

**West College Scotland  
Board of Management  
Monday 14 December 2020 at 4.00p.m. via the Teams link circulated by the Secretary  
Agenda**

Presentation:

The Vice Principal Educational Leadership on the SFC Review of Coherent Provision and Sustainability Phase 1 Report.

**General Business**

1. Welcome
2. Apologies
3. Declaration of Interests
4. Minutes of the meeting held on Monday 5 October 2020
 

.1 Actions from the minutes	Enclosed	WH
	Enclosed	WH
5. Matters Arising from the minute  
(not otherwise on the agenda)

**Main Items for Discussion and / or Approval**

- |   |           |      |
|---|-----------|------|
| 6. Student Association Report   | Paper 6   | VT   |
| 7. Chief Executive's Report   | Paper 7   | LC   |
| 8. Chair's Report   | Paper 8   | WH   |
| .1 Board Membership – Report from the Selection Panel                       | Paper 8.1 | WH   |
| <b>Reserved Item</b>  |           |      |
| 9. Financial Statements:  |           |      |
| .1 Internal Audit Annual Report 2019-20                                     | Paper 9.1 | DA   |
| .2 2019-20 Annual Report from Audit Committee<br>to the Board of Management | Paper 9.2 | JMcM |
| .3 External Auditor Annual Report and<br>Letter of Representation 2019-20   | Paper 9.3 | DA   |
| .4 Financial Statements for the Year Ending 31 July 2020                    | Paper 9.4 | DA   |
| 10. Management Accounts to 31 October 2020                                  | Paper 10  | DA   |
| 11. Report on College Catering Service                                      | Paper 11  | DA   |

**Reserved Item**

**TO FOLLOW**

12. Board of Management Estates Development Session Outcomes and Next Steps <b>Reserved Item</b>	Paper 12 <b>TO FOLLOW</b>	DA
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13. Risk Management Strategy and Strategic Risk Register	Paper 13	DA
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### **Committee Reports**

14. Finance and General Purposes Committee .1 Minutes of the meeting held on Tuesday 24 November 2020	Paper 14.1	JL
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15. Joint Audit & Finance and General Purposes Committee .1 Minutes of the meeting held on Tuesday 24 November 2020	Paper 15.1	JMcM
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16. HRCd Committee .1 Minutes of the meeting held on Wednesday 4 November 2020	Paper 16.1	MN
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17. LTQ Committee .1 Minutes of the meeting held on Wednesday 11 November 2020	Paper 17.1	JHe
.2 Interim Regional Outcome Agreement 2020-21	Paper 17.2	StG

### **Items for Information**

18. Board of Management: .1 Membership, Dates of Meetings and proposed Schedule of Business 2020/21	Paper 18.1	ShG
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19. Any Other Business

20. Date of Next Meeting:  
Monday 1 February 2021 at 4.00 p.m. – Venue TBC

Shirley Gordon  
Secretary to the Board

**TITLE: Review of Scotland's Colleges & Universities- Phase One Report**

**Background:** A review of tertiary education is currently being undertaken by the Scottish Funding Council (SFC) at the request of Government Ministers. A presentation was made on this at the Learning, Teaching and Quality Committee and it was agreed that a similar presentation should be included at the Board meeting.

The initial Review objectives are:

- To consider how best to achieve coherence and sustainability in the delivery of tertiary education during the COVID-19 crisis, EU exit transition, and beyond, while maintaining and enhancing quality.
- To propose changes needed to SFC's funding, operations and accountability frameworks in order to respond effectively to new challenges and opportunities.
- To ensure the sector can address the outcomes we need to achieve in Scotland
- To provide advice, where appropriate, to Scottish Ministers on relevant changes to policy, funding and accountability frameworks for tertiary education and research in Scotland.

The review consultation set out that it provided an opportunity for everyone interested in the education, skills, research and innovation delivered through colleges and universities, and for post-16 provision generally in Scotland, to consider what the future could or should look like.

The Phase 1 report '**Insights to develop further**' was published on 20 October feeding back the research and consultation responses and identifying possible areas for further review and collaborative next steps.

Phase 2 is due in February (*it is not confirmed if this will be in the form of a report at this stage*) and the review to be completed early summer 2021.

