital funding for future investment or refurbishment of IT and physical infrastructure, which will result in an increased maintenance backlog and poorer overall accommodation.

5) BREXIT

A 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.

Withdrawal of the United Kingdom from the European Union (BREXIT)

The College has considered the implications of Brexit for its business activities and has taken several measures to mitigate these. These include:

- The creation of a checklist based on guidance from the SFC, to identify potential areas of impact. This has been considered by the Board of Management and Senior Management Team and further actions have been assigned to managers.
- Financial modelling which includes the loss of European-funded activity, as advised by SFC, and actions to mitigate the impact of this.
- Continuous liaison with SFC to consider emerging issues or actions.
- Publishing information for both staff and students who may be affected by Brexit.
- Reviewing supply chains to take cognisance of best practice identified by Advanced Procurement for Universities and Colleges (APUC) regarding framework agreements.

Going Concern

The College Balance Sheet at 31 July 2020 shows Net Current Liabilities of (£1.4m) and Total Net Assets of £25.4m. The SFC has advised the College of expected funding levels for the period to 2022-23 and the Board of Management has considered a three-year financial model on this basis. The financial model sees the College operate to a breakeven adjusted operating position over that period.

The College has in place two term loan facilities. Under the terms of the loan agreements the College must meet certain financial covenants. These were met during 2019-20 and are forecast to be met in the 12-month period from the date of these Financial Statements.

Accordingly, the Board of Management considers that the College is a going concern and these financial statements have been prepared on that basis.

Performance Summary

The College has generated 164,597 SFC credits compared to a target of 164,119 credits (157,855 core credits plus 6,264 European Structural Funds Priority 5: Strategic Skills Pipeline credits).

The College delivered an adjusted operating deficit as defined by SFC of (£1,826,000) (2018-19: surplus of £26,000) as shown in the table on page 15. The 2019-20 financial deficit was (£7,435,000) (2018-19: deficit of (£5,960,000)) after inclusion of year-end pension valuation adjustments of £3,500,000 (2018-19: £2,800,000). The 2019-20 financial position was impacted significantly by the lockdown of on-site College operations from 20 March 2020 due to Covid-19.

PERFORMANCE ANALYSIS

Operational Review

The College continued to invest in resources appropriate to the size and complexity of its business and managed key risks whilst committing to the required 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 to 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.

In line with the rest of the educational and wider community the operations of the College were and continue to be impacted by the worldwide Covid-19 pandemic. Prior to the lock down period being initiated in March 2020, the College was forecasting a small adjusted operating surplus for the year, which it viewed as effectively a break-even position. During the lock down period the College transferred learning and teaching activities to on-line delivery, thereby maintaining a degree of continuity for our students. The College has worked with the Student Association to address the many challenges that students faced during this period, including the provision of additional digital equipment to facilitate on-line learning.

One of the major impacts of the pandemic was a significant reduction in the income the College had expected to receive from commercial activities. Whilst the College continued to receive support from other public bodies this loss of non-SFC income had a material impact on the financial position of the College. The pandemic is continuing to impact upon College operations during the 2020-21 academic session with only limited essential activity able to take place on campus.

Like many public sector organisations, colleges face a future that is probably more uncertain than in previous years. The future educational policy context has the potential to substantially impact the role of colleges. The outcomes of the Scottish Funding Council's '*Coherent Provision and Sustainability*' strategic review of the college and university sectors has the potential to shape the future direction and funding model of colleges. The first phase of this review was published on 20 October 2020 and the second phase will now be undertaken as we move into the 2021 calendar year.

The impacts arising from College sector support staff job evaluation also require to be considered in developing the College's workforce plan and approach to curriculum delivery. The College has therefore faced, and continues to face, several challenges, and the immediate priority is to work closely with key stakeholders and the Scottish Funding Council to meet and address these and deliver a financially stable and sustainable College.

The scale of the financial challenge in 2020-21 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 are likely to 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) Flexible use of property assets.
- 5) Exploration of service delivery options.

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 and will continue to engage with the SFC to secure such funding:

- 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 to ensure the College continues to evolve and meet regional community and employer needs.

Review of Financial Performance

The Board of Management uses the adjusted operating position as a key indicator of financial health, in accordance with SFC and Audit Scotland guidance. The adjusted operating position, as defined by SFC, is intended to reflect the underlying operating performance after allowing for material one-off items or other items out with the control of the College. It is therefore designed to smooth any volatility in reported results arising from FRS 102 and to recognise that some of the reported costs do not have an immediate cash impact on the College.

The Board of Management approved the 2019-20 budget with an adjusted operating surplus of £25,000, which is effectively a break-even position. The Covid-19 pandemic required the closure of all on-site operations on 20 March 2020 at which point the College had been forecasting an adjusted operating surplus of £35,000 to 31 July 2020. The College was required to reassess the financial forecast position post 20 March 2020 given the significant operational and financial impacts arising from Covid-19. The College is reporting an adjusted operating deficit of (£1,826,000) for 2019-20 (2018-19: surplus of £26,000) compared to an adjusted operating budgeted surplus of £25,000, an overall negative movement of £1,851,000 - which the College considers to be a direct result of the Covid-19 pandemic.

As at 31 July 2020, had the break-even adjusted operating position forecast prior to covid-19 been achieved, it would have resulted in a financial accounting deficit of (£2,996,000) after adjusting for depreciation and loan repayments. The 2019-20 financial deficit was (£7,435,000) (2018-19: deficit of (£5,960,000)) after inclusion of year-end pension valuation adjustments of £3,500,000 (2018-19: £2,800,000).

The College has a three-year financial model 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.

2019-20 Income and Expenditure

The overall position of the College for 2019-20 can be summarised as follows, and is further explained in the commentary below the tables:

	2019-20	2018-19	Movement	
	£m	£m	£m	%
Income	57.8	59.0	(1.2)	(2)
Expenditure	65.2	65.0	0.2	0
Deficit for the year	(7.4)	(6.0)	(1.4)	(23)
Actuarial loss in respect of pension scheme	(17.0)	(7.1)	(9.9)	(139)
Total comprehensive expenditure for the year	(24.4)	(13.1)	(11.3)	(86)

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

	2019-20	2018-19	Movement	
	£m	£m	£m	%
FE Tuition Fees / Commercial income	2.4	2.7	(0.3)	(11)
HE Tuition Fees	2.7	3.1	(0.4)	(13)
SDS Contracts	0.5	0.8	(0.3)	(38)
Tuition fees and Education Contracts	5.6	6.6	(1.0)	(15)
<i>Teaching and fee waiver grant (Core)</i>	<i>39.1</i>	<i>39.1</i>	<i>0.0</i>	<i>0</i>
<i>Teaching and fee waiver grant (ESF)</i>	<i>1.4</i>	<i>1.5</i>	<i>(0.1)</i>	<i>(7)</i>
<i>Estate maintenance funding</i>	<i>3.0</i>	<i>2.8</i>	<i>0.2</i>	<i>7</i>
<i>Childcare funding</i>	<i>1.7</i>	<i>2.2</i>	<i>(0.5)</i>	<i>(23)</i>
<i>Scottish teacher pension (STSS) funding</i>	<i>1.0</i>	<i>0.0</i>	<i>1.0</i>	<i>100</i>
<i>Flexible Workforce Development Funding</i>	<i>0.4</i>	<i>0.7</i>	<i>(0.3)</i>	<i>(43)</i>
<i>Support staff job evaluation funding</i>	<i>0.9</i>	<i>0.9</i>	<i>0.0</i>	<i>0</i>
<i>Restructuring funding</i>	<i>0.0</i>	<i>1.0</i>	<i>(1.0)</i>	<i>(100)</i>
<i>Other SFC income</i>	<i>0.2</i>	<i>0.1</i>	<i>0.1</i>	<i>100</i>
<i>Release of deferred capital grant</i>	<i>1.2</i>	<i>1.2</i>	<i>0.0</i>	<i>0</i>
Scottish Funding Council income	49.0	49.5	(0.5)	(3)
<i>Other grant / operating income</i>	<i>2.5</i>	<i>2.9</i>	<i>(0.4)</i>	<i>(14)</i>
<i>Other Government Grants</i>	<i>0.7</i>	<i>0.0</i>	<i>0.7</i>	<i>100</i>
Other income	3.2	2.9	0.3	10
Total Income	57.8	59.0	(1.2)	(2)

Income has decreased by £1.2m (2%) to £57.8m from £59.0m (2018-19) due to:

- Tuition Fee and Education Contract income reduced by £1.0m reflecting:
 - The reduction in commercial income fees £0.3m due to the cessation of courses as a result of Covid-19;
 - A reduction in the number of students recruited onto HE courses with the resultant loss of funding £0.4m; and
 - A loss of Skills Development Scotland contract work of £0.3m as a result of Covid-19 as students were unable to complete their learning in the year.

- Scottish Funding Council income has decreased by £0.5m due to:
 - Requirement to provide for potential loss of prior year 2015-16 ESF income (£0.1m);
 - Childcare and estate maintenance movements in funding (£0.3m) are matched to comparable movements in expenditure. SFC Estates maintenance funding was fully utilised by the College in order to meet the 2016-2026 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 the impact of the nationwide closure of college facilities leading to a reduced level of demand for childcare provision.
 - The Scottish Teachers Superannuation Scheme (STSS) employers' contributions rose from 17.2% to 23% for the period from 1 September 2019 to 31 March 2023. The SFC has provided additional funding of £1.0m towards the additional cost incurred by the College regarding this increased pension contribution.
 - The impact of Covid-19 has resulted in companies not being able to undertake anticipated Flexible Workforce Development training before the end of the year. This has resulted in a reduction of £0.3m in the amount of funding the College was able to draw down from the SFC.
 - The SFC have provided funding towards supporting the outcome of the ongoing support staff job evaluation exercise. This funding has been provided based upon earlier work undertaken by Colleges Scotland to forecast the cost of the overall exercise. The level of expenditure is comparable to the previous year as it is expected that the settlement of the job evaluation exercise will have a recurring annual cost. The SFC have indicated that the funding will not be paid until the exercise is complete and validated and hence the College has a comparable debt owed from the SFC held within its balance sheet.
 - The College had undertaken a substantial voluntary severance programme during 2018-19 as an integral part of the College Business Transformation Plan. The SFC income to support this initiative was matched by staff costs incurred during 2018-19. Although the College continues to operate a voluntary severance scheme in 2019-20, this is no longer supported by the SFC and the College requires to fund any payments from its own resources. This has resulted in a drop in income of £1.0m from 2018-19.

- Other grant / operating income has reduced by £0.3m due to:
 - The closure of the College catering activities as from March 2020, which resulted in a loss of revenue of £0.3m; and
 - A decrease in the level of development grants, primarily European funded, of £0.1m.Both reductions were as a direct result of the closure of on-site College operations due to the Covid-19 pandemic.

- Other government grants have increased by £0.7m as the College accessed the UK Government Job Retention Scheme as a direct result of placing approximately 150 staff on furlough in the period March to July 2020.

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

	2019-20	2018-19	Movement	
	£m	£m	£m	%
Salaries	32.6	31.7	0.9	3
Social security costs	3.3	3.3	0.0	0
Pension costs	6.9	5.8	1.1	19
Sub-total salaries and on costs	42.8	40.8	2.0	5
Support staff job evaluation	0.9	0.8	0.1	13
FRS102 pension movement	3.0	2.4	0.6	25
Holiday pay provision movement	0.4	0.0	0.4	100
Restructuring costs	0.0	1.0	(1.0)	(100)
Total staff costs	47.1	45.0	2.1	5
Other operating expenses	13.4	14.4	(1.0)	(7)
Depreciation	4.0	5.0	(1.0)	(20)
Interest and other finance costs	0.6	0.6	0.0	0
Total non-staff costs	18.0	20.0	(2.0)	(10)
Total expenditure	65.2	65.0	0.2	0

As outlined in the above table, total staff costs increased by £2.1m (5%) to £47.1 in the year. Contributing factors to the movement in total staff costs include:

- A cost of living pay increase for all staff;
- An increase in the Scottish Teachers Superannuation Scheme employers' contributions, from 17.2% to 23.0% for the period from 1 September 2019 to 31 March 2023. The increased contribution costs have been met by additional funding received from the SFC as noted under SFC income above;
- A slight increase in the FRS102 pension costs as a result of the year end valuation undertaken by the College actuaries;
- An increase in holiday pay provision for which the College is required to account. This is an impact arising directly from the Covid-19 lockdown period, with the level of unused support staff holiday increasing as of 31 July 2020 - resulting in the requirement for this increased provision to be recognised; and
- As noted within the SFC income section, the College received support from the SFC towards the cost of the 2018-19 voluntary severance programme.

Other operating expenses decreased by £1.0m, which represents a 7% movement, and this has largely arisen due to:

- A reduction in consumable costs (£0.4m) expended by the College as a result of the nationwide lockdown and the resultant transfer of teaching to online;
- Closure of onsite catering operations, which resulted in a reduction in income and therefore associated food costs also reduced by £0.1m;
- SFC Childcare and estate maintenance costs reducing by £0.3m, primarily as a result of the closure of College facilities from March 2020, resulting in lower level of payments made to childcare providers;
- A reduction in general consumables expenditure of £0.1m; and
- During 2018-19 the College had written off the value of the Inchinnan and Barshaw buildings. The write offs had incurred a charge in 2018-19 which was not repeated in 2019-20 with a reduction in the charge on disposal of £0.1m.

Depreciation has reduced by £1.0m from 2018-19 as a result of work undertaken to review the useful economic life of the assets held by the College. This was in line with a recommendation made by the College external auditors following the conclusion of the 2018-19 audit.

Interest and other finance costs comprise of cash payments relating to interest on loans of £0.1m (2018-19: £0.2m) and non-cash interest charges relating to the support staff pension scheme of £0.5m (2018-19: £0.4m), which is a technical accounting adjustment.

Adjusted Operating Position

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

	Note	2019-20	2018-19
		£'000	£'000
Deficit for the year		(7,434)	(5,960)
Add:			
Depreciation net of deferred capital grant releases		2,638	3,518
Non-cash pension adjustment – salary costs	1	2,950	2,444
Non-cash pension adjustment – interest costs	1	505	390
Loss on disposal of assets	2	25	129
Deduct:			
Revenue funding allocated to loan repayments	3	(510)	(495)
Adjusted operating (deficit) / surplus		(1,826)	26

Note: Included within the deficit for the year is a non-cash holiday pay charge of £393,000, which if added back would have resulted in an adjusted operating deficit of (£1,433,000). Under the SFC guidance this charge is considered as a non-adjusting item.

(1) Non-cash Pension Adjustments

These costs are non-cash items and are a requirement of Financial Reporting Standard 102. 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 the total Interest Payable by the College. These costs are non-cash related and as the College cannot control their impact, they have been adjusted for in arriving at the overall adjusted operating position.

(2) Loss on Disposal of Assets

During the year the College disposed of a property at Drumry Road, Clydebank resulting in the noted loss on disposal (see Note 12 for further information).

(3) 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.

(4) Non-cash Holiday Pay Provision

The College is required to account for the cost of holiday pay accrued by support staff at the end of each year. In normal circumstances the movement on the provision is immaterial and accounted for as part of the College operations. However, due to the Covid-19 lockdown College staff had amassed a significantly increased level of accrued holiday owed to them at the end of July 2020. The increase in the required provision in 2019-20 was £393,000 which has materially distorted the adjusted operating position. The movement is a non-cash adjustment however the SFC guidance does not allow for this movement to be recorded as an adjusting item.

Cash Budget for Priorities

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

	2019-20	2018-19
	£m	£m
Revenue		
Contribution towards 2015-16 cost of living award	0.6	0.6
ICT maintenance costs	0.5	0.5
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 2020 (2018-19: 19 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 £25.4m as of 31 July 2020 (2019: £49.8m). The decrease in total net assets of £24.4m is attributable to the increase in the local government pension provision of £20.4m and the annual depreciation charge on fixed assets of £4.0m.

The working capital position (difference between debtors and creditors) of the College has been impacted by Covid-19. The net current asset / liability of the College has moved from a net asset balance of £0.1m as of 31 July 2019 to a net liability of (£1.4m), primarily as a result of the change in the adjusted operating position. As noted above, the College is reporting an adjusted operating deficit of (£1.4m) for 2019-20 which has directly impacted the overall working capital position.

Cash at bank as at 31 July 2020 totaled £7.0m, compared to £5.7m as at 31 July 2019, with this being due to the retention of estate project funding, digital infrastructure funding to address digital poverty and expenditure on deferred students, all of which will be expended in 2020-21.

The year-end cash position includes amounts either received in advance of expenditure being incurred or amounts potentially due to be repaid including:

- SFC estate maintenance funding for committed projects - £1.6m
- SFC Flexible Workforce Development funding - £0.3m
- Digital poverty support - £0.4m
- SFC other funds - £0.1m

If these amounts were to be reclaimed, the underlying College cash balance at 31 July 2020 would be £4.6m which is equivalent to 28 days of cash. The College continues to consider that 30 days cash is required as a minimum threshold for working capital reserves which is equivalent to £4.9m at any point in the year. However, this threshold will prove challenging in the years ahead due to the operational changes required to address Covid-19 and the wider public sector financial challenges. 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.

Financial Strategy

Colleges are required to plan and manage their activities to remain sustainable and financially viable. It is for each college to determine and respond to the economic needs of their region; ensuring resources are allocated to areas which meet the needs of learners and the economy. It is therefore essential that a robust organisational financial strategy and associated financial objectives are in place to enable this to be achieved. The College has developed a three-year financial forecasting model which has the fundamental goal of ensuring financial sustainability and a consistent underlying break-even position.

This financial modelling 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 impact of Covid-19 - not only on College operations but on wider society in general - is expected to result in further challenges in maintaining levels of funding in future years. Robust financial planning mechanisms have been developed for the next three-year period which are intended to enable West College Scotland to achieve planned outcomes, however even with this the operating environment is likely to prove challenging. As detailed within the Estate Strategy section below, 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. Without this investment the ability of the College to attract and retain students during these difficult times will only be made more challenging.

The current uncertainty in funding and the challenging financial environment will be closely monitored in the coming months and years. The sector continues to face difficult economic conditions.

Student Activity Performance Highlights

Delivery of widening access and progression targets

	2019-20	2018-19	2017-18
	%	%	%
(a) Gender Action Plan			
Male learners	44	42	42
Female learners	56	58	58
(b) Equality Report			
Students reporting having a declared disability	25	22	20
(c) Access and inclusion Strategy			
% of total delivery to the most deprived postcodes (SIMD10)	25	25	25
(d) School College Partnership			
Level of senior phase activity	5.0	4.2	4.1

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. The College has worked collaboratively to introduce Foundation Apprenticeship opportunities to school pupils across the region.

Other partnership work with schools has extended as the College continually revises and improves the curriculum being offered to stakeholders. The College has increased the number of taster programmes and introduced new areas of interest such as cyber security and games development. In 2019-20 the College have maintained activity levels and facilitated working with approximately 42 schools delivering 30 courses (SCQF L4-8) across the three campuses and in session with 1,282 pupils were enrolled.

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. In 2019-20 the College started working directly with Action for Children implementing the STAY project, supporting students from a care-experienced background to succeed in college, whether that is through practical or emotional help.

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

SFC/Education Scotland Quality Arrangements - The College 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 evaluated our performance against four key areas of the student experience (1) recruitment (2) retention (3) attainment and (4) progression. The progress visit by Education Scotland in January 2020 reported good progress with our Evaluation Report and Enhancement Plan objectives. All work on the EREP was paused, at the request of SFC, in March 2020.

Student attainment

	Actual 2016-17	Actual 2017-18	Actual 2018-19	Target 2019-20	Actual 2019-20	Sector target 2020-21
FE Full-time	69%	69%	68%	70%	66%	73%
HE Full-time	69%	69%	65%	72%	67%	74%
FE Part-time	68%	72%	76%	72%	73%	
HE Part-time	77%	80%	80%	78%	78%	

Improving attainment remains a key priority for the College and we have improved our HE full time student success outcomes by 2% on the previous session. Despite this we have not matched the success outcomes of earlier years (69%). The need for improvements in our HE full time success rates are focussed on those curriculum areas where rates are low, and which proportionately contribute to the fall in overall success. Our FE FT student success rates are disappointing, falling by 2% in session 2019-20. Our analysis highlights some impact of the Covid-19 period of uncertainty with FE students less able to progress their studies online, and in some cases, especially in the immediate aftermath of lockdown, having issues with access to Wi-Fi or insufficient IT resources to participate. Our high levels of deprivation may have contributed to this, as students dealt with more pressing personal needs.

Our part time success rates for FE level students has exceeded target by 1%, although has fallen by 3% against last sessions success outcome rate. At HE our part time provision met target while falling against last sessions success rate by 2%.

The College still has vocational students undertaking 2019-20 courses who were deferred from last session because of the Covid-19 pandemic. Success Performance Indicators (PIs) will be reviewed again once we have taken account of all of those who have returned and still have assessment outstanding.

Early withdrawal

	Actual 2016-17	Actual 2017-18	Actual 2018-19	Target 2019-20	Actual 2019-20
FE Full-time	8.7%	7.6%	8.3%	7.5%	9.6%
HE Full-time	4.8%	6.3%	7.1%	4.0%	7.0%

College early withdrawal rates were disappointing in 2019-20. Our HE FT rate was in line with that in 2018-19 at 7% and fell short of our ambitious target for overall early withdrawal to be 4% for this category. Rates of early withdrawal were high in some curriculum areas which are targeted for additional review scrutiny via an Intervention and Improvement Plan. Our FE withdrawal rate was 1.3% higher than the previous session, at 9.6%, and above our target of 7.5%. Curriculum areas with higher than target rates are actioning improvement through a series of annual portfolio review meetings.

ICT Strategy and Digital Ambitions

A key focus for the College continues to be the implementation and realisation of 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.

The College continues to implement its Information Technology Strategy 2016-2020 with an annual update provided to the Board of Management on the progress towards achieving the following strategic objectives:

- 1) **Infrastructure (Hardware and Software)** – To develop, maintain and support an integrated IT infrastructure providing users with available, robust and secure access and services, establishing effective and efficient IT administration support practice.
- 2) **Projects and Enhancements** – To deliver the approved and prioritised IT infrastructure sustainability and enhancement programs.
- 3) **Structure and Service Delivery** – To maintain and develop a flexible operating IT structure that delivers a high quality and responsive service.
- 4) **Planning and Risk** - To establish and maintain asset information, develop the planning processes and maintain audit activities to deliver a sustainability model for the required IT estate.
- 5) **Policy and Process** – To maintain IT documentation and guidance resources to ensure user understanding and behaviours secure the data assets and information held by the College and protect the College from loss or litigation
- 6) **Collaboration and Partnership** -To develop and maintain sector contacts and promote the College profile to ensure WCS is positioned to lead on, or make best use of, identified collaboration and partnership opportunities

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 six key aims with the objective of ensuring that the College has the digital capacity and capabilities to deliver achieve the following:

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 Region.

Since October 2019, a Digital Strategy Core Group has been established to drive forward the above six key aims and provide regular reports to Senior Management Team and the Board of Management on the progress made under eight digital workstreams.

During July 2020 the College made a significant investment in procuring almost 1,800 Chromebook computers for use by returning students to the College. In addition, the College has looked to repurpose laptops which were previously held for use in the classrooms for use at home by students. These two initiatives will see almost 3,000 IT devices be made available for student use out of College. In August 2020 the Scottish Funding Council announced that additional funding was being made available to the College to support digital provision for learners. The College has established a process for prioritising those students who require access to a laptop, Chromebook or other form of IT support, and in September 2020 began the distribution of laptops, on a loan basis, to students for the duration of their studies.

To support these investments the College has created an enhanced Student IT Helpdesk with paid work placements for our HNC Computing students across all our campuses. These Helpdesks will support distribution of the digital device for students and the maintenance and support of these devices along with support for the student's own devices.

Delivery of these projects and the overarching IT and Digital strategies will require ongoing levels of significant investment during 2020-21 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 further 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 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 2019 condition survey of the College estate, and recognised by the Scottish Funding Council college sector national condition survey of December 2017, include:

- Challenges continue to exist in relation to fitness for purpose of our estate, 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 £42.4m over the next 5 years to bring our existing operational buildings up to a suitable condition and required standard.
- Over the next 20-year period a total of £152.5m will be required to maintain the current College estate in a suitable condition and to the required standard to undertake learning and teaching.
- Significant investment is required in Greenock as a high priority, with expenditure of £21.4m being necessary over a 5-year period in order to ensure our buildings are in the condition expected of a modern teaching and working environment. It is estimated that replacing our existing Greenock facilities could require investment of 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 £16.6m being identified as necessary simply to maintain existing buildings in an acceptable condition over the next 5-year period. 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.
- The Clydebank campus, which is now 13 years old, has a need for investment of £4.5m over the next 5-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. The Asset and Infrastructure Committee retain ongoing oversight of the Estate Strategy implementation and the Board of Management receives an annual update on the implementation of the Strategy. Given the potential implications of Covid-19 on the future estate needs of the College, the Board of Management has undertaken to review the Estate Strategy during the first half of 2020-21, with the aim being to update the Strategy by the end of 2020-21.

Employer Engagement

The College is committed to employer engagement and workforce development. To support this the College has hosted several sector specific employer engagement events across the region to both sustain and create new links with businesses and employer organisations. The College has strong strategic partnerships with the Inverclyde, Renfrewshire, East Renfrewshire and Dunbartonshire Chambers of Commerce. It supports, sponsors and attends Business 2 Business events and hosts a significant number of Chamber and stakeholder events within the College itself.

Three planned themed events within 2019-20 were designed to attract new stakeholders, companies and learners into the College whilst identifying to the wider community the College areas of strength and to generate leads to support income targets:

- Wellbeing event – ‘WCS We Do Care’ (October 2019) - comprised an audience of care workers and others interested in working in the care sector. Speakers included Workforce Policy lead, Directors of Care Services and Alumni from the College Care sector.
- Leadership and Management event – ‘Industry & Management 4.0’ (Business Breakfast – February 2020) - targeted employers and learners from a wider range of sectors with a focus on the management and leadership transformation required by manufacturing and engineering Small and Medium Sized Enterprises (SMEs). The business breakfast provided an opportunity for the College to highlight its CMI and ILM portfolio in the context of Management 4.0 to support specific organisational challenges whilst generating leads to support commercial and Flexible Workforce Development Fund targets.
- Trades event – ‘Safe Working with Electric Vehicles Events’ – was due to take place in the Spring 2020 but has had to be rescheduled to later in the year due to Covid-19 restrictions.

West College Scotland continued, during the third year of the Flexible Workforce Development Fund, to provide tangible impacts to employers through the delivery of flexible training packages. Building upon strategic relationships and with the onboarding of new companies, the Business Development Team are working with over 50 large employers (4 public sector, 46 private sector and 3 third sector employers). Beyond the training element, strategic partnerships are developing between the College and these organisations leading to additional training, product development and work placement opportunities for College students.

At the end of December 2019, the College was the sole recipient in the Scottish FE sector to be awarded funding from the Scottish Funding Council’s strategic College Innovation Fund for its ‘*Imagining the Critical Engineer*’ project. The project aims to engage 100 companies and over 200 employees with a manufacturing and engineering focus in the West, East and North regions. West College Scotland, as project lead, will work with SMEs, partner colleges, Chambers of Commerce, Skills and Enterprise agencies and technology partners to engage, inspire and amplify the productivity potential of Industry 4.0. Hackathon events, to exploring the challenges of delivering the project and to create new and innovative solutions, were unfortunately delayed due to Covid-19 but will now take place online. These events will support primary research and strategic engagements across the country, enabling the College to garner in-depth insight into the skills that STEM employers require to capitalise upon developing national assets, such as National for Manufacturing Institute for Scotland (NMIS).

Our Modern Apprenticeship (MA) offer continues to develop based on employer and economic demand and in 2019-20 the College successfully secured a Skills Development Scotland contract to continue this activity and worked with 135 regional employers to support 305 MAs across eight different Modern Apprenticeship Occupational Frameworks.

The College was also successful in a competitive bidding process to be awarded £750,000 through the Advanced Manufacturing Challenge Fund. The project started in April 2020 and over the next three years will focus on working with key stakeholders to engage the regional manufacturing sector, invest in Manufacturing 4.0 equipment and train SMEs to build their capability to collaborate with NMIS and other national skills assets.

Students Association

The College continues to positively support the Student Association (SA) and has created a new staff post as Student Association Liaison Officer (SALO). The postholder took up position in July 2019 and has a remit to strengthen the links between curriculum / support departments and the student body, and to support recruitment and maintain engagement of student representatives across the whole college and across all modes of learning. The SALO will support the SA in administration of its activities and in running student focus groups and work with our Student Experience team to improve on survey response rates across our student population.

As in previous years the SA has a dedicated annual budget, with an increase agreed by the Board of Management in 2019-20, demonstrating the College's commitment to establishing a sustainable and autonomous SA. Early elections in May 2019 ensured we start session 2019-20 with a full SA Executive team, led by a SA President in her second year of office. The SA produced an annual operating plan and in keeping with all College operational areas this was monitored and reviewed against their set targets on a quarterly basis.

During session 2019-20 the SA reviewed its constitution with help from the National Union of Students (NUS). The new constitution is specifically designed for a regional college and is a departure from the university models traditionally adopted by the College sector.

The SA also worked in partnership with the College in producing an updated version of our Student Behaviours Framework for 2020-21 and works effectively with our College Marketing and Quality departments to promote and raise awareness of this framework amongst our student population.

The development in previous years of online student representative training packages is now paying dividends in the era of remote learning and the training model was highlighted during 2019-20 by the national organisation *sparqs* (Student Partnership in Quality Scotland).

The SA operate, as in previous years, to an action plan aligned to the national '*Framework for Developing Strong and Effective Student Associations*' and continue to use the self-evaluation tool kit as a method for continuous monitoring and review of activity. The SA is involved in College strategic planning and the ongoing development of the Regional Outcome Agreement through representation of students' views on the Board of Management and Board committees thus ensuring effective participation and an active and engaged student body.

Early Indication of Progress for 2020-21

Enrolments for full-time classes for 2020-21 have held up well despite our initial concerns around impact of the Covid-19 pandemic. Notably our HE full time numbers are positive, despite the national increase in university places, based on the acceptance of teacher estimates for Highers and Advanced Highers national qualifications. The addition of an additional funded guidance credit for HE programmes is most welcome and will allow us to further support learning and skills development in our students.

A Covid-19 mobilisation group, with multiple workstreams, was set up to help prepare for session 2020-21 and implementing our Digital Strategy has been taken forward by the Digital work streams on this group. We are supporting remote learning through the purchase and distribution to students, of Chromebooks and laptops. Our teaching staff have engaged in tailored CPD around online teaching and we have rolled out the use of Microsoft Teams across all areas in the college. Training on how to use Teams is available for both staff and students.

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

Sustainability Report

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 set 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. The implementation of the Carbon Management Plan is overseen by the Asset and Infrastructure Committee who receive regular update reports on sustainability matters along with an annual update on the levels of carbon emissions emitted by the College.

The College has reduced its carbon emissions by 1,054 tonnes (20%) between 2014-15 and 2018-19 which is in excess of the original target of 10%. The College has implemented several projects to achieve this and in the fourth year of reporting to July 2019 a reduction of 448 tonnes was registered. The College waste management contract has been consolidated leading to an improvement in the levels of offsite recovery of mixed recycling to 75%, 60% for general waste and all the College food waste is recycled. Over the course of 2019-20 the College has taken action to reduce the level of plastic pollution through removal of plastic products such as drinking straws, plates and cutlery where possible. The College is fully supportive of the prominence being given to tackling plastic pollution and will continue to address this issue where possible.

The College approach to energy-efficiency has continued and we have again invested in measures to further improve the College’s efficiency primarily through investment in a LED replacement lighting programmes across all campuses.

The College seeks to continue to develop staff and students who are aware of and act on sustainability issues throughout their lives enabling them to be global citizens. The College:

- promotes the principles of ‘Education for Sustainable Development’ through teaching and knowledge transfer activities.
- support social responsibility across the College and in our communities and encourage the use of Fairtrade products; and
- complies with Scottish Government sustainability reporting in line with the requirements of the Climate Change (Scotland) Act 2009.

The College is currently preparing the data for submission of the 2019-20 annual climate change report, which will consider data to July 2020, and this is due for submission by 30 November 2020, building upon the work undertaken in the previous year.

The Performance Report is approved by The Principal and Chief Executive on 14 December 2020:

Elizabeth Connolly
Principal and Chief Executive

Corporate Governance Report

Board of Management Report

In these difficult times, the need for clear leadership, strong governance and effective decision making based on reliable information is stronger than ever. Due to the impacts arising from the Covid-19 pandemic, West College Scotland, like many organisations, is facing unprecedented uncertainty in an environment which has proven to be challenging and disruptive to operational activities. However, throughout this period the College has sought to maintain strong corporate governance processes. While there has been some easing of the restrictions arising from the initial Covid-19 lockdown period, it remains the case that only essential activity is able to take place on site at College campuses, and so changes and challenges in the operating environment are likely to remain for some time.

The focus for the Board of Management during the global Covid-19 pandemic has been to maintain strong corporate governance through:

- Identification and management of risk, with mitigating actions and processes developed and implemented to ensure the College continued to operate an effective control environment.
- The maintenance of governance reporting structures, processes and reporting, to enable the Board to place reliance on the ongoing activities of the College.
- Ensuring the ongoing provision of financial information, to enable the College operating position to be kept under continual review, and sufficient cash reserves to be maintained in order to support College activities.

During the lock down period the Board of Management and Board of Management Committees continued to meet in accordance with the agreed 2019-20 meeting schedule. The meetings were held virtually with papers being prepared and distributed in line with agreed protocols. Attendance at both Board of Management and Board of Management Committee meetings remained high during the lock down period, allowing business and governance matters to be conducted with little interruption. Through the lockdown period the Board of Management and Board of Management Committees continued to receive regular updates on the impacts and implications of Covid-19 on students, teaching and learning, staff and financial matters.

The unpredictable operating environment experienced during 2019-20 and beyond has made for a challenging financial position, however, the College continues to ensure robust financial management remains place through continuous financial modelling and reporting. The following key areas of this report enable an understanding of the current and future financial position of the College:

- The Performance Report provides an overview of the impacts arising from Covid-19 on the financial position of the College during 2019-20. This Report also outlines the future College financial forecasts and provides an insight into the Board of Management's assessment of financial viability and the assumptions underlying that assessment.

- The statement of Going Concern within the Accountability Report highlights any material uncertainties, the basis of any significant judgements and the matters considered by the Board of Management in arriving at the judgement that the financial statements should be prepared on a going concern basis.
- Both the Performance and Accountability Reports provide information on significant judgements and assumptions applied in the preparation of the College financial statements.

The membership of the Board of Management during the year to 31 July 2020 is outlined at page 36 and includes all members who served during 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. No member of the Board of Management had any other related party interest during the reporting period.

The Board has complied with all the principles of the 2016 Code of Good Governance for Scotland's Colleges ('the Code'), throughout the year ended 31 July 2020. Further to this, the Board has adopted and operates under the model Code of Conduct developed by the Standards Commission. With regards to General Data Protection Regulation, there has been no requirement during the year to report any personal data-related incidents to the Information Commissioners Office.

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

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

The College Executive Team comprises:

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

These Executive 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 of Good Governance, with these being as follows:

- to lead the College and set its strategic direction and values;
- to ensure effective management and financial controls which support the student experience within a framework of public accountability and transparency; and
- 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 information of which the auditors are unaware, and that it has taken all reasonable steps to make relevant audit information available and to establish that the auditors are aware of this information.

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

Corporate Governance Statement

Introduction

The Corporate Governance Statement is provided to summarise the operation, responsibilities, structure and functions of the College Board of Management, with approaches in place to support this and ensure effectiveness and improvement. Due recognition has been given to the guidance set out in the 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 agreed a Business Transformation Plan with the SFC during 2019-20 which has the objective of ensuring a sustainable financial operating model is maintained. This will support delivery of the College Strategic Plan 2019-2025

The College Board of Management comprises 18 members encompassing:

- 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 Board of Management and the 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 2020 are provided at page 36.

Governance Structure

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

The College's Board of Management met six times during 2019-20 and conducted business through seven supporting Committees. The Committees which operated during 2019-20 were:

- Finance and General Purposes;
- Audit;
- HR and Corporate Development (previously Corporate Development);
- Asset and Infrastructure (previously Estates);
- Organisational Development and Human Resources (merged with the Corporate Development Committee during the 2019-20 financial year);
- Learning, Teaching and Quality;
- Remuneration; and
- Nominations.

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

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

The Board is supported by a Secretary to the Board. The Secretary maintains a register of financial and personal interests of Board Members. The Secretary is also responsible for ensuring full minutes of all Board and Board Committee meetings are available and that all applicable procedures and regulations are complied with. Formal agendas, papers and reports are supplied to Board members in a timely manner, in advance of meetings. All 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/>

Amendment to Committee Structure effected during the year

The decision was taken to merge the Organisational Development and Human Resources and Corporate Development Committee to form the HR and Corporate Development Committee under the Chair of the Corporate Development Committee. The Board received and approved the remit of the newly formed Committee in February 2020.

In May 2020 the College appointed a new Director of Infrastructure with a remit to provide strategic direction in relation to College estate and IT infrastructure. With this appointment the remits of both the Estates and the Finance and General Purposes Committee were reviewed to ensure they aligned to the operations of the College. The June 2020 Board of Management received and approved revised remits for both Committees along with the change of name of the Estates Committee to Asset and Infrastructure Committee. The most significant change approved by the Board was the transfer of the oversight responsibility regarding IT infrastructure from the Finance and General Purposes Committee to the newly formed Asset and Infrastructure Committee.

Finance and General Purposes Committee

The Finance and General Purposes Committee advises the Board on key issues of College financial and procurement management. It ensures all areas of College financial performance and procurement are subject to best practice controls and review, ensuring solvency, sustainability, efficiency and innovation. The Committee ensures the College adheres to statutory financial requirements and complies with the SFC Financial Memorandum, Scottish Public Finance Manual (SPFM) and related guidance including Accounting Policies in the Financial Statements. It also considers matters of a general nature that do not fall to other standing Committees. This Committee meets a minimum of three times a year and, in addition, also meets once a year with the Audit Committee to consider the annual audit report of the external auditors and review the integrity of the Annual Report and Financial Statements.

Audit Committee

The Audit Committee ensures compliance with corporate governance requirements, monitors adherence to regulatory requirements, provides oversight on systems of internal control and provides the principal mechanism through which the audit process works with particular emphasis on compliance, management of risk, and internal and external audit activities as well as ensuring systems are in place to provide efficiency, effectiveness and economy. 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 at least 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, review the integrity of the Annual Report and 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 undertake reviews which test and monitor systems of internal control, risk management controls and governance processes in accordance with an agreed audit plan and report their findings to College management and the Audit Committee. College management is responsible for the implementation of agreed audit recommendations and the internal audit providers undertake periodic follow-up reviews to ensure that such recommendations have been implemented.

The Audit Committee considers detailed reports together with recommendations for the improvement of College systems of internal control and management responses and implementation plans. It also receives and considers reports from the Scottish Funding Council and monitors adherence to regulatory requirements.

HR and Corporate Development Committee

The HR and Corporate Development Committee's main purposes are to support:

- a) the implementation of the College People 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; and

- b) the development of the College vision, direction and objectives for corporate and sustainable development and growth, aligned with the needs of industry, to ensure the College builds its external reputation and builds appropriate strategic partnerships that support the delivery of this vision and business portfolio.

The Committee normally meets four times a year.

Learning, Teaching and 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 the Student Association as well as overseeing all matters relating to teaching and learning outcomes including student progress, retention and achievement and normally meets three times a year.

Asset and Infrastructure Committee (previously the Estates Committee)

The Asset and Infrastructure Committee is responsible for ensuring that the College manages and develops its infrastructure (both physical resources and IT) in line with strategic priorities in an efficient and effective manner, taking account of any guidance relating to estate / IT management, option and investment appraisal and private finance. The Committee is also responsible for ensuring that the College maintains the overall infrastructure in accordance with a planned maintenance programme, consistent with the College Estate Strategy and associated financial projections. The Committee will normally meet four times a year and will operate from 2020-21.

Remuneration Committee

The Remuneration Committee makes recommendations to the Board of Management on the remuneration of the Principal and Chief Executive, Vice Principals and the requirements of any severance scheme. Details of the remuneration of senior post-holders for the period ended 31 July 2020 are set out in note 8 to the financial statements. The Committee normally meets at least twice 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 Board membership during the year to 31 July 2020. The Board consists of 18 non-executive members. The Board is satisfied that the election of a Support Staff Board Member, in September 2019, was conducted in line with good practice guidance for the election of staff board members.

Induction and Development

All new Board members receive a formal induction provided by the College and through training organised by the College Development Network. Additional Board development sessions held within the College during the year 2019-20 focused on a Cyber and Privacy Seminar and development of the College Risk Appetite Statement.

Evaluation

An annual effectiveness review of the Board was conducted in May 2019. The outcomes of this review were used to inform and update the Board Development Action Plan. Both the report and subsequent action plan were 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/>

At its meeting on 7 October 2019, the Board noted that it was three years since it last conducted an external review of its effectiveness. Under the terms of the current Code of Good Governance, Colleges should conduct an externally facilitated effectiveness review at least every three years. In order to meet this requirement, a tender exercise was undertaken, and from this CM Associates were invited to conduct the external effectiveness review during the period October to December 2019. At its meeting held on 3 February 2020, the Board of Management approved the final version of the Board Effectiveness Review and associated action plan.

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

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 2020. 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 as follows:

Name	Status	Job Title	Date Appointed / Reappointed	Term End Date	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	N/a	2 March 2020
W. Hatton	Chair, Board of Management and Nominations Committee	Business Consultant	3 March 2020	2 March 2024	N/a
E. Connolly	Principal and Chief Executive	Principal, West College Scotland	1 September 2018	Ex officio	N/a
J. Hannigan	Non-Executive Member, Chair F&GPC, Vice Chair HR&CDC	NMIS Programme Manager, Skills Development Scotland	1 February 2015 Re-appointed 1 February 2018	31 January 2022	N/a
J. Henry	Non-Executive Member, Board Vice Chair, Chair LTQC	Part-time Researcher, Scottish Parliament	1 February 2015 Re-appointed 1 February 2018	31 January 2022	N/a
A. Hetherington	Non-Executive Member, Vice Chair A&IC	Retired	1 February 2015 Re-appointed 1 February 2017	31 January 2021	N/a

Name	Status	Job Title	Date Appointed / Reappointed	Term End Date	Date Resigned
J. McMillan	Non-Executive Member, Chair, Audit Committee Senior Independent Member on the Board	Retired	1 February 2015 Re-appointed 1 February 2017	31 January 2021	N/a
N. Allan	Non-Executive Member Chair, A&I Committee	Self-employed Property Consultant	1 February 2015 Re-appointed 1 February 2019	31 January 2023	N/a
J. Johnston	Non-Executive Member	External Affairs Manager, Citizens Advice Scotland	1 February 2015 Re-appointed 1 February 2019	3 January 2023	N/a
M. Newlands	Non-Executive Member, Chair HR&CDC and Remuneration Committee	Head of Partnerships, Scottish Enterprise	1 February 2015 Re-appointed 1 February 2019	31 January 2023	N/a
L. Johnston	Non-Executive Member	Business Strategy Manager, North Lanarkshire Council	1 January 2017	31 December 2020	N/a
J. Leburn	Non-Executive Member	Principal Consultant of Exponentiate.uk	1 January 2017	31 December 2020	N/a
A. Wilson	Non-Executive Member	Strategic Director West Dunbartonshire Council	1 September 2017	31 August 2021	N/a
D. Watson	Teaching Staff Member	Teaching Staff Member, West College Scotland	13 September 2017	12 September 2021	N/a

Name	Status	Job Title	Date Appointed / Reappointed	Term End Date	Date Resigned
V. Thompson	Student Member	Student Association – WCS	1 August 2019 Re-elected 1 August 2020	31 July 2021	N/a
P. Kaur	Student Member	Student Association – WCS	1 August 2019	31 July 2020	31 July 2020
S. Margarint	Student Member	Student Association – WCS	1 August 2020	31 July 2021	N/a
F. McKerrell	Non-Executive member	Lawyer	1 December 2019	30 November 2023	N/a
S. Akram	Non-Executive member	Project Manager and Consultant	1 December 2019	30 November 2023	N/a
S. Cairney	Support Staff Member	Support Staff Member, West College Scotland	18 September 2019	17 September 2023	N/a
G. Bold (Co-opted)	Co-opted member of Audit Committee	Workplace Pensions Director Scottish Widows	1 July 2017 Re-appointed for 1 year from 1 July 2020	30 June 2021	N/a
D. Mark (Co-opted)	Co-opted member of HR and Corporate Development Committee	Retired	1 March 2018 Re-appointed for 1 year from 1 March 2020	28 February 2021	N/a
R. Binks (Co-opted)	Co-opted member of Learning, Teaching and Quality Committee	Corporate Director of Education, Communities and Organisational Development, Inverclyde Council	1 March 2019 Re-appointed for 1 year from 1 March 2020	28 February 2021	N/a
W. Wong (Co-opted)	Co-opted member of Audit Committee	Director of, and Secretary to the Trustee of the Elementis Group Pension Scheme	1 March 2019 Re-appointed for 1 year from 1 March 2020	28 February 2021	N/a
M. Hamilton (Co-opted)	Co-opted member of Learning, Teaching and Quality Committee	Employment Facilitator	1 November 2019 Re-appointed for 1 year from 1 Nov 2020	31 October 2021	N/a

Name	Status	Job Title	Date Appointed / Reappointed	Term End Date	Date Resigned
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			
David Alexander	Member of College Executive	Vice Principal Operations			

Board of Management Attendance for the year ended 31 July 2020

Name	Possible Attendance	Actual Attendance
W. Hatton (Chair) (2)	3	3
K. McKellar (Previous Chair)	3	3
E. Connolly	6	6
J. Hannigan	6	6
J. Henry (Vice Chair)	6	5
A. Hetherington	6	3
J. McMillan	6	6
N. Allan	6	5
J. Johnston	6	5
M. Newlands	6	5
L. Johnston	6	6
J. Leburn	6	6
A. Wilson	6	2
D. Watson	6	6
F. McKerrell	5	5
S. Akram	5	5
S. Cairney	6	6
V. Thompson	6	5
P. Kaur	6	5
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) The Chair is ex officio member of all Board committees except the Audit Committee.

Committee Attendance

	2019-20	2018-19
Board of Management	88%	83%
Audit Committee	90%	80%
HR & Corporate Development Committee	85%	96%
Estates Committee	83%	88%
Finance and General Purposes Committee	80%	90%
Learning, Teaching & Quality Committee	69%	81%
Nominations	75%	60%
Remuneration	86%	75%

Individual attendance at Board of Management 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 Board Committees, the Principal and Chief Executive and the College Executive Team. The Board of Management has approved the 2019-2025 Corporate Strategy, which sets out the College's strategic aims. The Strategy 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, and at the heart of the Strategy are four key priority areas:

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

Risk Management

Risk Management Arrangements

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

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

The Covid-19 pandemic has had a significant impact on the risks identified within the College Strategic Risk Register for the financial year to 31 July 2020. The top five risks faced by the College are:

- 1) Inadequate business continuity / cyber resilience planning leading to material interruptions to service delivery, primarily resulting from the Coronavirus epidemic.
- 2) 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.
- 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.
- 4) Failure to secure adequate estates maintenance / capital funding for future investment or refurbishment of IT and physical infrastructure.
- 5) 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.

The United Kingdom left the European Union (EU) on 31 January 2020 under the withdrawal agreement reached in late October 2019. Most of the College income derives from UK sources whilst most of its expenditure is attributable to UK-based staff.

There will be changes relating to the rights of EU nationals, access to publicly funded College courses by EU nationals, teacher recruitment, food supplies, data protection and the regulation of services. The College has identified six main areas arising from the EU withdrawal that will require to be kept under continuous review:

- 1) EU Withdrawal Agreement;
- 2) No deal contingency planning;
- 3) Recruiting and retaining staff;
- 4) Changes to regulations (such as state aid and procurement);
- 5) Migration and freedom of movement; and
- 6) Student mobility and Erasmus.

The Board of Management has received updates on the preparedness of the College to address the challenges posed by Brexit, including completion of a Brexit risk assessment checklist, continuity planning arrangements and staff considerations. Given the recent revisions to the agreed withdrawal legislation announced by the UK Government the risk faced by the College from Brexit will require to be continually monitored in the coming months.

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 a comprehensive formal on-going risk management process for identifying, evaluating and managing the College's significant risks has been in place for the period ending 31 July 2020 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. As outlined above, the College risk management 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, some financial matters are delegated to the authority of the Principal and Chief Executive as appropriate, subject to approved budget cover having been made available by the Board where necessary. A copy of the Articles of Governance and the Scheme of Delegation can be found 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 robust 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 3-year financial projection undertaken in accordance with SFC guidance, and which are reviewed and approved by the Board of Management;
- Regular reviews by the Finance and General Purposes Committee of management accounting reports and wider financial information, 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 budgetary control guidelines.

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

The 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 as stated in the 2019-20 internal audit annual report is that the College has a framework 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 College Executive and Senior Management Team, who have responsibility for the development and maintenance of the internal control framework and annual assurance statements;
- reports and recommendations made by the College's external auditor; and
- the College's risk management processes.

The Principal and Chief Executive has been advised on 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 is able to 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 2020 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 College Senior Management Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Board met on 14 December 2020 and approved the 2019-20 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, medium and long term funding requirements through a combination of cash draw-down from the SFC and income from other sources. The College currently has in place two term loan facilities provided by two different lending institutions. Under the terms of the loan agreements the College must meet certain financial covenants. For both loans, the financial covenants were met and there is a reasonable expectation that the College will continue to meet these covenants in the 12-month period from the date of these financial statements.

As outlined in the Performance Report section, the College continues to operate within a challenging and uncertain financial environment. The Board of Management has approved a 2020-21 budget which details the sources of income and expenditure of the College and considered a 3-year financial projection. The financial forecasts for this period, based upon a set of SFC assumptions, indicate that the ability to deliver an underlying break-even position will be challenging for the College in the current and future years.

The Board of Management recognises that there is an overall financial sustainability risk to the College and its ability to manage activities and deliver planned outcomes within the current funding environment. The uncertainties relating to the effects of withdrawal from the EU on the college sector will also require to be managed when known.

However, 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 2019-20 Annual Report and Financial Statements.

Conclusion

Based on the above information, it is the opinion of the Board of Management and the Principal and Chief Executive that the College has made progress in seeking to maintain a sustainable financial operating base over the year to 31 July 2020. This is evidenced through implementation of the College Business Transformation Plan with the SFC and the continuation of robust financial management and reporting.

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 table provides an overview of staffing within the College:

		2019-20	2018-19
People		834 FTE	821 FTE
Sickness absence		5.3%	5.2%
Staff turnover		9.78%	10.99%
<i>Gender:</i>			
All staff	Male	40%	49%
	Female	60%	51%
Board	Male	45%	61%
	Female	55%	39%
Senior Management Team	Male	58%	58%
	Female	42%	42%

Remuneration Policy

The Board provides the principal governance mechanism through which College activities are managed in accordance with legislation and regulations, and also seek to ensure 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 and Chief Executive, the 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 Chair of the College Board of Management received remuneration in accordance with instruction from the Scottish Government. There is no remuneration paid to any other non-executive director posts on the Board of Management. Expenses incurred are paid to Board of Management members 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 2020			12 months ended 31 July 2019		
	Salary	Pension	Total	Salary	Pension	Total
	£'000	Cont's £'000	£'000	£'000	£'000	£'000
K. McKellar (1)	25-30	0	25-30	25-30	0	25-30
W. Hatton (2)	10-15	0	10-15	0	0	0
E. Connolly (3)	125-130	20-25	150-155	120-125	20-30	145-150
S. Graham	90-95	20-25	110-115	90-95	15-20	105-115
D. Alexander	90-95	15-20	110-115	90-95	15-20	105-115

- (1) Keith McKellar served as Chair of the Board of Management to 2 March 2020
 (2) Waiyin Hatton was appointed as the Chair of the Board of Management from 3 March 2020. The full year remuneration of the Chair of the Board of Management is £30,151
 (3) The 2018-19 bandings comprised 1 month Vice Principal 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 (2018-19: £125,000-£130,000). This was 3.1 times (2018-19: 3.0 times) the median remuneration paid to West College Scotland staff which was £41,526 (2018-19: £41,526).

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 2020	Accrued lump sum at pension age at 31 July 2020	Real increase in pension 1 August 2019 to 31 July 2020	Real increase in lump sum 1 August 2019 to 31 July 2020	CETV at 31 July 2020	CETV at 31 July 2019	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
E. Connolly	15	0	3	0	247	195	52
S. Graham	35	107	1	4	818	756	62
D. Alexander	38	56	2	1	602	556	46

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:

- a. 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
- b. 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 2020, 1 employee left or was committed to leaving the College under voluntary severance arrangements. They received compensation payments totalling £30,551 with this figure including no pension fund strain costs. The leaver did not receive any additional compensation. There were 36 staff departures under voluntary severance in 2018-19. There have been no compulsory redundancies.

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

	2019-20	2018-19
	Number and cost of voluntary redundancies	Number and cost of voluntary redundancies
£10,000 - £25,000	0	14
£25,001 - £50,000	1	22
Total number of agreements	1	36
Total Cost (£)	£30,551	£1,014,487

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 trade union officials working at the College during the year ended 31 March 2020.

	Year ended 31 March 2020
Number of employees who were relevant union officials during the relevant period	23
Full-time equivalent employee numbers	20.9

Percentage of time spent on facility time

	Year ended 31 March 2020
1% to 50%	23

Percentage of staff costs spent on facility time

	Year ended 31 March 2020
	£'000
Total cost of facility time	£107
Total staff costs	£42,770
Percentage of total staff costs spent on facility time	0.24%

Paid trade union activities

	Year ended 31 March 2020
	%
Time spent on trade union activities as a percentage of total paid facility time hours	24

Pension Arrangements

The College participates in two separate defined benefit pension schemes; the Strathclyde Pension Fund (SPF) for support staff, and 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 2020 was £43.1m (2019: £22.7m) 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 community.

834 full-time equivalent staff (1,197 headcount) work at the College, 385 FTE (571 headcount) of whom are teaching staff. Alongside them, the College employs 449 FTE (626 headcount) across a range of support functions which encompass other professionals, including accountants, marketing executives, business specialists, caterers and outreach workers.

West College Scotland is committed to ensuring that all current and future staff are treated fairly and equitably in all aspects of employment. This is supported by activities such as recruitment and selection training for managers which takes account of College obligations to ensure that appointments, promotion, access to training and the application of other policies are made fairly and without discrimination based on the following protected characteristics - age, 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:

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

Anti-Fraud and Bribery Policy Statement

It is important that West College Scotland 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.

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

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. The College management meets on a regular basis with both the teaching and support staff unions with the minutes of the meetings being made available to the wide College community through the staff intranet. In addition to this the College provides access to relevant documents through the staff intranet and social media outlets, through oral and written briefings, staff newsletters, staff meetings and events. Information is only withheld where this can be shown to be justified or where there is a duty of confidence to a third party.

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 race.

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

Social Matters

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

Respect for Human Rights

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

Employment of staff with a protected characteristic

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

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

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

The Accountability Report is approved by order of the members of the Board of Management on 14 December 2020 and signed on its behalf by:

Waiyin Hatton
Chair of Board of Management

Elizabeth Connolly
Principal and Chief Executive

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

Report on the audit of the financial statements

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 2020 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Principal Accounting Policies, Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet and Statement of Cash Flows and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accompanying financial statements:

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

Basis 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.

Emphasis of Matter – Effect of the Covid-19 pandemic on the valuation of pension fund property assets

We draw attention to Note 1(t) of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the College's share of Strathclyde Pension Fund's property assets. Our opinion is not modified in respect of this matter.

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 achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 other matters prescribed by the Auditor General for Scotland

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

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

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

Matters on which we are required to report by exception

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

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

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

Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HA
Date December 2020

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

Statement of Comprehensive Income and Expenditure

	Note	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Income			
Tuition fees and education contracts	2	5,641	6,575
Funding body grants	3	48,962	49,541
Other grant income	4	278	465
Other operating income	5	2,863	2,409
Investment income	6	1	1
Total Income		57,745	58,991
Expenditure			
Staff costs	7	46,160	43,148
Support staff job evaluation	7	935	857
Restructuring costs	7	31	1,014
Other operating expenses	9	13,413	14,407
Depreciation	12	3,975	4,949
Interest and other finance costs	10	665	576
Total Expenditure		65,179	64,951
Deficit before Tax		(7,434)	(5,960)
Taxation	11	-	-
Deficit for the Year		(7,434)	(5,960)
Actuarial loss in respect of pension schemes	23	(16,957)	(7,112)
Total Comprehensive Expenditure for the Year		(24,391)	(13,072)
Represented by:			
Unrestricted comprehensive expenditure		(24,391)	(13,072)
Deficit for the year attributable to:			
College		(24,391)	(13,072)

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 27 provides details of the adjusted operating position on a Central Government accounting basis.

The deficit is attributable to other factors reflected in the adjusted operating table and also the impact of COVID-19 as explained in the Performance Report on pages 11 and 12.

Statement of Changes in Reserves

	Income and Expenditure Reserve £000	Revaluation Reserve £000	Total £000
Balance at 1 August 2019	15,226	60,366	75,592
Deficit from the income and expenditure statement	(5,960)	-	(5,960)
Transfer 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
Deficit from the income and expenditure statement	(7,434)	-	(7,434)
Transfer between revaluation and income and expenditure reserve	2,814	(2,814)	-
Release of unrestricted funds spend in the year	3,455	-	3,455
Total comprehensive expenditure for the year	(1,165)	(2,814)	(3,979)
Balance at 31 July 2020	13,598	54,889	68,487

Balance Sheet

	Note	As at 31 July 2020		As at 31 July 2019	
		£000	£000	£000	£000
Non current assets					
Fixed assets	12		97,798		101,935
Current assets					
Stocks		-		13	
Trade and other debtors	13	2,874		2,690	
Cash	19	6,995		5,677	
		<u>9,869</u>		<u>8,380</u>	
Less: Creditors: amounts falling due within one year	14	<u>(11,291)</u>		<u>(8,257)</u>	
Net current (liabilities) / assets			(1,422)		123
Total assets less current liabilities			96,376		102,058
Creditors: Amounts falling due after one year	15		(27,834)		(29,592)
Provisions: Pensions	17		(43,113)		(22,701)
Provisions: Other			(56)		-
Total net assets			<u>25,373</u>		<u>49,765</u>
Unrestricted reserves					
Pension reserve	18		(43,113)		(22,701)
Income and expenditure reserve			13,598		14,763
Revaluation reserve			54,889		57,703
Total reserves			<u>25,373</u>		<u>49,765</u>

The financial statements on pages 57 to 80 were approved by the Board of Management, authorised for issue on 14 December 2020 and signed on its behalf by:

Waiyin Hatton
Chair of Board of Management

Elizabeth Connolly
Principal and Chief Executive

Statement of Cashflows

	Note	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Cashflow from operating activities			
Deficit for the year		(7,434)	(5,960)
Adjustment for non-cash items			
Depreciation	12	3,975	4,949
Loss on disposal of fixed assets	12	25	129
Decrease in stock		13	1
Increase in debtors	13	(184)	(695)
Increase in creditors	14	1,785	1,089
Increase in provisions		56	-
Net cost of pension provision	23	3,455	2,834
Adjustment for investing or financing activities			
Investment income	6	(1)	(1)
Interest payable	10	665	186
Net cash inflow from operating activities		<u>2,355</u>	<u>2,532</u>
Cash flows from investing activities			
Investment income	6	1	1
Proceeds from the sale of asset		137	-
		<u>138</u>	<u>1</u>
Cash flows from financing activities			
Interest paid	10	(665)	(186)
Repayments of amounts borrowed	19	(510)	(495)
		<u>(1,175)</u>	<u>(681)</u>
Increase in cash in the year		<u>1,318</u>	<u>1,852</u>
Cash at beginning of the year	19	5,677	3,825
Cash at end of the year	19	6,995	5,677

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.

a) Basis of Preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) 2019: 'Accounting for Further and Higher Education' and the 2019-20 Government Financial Reporting Manual (FReM) issued by the HM Treasury and in accordance with Financial Reporting Standards (FRS 102). The College is a public benefit entity and has therefore applied the public benefit requirements of FRS102. The college conforms to relevant parts of the Scottish Public Finance Manual (SPFM), the Accounts Direction and other guidance issued by the Scottish Funding Council.

b) Basis of Accounting

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

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

c) Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Performance Report. The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying notes. The College currently has £1.8m of bank loans and finance leases outstanding. The bank loans are due to be fully repaid between 2021 and 2025 and the finance lease within 2 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.

d) Recognition of Income

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

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

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

e) Agency Arrangements

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

Notes to the Financial Statements

1) STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (Continued)

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

f) Grant Funding

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

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

g) Donations and Endowments

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

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

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

h) Capital Grants

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

i) Fixed Assets

1) Tangible asset:

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

2) Land and buildings

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

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

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

Notes to the Financial Statements

1) STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (Continued)

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

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

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

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

3) Buildings owned by third parties

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

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

4) Equipment

Equipment costing less than £5,000 per individual item and motor vehicles costing less than £5,000 are written off to expenditure in the year of acquisition. All other equipment and vehicles are capitalised and carried at depreciated historical costs, which is used as a proxy for fair value.

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

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

j) Finance Leases

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

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

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

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

k) Operating Leases

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

Notes to the Financial Statements

1) STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (Continued)

l) Taxation

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

m) Stocks

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

n) Cash

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

o) Employment Benefits

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

p) Maintenance of Premises

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

q) Retirement Benefits

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

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

Scottish Teachers Superannuation Scheme (STSS)

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

Notes to the Financial Statements

1) STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (Continued)

Strathclyde Pension Fund (SPF)

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

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

s) Provisions, Contingent Liabilities and Contingent Assets

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

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

t) Judgements and key sources of estimation uncertainties

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

1) Determine whether there are indicators of impairment of the College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other Key Sources of Estimation Uncertainty

2) Tangible Fixed Assets

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

Material Valuation Uncertainty

3) Strathclyde Pension Fund

The College participates in the Strathclyde Pension Fund. The Strathclyde Pension Fund's property portfolio valuation includes a "Material Valuation Uncertainty Clause". The response to Covid-19 meant that property valuers were faced with an unprecedented set of circumstances on which to base a judgement. As at 31 March 2020 (the valuation date), they considered that less weight could be attached to previous market evidence for comparison purposes to inform opinions of value. Their valuations are therefore reported on the basis of 'material valuation uncertainty' as per the Royal Institute of Chartered Surveyors (RICS) Valuation – Global Standards effective from 31 January 2020. Consequently, less certainty – and a higher degree of caution – should be attached to their valuation than would normally be the case. For the avoidance of doubt, this does not mean that the valuation cannot be relied upon. Rather, the material uncertainty clause is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case.

Notes to the Financial Statements

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
2) TUITION FEES AND EDUCATION CONTRACTS		
FE fees - UK	2,126	2,445
FE fees - non EU	271	280
HE fees	2,739	3,039
SDS contracts	505	811
	5,641	6,575
3) FUNDING BODY GRANTS		
FE recurrent grant	40,464	40,562
Childcare funds (Note 25)	1,718	2,165
Release of deferred capital grants	1,153	1,247
Other SFC grants - job evaluation	935	857
Other SFC grants	1,680	1,867
Estates maintenance funding	3,012	2,843
	48,962	49,541
4) OTHER GRANT INCOME		
Development grants	94	281
Release of deferred capital grants	184	184
	278	465
5) OTHER OPERATING INCOME		
Catering	741	1,042
Other income generating activities	514	506
Support for learning	311	211
Other Government grants - JRS	677	-
Other income	620	650
	2,863	2,409
6) INVESTMENT INCOME		
Interest receivable	1	1
	1	1

Notes to the Financial Statements

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
7) STAFF COSTS		
Wages and salaries	32,599	32,712
Social security costs	3,330	3,253
Pension costs including actuarial cost (Note 23)	9,869	8,193
Holiday pay provision charge	393	4
Support staff Job evaluation	935	857
	47,126	45,019
Teaching departments	25,197	23,529
Teaching services	4,744	4,399
Administration and central services	8,967	8,233
Premises	2,298	2,332
Other expenditure	1,527	1,519
Catering	667	692
Pension adjustments	2,760	2,444
Total	46,160	43,148
Support staff Job Evaluation	935	857
Restructuring costs	31	1,014
Total	47,126	45,019

Staff Numbers:

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

	2020 FTE	2019 FTE
Teaching departments	385	371
Teaching services	77	73
Administration and central services	235	236
Premises	69	74
Other expenditure	40	40
Catering	28	27
Average number of FTE directly employed	834	821
Headcount: Teaching	571	573
Headcount: Support	626	619
Agency staff costs	£ 161,000	£ 128,000
Average number of Agency FTE	7	6

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:

	2020	2019
	Numbers	Numbers
£60,001 - £65,000	14	-
£70,001- £75,000	10	10
£90,001 - £95,000	2	2
£120,001 - £125,000	-	1
£125,001 - £130,000	1	-
	<u>27</u>	<u>13</u>

8) SENIOR POST-HOLDERS' EMOLUMENTS

Number of senior post-holders, including the Principal was: 12 12

	2019-20	2018-19
	£000	£000
Senior post-holders' emoluments are made up as follows:		
Salaries	996	951
Pension contributions	198	179
Total Emoluments	<u>1,194</u>	<u>1,130</u>

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

	2019-20	2018-19
	£000	£000
Principal	<u>127</u>	<u>123</u>
Pension contributions	<u>25</u>	<u>24</u>

No senior post-holder received any benefits in kind.

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

The Principal and 10 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 2020 £000	Year ended 31 July 2019 £000
9) OTHER OPERATING EXPENSES		
Teaching departments	1,953	2,315
Catering	409	499
Other income generating activities	190	174
Premises: operating	2,316	2,237
Premises: maintenance	2,749	2,862
Administration	3,956	3,775
FE and HE childcare (Note 25)	1,718	2,165
Student support fund costs	97	251
Loss on disposal of assets	25	129
	13,413	14,407
Included in Administration expenses are:		
Auditors remuneration (inclusive of VAT)		
Internal audit services	36	36
External audit services	32	31
Other services	7	8
10) INTEREST PAYABLE		
On bank loans, overdrafts and other loans	160	186
Pension interest costs (Note 23)	505	390
	665	576

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 2019	62,336	52,900	2,418	117,654
Disposals in year	-	(216)	-	(216)
At 31 July 2020	62,336	52,684	2,418	117,438
Depreciation				
At 1 August 2019	8,174	5,354	2,191	15,719
Charge for year	2,500	1,376	99	3,975
Disposals in year		(54)	-	(54)
At 31 July 2020	10,674	6,676	2,290	19,640
Net book value at:				
31 July 2020	51,662	46,008	128	97,798
31 July 2019	54,162	47,546	227	101,935
<u>Analysis of net book value at 31 July 2020</u>				
Inherited	23,433	-	-	23,433
Financed by capital grant	28,229	-	-	28,229
Other	-	46,008	-	46,008
Leased	-	-	128	128
	51,662	46,008	128	97,798

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 £42,781,000 (2019: £44,004,000)

Land and buildings with a net book value of £63,674,000 (2019: £66,758,000) 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 (2019: £5,924,000) which is not depreciated.

Notes to the Financial Statements

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
12) TANGIBLE FIXED ASSETS (Continued)		
The depreciation charge for the year is analysed as follows:		
Based on cost	1,161	2,286
Based on valuation	2,814	2,663
	<u>3,975</u>	<u>4,949</u>
Analysed:		
Owned assets	3,879	4,853
Assets held under finance leases	96	96
	<u>3,975</u>	<u>4,949</u>
13) TRADE AND OTHER DEBTORS		
Trade debtors	57	215
Other debtors	23	10
Prepayments and accrued income	593	1,201
Other Taxes and Social Security	1	-
Amounts owed by SFC - Job Evaluation	1,792	857
Amounts owed by SFC - Other	408	407
	<u>2,874</u>	<u>2,690</u>
14) CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	422	413
Finance lease	96	96
Trade creditors	567	113
Other creditors	683	161
Accruals and deferred income	6,052	4,053
Amounts owed to SFC	2,232	2,084
Deferred capital grants SFC	1,055	1,153
Deferred capital grants non-SFC	184	184
	<u>11,291</u>	<u>8,257</u>
15) CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR		
Bank loans	1,270	1,693
Finance lease	32	128
Deferred capital grant SFC	22,094	23,148
Deferred capital grant non-SFC	4,438	4,623
	<u>27,834</u>	<u>29,592</u>

Notes to the Financial Statements

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
16) ANALYSIS OF BORROWINGS OF THE COLLEGE		
a) Bank loans		
Within one year	422	413
Between one and two years	250	422
Between two and five years	880	814
After five years	140	457
	<u>1,692</u>	<u>2,106</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	32	96
Between two and five years	-	32
	<u>128</u>	<u>224</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 2019	22,701	12,755
Movement in year	20,412	9,946
Pension provision at 31 July 2020	<u>43,113</u>	<u>22,701</u>

The movement in pension provision is further analysed in Note 23

18) PENSION RESERVE

Balance at 1 August 2019	(22,701)	(12,755)
Current service cost in year	(4,860)	(3,998)
Past service cost	(571)	(1,106)
Employer contributions	2,059	2,046
Contributions re unfunded benefits	422	614
Net interest	(505)	(390)
Transfer to Income and Expenditure	(3,455)	(2,834)
Pension scheme actuarial loss	(16,957)	(7,112)
Balance at 31 July 2020	<u>(43,113)</u>	<u>(22,701)</u>

Notes to the Financial Statements

19) ANALYSIS OF NET CASH / (DEBT)

	At 31 Jul 19	Cash Flows	Other Non Cash Changes	At 31 Jul 20
	£000	£000	£000	£000
Cash	5,677	1,318	-	6,995
	5,677	1,318	-	6,995
Debt due within one year	(510)	510	(518)	(518)
Debt due after one year	(1,821)	-	518	(1,303)
	3,346	1,828	-	5,174

20) FINANCIAL COMMITMENTS

At 31 July 2020 the College had annual commitments under non-cancellable operating leases for Land and Buildings as follows:

	Year ended 31 July 2020	Year ended 31 July 2019
	£000	£000
Future minimum lease payments due:		
Expiring within 1 year	130	128
Expiring between two and five years	360	354
Expiring after 5 years	294	366
Total lease payments due	784	848

21) CAPITAL COMMITMENTS

The College has not received any capital grant funding during 2019-20 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
Elizabeth Connolly	Developing the Young Workforce West Region	Board Member
Elizabeth Connolly	Colleges Scotland	Board Member
Elizabeth Connolly	Renfrewshire Chamber of Commerce	Board Member
Elizabeth Connolly	Renfrewshire Council	Board Member - Local Authority Community Planning Partnership Board
Elizabeth Connolly	East Renfrewshire Council	Board Member - Local Authority Community Planning Partnership Board
Elizabeth Connolly	West Dunbartonshire Council	Board Member - Local Authority Community Planning Partnership Board
Nick Allan	Dunbartonshire Chamber of Commerce	Non-Executive Director
Jim Hannigan	Skills Development Scotland	NMIS Programme Manager
Jacqueline Henry	Scottish Parliament	Researcher
John Leburn	Renfrewshire Chamber of Commerce	Group Mentor
Mark Newlands	Scottish Enterprise	Head of Partnerships
Angela Wilson	West Dunbartonshire Council	Strategic 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 2020	31 July 2019
	£000	£000
The total pension cost for the College was :		
Contributions paid	7,109	5,749
Pension cost as a result of implementing FRS 102	2,760	2,444
Total pension cost (Note 7)	9,869	8,193

Scottish Teachers' Superannuation Scheme (STSS)

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

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

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

FRS 102

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

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

Strathclyde Pension Fund (SPF)

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

Notes to the Financial Statements

23) PENSION SCHEMES (Continued)

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

	At 31 July 2020	At 31 July 2019
Principal Actuarial Assumptions		
Rate of increase in salaries	3.30%	3.60%
Rate of increase for pensions in payment / inflation	2.20%	2.40%
Discount rate for liabilities	1.40%	2.10%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. For 2020 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 2020	At 31 July 2019
Current pensioners	Males	20.7	20.7
	Females	22.9	22.9
Future pensioners	Males	22.9	22.2
	Females	24.6	24.6

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 2020 £000	Year ended 31 July 2019 £000
Fair value of employer assets	95,783	97,486
Present value of funded liabilities	<u>(128,572)</u>	<u>(109,850)</u>
	(32,789)	(12,364)
Present value of unfunded liabilities	<u>(10,324)</u>	<u>(10,337)</u>
Net liability	<u>(43,113)</u>	<u>(22,701)</u>
Amount in the Balance Sheet:		
Pension liability	<u>(43,113)</u>	<u>(22,701)</u>

Notes to the Financial Statements

23) PENSION SCHEMES (Continued)

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Amount charged to Comprehensive Income and Expenditure:		
Employer service cost (net of employee contributions)	2,760	2,444
Interest on obligation	505	390
Actuarial loss on scheme assets	16,957	7,112
Total	20,222	9,946
Changes in the fair value of scheme assets:		
Opening fair value of scheme assets	97,486	89,861
Net interest	2,054	2,525
Contributions by members	663	648
Contributions by the employer	2,059	2,046
Contributions in respect of unfunded benefits	422	614
Benefits paid	(2,098)	(1,964)
Unfunded benefits paid	(422)	(614)
Expected (loss) / return on assets	(4,381)	4,370
Closing fair value of scheme assets	95,783	97,486
Changes in the present value of the defined benefit obligation:		
Opening defined benefit obligation	120,187	102,616
Current service cost	4,860	3,998
Past service cost	571	1,106
Interest cost	2,559	2,915
Contributions by members	663	648
Estimated benefits paid	(2,098)	(1,964)
Estimated unfunded benefits paid	(422)	(614)
Actuarial loss	12,576	11,482
Closing defined benefit obligation	138,896	120,187
History of experience losses		
Scheme assets	95,783	97,486
Defined benefit obligation	(138,896)	(120,187)
Deficit	(43,113)	(22,701)
Experience (losses)/ gains on scheme assets	(4,381)	4,370
Experience losses on scheme liabilities	(12,576)	(11,482)

Notes to the Financial Statements

23) PENSION SCHEMES (Continued)

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Net assets excluding pension liability	68,542	72,466
Pension liability	(43,113)	(22,701)
Net assets including pension liability	25,373	49,765
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	(4,860)	(3,998)
Past service cost	(571)	(1,106)
Total charged to staff costs	(5,431)	(5,104)
Analysis of the amount charged to pension interest (Note 10):		
Expected return on pension scheme assets	2,054	2,525
Interest on pension scheme liabilities	(2,559)	(2,915)
Net pension interest charged	(505)	(390)
Charge to other comprehensive income:		
Return on assets excluding amounts included in Interest Experience gains / (losses) arising on the scheme liabilities	(4,381)	4,370
Changes in assumptions underlying the present value of the scheme liabilities	582	(293)
Actuarial loss	(16,957)	(7,112)
Total charge to the SOCIE	(22,893)	(12,606)
Analysis of the movement in deficit during the year		
Deficit in scheme at beginning of the year:	(22,701)	(12,755)
<u>Movement in year:</u>		
Current service cost	(4,860)	(3,998)
Past service cost	(571)	(1,106)
Contributions	2,059	2,046
Contributions in respect of unfunded benefits	422	614
Total net interest	(505)	(390)
Actuarial loss	(16,957)	(7,112)
Deficit in scheme at end of the year	(43,113)	(22,701)

Notes to the Financial Statements

24) FE BURSARY AND OTHER STUDENT SUPPORT FUNDS

	FE Bursary	EMAs	Other	Total 31 July 2020	Total 31 July 2019
	£000	£000	£000	£000	£000
Balance b/fwd.	-	-	-	-	(77)
Clawback/Recovered	-	-	-	-	77
Allocation received in year	10,916	456	967	12,339	10,660
Expenditure	(10,916)	(456)	(1,061)	(12,433)	(10,911)
College contribution to funds	-	-	97	97	251
Balance c/fwd.	-	-	3	3	-
<u>Represented by:</u>					
Retained to support 2020/21	-	-	3	3	-
	-	-	3	3	-

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 2020	Total 31 July 2019
	£000	£000
Balance b/fwd.	-	-
Allocation received in period	1,718	2,165
Expenditure	(1,718)	(2,165)
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 2020	Year ended 31 July 2019
	£000	£000
Deficit before other gains and losses (FE/HE SORP basis)	(7,434)	(5,960)
Add back: Depreciation budget for government funded assets	2,638	3,518
Adjusted Deficit on Central Government accounting basis	(4,796)	(2,442)

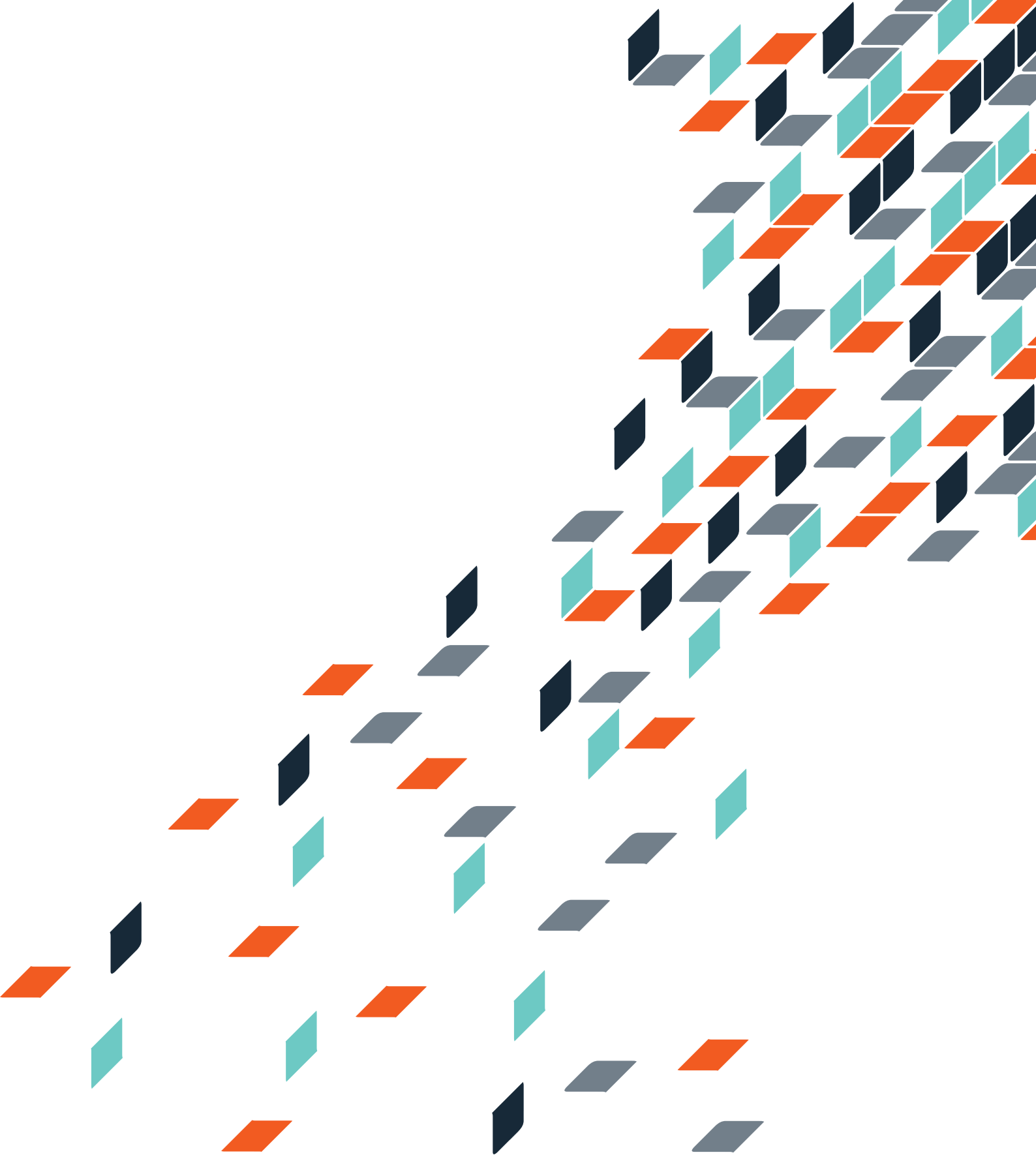
Under the FE/HE SORP, the College recorded an operating deficit of £7,434,000 for the year ended 31 July 2020. After taking account of the Government non-cash budget, the College shows an “adjusted” deficit of £4,796,000 on a Central Government accounting basis. The deficit is attributable to other factors 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 2019-20 SFC Accounts Directions and has been included as required by the SFC. It does not form part of the Financial Statements.

Accounts direction for Scotland's colleges 2019-20

- 1 It is the Scottish Funding Council's direction that institutions* comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts**.
- 2 Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RSB) (for assigned colleges).
- 3 Incorporated colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2019-20 (FRoM) where applicable.
- 4 Incorporated colleges and Glasgow Colleges' Regional Board are reminded that they must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2020.
- 5 The annual report and accounts should be signed by the chief executive officer / Executive Director and by the chair, or one other member of the governing body.
- 6 Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council
17 July 2020



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 2020**

Background: This paper presents to the Committee the Management Accounts for the three-month period to 31 October 2020.

Action: The Finance and General Purposes Committee is requested to approve the Management Accounts as at 31 October 2020.

Lead: Alan Ritchie, Director of Finance

Status: Open

1. Introduction

1.1 The Management Accounts presented are for the three-month period to 31 October 2020 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:
 - Budget 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 2020-21 budget with the full year forecast position to 31 July 2021. This statement also includes the draft audited 2019-20 figures for comparison.
- An analysis of key variances provides detail of the movement between the budgeted and forecast position for 2020-21.
- 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 2021 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 2021.
- 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 2020.



Financial Information Pack
2020-21

For the period to 31 October 2020

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Statement of comprehensive income and expenditure	4
Detailed variance analysis	5
College balance sheet	6
Cash flow	7
Student support funds budget and forecast	8
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Aged debt analysis	10

EXECUTIVE SUMMARY

1) Budget 2020-21

The Board of Management approved the 2020-21 College budget on 20 July 2020, which planned for an adjusted operating surplus of £27,000 excluding any one-off voluntary severance costs that require to be incurred.

The surplus is only achievable if at least £0.5m of staff efficiencies are realised during the year. It was anticipated that these savings would be achieved through staff turnover, vacant posts and other approaches whilst recognising that some of these savings would require to be achieved through voluntary severance. The budgeted adjusted operating position did not include any cost or income associated with a voluntary severance scheme. The College is of the view that such one off voluntary severance costs should not be included within the calculation of the adjusted operational position given their exceptional nature – as such an approach would require further operational savings to be generated simply to meet such a one-off amount. The College continues to engage with the SFC regarding this matter. However, if SFC guidance in relation to the calculation of the adjusted operating position is not amended, then any one-off voluntary severance costs incurred will result in an adjusted operating deficit unless further savings could be realised to match such a cost.

2) Business Transformation Plan

The College Financial Forecast Return (FFR), which was submitted to the SFC in August 2020, recognised the requirement to make significant savings over the next three year period. The College Business Transformation Plan was accepted by the SFC which resulted in a reduction in the College activity target of 5,000 credits for 2020-21 onwards. The College did not see a reduction in the level of core funding it was due to receive in 2020-21 which is equivalent to a 8.6% increase in funding with a condition of this reduction in the level of third party innovative learning activity. However, discussions are currently taking place with the SFC regarding this reduction in third party innovative learning and an update will be provided at the meeting.

The table shows the operational savings that the College has made over the past two year and the level of operational savings required in 2020-21 and beyond – it should be noted that the table does not include any exceptional restructuring that may be required in relation to the loss of ESF activity from the end 2022-23, as clarification regarding this is required from the SFC:

	2018-19 Actual	2019-20 Actual	2020-21 Budget	2020-21 Plan	2021-22 Plan
	£'000	£'000	£'000	£'000	£'000
Growth in income	100	0	0	0	0
Funding to meet nursery costs	125	0	0	0	0
Staff voluntary severance	565	685	0	0	0
Staff cost efficiencies	275	300	500	500	900
Reduction in estate expenditure	50	0	0	0	0
Non-staff cost efficiencies	100	401	404	72	381
Total	1,215	1,386	904	572	1,281

The College anticipates achieving the level of staff / non-staff efficiencies indicated in 2020-21 budget and further updates will continue to be provided to the Finance and General Purposes Committee and to the Board of Management.

The College continues to undertake a review of financial projections in an uncertain environment. It should be noted there are potentially further movements in the projected required efficiencies over the 3 year period depending on:

- a) the outcome of discussions with the SFC regarding voluntary severance support;
- b) the outcome of the Scottish Government budget settlements;
- c) future SFC funding settlements;
- d) the operation of the UK Government's Shared Prosperity Fund, which is to replace European funding;
- e) ongoing College review of staff costs/structures within this challenging context; and
- f) the ongoing strategic SFC coherence and sustainability review of the college and university sector.

The major risks which may impact the current financial projections are noted within section 6 of the Executive Summary.

EXECUTIVE SUMMARY (Continued)
3) Student Credit Target

The 2020-21 budget included an overall reduction in innovative learning delivery in accordance with the SFC condition of accepting the Business Transformation Plan. However, the impact of the SFC 2020-21 Credit Guidance, which was issued in August 2020, has resulted in a reduction in the level of core activity the College is able to generate. The SFC guidance has seen a reduction in the level of credits which can be claimed for FE activity in addition to stricter guidance on the level of activity to be claimed for schools programmes. The College is currently discussing the impact of their Credit Guidance and the impact of Covid-19 on teaching activity with the SFC and will update the Committee at the meeting.

	2018-19	2019-20	2020-21	
	Actual	Actual	Budget	Forecast
Core activity target	139,960	140,633	142,855	137,855
ESF Developing Scotland's Workforce	6,368	6,264	5,838	5,838
Innovative Learning	18,200	17,700	10,000	15,000
Total	164,528	164,597	158,693	158,693

4) 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 2020-21 adjusted operating position:

	2018-19	2019-20		2020-21	
	Actual £'000	Pre Covid-19 £'000	Actual £'000	Budget £'000	Forecast £'000
Financial accounts deficit as per SCI&E	(5,960)	(2,973)	(7,434)	(2,236)	(2,236)
Non-cash pension adjustments	2,834	0	3,455	0	0
Financial accounts deficit excluding pensions	(3,126)	(2,973)	(3,979)	(2,236)	(2,236)
Depreciation net of release of deferred capital grant	3,518	3,494	2,638	2,790	2,790
Loss on disposal of assets	129	24	25	0	0
Revenue funding allocated to loan repayments	(495)	(510)	(510)	(527)	(527)
Adjusted operating surplus / (deficit) for the year	26	35	(1,826)	27	27

The 2019-20 adjusted operating position variance were discussed at the Finance and General Purposes Committee. The College suffered a material loss of income with the transfer to blended learning in March 2020 due to Covid-19 which impacted the adjusted operating position. The College was not able to make a comparable level of savings in either staff or non-staff costs to match the loss in income.

The 2020-21 adjusted operating position includes £190k of voluntary severance costs. The cost of the current voluntary severance programme has been matched by savings in both staff and non-staff costs allowing the College to continue to forecast a small adjusted operating surplus.

5) Balance Sheet

The College continues to review its forecasted Balance Sheet position in light of any changes to the overall adjusted operating forecast.

The College will require to carry out an interim valuation of its land and buildings as at 31 July 2021, which will impact the depreciation charge for 2021-22 onwards. A full valuation will be required as at 31 July 2023.

The impact of the July 2020 pension provision valuation has had a material impact on the net asset position of the College. The bank covenant with Bank of Scotland is based on retaining a net asset position of greater than £15m which the College is currently complying with. This condition will require to be monitored in the run up to the 31 July 2021. The second loan from the Clydesdale Bank will be repaid by the 31 July 2021.

As at the end of October 2020 the College has £5.2m of cash, which is equivalent to 33 days. The College is forecasting to have cash balance of £3.3m as at 31 July 2021, which is equivalent to 21 days. The current forecast of £3.4m (22 days) compares favourably to the budget position of £3.1m (20 days) with the movement due to minor changes in the forecast balance sheet. A full analysis of the College cash flow can be found at page 7.

EXECUTIVE SUMMARY (Continued)

6) Key Risks Relating to 2020-21 Accounts

1 Impact of Covid-19

The Covid-19 pandemic continues to represent the most significant challenge faced by the College. It has had a material impact on the operations of West College Scotland and the financial position for 2019-20.

The budget for 2020-21 took into account some of the potential impacts of dealing with Covid-19 during the return to 'normal operations', including increased health and safety costs and savings through reduced levels of travel. However, as the impacts of the pandemic are uncertain at this time the College continues to monitor the overall impact on the financial position of the College.

The College has where possible accessed the job support scheme funding during the first quarter of 2020-21. The UK Government issued updated guidance on 10 November 2020 that will allow colleges to access this support through to March 2021. The future of the now suspended Job Retention Bonus support, which was scheduled to be paid in February 2021, is now in doubt.

2 European Social Funding

As previously reported the College had received notification from the SFC that it was looking to recover up to £100,000 of the 2015-16 ESF funding that the College had received. This was contested by the College and after further evidence was provided by the College the repayment was reduced to £20,000. This will be recovered during the course of 2020-21. The College has made provision for potential repayment of subsequent years ESF funding through the 2019-20 accounts. The College continues to engage with the SFC on the likely impact of any subsequent repayments of ESF funding.

The current ESF programme is due to terminate in July 2023 and the College continues to engage with the SFC on any subsequent funding that will be made available for the UK Prosperity Fund. It is unlikely that there will be significant movement on this matter during the course of 2020-21. The SFC has requested that in any future planning that the College assumes it will retain the same level of core funding.

The College continues to seek further clarification from the SFC as to the funding and treatment of any voluntary severance costs associated with the loss of ESF activity.

3 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.

4 National Bargaining

Job Evaluation

Colleges Scotland has provided the sector with the anticipated costs of Job Evaluation (JE) at a summary college level. The SFC Accounts Direction issued in July 2020 for use in compiling the 2019-20 Statutory Report and Accounts, required colleges to post these estimated national figures to the accounts as accrued income and a corresponding accrued salary cost. As the JE process is now extending into a third year beyond the anticipated deadline, the SFC guidance requires the College to accrue for two years of core job evaluation funding and costs. This project remains ongoing and it was recently reported that the management group anticipate that the process will be finalised by early in quarter 3 of 2021 with all appeals to be concluded by the end of quarter 1 of 2022.

National Pay Negotiations

A pay deal has been reached with teaching staff for the year to August 2021 and this accounted for within the October 2020 Management Accounts. Negotiations remain ongoing with the support staff trade unions.

5 Estate Strategy

The College continues to implement the Estate Strategy however without material investment the delivery of the strategic objectives will prove challenging. For 2020-21 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. It is anticipated that the new centre will open at the Paisley campus in spring 2021 with subsequent withdrawal from the YMCA building in July 2021 – on the basis there be no interruptions on site to project progress.

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE 2020-21
Year to 31 October 2020

	Year to date			Full Year Budget V Forecast			DRAFT 2019/20
	Budget £'000	Actual £'000	Variance (Adv)/Fav £'000	Budget £'000	Forecast £'000	Variance (Adv)/Fav £'000	Actual £'000
SFC Income	12,374	12,515	141	49,947	50,932	985	46,952
<u>Tuition fees and education contracts</u>							
SDS Income	75	85	10	820	820	0	599
Fees	452	429	(22)	5,178	5,078	(100)	5,106
	527	514	(12)	5,998	5,898	(100)	5,705
<u>Other income</u>							
Other Income Excl Interest	279	273	(6)	2,171	2,201	30	2,893
Interest Received	0	0	0	0	0	0	1
	279	273	(6)	2,171	2,201	30	2,894
Total Income	13,179	13,302	123	58,116	59,031	915	55,550
Salary Costs	(10,893)	(10,631)	263	(43,573)	(43,773)	(200)	(43,282)
Planned Savings	125	391	266	500	500	0	985
Voluntary Severance Costs	0	0	0	0	(190)	(190)	(31)
Net Depreciation/Resource Spend	0	0	0	644	644	0	644
Unfunded Pensions	(153)	(147)	6	(610)	(610)	0	(598)
		(529)	(529)				
Total Salary Costs	(10,921)	(10,915)	5	(43,039)	(43,429)	(390)	(42,282)
Property Costs	(1,400)	(1,399)	0	(5,558)	(6,101)	(542)	(5,026)
Supplies and Services	(1,421)	(1,428)	(7)	(4,188)	(4,093)	95	(4,689)
Other Operating Costs	(761)	(754)	7	(3,533)	(3,611)	(78)	(3,190)
Finance Charges	(24)	(24)	0	(132)	(132)	0	(160)
Total Expenditure excluding Salaries	(3,606)	(3,605)	(0)	(13,411)	(13,937)	(525)	(13,066)
Total Expenditure	(14,526)	(14,520)	6	(56,450)	(57,366)	(915)	(55,346)
Deficit before accounting adjustments	(1,348)	(1,218)	129	1,665	1,665	0	204
Release of SFC DCG	264	264	(0)	1,055	1,055	(0)	1,153
Release of Non SFC DCG	46	46	0	184	184	0	184
Depreciation	(1,007)	(994)	13	(4,029)	(3,976)	53	(3,975)
Net Depreciation	(698)	(684)	13	(2,790)	(2,737)	53	(2,638)
Loss on disposal of Fixed Asset	0	0	0	0	0	0	(25)
Deficit after accounting adjustments	(2,045)	(1,903)	142	(1,125)	(1,072)	53	(2,458)
Cash budget for priorities	(278)	0	278	(1,112)	(1,112)	0	(1,130)
Financial accounts deficit	(2,323)	(1,903)	420	(2,237)	(2,184)	53	(3,586)
Revaluation reserve	660	660	1	2,640	2,640	0	2,814
Historical (Deficit)/Surplus	(1,663)	(1,243)	421	403	456	52	(773)
<u>Adjusted Operating Position</u>							
Financial accounts deficit				(2,236)	(2,183)		(3,586)
Add back: Depreciation net of release of deferred capital				2,790	2,737		2,638
Add back: Loss on disposal of assets				0	0		25
Less: Revenue funding allocated to loan repayments				(527)	(527)		(510)
Adjusted operating surplus / (deficit) for the year				27	27		(1,433)

Detailed Analysis of the Variances between the 2020-21 Budget and Forecast Position

	Total Var (Adv)/Fav £'000
Board of Management approved 2020-21 deficit	(2,237)
FWDF income has been increased based on SFC October announcement of additional funding to the sector	203
Estates High Priority maintenance funding has increased as a result of SFC additional funding announcement	782
Total increase in SFC income in the year compared to budget	985
HE fees have been reduced based on a decrease in the number of students recruited onto HE programmes	(100)
Total decrease in tuition / education contracts income in the year compared to budget	(100)
Furlough income has increased due to extension of the scheme	160
As a result of delivery of teaching by blended learning the overall use of the nursery has reduced	(84)
The local authorities have reduced the level of funding they are willing to pay for community / school classes	(36)
Other incidental movements in other income sources	(10)
Total increase in other income in the year compared to budget	30
TOTAL INCREASE IN INCOME IN THE YEAR COMPARED TO BUDGET	915
Increased temporary staffing costs due to deferred activity and to fulfil 2020-21 teaching requirements	(200)
Restructure costs for the current voluntary severance programme which are fully funded by the College	(190)
TOTAL INCREASE IN STAFF EXPENDITURE IN THE YEAR COMPARED TO BUDGET	(390)
Increased estates maintenance costs as a result of the additional SFC High Priority funding	(782)
Savings on energy cost as a result of reduced on site activity	60
Deferral of minor maintenance works as a result of receipt of SFC high priority maintenance funding	101
Other minor savings in property cost including rent and waste costs	79
Total increase in property expenditure in the year compared to budget	(542)
Reduced travel costs as a result of restricted travel and remote working	66
Printing and stationery savings as a result of continued remote working	25
Increased cost associated with growth in innovative learning activity target	(100)
Costs associated with increase in SFC FWDF income	(165)
Other minor planned savings	72
Reduction in consumable costs due to continued delivery of teaching by remote learning	197
Total increase in supplies and services expenditure in the year compared to budget	95
Additional HE support costs due to no current plans for SAAS to increase level of College 2020-21 funding	(100)
Anticipated saving in staff development as a result of continued remote working	30
Minor incidental increases in other expenditure	(8)
Total increase in other expenditure in the year compared to budget	(78)
TOTAL INCREASE IN STAFF AND NON-STAFF EXPENDITURE IN THE YEAR COMPARED TO BUDGET	(915)
NET VARIANCE IN THE YEAR DUE TO OPERATIONAL AND COVID-19 IMPACTS	0
FORECAST DEFICIT BEFORE ACCOUNTING ADJUSTMENTS	(2,237)
Reduction in depreciation charge as result of year end adjustment to calculation method as advised by our auditors	53
FINANCIAL ACCOUNTS DEFICIT AFTER ACCOUNTING ADJUSTMENTS	(2,184)

COLLEGE BALANCE SHEET

	As at 31 July 2020 £'000	Movement £'000	As at 31 October 2020 £'000	Movement £'000	Forecast 31 July 2021 £'000
Fixed Assets					
Tangible Fixed Assets	97,798	(992)	96,806	(2,763)	94,043
Current Assets					
Stock	0	0	0	13	13
Trade Debtors	57	587	644	(554)	90
Other Debtors	23	208	231	(217)	14
Prepayments	334	(334)	0	296	296
Other Accrued Income	260	(260)	0	208	208
Scot. Funding Council Debtor	408	963	1,371	58	1,429
Scot. Funding Council Debtor: Support job evaluation	1,792	0	1,792	935	2,727
Cash at Bank and in Hand	6,995	(1,800)	5,195	(1,780)	3,415
	9,869	(636)	9,233	(1,041)	8,192
Creditors: Amounts Falling Due Within One Year					
Bank Loans/Other Loans	(422)	0	(422)	172	(250)
Finance lease	(96)	0	(96)	64	(32)
Trade Creditors	(567)	(296)	(863)	788	(75)
Other Creditors	(623)	171	(452)	440	(12)
Other Creditors: Support job evaluation	(1,792)	0	(1,792)	(935)	(2,727)
Accruals & Deferred Income	(4,319)	136	(4,183)	1,377	(2,806)
Tax & Social Security	0	(820)	(820)	820	0
Scot. Funding Council - Creditor	(2,232)	118	(2,114)	(87)	(2,201)
Deferred Capital Grant SFC	(1,055)	0	(1,055)	45	(1,010)
Deferred Capital Grant Non SFC	(184)	0	(184)	0	(184)
	(11,290)	(691)	(11,981)	2,684	(9,297)
Net Current (Liabilities)/Assets	(1,421)	(1,326)	(2,747)	1,642	(1,105)
Total Assets less Current Liabilities	96,377	(2,318)	94,059	(1,120)	92,938
Creditors: After One Year					
Bank Loan	(1,270)	96	(1,174)	153	(1,021)
Finance lease	(32)	8	(24)	24	0
Deferred Capital Grant SFC	(22,094)	264	(21,830)	526	(21,304)
Deferred Capital Grant Non SFC	(4,438)	45	(4,393)	138	(4,255)
	(27,834)	414	(27,420)	840	(26,580)
Net Assets Excluding Provisions	68,543	(1,904)	66,639	(281)	66,358
Provisions: Other	(56)	0	(56)	0	(56)
Provisions: Net Pension Liability	(43,113)	0	(43,113)	0	(43,113)
Net Assets Including Provisions	25,374	(1,904)	23,470	(281)	23,189
Restricted Reserves					
Pension Reserve	(43,113)	0	(43,113)	0	(43,113)
Unrestricted Reserves					
I&E Reserve	13,598	(1,244)	12,354	1,699	14,053
Revaluation Reserve	54,889	(660)	54,229	(1,980)	52,249
	68,487	(1,904)	66,583	(281)	66,302
	25,374	(1,904)	23,470	(281)	23,189

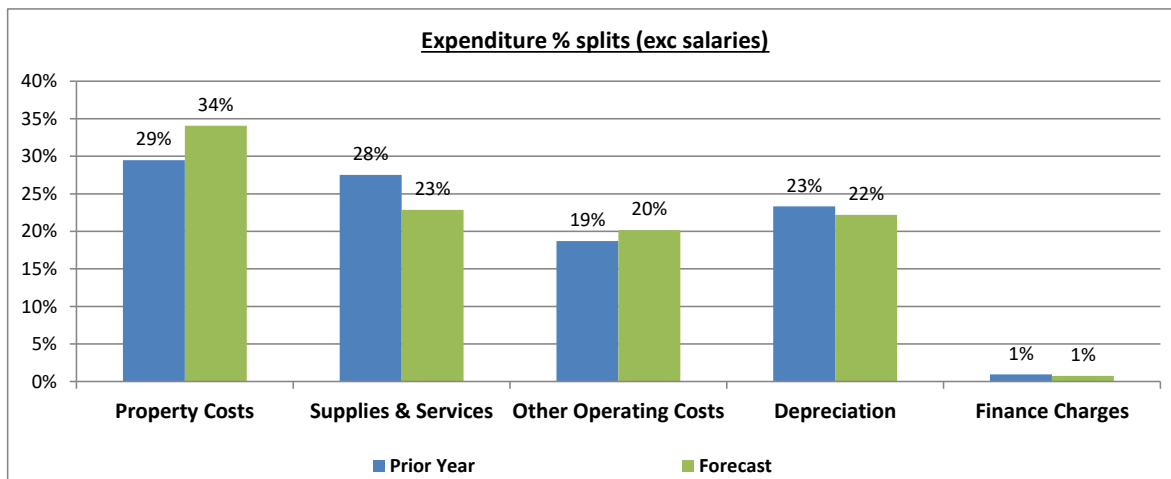
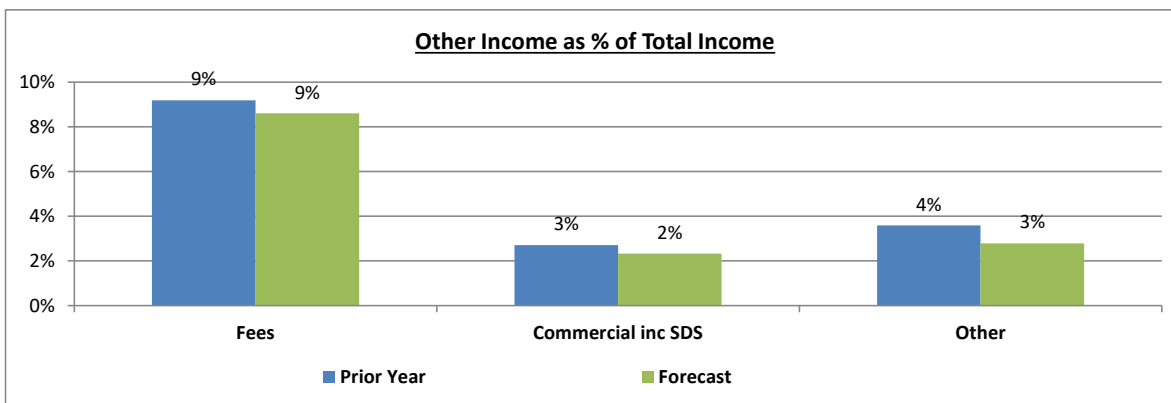
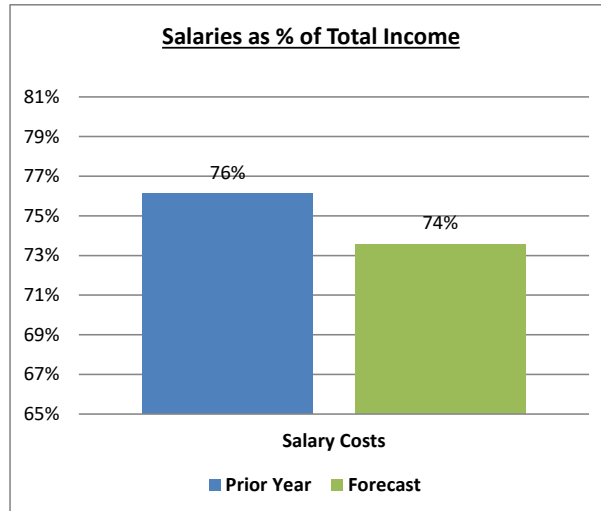
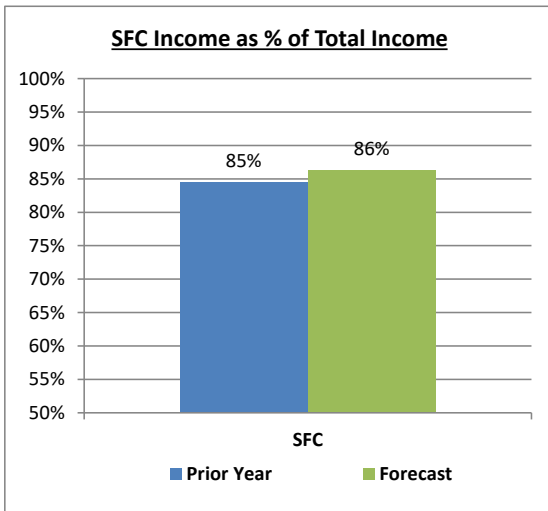
CASH FLOW FORECAST FOR THE YEAR ENDED 31 JULY 2021

	Quarter 1 ended Oct 20 Actual £'000	Quarter 2 ended Jan 21 F'Cast £'000	Quarter 3 ended Apr 21 F'Cast £'000	Quarter 4 ended Jul 21 F'Cast £'000
COLLEGE CASHFLOW				
SUMMARY POSITION				
College opening cash balance	6,995	5,195	6,325	5,755
Net (Outflow)/Inflow in period	(1,800)	1,130	(570)	(2,340)
Closing Bank Balance	5,195	6,325	5,755	3,415
Cash Days	33	40	37	22
Opening College Bank Balance	6,995	5,195	6,325	5,755
INCOME				
SFC Income				
Teaching Grant	10,000	8,500	11,644	11,223
FWDF	-	184	-	-
Estates Maintenance	360	2,822	1,367	-
Digital Provision	-	221	-	-
ESF Income 2019-20	408	-	-	-
ESF Income 2020-21	302	301	302	303
Other Income				
Other Operating Income	982	4,794	1,600	1,253
Inter College receipt from SSF	-	-	-	236
Total Income	12,052	16,822	14,913	13,015
EXPENDITURE				
Staff Costs	9,021	11,329	11,050	11,545
Restructuring costs	-	190	-	-
Non Staff Costs				
SFC Estate Maintenance	906	600	600	394
Other Operating Costs	3,472	3,343	3,700	3,291
Loan/Lease Repayments	130	130	133	125
Inter College payment to SSF	323	100	-	-
Total Expenditure	13,852	15,692	15,483	15,355
Net (Outflow)/Inflow	(1,800)	1,130	(570)	(2,340)
Closing College Bank Balance	5,195	6,325	5,755	3,415
STUDENT SUPPORT FUNDS CASH				
Opening Student Funding Bank Balance	40	2,548	15	311
Income				
Student Funding - SFC FE	3,050	3,750	4,436	2,586
Student Funding - SAAS HE	187	99	-	-
Student Funding - SFC EMA	-	120	150	120
Intercompany SSF receipt from College	136	100	-	-
Total Income	3,373	4,069	4,586	2,706
Expenditure				
Student Funding - SFC FE	845	6,452	4,140	2,711
Student Funding - SAAS HE	-	-	-	-
Student Funding - SFC EMA	20	150	150	70
Intercompany SSF payment to College	-	-	-	236
Total Expenditure	865	6,602	4,290	3,017
Net (Outflow)/Inflow	2,508	(2,533)	296	(311)
Closing Student Support Bank Balance	2,548	15	311	-

STUDENT SUPPORT FUNDS BUDGET AND FORECAST

	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
Income Analysis										
Allocation	11,403	11,403	677	677	1,742	1,742	13,822	13,822	304	304
In-Year Redistribution	-	-	-	-	-	-	-	-	-	-
College Contribution	-	-	-	-	-	-	-	-	-	-
Total Income	11,403	11,403	677	677	1,742	1,742	13,822	13,822	304	304
Expenditure Analysis										
Taxis	60	60	-	-	-	-	60	60	-	-
Disability Needs	-	-	12	12	-	-	12	12	10	10
SEN	250	250	-	-	-	-	250	250	-	-
Disclosure	-	-	45	45	-	-	45	45	2	2
Childcare Nurseries - Internal	-	-	-	-	329	329	329	329	-	-
HE Childcare - External	-	-	-	-	393	393	393	393	-	-
FE Childcare - External	-	-	-	-	1,020	1,020	1,020	1,020	-	-
Student Maintenance & Travel	10,251	10,251	620	620	-	-	10,871	10,871	292	292
Cost of Course	842	842	-	-	-	-	842	842	-	-
Underspend	-	-	-	-	-	-	-	-	-	-
Total Expenditure	11,403	11,403	677	677	1,742	1,742	13,822	13,822	304	304

Financial Graphs and Performance Indicators



	As at 31 July 2020	Forecast 31 July 2021
Debtor Days	36	32
Creditor Days	19	30
Staffing costs as % of income	76%	74%

TITLE: **PROCUREMENT – 2019-20 ANNUAL REPORT AND STRATEGY UPDATE**

Background: This report provides the Committee with:

- an annual update in relation to the implementation of the College Procurement Strategy;
- the 2019-20 Procurement Annual Report; and
- an update on work being undertaken to develop a new College Procurement Strategy which will cover the period 1 August 2021 to 31 July 2025.

Action: The Finance and General Purposes Committee is requested to:

- consider the progress made in delivering College Procurement Strategy objectives;
- approve the 2019-20 College Procurement Annual Report for publication; and
- consider the proposed approach to development of an updated College Procurement Strategy for the period 2021 to 2025;

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

Status: Open

1. Procurement – 2019-20 Annual Report and Strategy Update

- 1.1 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.
- 1.2 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 (*Appendix A*).
- 1.3 Since approval of the Procurement Strategy in 2016 annual updates on progress have been considered by the Finance and General Purposes Committee. The Procurement Reform (Scotland) Act 2014 also requires all public sector organisations to prepare and publish a Procurement Annual Report, which summarises procurement activities carried out during the year.
- 1.4 *Appendix B* provides the latest annual Procurement Strategy update and Procurement Report for the period 1 August 2019 to 31 July 2020. The Procurement Report also sets out the actions that the College plans to take during the 1 August 2020 to 31 July 2021 period in order to make further progress in achieving current Procurement Strategy objectives.
- 1.5 The Annual Report and Strategy update demonstrates that the College is continuing to make progress towards achieving procurement objectives. The report highlights several areas where good progress has been made, including:
 - Non-regulated procurement is expenditure whose value is less than £50,000 for the full life of the contract. The College has seen a decrease in non-regulated procurement from 38% to 31% of total spend. This has been achieved through the increased use of category A, B and C contracts aligned with the consolidation of College expenditure in areas such as hair and beauty, IT and estate maintenance (lifts and boilers);
 - Further development of procurement spend information coupled with greater engagement with the Procurement Team across the College have resulted in the reduction of non-regulated spend from 45% to 36% of total influenceable spend;
 - Of the 20 outcomes set within the Procurement Strategy, 30% are considered as complete with only one classified as amber – with this relating to the implementation of a connection between the College finance system and external supplier catalogues. This outcome is progressing but was delayed due to the covid-19 lockdown period;
 - The College is developing capacity to deliver larger tender exercises which have the potential to deliver greater benefits to the College. These larger tenders are as a result of the consolidation of expenditure across departments; and

- A continuation of progress which is designed to seek further improvement to the PCIP assessment score of 76% which the College achieved in December 2019

2. Development of College Procurement Strategy

2.1 The College Procurement Strategy 2016-2020 was approved by the College's Finance and General Purposes Committee on the 22 November 2016. The College has commenced the process of reviewing the Procurement Strategy with the aim of presenting a new updated Strategy to the March 2021 Finance and General Purposes Committee for consideration. The new Procurement Strategy will align with the objectives and targets contained in the College Corporate Plan 2019-2025.

3. Conclusion

3.1 The Finance and General Purposes Committee is requested to:

- Consider the progress made in implementing the College Procurement Strategy 2016-2020;
- Approve the 2019-20 Procurement Annual Report for publication; and
- Consider the proposed development of an updated College Procurement Strategy for the period 2021 to 2025.

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.

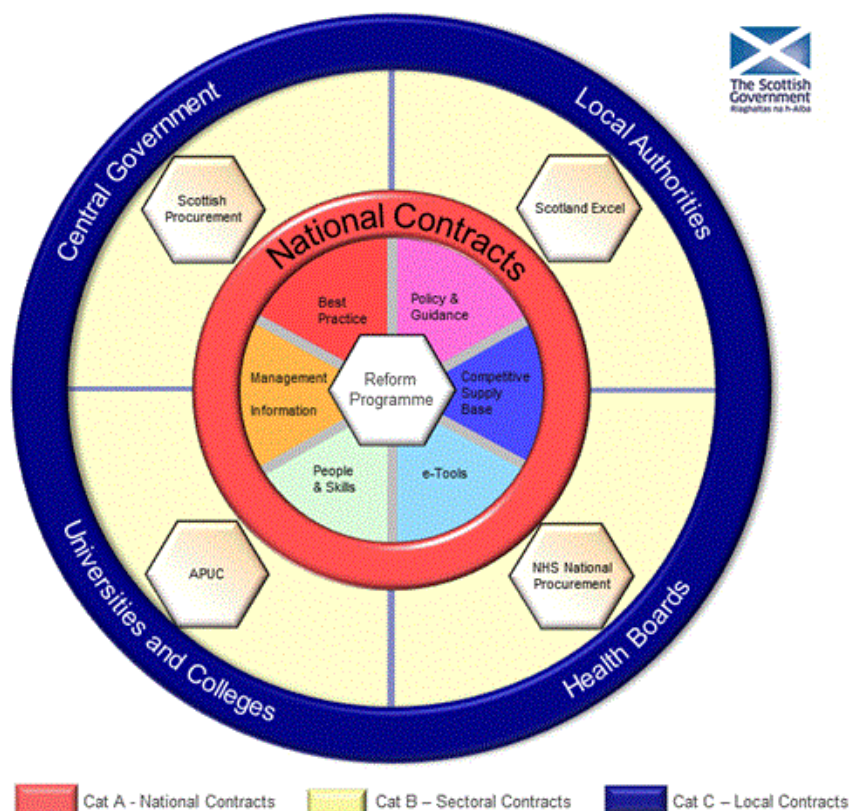
Procurement Strategy Context

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.

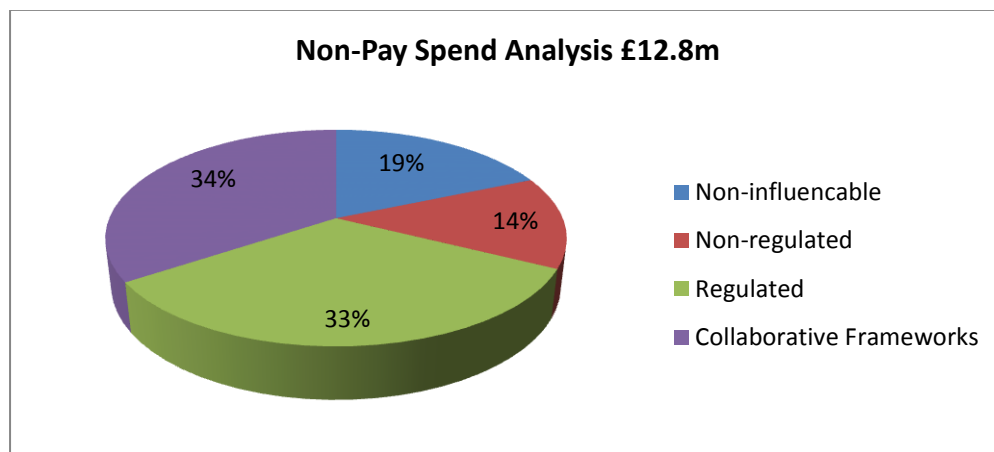


The college sector centre of procurement expertise is represented by APUC (Advanced Procurement for Universities and Colleges). It is responsible for sectoral (Category B) commodities within Scotland's colleges and universities. It aims to maximise the contribution that advance procurement makes to Scotland's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

Annual Procurement Report And Strategy Update 1 August 2019 to 31 July 2020



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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.

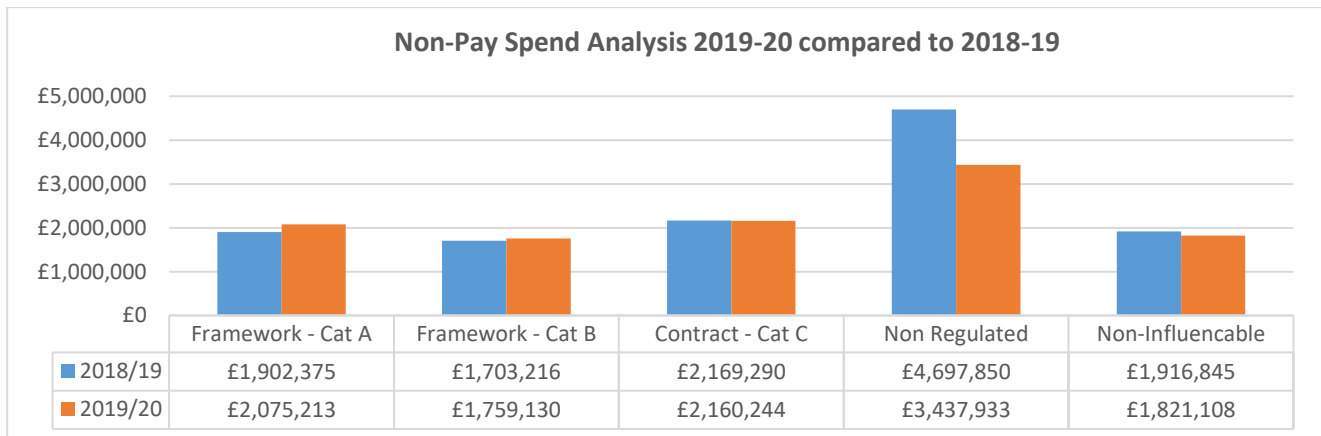
The categorisations of College procurement expenditure referred to within this Report are defined as follows:

- **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 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 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 expertise.
- **Contract Category C** - those supplies and services sourced through procurement exercises undertaken by the College (WCS Local) and not associated with any collaborative framework.

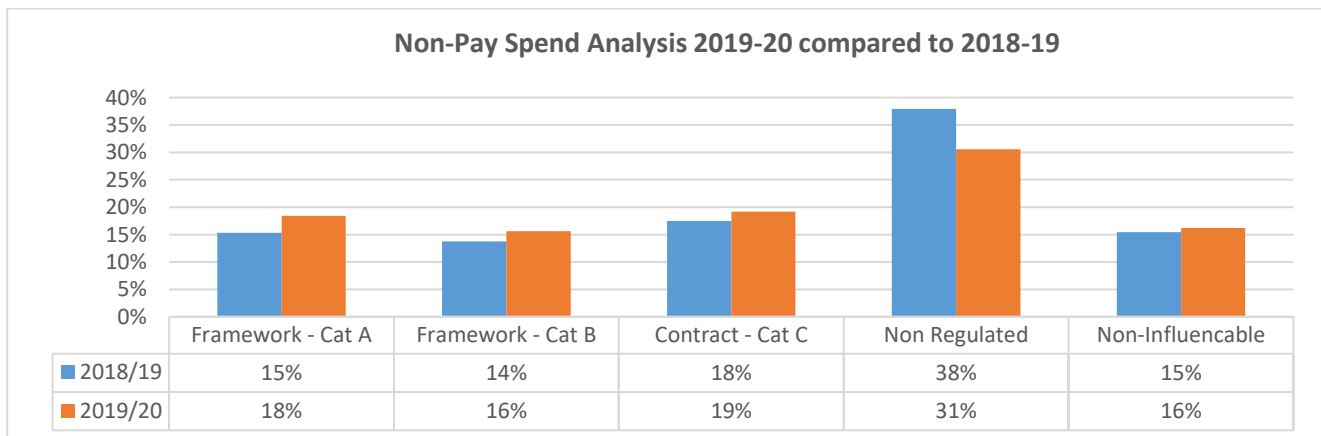
- **Regulated and Non-Regulated Procurement** – under the Procurement Reform (Scotland) Act 2014 the definition of regulated procurement is contracts valued at £50,000 or above, excluding VAT for goods and services and £2,000,000 for works. Non-regulated procurements are those contracts below the £50,000 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 2019-20 totalled £11.3m (2018-19: £12.4m), of which £1.8m (2018-19: £1.9m) was non-influenceable spend, covering areas such as exam fees, property rent and rates and VAT payments. Therefore, £9.5m (84%) of College expenditure is influenceable (2018-19: £10.5m (85%)).

An analysis of **non-pay expenditure** for 2019-20 (£11.3m) when compared to 2018-19 (£12.4m) is summarised in the chart below:



Excluding non-influenceable expenditure, an analysis of **influenceable** non-pay spend for 2019-20 when compared to 2018-19 can be summarised as follows:



As can be seen above, 34% (2018-19: 29%) of the 2019-20 expenditure was undertaken through Category A and Category B contractual arrangements. The key reason for this movement between 2018-19 and 2019-20 is an increased level of spend on Category A contracts for IT software and hardware and Category B contracts for furniture, signage and catering supplies amongst other commodities and services.

The College local contract spend (Category C) has increased slightly from 18% to 19% year on year.

Non-regulated expenditure has decreased from 38% of non-pay spend in 2018-19 to 31% in 2019-20 (a reduction of 45% to 36% of influenceable spend in the same periods). This is as a result of a greater level of procurement engagement with stakeholders during 2019-20, with key areas being in relation to estates projects, catering supplies, recruitment services and IT software/hardware contract areas. This is a continuation of the work undertaken across the College in targeting consolidation of expenditure in order to provide best value.

There were five EU regulated procurements for goods and services (contracts with a value of more than £189,330 (excluding VAT))¹ arising during the reporting period 2019-20 - these totalled £2,919,000 in value and related to contracts for utilities, IT hardware and catering supplies. All these procurements were conducted using national or sectoral framework agreements.

There were no EU regulated procurements for works (contracts with a value of more than £4,773,252 (excluding VAT)) during 2019-20.

Regulated procurements are defined as goods and services worth more than £50,000 excluding VAT and works contracts worth more than £2,000,000 excluding VAT. There were nine such procurements totalling almost £4,000,000 completed during 2019-20, all relating to goods and services (2018-19: 13 regulated procurements with a value of £5,000,000). 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 /01/2022

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 nine 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 had an award notice published on the Public Contracts Scotland Tender portal.

Categories and Nature of Procurement

Regulated Contracts

The College conducts all procurement activities in an open and transparent manner in accordance with best practice and legislative requirements.

The work plan included at *Appendix A* provides details of the description and category of regulated procurement tendering activity that the College progressed during 2019-20, with this totalling almost £4m in total contract value. These regulated procurements have been separated into contract categories, with the information provided showing the following:

- the date of award
- the name of the supplier
- the description of the contract
- the category of the contract
- the estimated total value of the contract over the contract period, including any extension periods
- the contract start date
- the end date of the contract including any extension periods (where applicable)

This information, in conjunction with the publication of our [Contracts Register](#) and our use of Public Contracts Scotland (PCS) for all procurement activity over the reporting period, provides complete transparency of the College's procurement activities for the period 2019-20.

Section 2: Review of Regulated Procurement Compliance and Strategy Progress

Regulated Procurement Compliance

The College conducted a total of nine procurement exercises over the regulated threshold of £50,000 during 2019-20 - these are detailed in *Appendix A* and were in the areas of:

- Health and Safety Services (1)
- Educational Psychology Services (1)
- Utilities (2)
- Training Services (1)
- Catering including food (2)
- IT Software and Licencing (1)
- IT Hardware (1)

Of these regulated procurements, five were above the OJEU threshold. Of these, three were let through Scottish Government Category A frameworks (utilities and IT hardware) and two were let through Category B sectoral frameworks (catering supplies).

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 and seek opportunities for cross campus collaboration on an ongoing basis.

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 the Procurement Strategy objectives, procurement activities are directly contributing to delivery of the overall College Strategic Plan 2019-2025.

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 and an annual update provided to the Finance and General Purposes Committee.

The progress made in implementing and delivering the College Procurement Strategy is detailed in the following pages and can be summarised as follows:

Status	2018-19 Number of Outcomes	%	2019-20 Number of Outcomes	%
Blue (fully implemented)	5	25	6	30
Green (actioned and being implemented)	13	65	13	65
Amber (in progress)	2	10	1	5
Red (not started)	0	0	0	0
	20	100	20	100

The College considers that it has made good progress implementing Procurement Strategy outcomes. One outcome is categorised as being in progress, with all others now showing as being fully implemented (30%) and actioned and as being implemented (65%).

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

- The embedding of procurement processes and procedures across the College;
- Continued awareness of the need for procurement compliance across the organisation;
- Development of the College intranet Procurement Hub to support the provision of procurement information including processes, financial thresholds, supplier and contract information;
- The consolidation of expenditure and development of collaborative procurement across the College;
- Adoption of national, sectoral and local collaborative opportunities as a route to procurement;
- The promotion of sustainable procurement within the procurement process via the use of national and sectoral frameworks and via College tender selection criteria;
- Achievement of community benefits from existing contracts and new procurement;
- Promotion of the College's ethical standards, including a Modern Slavery statement and the SUSTAIN Supply Chain Code of Conduct being included within the procurement process;
- The implementation of a planned, comprehensive approach to procurement activity – with a College Contract Delivery Plan in place for the next three reporting periods (*Appendix B*), 2020-21,

2021-22 and 2022-23. This forms the basis for all procurement activity planning including resources, timescales and stakeholder requirements;

- Continued promotion of e-procurement across the organisation via staff training and awareness;
- External collaborative opportunities are promoted as a route to procurement wherever appropriate; and
- The use of Public Contracts Scotland to conduct procurement exercises, which delivers transparency and accountability and secures engagement with the local supply base and beyond. Over 90% of contracts awarded by the College during the reporting period were within the from the Glasgow and Strathclyde local authority regions.

Procurement Strategic Objectives - 2019-20 Progress and 2020-21 Planned Outcomes

During year 4 of the Procurement Strategy, the College has made progress in relation to stated objectives as follows:

Objective	Procurement Strategy Action	2019-20 Target	2019-20 Work Undertaken	2019-20 RAG	2020-21 Planned Outcomes
1. Development and enhancement of procurement skills and knowledge, policies, practices and governance frameworks					
1.1	Improve communications	The Procurement Hub 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. The College will continue to review the Procurement Hub and update considering any organisational development and/or statutory changes	Promotion of the Procurement Hub to internal stakeholders via coaching and mentoring, strategic and operational management presentations and use as a reference tool as part of standard procurement procedures		Procurement Hub to be updated on a quarterly basis and promoted to staff through regular communications.
1.2	Improve training opportunities	Embed into standard operational procurement procedure by ensuring all training requirements are kept up to date.	Ongoing team training in the form of Continuous Professional Development via procurement centres of excellence and CIPS training courses.		Staff CPD requests to be completed and submitted as part of College Operational Planning process as required.
1.3	Review processes/create procedures	Further development and completion of procurement dashboard using spend data from improved/enhanced financial system.	Quarterly spend data being used to support procurement objectives in terms of contract delivery planning.		Further development of procurement dashboard using spend data from improved/enhanced College financial system.
1.4	Review procurement resource	Delivery of 2019-20 Contract Delivery Plan	Procurement progressed the contracts on the delivery plan during 2019-20 as required, with 14 procurement exercises arising in-year during 2019-20; procurement resource will be subject to ongoing review to ensure alignment with contract delivery needs.		Enhanced engagement with internal stakeholders to enable ongoing improvements to visibility and planning of future procurement requirements

Objective	Strategy Action	2019-20 Target	2019-20 Work Undertaken	2019-20 RAG	2020-21 Planned Outcomes
2. Creation of procurement plans and procedures					
2.1	Define ethical requirements	Increased level of engagement and knowledge of supplier approach in relation to these areas including Living Wage, the College Modern Slavery statement the APUC Supply Chain Code of Conduct and community benefits	Adoption of enhanced SUSTAIN Supply Chain Code of Conduct, inclusion of a Living Wage Questionnaire in all tender documentation along with section supporting the Armed Forces Covenant in Procurement documentation supporting the College's pledge to this cause		Continue to promote SUSTAIN Supply Chain Code of Conduct, Fair Working Practises and Armed Forces Covenant.
2.2	Define sustainability requirements	Appropriate sustainability procedures included in tender and quotation documentation	A marked method statement on sustainability is included in the technical section of tenders as appropriate and sustainability scoring is also taken into account whenever using sectoral or national frameworks for procurement		Continuation of inclusion of statement on sustainability in tender documentation.
2.3	Embed in standard documents	KPI detailing the number of suppliers adopting the APUC Supply Chain Code of Conduct	Use of KPIs to monitor the adoption of the Supply Chain Code of Conduct delivering 100% compliance for tenderers.		To continue to promote 100% compliance with adoption of Supply Chain Code of Conduct.
2.4	Define community benefit opportunities	Community Benefits Returns KPI requested from suppliers every six months	Continued work with suppliers to deliver Community Benefits has yielded a great level of support (see Section 3 for examples)		To continue to pursue Community Benefits from all relevant tenders issued by the College.

Objective	Strategy Action	2019-20 Target	2019-20 Work Undertaken	2019-20 RAG	2020-21 Planned Outcomes
3. Continued implementation and development of electronic procurement systems to support Purchase to Pay (P2P)					
3.1	Implement P2P	Investigate the options for hosting / supporting supplier catalogues to allow staff data entry to be reduced and access to live pricing information improved	Facility to connect the College systems to external systems through a Professional Electronic Commerce Online System being developed with College finance system developers before further work on internal and hosted catalogues can be progressed.		To finalise the development of linkage between the upgraded College Finance System and externally hosted catalogue suppliers.
3.2	Greater use of Quick Quote and Procurement Contracts Scotland	Quick Quotes/Tenders Use KPI in Quarterly Reporting	The College has undertaken 6 quick quotes, 6 mini competitions using frameworks and 2 open tenders in 2019/20. All of these procurement exercises were conducted using the Public Contracts Scotland or Public Contracts Scotland-Tender portals.		To continue the use of most appropriate method for delivery of procurement requirements of the College.
3.3	Standard forms to support processes	Submission of completed forms to procurement	Continued improvement of standard documentation including developing electronic workflow for Supplier Request documentation and Invitation to Tender documents.		Development of implemented electronic work flows to ensure that submission of completed forms to procurement are fully accurate.

Objective	Strategy Action	2019-20 Target	2019-20 Work Undertaken	2019-20 RAG	2020-21 Planned Outcomes
4. Identification of collaborative and shared services opportunities					
4.1	Analyse spend to identify internal collaborative opportunities	Number of open tenders for supplies and services and quick quotes for works	Due to COVID-19 the requirement to conduct tender exercises was reduced for part of the period, however the level of collaborative procurement across the College has increased- with a decrease of 7% in the level of non-regulated procurements.		Continue the decrease in the level of non-regulated procurements.
4.2	Investigate sector opportunities	Spend data analysis showing collaborative contract information	Quarterly spend data is now broken down by procurement status including collaborative contract information (national, sectoral and local contracts)		Spend data analysis showing collaborative contract information to be discussed at Heads of sector meetings.

Objective	Strategy Action	2019-20 Target	2019-20 Work Undertaken	2019-20 RAG	2020-21 Planned Outcomes
5. Achievement of efficiencies, cost savings and benefits (economic, social and environmental)					
5.1	Identify efficiencies and cost savings	KPI detailing progress to annual contract delivery plan	Quarterly spend data now recording BT1 savings for all current contracts on a rolling basis		To continue to record savings for all current contracts.
5.2	Identify benefits	Procurement exercises undertaken being delivered to schedule. Improved contract delivery status for 2019/20	Implementation of forward planning using the contract delivery plan has resulted in a structured approach to procurement exercises. However, changes in business requirements, some emerging as a result of the College response to COVID-19, necessitated that several urgent exercises were carried out at short notice. As a result, 14 additional procurement exercises were added to the delivery plan this year – primarily in area of estates and teaching departments		Introduction of a Request for Action process for all procurement exercises over £25k in total which will be used by internal stakeholders to plan future procurement requirements with the Procurement department

Objective	Strategy Action	2019-20 Target	2019-20 Work Undertaken	2019-20 RAG	2020-21 Planned Outcomes
6. Undertake Scottish Government Procurement and Commercial Improvement Programme (PCIP)					
6.1	Submit College PCIP	PCIP banding for 2019 assessment achieves Gold Status	This Objective was achieved with a gold status assessment score of 76%.		Preparations for next PCIP review in December 2021 to be progressed, with a focus on key areas of development including contract and supplier management.
6.2	Create improvement programme	Continue measuring progress against PCIP action plan	Focus has been on areas where improvement in the rating for the next PCIP assessment could be achieved. This has involved creating an extended contract delivery plan with increased contract coverage for a rolling three-year period.		Continue measuring progress against PCIP action plan

Objective	Strategy Action	2019-20 Target	2019-20 Work Undertaken	2019-20 RAG	2020-21 Planned Outcomes
7. Improved contract renewal, monitoring and supplier management processes					
7.1	Enhance contract renewal monitoring	College contract register versus Hunter database and public facing contract register	Continued maintenance of the College contract registers and APUC Hunter contract database, to ensure compliance and data integrity coupled with increased engagement with contracts owners with regard to contract renewals.		Contract management plan to continue to be widely distributed for coming years to allow users to identify timing of renewals and to serve as reminder for contract owners to ensure monitoring of contracts is taking place.
7.2	Engage with suppliers	Contract management meeting evidence for key contracts	In depth work carried out to build, implement and maintain a contract and supplier management system including processes and procedures. Piloted on several key contracts including transport, waste management and hairdressing and beauty supplies. Plans are in place to further roll out during 2020-21		To further roll out contract monitoring procedures developed in 2019-20
7.3	Report outcomes	Improved spend data informing improved contract coverage, more efficient contract delivery planning and further consolidation of spend	Quarterly reporting to SMT in place. Scoping work carried out with finance system provider to provide bespoke reporting. Annual spend data analysis showing reduction of non-regulated spend by 9% of all influenceable spend and increase of contracted spend by 9% of total influenceable spend		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 Public Contracts Scotland (PCS) electronic portal to conduct procurement exercises² including sourcing competitive quotes for non-regulated procurement via the Quick Quote system, and to issue Prior Information Notices and Contract Notices for procurement exercises over the regulated thresholds. Continued use of this approach has resulted in the inclusion of local suppliers wherever possible during the tendering of Category C local contracts. The adoption of the PCS portal systems as the default method to conduct procurement exercises across the College ensures compliance and transparency in the processes adopted.

The following table provides an overview of quick quote utilisation during 2019-20 along with the target for 2020-21:

Use of PCS, PCS-T and Quick Quote	2019-20	2019-20
	Target	Actual
Number of Open Tenders Published	>10	2
Notes of Interest Received	>260	56
Number of Submissions Received	>90	34
Average Number of Contractor Submissions per Open Tender	>10	17
Quick Quote		
Number of Quick Quotes Published	50	12
Number of Invitations Sent	>300	76
Number of Unique Suppliers Invited	>200	59
Average Number of Contractor Submissions per Quick Quote	6	6

² In line with College Financial Regulations regarding obtaining quotations

This reporting period has seen two Open Tenders being published by the College. Of these two Open Tenders, one of these was above OJEU thresholds for supplies and services and the other was a two-stage procedure for works. As such, these were of a greater level of complexity than other tenders issued during the reporting period. The College also conducted six mini competitions (request for further competition) on national and sectoral frameworks during the reporting period. These quick quotes were in the areas of ICT, buildings materials, power tools and furniture. The increased usage of further competition via frameworks demonstrates the College's commitment to participating in collaborative procurement at a national and sectoral level.

The lower level of quick quote usage in the reporting period has resulted from increased use of national frameworks and the cessation of tendering exercises during the first phase of the COVID-19 crisis due to staff furlough and other challenges for suppliers and contractors.

The College Procurement Strategy will continue with a mix of quick quotes, further competition using frameworks, direct awards and open tenders in the future. This will be informed by intelligence on the overall College expenditure allied with the market knowledge to match this data to appropriate procurement routes wherever possible.

Section 3: Community Benefit Summary

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. The College is committed to maximising any opportunities to obtain Community Benefits from procurement activities.

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 appropriateness for Community Benefits in terms of contract value, supplier base and nature of contract. Part of this assessment process takes into 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:

- The provision of supplies and/or services to support College curriculum activities and student welfare;
- The offer of recycled IT equipment to students;
- 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.

In the reporting period, the College has continued to engage with several suppliers who provide community benefits either as a result of direct commitment via local contracts or framework commitments. Examples of the community benefits secured by the College include:

- The provision of pop-up displays and the contribution of materials towards activities promoting sustainability issues;
- The provision of student training services and materials in the curriculum area of hairdressing and beauty therapy; and
- The provision of promotions and competitions for students in the catering supplies area.

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

- All standard quotation documentation includes 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 will ensure that, where suppliers have committed to provide Community Benefits as part of a contract, they will prepare a report on the delivery of these benefits on a six-monthly basis as part of the Contract Management programme as appropriate.

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 WEEE Scotland to recycle IT hardware. WEEE Scotland is a Supported business. This enables the College to recycle IT hardware in a compliant manner and contribute to the College's aims to meet its sustainable obligations and work with local Support Businesses.

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

Section 5: Future Regulated Procurement Summary

The College has prepared a summary of the anticipated regulated procurement schedule over the next three years – for the period covering 2020-21 to 2022-23 - 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 2020-21 year to alert the supply base to tender opportunities.

Significant capital work on the College estate and ad hoc procurement requirements may arise in-year which have not been included, and it is anticipated that further regulated procurement exercises will be identified throughout the next year.

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 36% of total influenceable spend.

Procurement Procedures

Several 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 2019-2025.

Procurement and Commercial Improvement Plan

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% was awarded.

The next College PCIP review by APUC is due to be completed by December 2021. The College plans to make progress following on from the 2019 assessment with emphasis on areas where further improvement can be made. These areas include the following:

- Further embedding of sustainable procurement;
- Continued development of contract and supplier management across all significant contracts;
- Development in the measuring of contract performance; and
- Further increase of contract coverage for potential influenceable spend.

Summary

This report outlines the College commitment to compliant, proactive and best practice procurement. The College continues to actively engage with the aims of the Procurement Reform (Scotland) Act 2014 and maintains an ethos of continuous improvement for both current procurement activities and future planned work. The College seeks to continue to expand the already increased awareness and engagement with procurement by staff, students and the supply base to achieve further improvement in the period 2020-21.

Appendix A - Regulated Procurements Completed 2019-20

	Date of Award	Name of Supplier	Description	Category	Contract Value
1	31/01/2020	Scottish Water Business Stream Ltd	Supply of Water & Waste Water Billing Services	Contract Cat A	£404,000
2	01/04/2020	Total Gas & Power Ltd	Supply of Natural Gas	Contract Cat A	£1,350,000
3	15/07/2020	XMA Limited	Purchase of Chromebooks	Contract Cat A	£425,000
Total Category A Contract					£2,179,000
4	08/10/2019	Nisbets PLC	Catering Light & Heavy Equipment TUCO	Contract Cat B	£500,000
5	09/03/2020	A.G.Barr	Soft Drinks - Direct Award	Contract Cat B	£240,000
6	06/05/2020	Norwood Limited	PAT Testing	Contract Cat B	£80,000
7	02/06/2020	Softcat plc	VMWare License Renewal	Contract Cat B	£57,227
Total Category B Contract					£877,227
8	29/07/2019	Upeel Ltd - KT Adult Dyslexia - Anne Rogerson	Educational Psychologists for the provision of Student Assessments	Contract Cat C	£120,000
9	13/12/2019	QA Ltd	Microsoft Training Courses - External Providers	Contract Cat C	£60,000
Total Category C Contract					£180,000
Total All Contracts					£3,236,227

Appendix B - Forward Procurement Plan 2020-21, 2021-22 and 2022-23

Summary

2020-21 Forward Procurement Plan	
Category A Contracts Total	£200,000
Category B Contracts Total	£2,851,000
Category C Contracts Total	£2,464,000
All Contracts Total	£5,515,000
2021-22 Forward Procurement Plan	
Category A Contracts	£3,500,000
Category B Contracts	£3,558,854
Category C Contracts	£2,073,333
All Contracts Total	£9,132,187
2022-23 Forward Procurement Plan	
Category B Contracts	£1,163,227
Category C Contracts	£1,057,340
All Contracts Total	£2,220,567
Total All Contracts 2020-2023	£16,867,754

Contract Delivery Plan 2020-21

Expected Date of Award	Description	Contract Type	Contract Duration - months incl extensions	Estimated Total Contract Value incl extensions	Status
01/05/2021	Data Circuits	Contract - Category A	48	£200,000	Re-let
		Total Category A		£200,000	
01/01/2021	Associate Trainers	Contract - Category B	48	£1,000,000	New
01/02/2021	Beauty Kits and Consumables	Contract - Category B	48	£360,000	Re-let
01/02/2021	Hairdressing Kits and Consumables	Contract - Category B	48	£432,000	Re-let
01/02/2021	Hair and Beauty Uniforms	Contract - Category B	48	£152,000	Re-let
01/02/2021	Make Up Artistry Kits	Contract - Category B	48	£172,000	Re-let
01/02/2021	Lift Maintenance - Cross Campus	Contract - Category B	48	£130,000	New
01/03/2021	Electrical Sundries	Contract - Category B	48	£300,000	New
01/07/2021	Sportswear and Associated Products	Contract - Category C	48	£165,000	Re-let
01/07/2021	Musical Instruments and Associated Equipment	Contract - Category B	48	£140,000	New
		Total Category B		£2,851,000	
01/01/2021	Engineering Equipment - AMCF First Release	Contract - Category C	One Off	£160,000	New
01/03/2021	Distance Learning	Contract - Category C	48	£1,830,000	Re-let
01/03/2021	Supply of Paper & Specialist Paper	Contract - Category C	48	£174,000	Re-let
01/07/2021	Engineering Equipment - AMCF Second Release	Contract - Category C	One Off	£300,000	New
		Total Category C		£2,464,000	

Contract Delivery Plan 2021-22

Expected Date of Award	Description	Contract Type	Contract Duration - months incl extensions	Estimated Total Contract Value incl extensions	Status
01/08/2021	Mobile Voice & Data Services - Lot 6 Mobil Voice & Data) (Crown Commercial Services)	Contract - Category A	48	£200,000	Re-let
01/10/2021	Provision of Lease of Office Equipment (MFD - Printers)	Contract - Category A	48	£1,500,000	Re-let
01/04/2022	Supply of Electricity (HH,NHH & Domestic) APUC UTI-1000-AP	Contract - Category A	48	£1,800,000	Re-let
		Total Category A		£3,500,000	
01/08/2021	Plumbing Sundries	Contract - Category B	48	£240,000	New
01/08/2021	Trade Materials - Other	Contract - Category B	48	£100,000	New
01/09/2021	Facilities Management Services	Contract - Category B	48	£800,000	New
01/09/2021	Travel Services	Contract - Category B	48	£560,000	New
01/09/2021	Micosoft CAMPUS Agreement Soft Licencing	Contract - Category B	48	£208,854	Re-let
01/12/2021	Laundry	Contract - Category B	48	£400,000	New
01/01/2022	Vehicle Hire	Contract - Category B	48	£90,000	Re-let
01/01/2022	Media Advertisement	Contract - Category B	48	£800,000	New
29/07/2022	Provision of Personal Protection Equipment - PPE	Contract - Category B	48	£360,000	Re-let
		Total Category B		£3,558,854	
01/08/2021	Fire Alarms and CCTV Servicing and Maintenance	Contract - Category C	48	£600,000	New
01/08/2021	Winter Gritting	Contract - Category C	48	£200,000	New
01/08/2021	Supply of Cleaning and Janitorial Requirements	Contract - Category C	48	£280,000	Re-let
01/08/2021	Supply of Cleaning and Janitorial Requirements	Contract - Category C	48	£83,333	Re-let
01/10/2021	Microsoft Training Courses - External Providers	Contract - Category C	48	£60,000	Re-let
01/11/2021	Trade Materials - Automotive	Contract - Category C	48	£600,000	New
01/11/2021	Trade Materials - Construction	Contract - Category C	48	£250,000	New
		Total Category C		£2,073,333	

Contract Delivery Plan 2022-23

Expected Date of Award	Description	Contract Type	Contract Duration - months incl extensions	Estimated Total Contract Value incl extensions	Status
There are no Category A contracts due for renewal during 2022-23					
Total Category A				£Nil	
01/02/2023	Fresh Dairy Products	Contract - Category B	48	£96,000	Re-let
01/02/2023	Fresh Bakery Products	Contract - Category B	48	£120,000	Re-let
01/02/2023	Library Books, Educational Textbooks and Multimedia Supplies	Contract - Category B	48	£500,000	Re-let
26/05/2023	VMWare License Renewal	Contract - Category B	48	£57,227	Re-let
01/07/2023	S&D of Grocery, Frozen & Chilled Food - TUCO 11042-TU	Contract - Category B	48	£390,000	Re-let
Total Category B				£1,163,227	
01/04/2023	The Provision of Glass Cleaning Services-All Campuses	Contract - Category C	48	£71,992	Re-let
01/04/2023	All Campus Landscaping & Gardening	Contract - Category C	48	£82,320	Re-let
29/04/2023	Waste & Recycling Management Services - LOT 1 - Waste Management	Contract - Category C	48	£275,624	Re-let
29/04/2023	Waste & Recycling Management Services - LOT 2 - Confidential Waste	Contract - Category C	48	£4,752	Re-let
29/04/2023	Waste & Recycling Management Services - LOT 3 - Compactor Rental	Contract - Category C	48	£214,652	Re-let
01/07/2023	Sports Uniforms	Contract - Category C	48	£408,000	Re-let
Total Category C				£1,057,340	

TITLE: ANNUAL UPDATE REPORT ON 2019-20 TAXATION MATTERS

Background: This report presents an update in relation to College taxation matters for 2019-20.

Action: The Finance and General Purposes Committee is asked to note the content of the report.

Lead: Vivienne Mulholland, Head of Finance and Student Funding

Status: Open

1. Background

- 1.1 The College is a registered charity (Scottish Charity Number SC021185) and is recognised by HM Revenue and Customs as a charity for the purpose of section 467, Income and Corporation Taxes Act 2010 and as such is exempt from corporation tax on charitable activities. The College receives no similar exemption in respect of Value Added Tax (VAT).
- 1.2 The College is not exempt from paying corporation tax on non-charitable activities where these activities are deemed to have made a profit. Non-charitable areas of activity include conference income and sponsorship; hire of accommodation; other non-core income and the rental/lease of accommodation.
- 1.3 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.

2. Corporation Tax

- 2.1 Based on professional advice the College annually reviews the areas of activity which are likely to be deemed as non-charitable including the provision of catering services and rent/lease of premises. The total costs of supplying such services are calculated and compared to the level of income generated by the College. If a loss is generated, the net position arising from this means that the College has no corporation tax to pay.
- 2.2 The exercise to confirm the 2019-20 College corporation tax position was completed by Azets (formerly known as Scott-Moncrieff) during the first quarter of 2020-21. The outcome of this exercise confirmed that there was no corporation tax liability on any of the College's non-charitable activities.

3. VAT

- 3.1 The VAT incurred by the College on purchases and overheads is known as *input tax*. For businesses that only make taxable supplies, either standard-rate, lower-rate or zero-rate, this input tax is generally fully recoverable, however for the College this is not the case.
- 3.2 The College, whilst being a VAT registered business, makes a material level of exempt sales (tuition fees, grant income) upon which it cannot charge VAT. The consequence of which is that the College cannot usually reclaim the input tax it incurs on purchases and overheads used in making those exempt supplies. The College makes both taxable and exempt supplies and is therefore considered as *partially exempt*.
- 3.3 As the College is partially exempt, it cannot recover input tax on purchases, costs and overheads relating to the exempt sales. Identifying the input tax that relates solely to the exempt supplies should be relatively straight forward. However, a portion of overheads such as audit fees, light, heat, telephone and communication and IT costs are also likely to relate to exempt sales and must be identified.

- 3.4 In 2014 the College and HMRC agreed a special method for recovery of *pot* VAT. This agreement has allowed the College to recover *pot* VAT for 2019-20 of £4,000 and a claim for the £4,000 was made in the October 2020 VAT return.
- 3.5 The College continues to carry out an annually externally facilitated VAT review, carried out by VAT Services Scotland Ltd, encompassing an evaluation of quarterly VAT returns to ensure the returns are being submitted correctly; level of Business/Non-Business % to allow the College to continue to claim VAT at lower % rate on utility supplies and purchasing activity to ensure VAT reclaims are made where possible. The latest College VAT review was undertaken in early November 2020 and as a result it is expected that the College will be able to recover £2,500.
- 3.6 In the past year the College has not been subject to a VAT inspection by HMRC.
- 3.7 HMRC regulations require that after 1 October 2019 the College must submit VAT returns digitally. The College finance system software 'BluQube' is compliant with HMRC requirements and facilitates the College quarterly VAT submissions.

4 Pay As You Earn (PAYE)

- 4.1 During 2019-20 the College has continued to operate the i-Trent payroll system which is supplied by Midland HR. The system accounts for all PAYE deductions and collates the payments required to HMRC.
- 4.2 During 2019-20 there have been no issues with either the calculation of PAYE nor in the payment of the relevant tax and national insurance.
- 4.3 The College has not been subject to a PAYE audit during the year.

Apprenticeship Levy

- 4.4 The Apprenticeship Levy came into effect from April 2017 and the College is required to contribute 0.5% of gross PAYE which remains unchanged from 2017-18.
- 4.5 For the year to 31 July 2020 the College therefore paid £147,385 (2018-2019: £144,586) in relation to the Apprenticeship Levy.
- 4.6 The College does receive funding arising from the application of the Apprenticeship Levy in the form of the Flexible Workforce Development Fund, with £734,098 allocated to the College by the SFC for 2019-20.

5 Summary

- 5.1 This report highlights the main areas of taxation the College engages with on an annual basis. Most of the taxation matters are of a routine nature and the College has a sufficient level of in-house expertise to deal with most of them. However, professional advice is taken from legal experts and/or specialist tax accountants where this is required.
- 5.2 The Finance and General Purposes Committee is asked to note the content of the report.

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 Finance and General Purposes 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 progress made in further developing the College Risk Management framework.

Lead: Alan Ritchie, Director of Finance

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. Development of the College Risk Management Framework

- 2.1 The October 2020 Board of Management approved the following changes to the Strategic Risk register:
- The format was amended to present each risk on a separate sheet to allow for easier reading of the risks faced by the College along with the actions being taken to mitigate the identified risk; and
 - The content of the risk now includes risk appetite and proximity measures in line with the agreed Strategy.
- 2.2 The revised College Risk Management Strategy will be presented to the Audit Committee on 3 December 2020 for their review prior to consideration by the Board of Management at the 14 December 2020 meeting.
- 2.3 A further development since the revised Strategic Risk Register was approved is that all risks have been uploaded onto the College Pentana system. Members of the College Senior Management Team will now be responsible for monitoring and updating the risks on an ongoing basis using this electronic platform. The overall responsibility for oversight and management of the risk register will continue to reside with the College Executive Team.
- 2.4 The College is currently reviewing and updating how it intends to develop the 2021-22 operational planning regime. As part of this review process the further integration of risk management into the operational planning cycle will aid the development of the overall College approach to risk management.

3. College Strategic Risk Register Update and Considerations

- 3.1 The College Strategic Risk Register was approved at the October 2020 Board of Management meeting.
- 3.2 The Senior Management Team (SMT) has continued to review the Strategic Risk Register.

3.3 In carrying out the review process, the following considerations / adjustments have been made to the Strategic Risk Register:

- Based on knowledge of the current operating environment, the SMT do not consider that there is a requirement to amend the top five risks nor the associated risk pre and post mitigation scoring. There have been no changes to the remaining strategic risk scores.
- Due to the changes in the form of competition that the College faces and the environmental challenges as a result of Covid-19, Risk (6) has been updated as follows:
 - Prior Risk
SFC Regional Outcome Agreement
Failure to deliver SFC Regional Outcome Agreement targets at a time of limited resource results in future credit and/or funding adjustments.
 - Revised Risk
SFC Regional Outcome Agreement
Failure to deliver SFC Regional Outcome Agreement targets at a time of limited resource, **competition and challenging economic environment due to Covid-19**, results in future credit and/or funding adjustments.
 - The SMT have included a further mitigating control relating to the delivery of the College Marketing Strategy as a method of addressing the challenges faced by the College in achieving the objectives set in the Regional Outcome Agreement.
- The mitigating controls across all risks have been updated to take account of the outcomes of internal / external audit reports and any relevant Scottish Government/Scottish Funding Council announcements. More specifically the following controls have been included:
 - Risk (1) – The response to Covid-19 has been amended to include the Executive Covid-19 Review Group, the inclusion of sanitisation teams and the work being carried out to deliver the College Digital Strategy.
 - Risk (6) – The delivery of the Marketing Strategy in response to the changes in competition and economic challenges faced by the College.
 - Risk (8) – The review process the College undertakes to ensure that data is robust and up to date to ensure strategic decision making is based on the best available data.

- The College remains in discussion with the SFC regarding the implementation of the College Business Transformation Plan as noted in Risk (9). The latest discussion regarding this matter held between the College and SFC on 13 November 2020. Following that meeting the SFC have requested some time to assess the overall sector position and the level of activity involving a third party that West College Scotland has requested to deliver during 2020-21. Until the outcome of that meeting is conveyed to the College by the SFC Regional Outcome Manager, the risk rating and controls have remained unchanged.
- The SMT considered Staff Relations – risk (10) given the impacts arising from Covid-19 operating restrictions. The view of the SMT was that the current transitory period required to be fully navigated to understand the challenges and opportunities that may emerge for working models, and with this what the impact upon staff relations were likely to be. The SMT did not therefore consider that the risk rating required to be amended at this time.

4. Conclusion

4.1 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

Proximity: when might the risk occur.

Description	Timing
Immediate	Now
Medium-term	Within three to six months
Longer-term	Greater than six months

Impact: this is the estimated effect of the risk on the Strategic Priorities.

Impact	Criteria	
Catastrophic	4	Significant and unacceptable impact on objectives that would require a material change to approach, procedure or process.
Critical	3	Moderate impact on Priorities that may require minor changes in approach, procedure or process.
Marginal	2	Minor impact on Priorities, which requires little overall change in approach.
Negligible	1	No real impact on achieving Priorities.

Probability: this is the estimated chance of the risk occurring.

Likelihood	Criteria	
Almost certain	6	Extremely likely to occur
Very likely	5	Almost certain to occur
Likely	4	Most likely to occur than not
Possible	3	May occur
Very unlikely	2	Unlikely to occur
Remote chance	1	Extremely unlikely to occur

Risk Score: Impact x Probability

Impact		Result			
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
		1	2	3	4
Probability		Negligible	Marginal	Critical	Catastrophic

Risk Score: the overall risk level.

Risk level	Score	Description
High	16 - 24	Unacceptable level of risk exposure that requires a review of controls and immediate mitigating action
Medium	6 - 15	Acceptable level of risk exposure subject to regular monitoring
Low	1 - 5	Acceptable level of risk exposure subject to periodic monitoring

Net Risk Score: the overall risk level after controls and mitigating actions are put in place

Trend: after controls and mitigating actions are considered

↑	New or increasing risk
↔	No change to risk
↓	Declining risk

Risk Appetite

	Averse	Minimalist	Cautious	Open	Hungry
Finance					
Political					
Governance					
Competitive Environment					
Staffing and HR					
Student					
Reputational / External					
Infrastructure					
Learning and Teaching					
Digital					

Classification	Description
AVERSE	Avoidance of risk and uncertainty is a key organisational objective.
MINIMALIST	Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.
CAUTIOUS	Preference for safe delivery options that have a low degree of residual risk and may only have limited potential for reward.
OPEN	Willing to consider all potential delivery options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward (and value for money etc.).
HUNGRY	Eager to be innovative and to choose options offering potentially higher business rewards, despite greater inherent risk.

College 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, in a way that suits individual students.	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 customers and stakeholders by creating learning pathways, developing new delivery partnerships and integrating learning into wider local strategies.	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

Risk Register: Summary of Top 5 Risks

Risk No.	Risk Description	Proximity	Gross	Net	Prior	Trend since last report
1	<p><u>Business Continuity / Cyber Resilience Planning</u> Inadequate business continuity / cyber resilience planning leading to material interruptions to service delivery primarily resulting from Coronavirus epidemic.</p>	Medium-term	24	24	24	↔
2	<p><u>SFC Funding and Funding Methodology</u> 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.</p>	Immediate	24	24	24	↔
3	<p><u>Estate Strategy</u> 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.</p>	Long-term	24	20	20	↔
4	<p><u>Estates maintenance / capital funding</u> Failure to secure adequate estates maintenance / capital funding for future investment or refurbishment of IT and physical infrastructure.</p>	Medium-term	20	16	16	↔
5	<p><u>Brexit</u> 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.</p>	Medium-term	15	15	15	↔

Risk number	1	WCS 7
Risk description	<u>Business Continuity / Cyber Resilience Planning</u> Inadequate business continuity / cyber resilience planning leading to material interruptions to service delivery primarily resulting from Coronavirus epidemic.	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	1.2 - Raising Aspirations and Enabling Students to achieve outcomes 3.4 - Managing for Resilience	
Risk category / appetite	Reputational/External	Open
Proximity	Medium-term	
Impact/Likelihood	6 x 4	
Gross Risk Score	24	
Controls <i>A control is a framework in place to mitigate the risk.</i>	1) Business Continuity Plan available on the College intranet to staff along with departmental plans to assist during any incident.	Director of Finance
	2) Business Continuity scenario planning sessions undertaken on a quarterly basis with involvement from both teaching and support staff. Externally facilitates and lessons learned shared with staff.	Director of Finance
	3) College Mobilisation Group established to oversee the reopening of campuses for teaching purposes. Group is chaired by the Director of OD & HR and has representatives from staff, unions and Student Association. The Group meets weekly and is assisted by a Project Manager. The mobilisation Group reports weekly to an Executive Group led by the Principal who oversees the overall College Covid-19 response.	Director of OD & HR
	4) Good interaction with staff, trade unions and Student Associations with regular meetings taking place and information being supplied to all parties on a timely basis normally via the College intranet, with the use of the Homeworking Times publication being key.	Director of OD & HR
	5) Continued engagement with Scottish Funding Council, Skills Development Scotland and other funding bodies to gain clarity on future funding and determine impacts upon College financial sustainability.	Principal

	<p>6) Return to on-site campus activity for 2020-21 academic session achieved from 21 September 2020, including:</p> <ul style="list-style-type: none"> - development of online materials across all areas of learning and teaching; - purchase and dispersal of IT equipment to support students where there is an identified need; - estate adaptations including specified access / egress points to all campuses; improved signage; increased cleaning regime; and development of policy manuals – circulation; cleaning and catering; - on-going monitoring of supply chains based upon risk analysis supplied by APUC; - investment in dedicated sanitisation teams who work across all circulation spaces ensuring regularly touched areas are cleaned. 	Director of OD & HR
	<p>7) The delivery of the work streams associated with the College Digital Strategy will ensure that the needs of both students and staff are addressed in relation to learning and teaching and delivery of support services.</p>	<p>Assistant Principal: Creativity and Skills</p> <p>Assistant Principal: Enterprise and Skills</p>
Probability/Impact	6 x 4	
Net Risk Score	24	
Trend	↔	
Overall Risk Owner	VP Operations	

Risk number / Reference	2	WCS1
Risk description	<u>SFC Funding and Funding Methodology</u> 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.	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority</i>	1.1 - Developing Bespoke solutions, Fast 1.3 - Recruiting and Retaining Talented People 3.1 - Developing new income opportunities 3.4 - Managing for Resilience	
Risk category / appetite	Finance	Minimalist
Proximity	Immediate	
Probability/Impact	6 x 4	
Gross Risk Score	24	
Controls <i>A control is a framework in place to mitigate the risk.</i>	1. Detail of 2020-21 SFC core funding for teaching, estate and student funding confirmed. Ongoing engagement with SFC on funding for period poverty and support for voluntary severance programme.	Vice Principal Operations
	2. Break-even adjusted operating position (excluding the costs of voluntary severance) budget approved for 2020-21 by the Board of Management on 20 July 2020 along with 3-year financial scenario plan. Budget will be monitored continuously by SMT and quarterly by the Board of Management through provision of management accounts.	Vice Principal Operations
	3. Transformation Plan agreed with SFC to take effect from 2020-21 onwards and funding / credit level confirmed by SFC to support this. Requirement for College to deliver 2020-21 curriculum activity in accordance with the agreed Business Transformation Plan.	Principal
	4. Estates Strategy 2016-2026 includes objective to improve / rationalise the College estate utilising estate maintenance funding. Annual Strategy update provided to Asset and Infrastructure Committee including progress towards achievement of objectives.	Vice Principal Operations
	5. College Commercial Development and Credit Group report to HR and Corporate Development Committee at each meeting on level of SFC credit activity	Assistant Principal: Enterprise and Skills

	and on actions taken to maintain ESF income and to grow other non-SFC income.	
	6. Commercial Development and Credit Group monitor current and future curriculum delivery plans including credit delivery and staffing requirements. Report provided to each SMT meeting on credit activity.	Assistant Principal: Enterprise and Skills
Probability/Impact	6 x 4	
Net Risk Score	24	
Trend	↔	
Overall Risk Owner	VP Operations / VP Educational Leadership	

Risk number	3	WCS 3
Risk description	<u>Estate Strategy</u> Failure to deliver Estate Strategy 2016-2026 objectives due to business cases for development of estate being delayed, with this having a resultant negative impact on the ability of the College to recruit students, retain staff and address legislative requirements.	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	1.2 - Raising Aspirations and Enabling Students to achieve outcomes 3.1 - Developing new income opportunities 3.3 - Utilising Specialist Capabilities 3.4 - Managing for Resilience	
Risk category / appetite	Infrastructure	Open
Proximity	Long-term	
Impact/Likelihood	6 x 4	
Gross Risk Score	24	
Controls <i>A control is a framework in place to mitigate the risk.</i>	1. Asset and Infrastructure Committee (A&I) receive VP Update Report at each meeting on College engagement with stakeholders including SFC, SFT, local councils and other key stakeholders.	Vice Principal Operations
	2. Board approved Estate Strategy 2016-2026 with A&I Committee receiving annual implementation update which highlight required estate investment for consideration by SFC and Scottish Government.	Vice Principal Operations
	3. Outline Business Cases for Paisley and Greenock estate submitted to the SFC. Update on progress made in relation to OBCs made to each A&I Committee including engagement with SFC and local councils.	Vice Principal Operations
	4. Update report provided to each meeting of the A&I Committee which indicates how the College has prioritised the use of SFC estate maintenance funding to address the College 2019 Estate Condition Survey results.	Director of Infrastructure
Probability/Impact	5 x 4	
Net Risk Score	20	
Trend	↔	
Overall Risk Owner	VP Operations	

Risk number	4	WCS 2
Risk description	<u>Estates maintenance / capital funding</u> Failure to secure adequate estates maintenance / capital funding for future investment or refurbishment of IT and physical infrastructure.	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	1.1 - Developing Bespoke solutions, Fast 1.2 - Raising Aspirations and Enabling Students to achieve outcomes 2.3 - Delivering Inclusive Growth 4.1 - Using Data	
Risk category / appetite	Infrastructure	Open
Proximity	Medium-term	
Impact/Likelihood	5 x 4	
Gross Risk Score	20	
Controls <i>A control is a framework in place to mitigate the risk.</i>	1. College Estate Strategy 2016-2026 submitted to SFC highlighted significant need of investment in College. Annual update report on implementation and progress to Asset and Infrastructure Committee. SFC updated at least twice a year on estate challenges faced by the College.	Vice Principal Operations
	2. A&I Committee receive report on the level of SFC estate maintenance funding which is for 2020-21 only. A&I Committee receive report on planned level of expenditure compared to need and how the College is prioritising the use of the amount allocated to it. Update reports provided to each Committee on use of SFC estate maintenance funds.	Director of Infrastructure
	3. The College regularly engages both formally and informally with both Renfrewshire and Inverclyde Councils to discuss opportunities for development of College facilities. Update report on progress provided to A&I Committee at each meeting.	Principal
	4. Outline Business Cases for Paisley and Greenock submitted to the SFC following Board of Management approval. College pursuing with SFC wider curriculum horizon scanning exercise to allow the College to provide holistic approach to curriculum delivery across the regions it serves.	Vice Principal Operations
	5. The College has undertaken an estate condition survey in 2019 to provide up to	Vice Principal Operations

	<p>date information of the investment required to bring the estate to Condition B status and to maintain it at this level. A presentation on the 2019 results was made to March 2020 A&I Committee and the detail of this provided to the Board of Management. SFC have received a copy of the presentation for their information as well as being updated by the Vice Principal Operations. A Board of Management development session to consider estates challenges and opportunities was undertaken on 28 October 2020 with the outcomes being reported to the December A&I Committee along with the next steps.</p>	
Probability/Impact	4 x 4	
Net Risk Score	16	
Trend	↔	
Overall Risk Owner	VP Operations	

Risk number	5	WCS 16
Risk description	Brexit 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.	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	1.3 - Recruiting and Retaining Talented People 2.2 - Immersive Partnerships 3.1 - Developing new income opportunities 3.4 - Managing for Resilience	
Risk category / appetite	Governance	Cautious
Proximity	Medium-term	
Impact/Likelihood	5 x 3	
Gross Risk Score	15	
Controls <i>A control is a framework in place to mitigate the risk.</i>	1) College has undertaken a review of possible impacts of Brexit on operations and continues to keep this under review. This has been discussed at senior management level and with Board Committees.	Assistant Principal: Enterprise and Skills
	2) The College is a member of a sector working group on Brexit allowing access to latest intelligence specific to the College sector. The College continues to consider to review developments as they arise on a continuous basis.	Assistant Principal: Enterprise and Skills
	3) On-going liaison with SFC on future funding arrangements post 31 July 2023 when current ESF funding is due to end.	Director of Finance
Probability/Impact	5 x 3	
Net Risk Score	15	
Trend	↔	
Overall Risk Owner	Principal	

Risk number	6	WCS 4
Risk description	<u>SFC Regional Outcome Agreement</u> Failure to deliver SFC Regional Outcome Agreement targets at a time of limited resource, competition and challenging economic environment due to Covid-19, results in future credit and/or funding adjustments.	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	1.2 - Raising Aspirations and Enabling Students to achieve outcomes 2.1 - Creating Learning Pathways 3.2 - Developing the Market 3.4 - Managing for Resilience	
Risk category / appetite	Learning and Teaching	Open
Proximity	Long-term	
Impact/Likelihood	5 x 4	
Gross Risk Score	20	
Controls <i>A control is a framework in place to mitigate the risk.</i>	1) 2020-21 ROA finalised however revised SFC guidance awaited on monitoring of 2020-21 outcomes given impact of Covid-19 upon targets. Board of Management updated of revised SFC ROA requirements for 2020-21. ROA reported to Board of Management and individual Committees made aware of ROA objectives relevant to their remit.	Vice Principal Educational Leadership
	2) Effective ROA monitoring and reporting procedures in place, including operational planning process, and monitoring through the Board of Management and all Committees.	Vice Principal Educational Leadership
	3) Regular contact and review meetings with local authorities and schools in order to access attainment funding in support of College activities.	Assistant Principal Student Life and Skills
	4) Detailed curriculum development planning and review process which has been subject to positive review by internal audit.	Vice Principal Educational Leadership
	5) Blended approach to delivery of teaching and learning including online learning allowing College to address changes in recruitment and delivery.	Vice Principal Educational Leadership
	6) Curriculum offering is reviewed to ensure employer and student needs are met and appropriate courses delivered.	Vice Principal Educational Leadership
	7) College Marketing Strategy ensures that the College is seen as the place to come to be educated. Internal communication plans subject to internal audit review	Principal

	with limited number of recommendations for improvement. External communications subject to internal audit review as part of 2020-21 audit plan.	
Probability/Impact	4 x 3	
Net Risk Score	12	
Trend	↔	
Overall Risk Owner	Principal	

Risk number	7	WCS 5
Risk description	<u>National Pay Bargaining</u> Impact and outcome of National Pay Bargaining for both teaching and support staff has an adverse effect on either efficiency of delivery or 2020-21 budget.	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	1.1 - Developing Bespoke solutions, Fast 1.2 - Raising Aspirations and Enabling Students to achieve outcomes 1.3 - Recruiting and Retaining Talented People 3.4 - Managing for Resilience	
Risk category / appetite	Staffing and HR	Open
Proximity	Medium-term	
Impact/Likelihood	6 x 3	
Gross Risk Score	18	
Controls <i>A control is a framework in place to mitigate the risk.</i>	1) College representation and involvement at senior level in national Employers Association and national joint negotiating committee (NJNC). Update reports provided to both SMT and Board of Management Committees.	Vice Principal Operations – support staff Director of Finance – teaching staff
	2) Financial impact assessment / planning scenarios on the impacts of National Bargaining included within the planning of 2020-21 budget and three-year forecast.	Director of Finance
	3) Business Continuity Planning considered impact of industrial action, with specific plans in place.	Director of Finance
	4) Local trade union consultation and negotiating committees for support and teaching staff continuing to meet on a regular basis in order to maintain positive College industrial relations.	Director of Organisational Development & HR
	5) Robust sector and College communication plan including liaison with Student Association on potential impact on students and staff of outcome from National Bargaining negotiations as required.	Principal
	6) Workforce planning being carried out at departmental level based on national agreements. Results of latest round of planning incorporated into Human Resources Annual Report 2019.	Director of Organisational Development & HR
Probability/Impact	4 x 3	
Net Risk Score	12	

Trend	↔
Overall Risk Owner	Principal

Risk number	8	WCS 6
Risk description	<u>IT Systems and Infrastructure</u> Failure to maintain or acquire and use IT systems and infrastructure to support the digital ambitions of the College.	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	1.1 - Developing Bespoke solutions, Fast 2.1 - Creating Learning Pathways 3.3 - Utilising Specialist Capabilities 4.2 - Inspirational Learning	
Risk category / appetite	Digital	Hungry
Proximity	Medium-term	
Impact/Likelihood	4 x 4	
Gross Risk Score	16	
Controls <i>A control is a framework in place to mitigate the risk.</i>	1) IT Strategy, Policies / Procedures and system access processes in place. The Asset and Infrastructure Committee review progress achieved in delivering the IT Strategy on an annual basis.	Director of Infrastructure
	2) College involvement in national college sector digital group has concluded. One off SFC funding of £221k utilised in order to fund purchase IT devices for students.	Assistant Principal: Creativity and Skills Assistant Principal: Enterprise and Skills
	3) Staff and student feedback and evaluation procedures in place. Action planning in place to address issues raised through feedback mechanisms.	Assistant Principal: Performance and Skills
	4) IT Contingency Plan in place with regular review and update undertaken.	Director of Infrastructure
	5) College has renewed Cyber Essentials Plus accreditation as required. Work commencing on updating the Scottish Government Cyber Resilience Framework.	Director of Infrastructure
	6) College Digital Strategy sets out digital ambitions for the College, presented and approved by the Board of Management. Annual Strategy update report provided to Learning, Teaching and Quality Committee with regular updates provided to SMT. This will provide a basis for College digital developments and a basis for seeking required levels of Scottish Government and SFC funding to support this.	Assistant Principal: Creativity and Skills / Assistant Principal: Enterprise and Skills
	7) Data from major IT systems reviewed on ongoing basis to ensure that	Principal

	information upon which strategic decisions are based is robust and up to date.	
Probability/Impact	4 x 3	
Net Risk Score	12	
Trend	↔	
Overall Risk Owner	VP Operations	

Risk number	9	WCS 15
Risk description	College Transformation Plan Failure to deliver the financial and/or non-financial objectives outlined in the College Transformation Plan "Future Proofing Our College".	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	1.1 - Developing Bespoke solutions, Fast 2.1 - Creating Learning Pathways 3.4 - Managing for Resilience 4.3 - Developing the skills base	
Risk category / appetite	Governance	Cautious
Proximity	Long-term	
Impact/Likelihood	4 x 4	
Gross Risk Score	16	
Controls <i>A control is a framework in place to mitigate the risk.</i>	1) Transformation Plan has been developed by the College and discussed in detail with the SFC. Plan formally agreed and funding provided by SFC from 2020-21 to support this. Requirement for College to deliver the Transformation Plan from 2020-21 and reduce the level of third-party distance learning.	Principal
	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.	Principal
Probability/Impact	3 x 4	
Net Risk Score	12	
Trend	↔	
Overall Risk Owner	Principal	

Risk number	10	WCS 9
Risk description	Staff Relations Inability to maintain positive staff relations.	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	1.2 - Raising Aspirations and Enabling Students to achieve outcomes 1.3 - Recruiting and Retaining Talented People 3.4 - Managing for Resilience	
Risk category / appetite	Staffing and HR	Open
Proximity	Long-term	
Impact/Likelihood	4 x 3	
Gross Risk Score	12	
Controls <i>A control is a framework in place to mitigate the risk.</i>	1) Approved Workforce Plan in place and implementation reviewed by the HR and Corporate Development Committee.	Director of Organisational Development & HR
	2) Clear procedures for communication and engagement with Trade Unions and College staff verified by 2018-19 internal audit on internal communications	Director of Organisational Development & HR
	3) Staff engagement sessions and staff surveys undertaken on regular basis allowing matters to be raised and issues to be addressed early.	Principal
	4) Local trade union consultation and negotiation committees in place for teaching and support staff. Minutes of the meetings are provided to staff via the College intranet.	Director of Organisational Development & HR
	5) College is supportive of staff involvement in national negotiations and has open dialogue with trade unions at local and national levels as to how staff can be supported.	Director of Organisational Development & HR
Probability/Impact	3 x 3	
Net Risk Score	9	
Trend	↔	
Overall Risk Owner	Principal	

Risk number	11	WCS 11
Risk description	<u>Alternative Income Growth</u> Ability to generate consistent levels of alternative income or to grow alternative income streams.	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	1.1 - Developing Bespoke solutions, Fast 2.3 - Delivering Inclusive Growth 3.1 - Developing new income opportunities 3.2 - Developing the Market	
Risk category / appetite	Competitive Environment	Open
Proximity	Long-term	
Impact/Likelihood	4 x 3	
Gross Risk Score	12	
Controls <i>A control is a framework in place to mitigate the risk.</i>	1) Alternative Income plans, targets and activities developed annually as part of the Operational Planning Process and shared across the College. Income plans and ambitions are in response to requirements of College Transformation Plan objectives. Reporting and monitoring on activity and progress will be subject to review by HR and Corporate Development Committee.	Assistant Principal: Enterprise and Skills
	2) 2020-21 Alternative income budget and forecast agreed and monitored by the HR and Corporate Development Committee.	Assistant Principal: Enterprise and Skills
	3) Update report provided to HR and Corporate Development committee on partnership working with local employers and stakeholders.	Assistant Principal: Enterprise and Skills
	4) Operation planning combined with Curriculum Development Planning procedure used to identify potential opportunities for income growth.	Vice Principal Educational Leadership
	5) Adaption of course portfolio to meet student / employer needs.	Vice Principal Educational Leadership
	6) Financial strategy and planning in place to address variations.	Director of Finance
	7) Commercial Development and Credit Group meet twice a month to review budget / create forecast and address challenges of delivering alternative income.	Assistant Principal: Enterprise and Skills
Probability/Impact	3 x 3	
Net Risk Score	9	

Trend	↔
Overall Risk Owner	VP Educational Leadership



Risk number	12	WCS 10
Risk description	Workforce Planning Failure to embed Workforce Plan resulting in lack of appropriate resources and skills being developed to achieve College strategic objectives and outcomes	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	1.3 - Recruiting and Retaining Talented People 2.3 - Delivering Inclusive Growth	
Risk category / appetite	Staffing and HR	Open
Proximity	Long-term	
Impact/Likelihood	4 x 3	
Gross Risk Score	12	
Controls <i>A control is a framework in place to mitigate the risk.</i>	1) Board of Management approved College Workforce Plan in place and annual update report provided to HR and Corporate Development Committee.	Director of Organisational Development & HR
	2) Detailed teaching resource planning through use of curriculum mapping tool (CMAP).	Vice Principal Educational Leadership
	3) Resourcing of support staff structures reviewed on an ongoing basis by Executive Management Team to ensure alignment with operational and strategic priorities.	Principal
	4) ITrent HR and payroll software developed to provide staff data and reports including a College establishment report.	Director of Organisational Development & HR
	5) Professional Development Policies are aligned to strategic priorities.	Director of Organisational Development & HR
	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.	Director of Organisational Development & HR
	7) Results from staff skills survey being used to allow the College to identify and address future skills gaps.	Director of Organisational Development & HR
Probability/Impact	3 x 2	
Net Risk Score	6	
Trend	↔	
Overall Risk Owner	Principal	

Risk number	13	WCS 13
Risk description	<u>General Data Protection Regulations</u> Inability to ensure a holistic response to data and information governance, including compliance with the General Data Protection Regulations (GDPR).	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	3.4 - Managing for Resilience 4.1 - Using Data	
Risk category / appetite	Governance	Cautious
Proximity	Long-term	
Impact/Likelihood	3 x 3	
Gross Risk Score	9	
Controls <i>A control is a framework in place to mitigate the risk.</i>	1) The College has appointed a Data Protection Officer (DPO) in compliance with legislative requirement.	Director of Organisational Development & HR
	2) Ongoing review by DPO of departmental compliance with data legislation and addressing issues as required. Report provided to SMT on progress and issues identified / rectified.	Director of Organisational Development & HR
	3) College GDPR and Data Management Working Group which involves SMT and wider staff involvement as required. The Group has oversight of the information risk assessment process and provides reports to SMT as required.	Director of Organisational Development & HR
	4) Data Protection concepts and principles embedded within the operations of the College.	Director of Organisational Development & HR
Probability/Impact	3 x 2	
Net Risk Score	6	
Trend	↔	
Overall Risk Owner	Principal	

Risk number	14	WCS 14
Risk description	<u>Estate Investment Works</u> Normal business activities are unduly affected due to the complexity of sequencing estates investment works.	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	1.2 - Raising Aspirations and Enabling Students to achieve outcomes 3.4 - Managing for Resilience	
Risk category / appetite	Learning and Teaching	Open
Proximity	Long-term	
Impact/Likelihood	4 x 2	
Gross Risk Score	8	
Controls <i>A control is a framework in place to mitigate the risk.</i>	1) Detailed resource planning involving all relevant parties at early stages to address any issues in advance of project start date.	Director of Infrastructure
	2) Staff resource increased though recruitment of additional Project Manager to address the significant increase in level of expenditure and complexity of projects being undertaken.	Director of Infrastructure
	3) Well embedded Project / Estate Team with knowledge base that allows issues to be identified and addressed.	Director of Infrastructure
	4) Use of external professional advisors to provide oversight and critical review of proposed activities / plans.	Director of Infrastructure
Probability/Impact	3 x 2	
Net Risk Score	6	
Trend	↔	
Overall Risk Owner	VP Operations	

TITLE: REPORT ON SFC ANALYSIS OF THE 2018-19 ANNUAL ACCOUNTS OF SCOTLAND'S COLLEGES AND UNIVERSITIES

Background: On 15 October 2020 the Scottish Funding Council published a summary analysis of the [2018-19 annual accounts for the college and university sectors](#). This report brings to the attention of the Committee some of the highlights of the SFC report.

Action: The Finance and General Purposes Committee is requested to consider and note the SFC report.

Lead: Alan Ritchie, Director of Finance and Estates

Status: Open

1. Introduction

- 1.1 The Financial Memorandum between the Scottish Funding Council (SFC) and the College requires that:

The institution plans and manages its activities to remain sustainable and financially viable. An institution is being managed on a sustainable basis if, year on year, it generates sufficient 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

- 1.2 Financial sustainability is therefore a primary condition of the SFC teaching grant and the SFC has a key role in ensuring that the institutions it funds continue to plan and manage their activities in a way which ensures their sustainability and financial viability. This contributes to the success of students and researchers, local communities and the wider Scottish economy.

- 1.3 In order to assist with the understanding of the overall sector financial position, the SFC have published the attached report (*appendix A*) which presents an aggregate picture of the financial health of Scottish institutions based on a review of their 2018-19 financial statements. The SFC has recognised that:

- a) the report presents an aggregate position and that there is significant variation in the financial position of individual institutions; and
- b) financial management is a dynamic process and the information contained within the report is an update to the information provided in their February 2020 publication, '*Financial Sustainability of Colleges and Universities in Scotland*', which was discussed at the March 2020 Committee meeting.

2. Report Key Areas

- 2.1 The report comments on several key areas including:

Adjusted Operating Position

As expected, this key financial performance indicator is first to be referenced in the report.

The colleges' 2018-19 annual accounts show a sector adjusted operating surplus of £12.7 million which represents an improvement on both the previous year's result (£3.1 million surplus) and the forecast (£8.2 million surplus) with only three

incorporated colleges reporting an adjusted operating deficit in 2018-19. West College Scotland recorded an adjusted operating surplus of £26k for 2018-19

Annex A to the report provides detail on each college's 2018-19 adjusted operating position, liquidity and borrowing levels.

Sources of Income / Reliance on SFC grants

As the table on page 6 shows the college sector continues to be heavily reliant upon SFC funding (76%) but this also hides a level of variability with some colleges being more reliant upon SFC income than others (West College Scotland: 84%).

The report does highlight that only 8% of overall college income comes from other sources due to the limited opportunities for colleges to generate commercial income and surpluses.

Staff Restructuring

Not unsurprisingly the report highlights that staff costs represent the largest element of expenditure in 2018-19 at an aggregate level of 64% (West College Scotland: 66%)

The report highlights

- the cost pressures impacting on the college sector, including increased employer contributions to pension schemes and cost of living pay awards;
- that colleges are focusing on staff costs to generate efficiencies in order to deliver balanced budgets given the sector has in previous years already delivered significant non-staff cost efficiencies; and
- most savings are delivered through voluntary severance but that some compulsory redundancies have had to be incurred.

Cash

The liquidity challenge faced by the sector is clearly highlighted by the graph on page 7. West College Scotland is shown to have a healthy cash balance at £5.7m, above the sector average of £2.7m. This is due to the decision taken by the College at the point of becoming a non-departmental public body to hold a level of working capital equivalent to 30 days of cash.

The graph clearly shows that there are several large colleges where the cash position was challenging at the end of 2019 and this position will not have improved over the course of 2019-20 with the impact of Covid-19.

3. Ongoing Financial Sustainability

3.1 The SFC report concludes that whilst colleges are undertaking detailed scenario planning work and the position on the longer-term impact continues to develop, they face significant financial challenges ahead as a result of the COVID-19 pandemic.

3.2 The report goes on to highlight several of the most significant risks that could adversely affect colleges' financial performance and sustainability, which have been previously highlighted to the Committee including:

- Impact of the COVID-19 pandemic and the potential consequential failure to achieve income targets.
- Changes to the funding model and colleges' ability to deliver regional outcome agreements and Government priorities.
- The impact of cost efficiencies, including reduced staff numbers and frontline student services, on both the quality of student experience and on the health and wellbeing of college staff.
- The UK's exit from the European Union, although this impact could be mitigated by the Shared Prosperity Fund.
- Additional staff costs arising from both cost of living pay awards and the outcome of the National Bargaining job evaluation exercise for support staff.
- Increases in employer contributions to the Scottish Teachers Superannuation Scheme and Local Government Pension Schemes.
- Addressing backlog estates maintenance and ICT/digital requirements.
- Challenges of diversifying income and generating additional surplus.
- The balance of portfolio provision and how that impacts on student numbers.
- Meeting student support requirements.

3.3 The report provides a similar level of information in relation to the university sector from page 10 onwards.

4. Conclusion

- 4.1 The SFC recognise the current very dynamic situation as colleges and universities continue to explore and implement measures to address the financial impact of the Covid-19 pandemic. The SFC will continue to support organisations through this process and will be monitoring individual institutions for early signs of financial difficulties. The SFC anticipates providing a further update on the sector position once it has analysed the colleges' financial forecasts covering the period 2019-20 through to 2022-23.
- 4.2 The College will keep the Committee updated on any subsequent reports it receives.
- 4.3 The Finance and General Purposes Committee is requested to consider and note the content of the SFC report.



Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

Analysis of the 2018-19 Annual Accounts of Scotland's Colleges and Universities

SFC Publication

Issue Date: 15 October 2020

Cover photo credit: Forth Valley College

Analysis of the 2018-19 Annual Accounts of Scotland's Colleges and Universities

Issue date: 15 October 2020

Reference: SFC/CP/04/2020

Summary: This publication provides a summary analysis of the 2018-19 annual accounts for the college and university sectors.

FAO: Principals, Finance Directors and Board/Governing Body Secretaries of Scotland's colleges and universities

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Analysis of the 2018-19 Annual Accounts of Scotland’s Colleges and Universities

1. The Scottish Funding Council (SFC) has a key role in ensuring that the institutions we fund continue to plan and manage their activities in a way which ensures their sustainability and financial viability. This contributes to the success of students and researchers, local communities and the wider Scottish economy. Financial sustainability is, therefore, a condition of grant and is set out in our Financial Memorandum.
2. This report presents an aggregate picture of the financial health of Scottish institutions based on a review of their 2018-19 financial statements. The college sector in Scotland comprises twenty incorporated and six non-incorporated colleges. Eighteen higher education institutions submitted financial statements for the year ending 31 July 2019. While this report presents an aggregate position, there is significant variation in the financial position of individual institutions.
3. Financial management is a dynamic process and the information contained within this report is an update to the information provided in [our February publication](#).

Colleges

Adjusted Operating Position

4. The Adjusted Operating Position (AOP), or underlying position, is intended to reflect the financial performance after allowing for non-cash adjustments and other material one-off or distorting items required by the Statement of Recommended Practice (SORP). The AOP is therefore designed to smooth any volatility in reported results arising from the Financial Reporting Standard (FRS) 102 and also to recognise that some of the reported costs do not have an immediate cash impact on the college. This should give a better indication of colleges’ operational cash generating capacity.
5. The overall AOP for the incorporated colleges, both forecast and actual for 2018-19, and also including the previous year’s result, is set out in the following table:

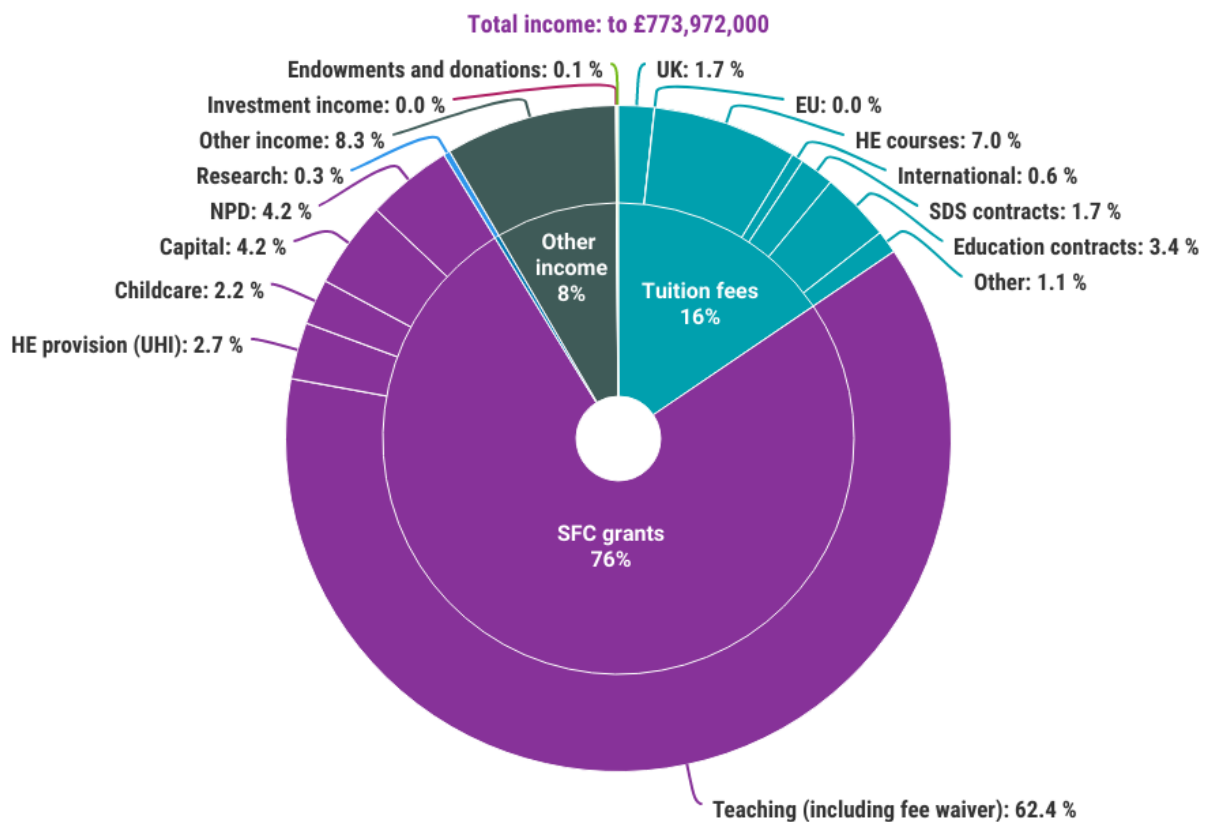
Table 1	2018-19 Actual £000	2017-18 Actual £000	2018-19 Forecast £000
Adjusted Operating Surplus	12,714	3,149	8,200

6. The incorporated colleges' 2018-19 annual accounts show a sector adjusted operating surplus of £12.7 million which represents an improvement on both the previous year's result (£3.1 million surplus) and the forecast (£8.2 million surplus). Only three incorporated colleges reported an adjusted operating deficit in 2018-19. A summary of each college's 2018-19 adjusted operating position, liquidity and borrowing is set out in [Annex A](#).

Sources of Income / Reliance on SFC grants

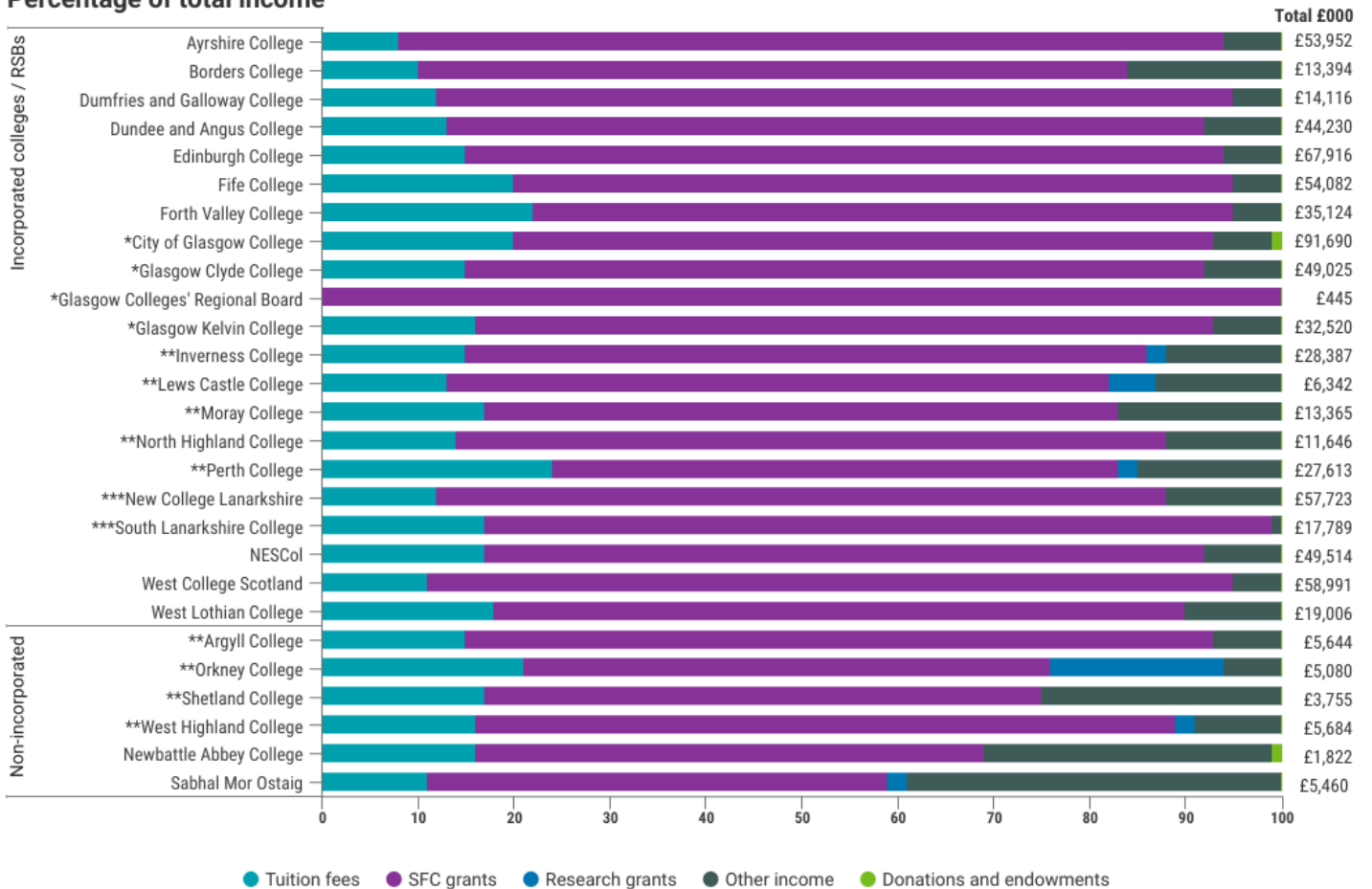
Income sources for Scottish colleges

Source: Colleges' / Regions' 2018-19 Annual Accounts Returns



Percentage of total income

Source: Colleges' 2018-19 Annual Accounts Returns



* Glasgow region
 ** Highlands and Islands region
 *** Lanarkshire region

Variance against the total income figure of £773,972,000 reported in 'Income sources for Scottish colleges' chart is due to consolidation differences.

- SFC grants accounted for 76% of total sector income in 2018-19. There is, however, a large variation in the reliance on SFC's grant across the sector. In 2018-19, the institution with the lowest reliance on SFC income was Perth College (59%) while Ayrshire College reported the highest reliance, with 86% of its income coming from SFC grants.
- Other income accounted for only 8% of overall college income due to the limited opportunities for colleges to generate commercial income, and surpluses. It is clear that colleges are heavily reliant on SFC grants to fund most of their activities.

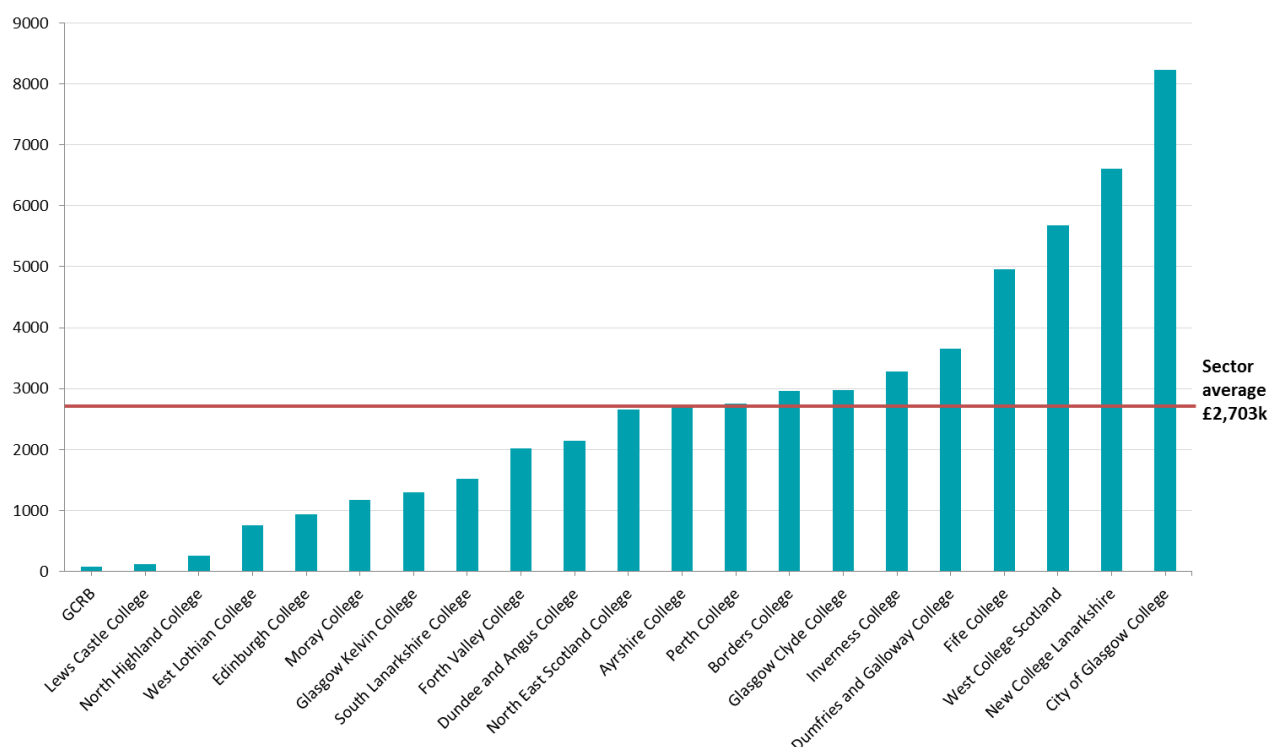
Staff Restructuring

9. For colleges in Scotland, staff costs represent the largest element of expenditure and in 2018-19 made up 64% of total sector costs, ranging from 52% at North East Scotland College to 75% at Moray College. This is reflective of the cost pressures impacting on the college sector, including increased employer contributions to pension schemes and cost of living pay awards. Colleges are, therefore, focusing on staff costs to generate efficiencies in order to deliver a balanced budget, given the sector has in previous years already delivered significant non-staff cost efficiencies.
10. In 2018-19 the college sector spent £5.5 million on staff restructuring costs. This enabled colleges to reduce costs to a level that would allow them to be financially sustainable in future years. Most of the restructuring was addressed through voluntary severance schemes, although there were a small number of compulsory redundancies across two colleges: Perth College and North Highland College.

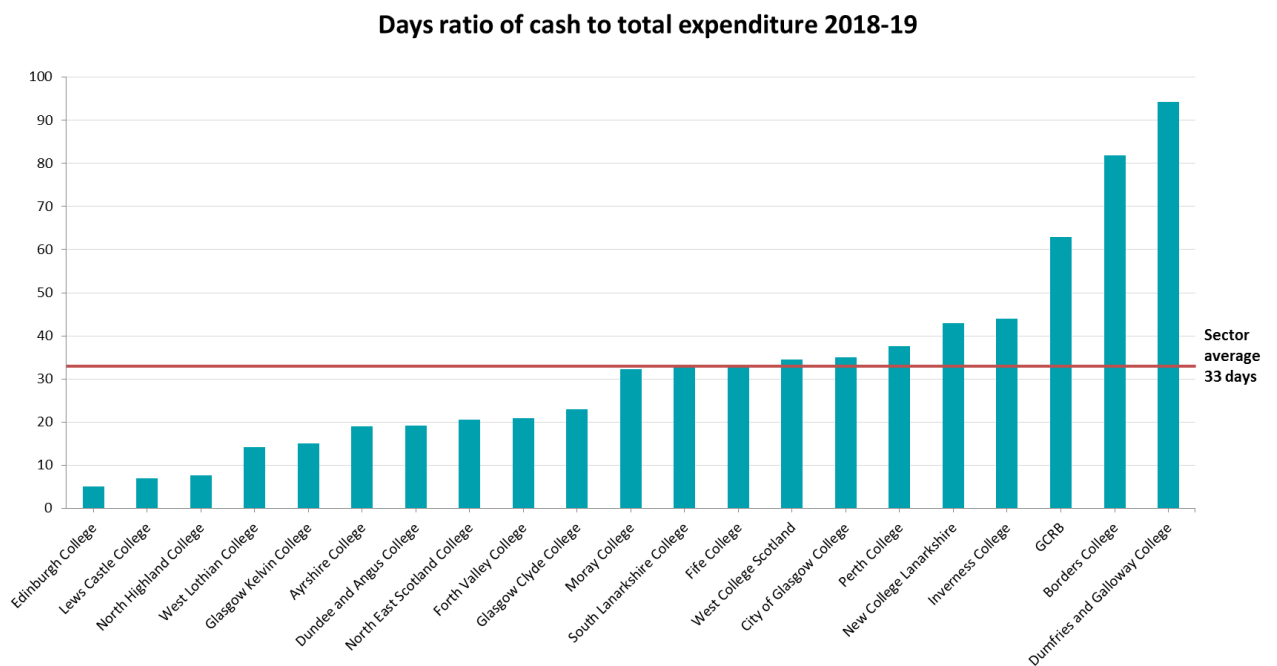
Cash

11. Incorporated colleges' overall cash balances increased from £42 million in 2017-18 to £56.8 million in 2018-19 reflecting the improvement in operating position and favorable working capital movements. Levels of cash at the end of 2018-19 for each incorporated college are shown below:

Cash and current asset investments less overdrafts 2018-19 (£000)



12. The graph below shows the number of days of expenditure available in cash:



Net Cash Inflow

13. At the end of 2018-19, two colleges reported a negative net cash inflow from operating activities. Across all incorporated colleges, the net cash inflow from operating activities as a proportion of total income increased from 4% in 2017-18 to 9% in 2018-19.

9% net cash inflow
across all operating activities
(5% increase from previous year)

Borrowing

14. Total long-term borrowing (including NPD/PFI commitments) for incorporated colleges decreased from £277.2 million in 2017-18 to £264.8 million in 2018-19. Capital expenditure amounted to £61.1 million in 2018-19.

£265M total borrowing
across all incorporated colleges
(4.5% decrease from previous year)

£61M
capital expenditure

Non-incorporated colleges

15. The six non-incorporated colleges reported a combined adjusted operating surplus of £173,000 which was a slight improvement on the 2017-18 surplus of £127,000. Two out of the six non-incorporated colleges reported an adjusting operating surplus in 2018-19, whereas four non-incorporated colleges had reported an adjusted operating

£173K operating surplus
across all non-incorporated colleges
(36% increase from previous year)

surplus in 2017-18. Non-incorporated colleges reported cash balances of £3 million and borrowing of £1.2 million at the end of 2018-19, both slightly down on the previous year's levels.

Ongoing Financial Sustainability

16. We published our [early analysis of the potential impacts of COVID-19 in Academic Year 2019-20](#). While colleges are undertaking detailed scenario planning work and the position on the longer term impact continues to develop, it is clear that they face significant challenges ahead as a result of the COVID-19 pandemic.
17. Generally speaking, these are the most significant risks that could adversely affect colleges' financial performance and sustainability:
 - Impact of the COVID-19 pandemic and the potential consequential failure to achieve income targets.
 - Changes to the funding model and colleges' ability to deliver regional outcome agreements and Government priorities. This includes the sector's ability to meet the core student activity target of c116,000 FTEs and other key performance measures.
 - The impact of cost efficiencies, including reduced staff numbers and frontline student services, on both the quality of student experience and on the health and wellbeing of college staff.
 - The UK's exit from the European Union although this impact could be mitigated by the Shared Prosperity Fund.
 - Additional staff costs arising from both cost of living pay awards and the outcome of the National Bargaining job evaluation exercise for support staff.
 - Increases in employer contributions to the Scottish Teachers Superannuation Scheme and Local Government Pension Schemes.
 - Addressing backlog estates maintenance and ICT/digital requirements.
 - Challenges of diversifying income and generating additional surplus.
 - The balance of portfolio provision and how that impacts on student numbers.
 - Meeting student support requirements.

Universities

Operating position

18. The sector reported an operating deficit of £503 million in 2018-19. This represents a substantial increase on the 2017-18 operating deficit of £2.3 million. This was expected, as it reflects the position after accounting for several large items that distort the year-on-year results. These include:

- Universities Superannuation Scheme (USS) provision adjustments.
- The costs of the Glasgow School of Art Mackintosh building stabilisation following the second fire and the costs of business interruption.
- The exceptional staff restructuring costs.

19. Excluding these items, the underlying surplus for 2018-19 is £96.4 million, which is marginally less than universities were forecasting, although it represents an improvement on the previous year's surplus of £32.5 million.

Table 2	2018-19 Actual £000	2017-18 Actual £000	2018-19 Forecast £000
Operating Deficit	(502,671)	(2,264)	(67,468)
Underlying Operating Surplus	96,382	32,508	100,729

20. The main reason for the significant difference between the forecast operating position (£67.5 million deficit) and the actual result for 2018-19 is that many of the universities did not include a figure for the increase in pension provision for the Universities Superannuation Scheme (USS) at the time of the forecast.

21. The sector's underlying position is skewed by the operating surpluses of the two largest institutions, the universities of Edinburgh and Glasgow. As Table 3 below shows, the sector's position is, therefore, considerably weaker when their results are taken out of our aggregate analysis.

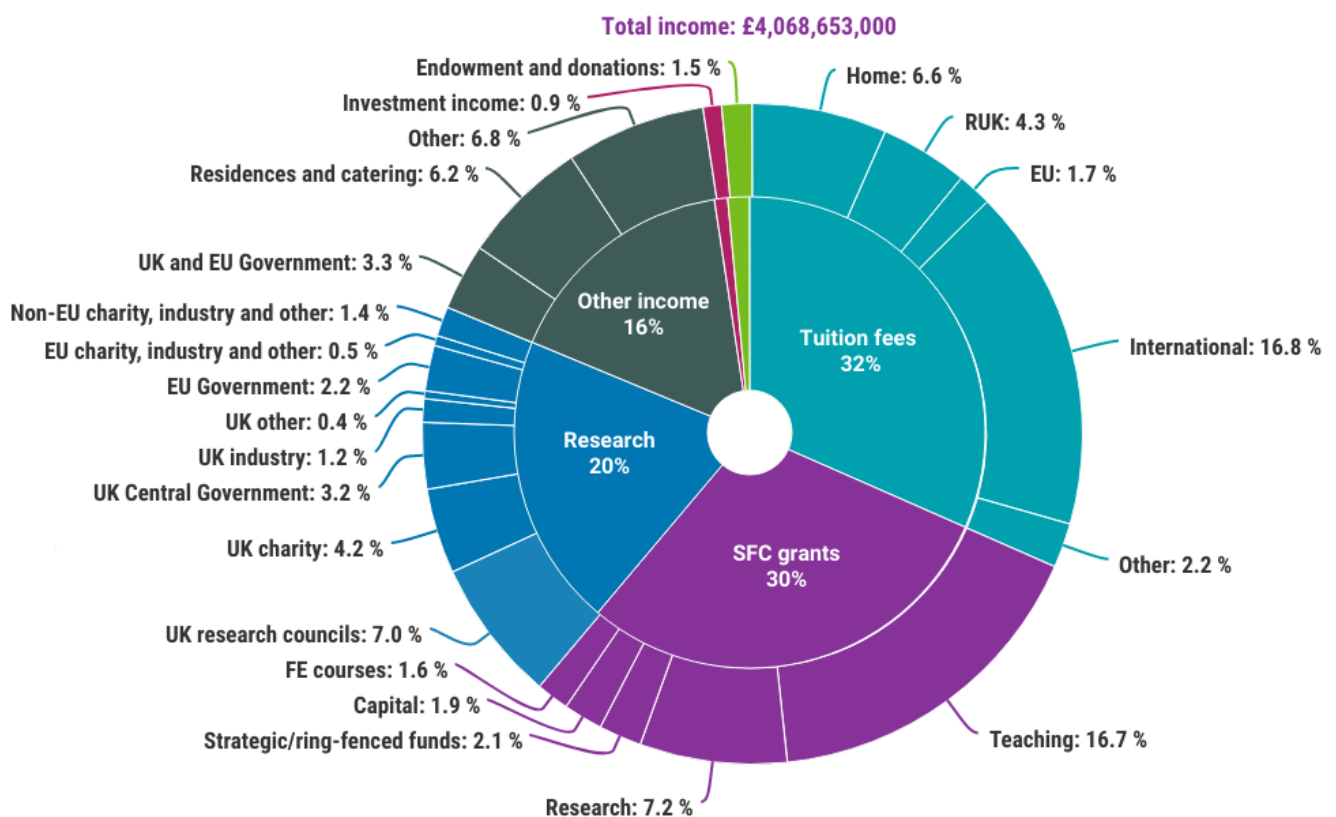
Table 3	2018-19 Actual £000	2017-18 Actual £000
Operating Deficit	(298,929)	(46,973)
Underlying Operating Deficit	(2,905)	(8,027)

22. Nine of the 18 institutions reported underlying operating deficits in 2018-19, in line with the previous year's result. There is significant variation in the financial position of individual institutions. A summary of each university's 2018-19 operating position, underlying operating position, liquidity and borrowing is set out in [Annex B](#), while [Annex C](#) sets out the underlying operating position as a percentage of income for each university for the period 2014-15 to 2018-19. It should be noted that some volatility in results is to be expected under the FRS 102 accounting standard, as there may be a mismatch between the reporting of income and related expenses, particularly in relation to capital grants received.

Sources of income

Income sources for Scottish universities

Source: HESA FSR 2018-19 Annual Accounts



Percentage of total income

Source: HESA FSR 2018-19 Annual Accounts



23. Apart from SFC grants, universities receive income from tuition fees and contracts (including international student fees), research activity, commercial income, investment income and donations and endowments. SFC grants amount to 30% of the sector's overall income.

Reliance on SFC grant

24. The majority of SFC grant in 2018-19 related to teaching (17% of overall sector income) while SFC funding for research represented 7% of overall sector income.
25. The larger and older universities are generally not as reliant on SFC funding as other universities. For example, University of St Andrews generated only 15% of its income from SFC funding during 2018-19, whereas University of the Highlands & Islands derived 69% of its income from this source.

Other sources of income (non-SFC)

26. All of the other sources of income come with associated costs and some of the activities can be loss making. Our understanding of the performance of Scotland's universities can be improved by considering income cross flows within an institution, highlighted through the Transparent Approach to Costing (TRAC) data, and the impact they have on financial sustainability and the benefits or issues they create. A summary of how Scotland is performing, based on 2018-19 TRAC data, is published on the [SFC website](#).
27. There are also cost pressures that need to be covered by income. Employer

pension contributions, for example, have increased substantially in recent years and will continue to rise, placing more pressure on the financial sustainability of universities. In addition, the cost of maintaining buildings represents a significant pressure on university budgets.

International student fees

28. In 2018-19, international fees represented 17% of the university sector total income (up by 1% from the previous year). Overall, international student tuition fees increased by 1.9% on forecast in 2018-19. Many universities forecast quite ambitious targets in 2018-19 and exceeded those targets. However, five institutions did not meet their planned levels in 2018-19. One institution forecast a reduction in this income stream in 2018-19 and did not meet the reduced target.
29. The COVID-19 pandemic has demonstrated the exposure universities face to global events beyond their control and the risk inherent in relying on international tuition fee income over the short to medium-term. There is also an impact on this market from UK immigration policy, although it is encouraging that the UK Government has changed its policy of restricting post-study visas for international students and will now offer two year work visas for international students. This came into effect for students starting courses in September 2020, although we are still assessing the likely effect of the COVID-19 crisis on student mobility.
30. However, it is clear at this time that it may be unfeasible for some students to commence studies in location due to travel restrictions and social distancing measures. It is possible some students will start through on-line learning options until they can travel and social distancing measures are eased. Students may also choose to defer their studies or pursue other options in Academic Year 2020-21.

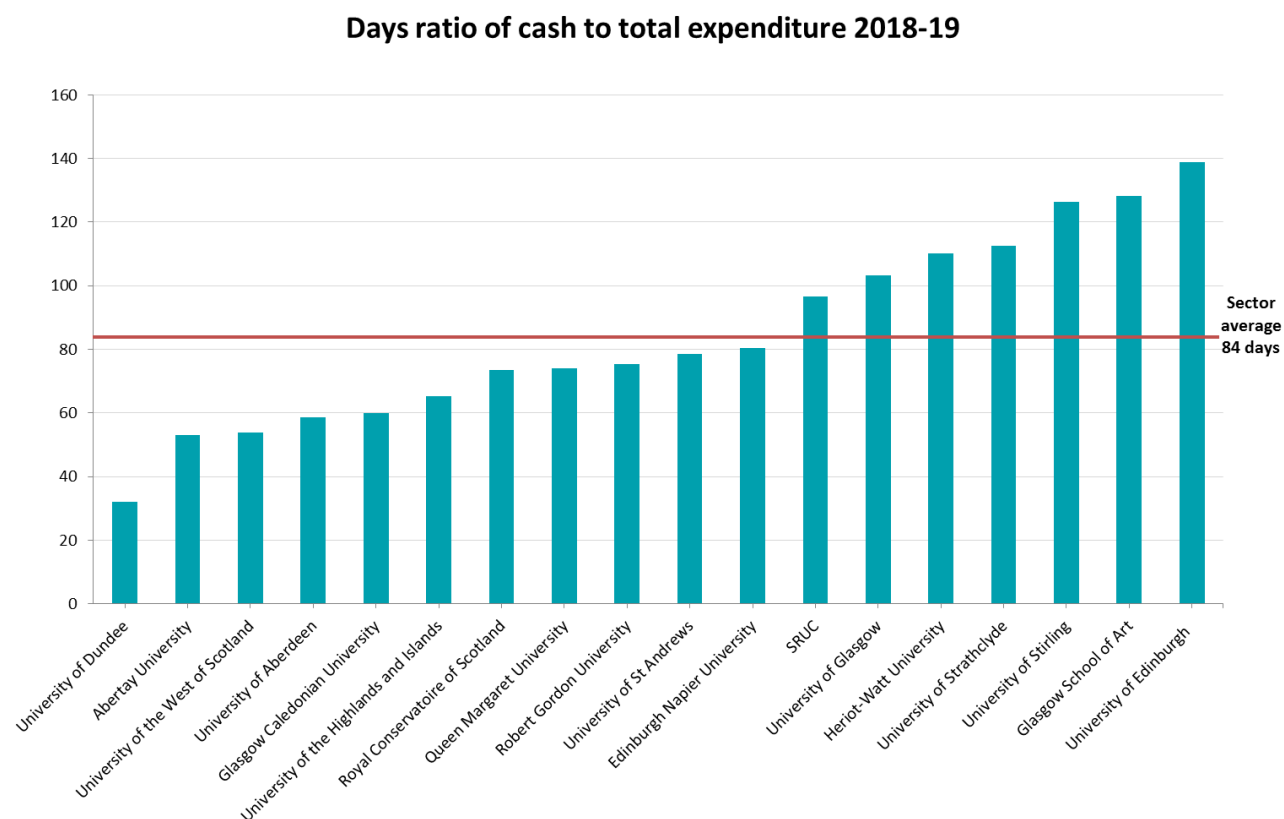
Staff restructuring

31. Five universities spent a total of £3.8 million on staff restructuring during 2018-19, less than half the amount spent in 2017-18.

Cash

32. The sector reported cash and short-term investment balances of £1,183 million at the end of 2018-19, which is less than forecast but higher than the previous year's balance of £1,153 million. Excluding the universities of Edinburgh and Glasgow, cash and equivalent balances moved from £529 million in 2017-18 to £532 million in 2018-19.

33. The chart below shows the number of days of expenditure covered by cash balances across the sector:



34. The average number of cash days across the sector at the end of 2018-19 was 84, which represents a drop from 98 days in 2017-18. Seven institutions were above the sector average in 2018-19. Twelve institutions reported a drop in cash days from the previous year while six institutions reported an increase.

Net Cash Inflow

35. The net cash inflow from operating activities is an important indicator of the financial health of an institution in terms of its day-to-day operations, as it does not include any items of non-cash expenditure (such as depreciation, amortisation and, most importantly, adjustments for pension liabilities), or income from and expenditure on financing activities. It shows an institution's ability to generate sufficient cash to repay debt and for estates investment. The

£289M
net cash inflow
(14% increase from previous year)


sector figure is £289 million in 2018-19, an increase on the 2017-18 figure of £254 million. Only one institution in 2018-19 reported an overall outflow of cash from operating activities, as a result

of exceptional adjustments, including additional deficit recovery contributions to the institution's own pension scheme. There are no immediate concerns about their financial health.

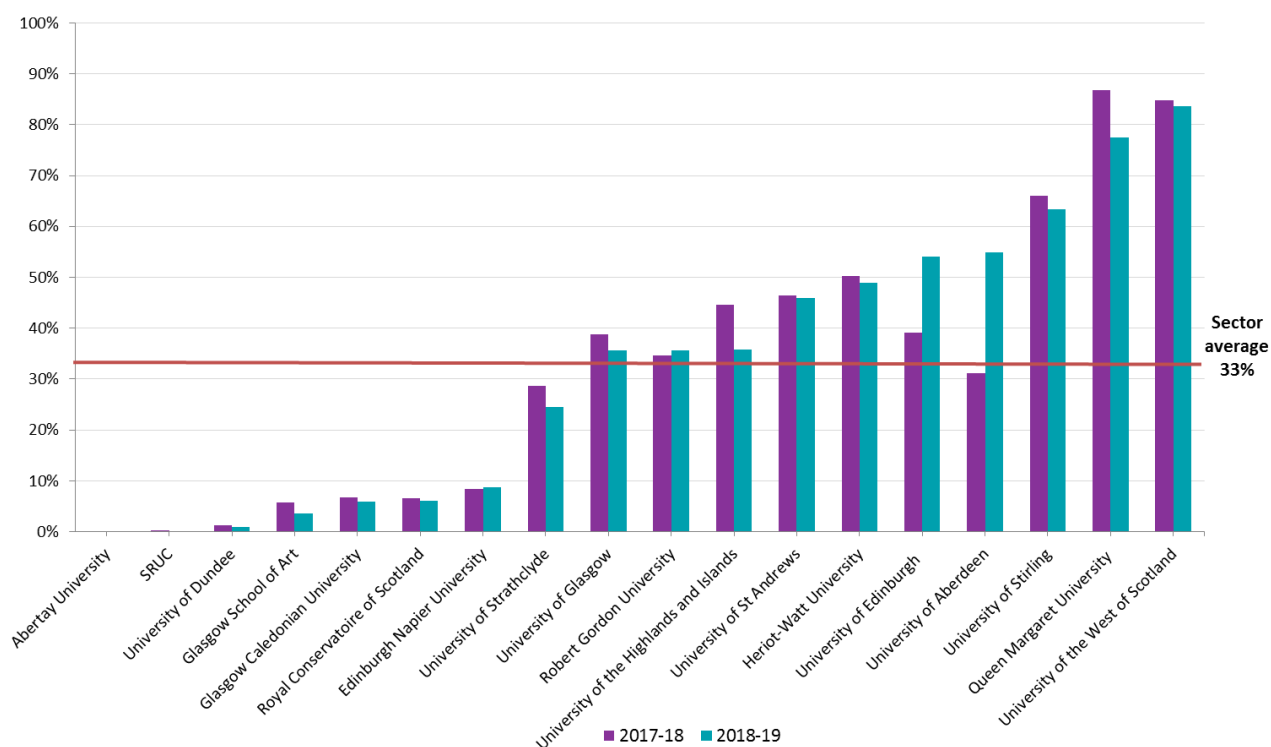
Borrowing

36. Total borrowing increased from £1,344 million in 2017-18 to £1,646 million in 2018-19 reflecting an increase in capital investment in the sector (£439 million during 2018-19). Borrowing represented 40% of total income in 2018-19 compared to 36% in 2017-18. The average borrowing for the sector is 33% of total income. Ten institutions reported above average borrowing in 2018-19. The scale of borrowing at each institution is shown in the chart below:

£1,646M
total borrowing
(22% increase from previous year)



Borrowing as a % of total income



37. Much of the sector's borrowing is now in the form of private placements due to the very low interest rates available. However, this type of borrowing involves large capital repayments at set points in the future with interest being paid in the intervening years. Out of the total sector borrowing figure of £1,646 million at the end of July 2019, £916 million was in the form of private placements. The universities with this form of borrowing will have to ensure they have the necessary funds to repay at the set points. Therefore, building up cash reserves, through generating ongoing surpluses, is essential to allow them to do this. Three institutions (Robert Gordon University, University of Aberdeen and University of Edinburgh) undertook additional borrowing in the form of private placements during 2018-19.

Ongoing financial sustainability

38. As with colleges, universities are undertaking detailed scenario planning work in relation to the impact of the COVID-19 pandemic. In the round, these are the most significant risks that could adversely affect the universities' financial performance and sustainability:
- Impact of the COVID-19 pandemic and the potential consequential failure to achieve international student recruitment targets.
 - The UK's exit from the EU, although this impact could be mitigated by the Shared Prosperity Fund and the nature of the future relationship between the UK and the EU in terms of research and mobility.
 - Rise in staff and pension costs.
 - Fall in recruitment from the rest of the UK in an increasingly competitive market.
 - The UK Government's response to the Review of Post-18 Education and Funding in England, as lower tuition fees in England could have a significant impact on Scottish institutions, and other education policies that may affect Scottish institutions.
 - UK visa and immigration regulations.
 - Further unanticipated public spending cuts in teaching and/or research income.
 - Impact of changes to UK research funding in the Higher Education and Research Act 2017.

Conclusion

39. In what is currently a very dynamic situation, colleges and universities are continuing to explore and implement measures to address the financial impact of the COVID-19 pandemic. We continue to support them in this, monitoring individual institutions for early signs of financial difficulties, and receive regular financial updates as part of that engagement. We have issued a further [Call for Information](#) to request colleges' financial forecasts covering the period 2019-20 through to 2022-23. We will report on this shortly.
40. We have also issued a [Call for Information](#) to request universities' strategic plan forecasts covering 2019-20 and 2020-21. The forecasts will take account of the additional research funding allocation announced on 12 June as well as use of

the Coronavirus Job Retention Scheme and Government loan support schemes. We will report on this shortly. A further Call for Information will be issued later in the academic year once the position on 2020-21 student recruitment becomes clearer.

A handwritten signature in black ink that reads "L. MacDonald". The signature is written in a cursive, slightly slanted style.

Lorna MacDonald
Director of Finance

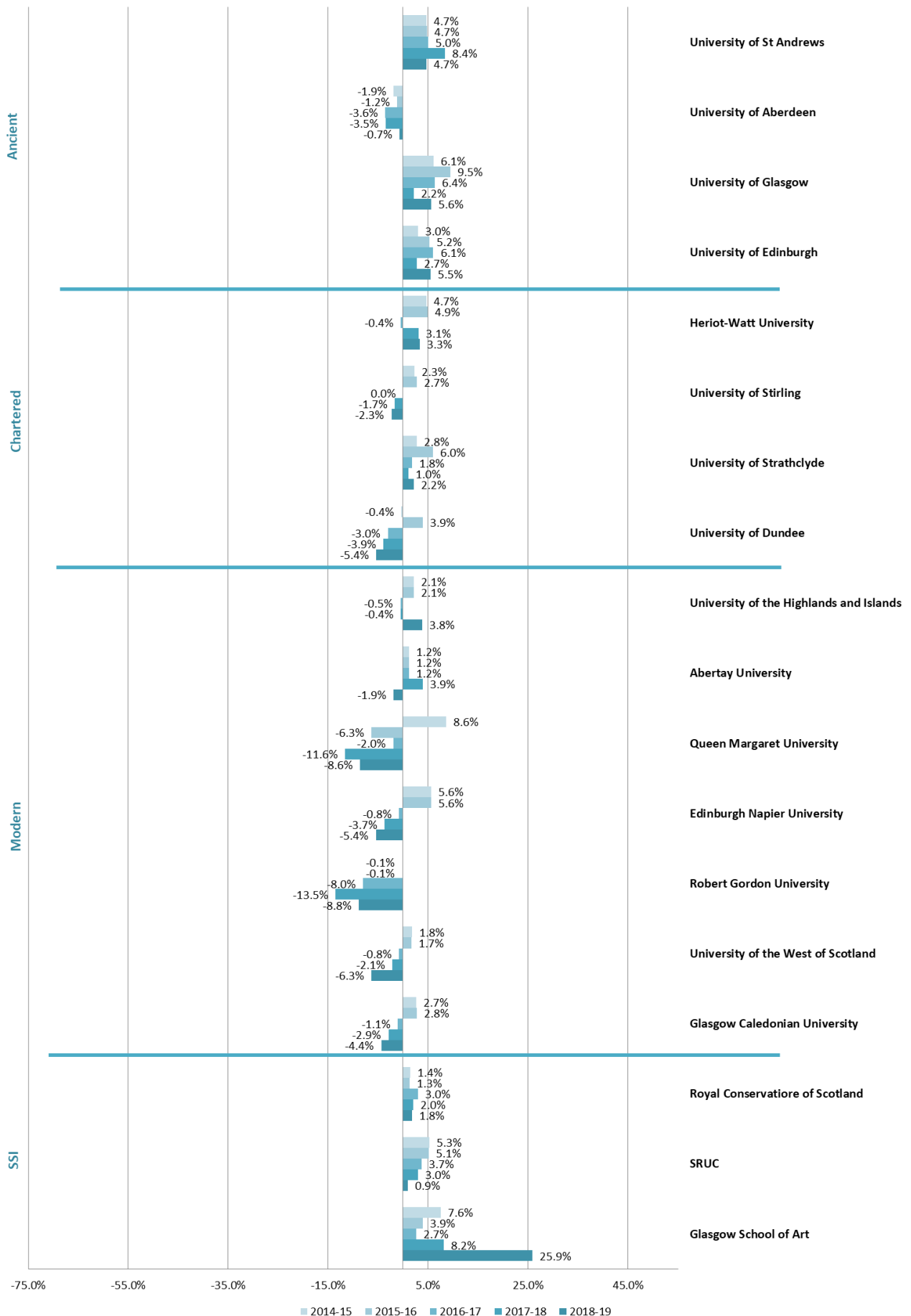
Summary of colleges' adjusted operating positions, liquidity and borrowing for 2017-18 and 2018-19

	Adjusted operating surplus/(deficit)		Cash and cash equivalents less overdraft		Total borrowing	
	Actual 2017-18	Actual 2018-19	Actual 2017-18	Actual 2018-19	Actual 2017-18	Actual 2018-19
	£000	£000	£000	£000	£000	£000
Ayrshire College	(965)	1,790	1,723	2,705	53,148	50,971
Borders College	200	214	2,544	2,957	146	0
City of Glasgow College	644	1,201	7,048	8,227	148,615	144,249
Dumfries and Galloway College	(69)	54	744	3,660	0	0
Dundee and Angus College	127	2,249	1,172	2,150	5,681	4,114
Edinburgh College	416	708	945	936	10,411	9,692
Fife College	132	208	2,294	4,955	6,865	6,356
Forth Valley College	1,049	1,268	5,249	2,020	3,904	3,737
Glasgow Clyde College	125	107	2,632	2,972	901	410
Glasgow Colleges Regional Board	12	(6)	32	81	0	0
Glasgow Kelvin College	671	(328)	1,433	1,301	668	301
Inverness College	306	329	4,060	3,282	37,471	37,846
Lewis Castle College	25	(23)	164	120	0	0
Moray College	161	98	769	1,171	590	494
New College Lanarkshire	531	324	1,008	6,602	1,614	646
North East Scotland College	(1,089)	2,330	2,481	2,651	207	42
North Highland College	48	(419)	402	256	1,335	1,277
Perth College	1	1,274	2,188	2,756	300	0
South Lanarkshire College	639	1,170	612	1,521	0	0
West College Scotland	19	26	3,825	5,677	2,825	2,330
West Lothian College	166	140	729	760	2,527	2,369
Incorporated colleges	3,149	12,714	42,054	56,760	277,208	264,834
Argyll College	(98)	212	1,116	1,701	36	15
Newbattle Abbey College	36	(117)	203	(11)	43	71
SMO	72	(177)	1,349	680	639	590
Shetland College	(21)	(28)	n/a	n/a	n/a	n/a
Orkney College	40	(90)	n/a	n/a	n/a	n/a
West Highland College	98	373	668	581	607	537
Non-incorporated colleges	127	173	3,336	2,951	1,325	1,213
Sector total	3,276	12,887	45,390	59,711	278,533	266,047

Summary of universities' operating positions, underlying operating positions, liquidity and borrowing for 2017-18 and 2018-19

	Operating surplus/(deficit)		Underlying operating surplus/(deficit)		Cash and cash equivalents less overdraft		Total borrowing	
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	2017-18 £000	2018-19 £000	2017-18 £000	2018-19 £000	2017-18 £000	2018-19 £000	2017-18 £000	2018-19 £000
University of Aberdeen	(7,478)	(44,157)	(7,589)	(1,596)	31,350	40,704	68,323	125,595
University of Edinburgh	27,310	(134,431)	26,644	60,778	416,081	445,907	389,803	609,789
University of Glasgow	17,399	(69,311)	13,891	38,509	207,399	204,595	245,000	245,000
University of St Andrews	23,524	(27,268)	21,262	12,025	54,750	58,214	116,971	118,468
Ancient	60,755	(275,167)	54,208	109,716	709,580	749,420	820,097	1,098,852
University of Dundee	(9,051)	(55,113)	(9,740)	(13,777)	40,530	25,739	3,261	2,315
Heriot-Watt University	7,355	(28,554)	7,042	7,910	77,365	76,443	114,546	116,224
University of Stirling	(1,004)	(31,873)	(2,030)	(2,879)	63,524	51,663	79,914	79,880
University of Strathclyde	382	(68,486)	3,196	7,346	109,906	114,686	88,257	94,423
Chartered	(2,318)	(184,026)	(1,532)	(1,400)	291,325	268,531	285,978	292,842
Abertay University	227	(2,466)	1,336	(653)	8,136	5,105	1,076	922
Glasgow Caledonian University	(7,555)	(7,874)	(3,487)	(5,409)	19,402	20,674	8,051	7,387
Edinburgh Napier University	(4,722)	(6,875)	(4,402)	(6,661)	21,878	26,962	10,496	10,734
Queen Margaret University	(5,373)	(6,044)	(4,289)	(3,389)	8,084	8,082	32,259	30,738
Robert Gordon University	(12,606)	(8,135)	(12,606)	(8,135)	18,334	19,115	32,396	32,837
University of the Highlands and Islands	(3,790)	(1,666)	(518)	5,617	17,329	26,021	54,349	62,273
University of the West of Scotland	(3,319)	(8,460)	(2,381)	(7,625)	16,263	16,179	95,287	100,442
Modern	(37,138)	(41,520)	(26,347)	(26,255)	109,426	122,138	233,914	245,333
Glasgow School of Art	(26,412)	(2,177)	3,326	13,104	23,417	17,826	2,363	1,861
Royal Conservatoire of Scotland	473	533	477	444	4,984	4,597	1,550	1,484
SRUC	2,376	(314)	2,376	773	13,814	19,998	207	5,297
Small Specialist Institution (SSI)	(23,563)	(1,958)	6,179	14,321	42,215	42,421	4,120	8,642
Sector total	(2,264)	(502,671)	32,508	96,382	1,152,546	1,182,510	1,344,109	1,645,669

Underlying operating surplus/deficit as % of total income by type of university 2014-15 to 2018-19



TITLE: SCHEDULE OF BUSINESS 2020-21

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				
	8-9-2020	24-11-2020 Joint with Audit	24-11-2020	11-03-2021	1-6-2021
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 ○ 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 (October)	Y Y (January) Y	Y Y (April)
<ul style="list-style-type: none"> • <i>Financial Strategy</i> <ul style="list-style-type: none"> • Management Accounts • Update of Financial Forecast • SFC Funding Update • Annual budget and medium-term financial forecast 	Y Y Y		Y Y (October)	Y Y (January)	Y Y (April) Y Y

REMIT	DELIVERABLES				
	8-9-2020	24-11-2020 Joint with Audit	24-11-2020	11-03-2021	1-6-2021
<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 medium-term Financial Forecast Monitoring report on Regional Outcome Objectives 	Y		Y (October) Y	Y (January) Y	Y (April) 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		

REMIT	DELIVERABLES				
	8-9-2020	24-11-2020 Joint with Audit	24-11-2020	11-03-2021	1-6-2021
<p><i>d) To consider the College's annual financial statements (at a joint meeting of the Audit and Finance and General Purposes committees).</i></p> <ul style="list-style-type: none"> • External Audit Management Letter • Corporate Governance Statement • Financial Statements • Annual Internal Audit Report • Internal Audit Annual Plan 2020-21 • External Audit Planning Memorandum 	Y	Y Y Y Y			Y
<p><i>e) To monitor:</i></p> <p><i>The College's financial performance against agreed budgets and make recommendations on major variations.</i></p> <ul style="list-style-type: none"> • Management Accounts • Update on 31 July Year End Position • Annual Financial Statements 	Y	Y Y	Y (October) Y	Y (January)	Y (April)
<p><i>All income</i></p> <ul style="list-style-type: none"> • Reported through Management Accounts 			Y (October)	Y (January)	Y (April)
<p><i>All material financial issues</i></p> <ul style="list-style-type: none"> • Vice Principal Update Report 	Y		Y	Y	Y

REMIT	DELIVERABLES				
	8-9-2020	24-11-2020 Joint with Audit	24-11-2020	11-03-2021	1-6-2021
<i>The 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				
<i>g) 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 (including Accounting Policies in the Financial Statements).</i> <ul style="list-style-type: none"> • Internal Audit Annual Report • External Audit Management Letter • Annual report on Governance Compliance 		Y Y			Y
<i>h) To receive a regular report on bad debt write offs</i> <ul style="list-style-type: none"> • Annual report on bad debt write off • Further reports if/as required 	Y				

REMIT	DELIVERABLES				
	8-9-2020	24-11-2020 Joint with Audit	24-11-2020	11-03-2021	1-6-2021
<p>i) <i>To consider, review and recommend to the Board, pension arrangements for College staff, in consultation with the Corporate Development Committee.</i></p> <ul style="list-style-type: none"> Overview of College pension schemes 					Y
<p>j) <i>To receive an annual update on banking arrangements, including Scottish Government banking arrangements and to annually approve the bank signatories.</i></p> <ul style="list-style-type: none"> Annual review of banking arrangements 	Y				
Procurement					
<p>k) <i>To agree and approve financial regulations which ensure compliance with legal obligations in respect of tendering and contract procedures.</i></p> <ul style="list-style-type: none"> Review of Financial Regulations 	Y				
<p>l) <i>To agree and approve procurement strategy and policies that reflect best practice, ensuring they support the priorities and outcomes of the College and the achievement of efficiencies.</i></p> <ul style="list-style-type: none"> Procurement Strategy Update Procurement Annual Report including future year plan PCIP Update Report (biannual – next update 2021-22) 			Y Y	Y	

REMIT	DELIVERABLES				
	8-9-2020	24-11-2020 Joint with Audit	24-11-2020	11-03-2021	1-6-2021
<p><i>m) Approve the awarding of contracts between the values of £250,000 and £500,000</i></p> <ul style="list-style-type: none"> • Hair and Beauty Kits • Distance Learning • Associate Trainers • Authorisation sought as required 			Y	Y	Y
<p><i>n) To support development of:</i></p> <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> • Reports on update of implementation of Procurement Strategy 			Y	Y	
<p><i>o) 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></p> <ul style="list-style-type: none"> • Review of strategic risk register 	Y		Y	Y	Y

REMIT	DELIVERABLES				
	8-9-2020	24-11-2020 Joint with Audit	24-11-2020	11-03-2021	1-6-2021
<p><i>p) Any other factors as required by the Board of Management</i></p> <ul style="list-style-type: none"> • As required 					