The Phase 1 report highlights the significant challenges COVID presents for tertiary education in terms of learning (particularly in practical areas); financial sustainability; pressures on public spending; the pace of technological change and the expectations on the sector post COVID.

Included in the Phase 1 report is the summary of the consultation findings, some extracts from the responses and the research documentation considered. The full report is available at:

[http://www.sfc.ac.uk/web/FILES/corporatepublications\\_sfccp052020/Review\\_of Coherent Provision and Sustainability Phaae 1 Report.pdf](http://www.sfc.ac.uk/web/FILES/corporatepublications_sfccp052020/Review_of_Coherent_Provision_and_Sustainability_Phase_1_Report.pdf)

With the initial briefing note at

[http://www.sfc.ac.uk/web/FILES/Review/Review Briefing Note June 2020.pdf](http://www.sfc.ac.uk/web/FILES/Review/Review_Briefing_Note_June_2020.pdf)

There are no final outcomes at this stage or any timetable for changes but there are clear areas for further exploration within the next Phases.

Within the Board meeting, I will provide a short presentation on the report and invite discussion around potential implications, risks or opportunities for the College. The report is lengthy and in some areas quite technical, particularly around funding models. Within the Board meeting, we can provide more explanation into specific areas if Board members require it.

To aid discussions, some of the key and perhaps more relevant issues for the Board are summarised below.

## **1. Summary of Key Areas in the report**

From the feedback received, the report highlights that the most striking response was the expression of immense pride in our world-leading education and research system and that our colleges, universities and specialist institutions are major national assets that have significant social, economic and cultural impact.

This first phase review demonstrates a real appetite to consider change, whilst recognising:

- We are working at two speeds: responding to the immediate pandemic, alongside securing an adaptable and resilient sector for the future that delivers optimal outcomes.
- We need to take a whole-system view, working across the education and skills system.
- Colleges and universities are making rapid adjustments to deal with this emergency. More profound changes that affect students, curriculum delivery, financial and business models, or physical estates in different states of adaptability will need longer term transition and adaptation.
- We will get the best outcomes if we collaborate for change - colleges, universities, students, employers and key interests - in an iterative way, to shape the conversation and bring forward and explore options for the future.

### **1.1 10 themes were identified for the next Phase of review and are summarised below:**

**Theme 1: Keeping the interests of current and future students, and equalities, at the heart of everything we do**

**Theme 2: Supporting the digital revolution for learners** recognising that excellent digital learning delivery is now essential for every institution.

**Theme 3: Towards an integrated, connected tertiary education and skills system for learners and employers.** Widening access and the existing articulation routes and partnerships between colleges and universities to make an integrated tertiary system a reality:

- Articulating the **distinctive roles** of colleges and universities, and the differentiation, while incentivising closer collaboration.
- Examining options with the **senior phase** of school in terms of duplication, connections, transitions and funding overlaps with tertiary education; and working closely with the OECD review of the Curriculum for Excellence which includes the senior phase.

- Safeguarding **widening access** for students from disadvantaged backgrounds and creating **pathways** for learners between qualifications and institutions.
- Supporting flexible entry and certificated exit points, along with **“stackable” qualifications and micro-credentials** with currency across providers.
- Prioritising efficient **regional planning and skills alignment** through better labour market intelligence and enabling local decision-makers to adjust provision to respond more flexibly to local, regional and national economic needs.
- **Improved information, advice and guidance** to help learners better navigate their qualification choice and progression routes to college, university, apprenticeship or directly into employment.
- Exploring how a **fully integrated tertiary funding model by SCQF level and whole system targets and outcomes** might support closer collaboration, more efficient learner journeys, and more equitable approaches to funding.

**Theme 4: Recognising colleges and universities as national assets and civic anchors** for their significant contribution to the economic, social and cultural life of Scotland, promoting their impact and embedding them into regional plans.

**Theme 5: Building long-term relationships with employers and industry** supporting the alignment of skills with employers’ current and future needs. Prioritising and safeguarding apprenticeships through longer term investment and planning, an extended range of courses, and greater flexibility between apprenticeship programmes and with other qualifications.

**Theme 6: Protecting and leveraging the excellence of our research and science base**

**Theme 7: Driving the innovation agenda** a focus on place and the benefits of regional collaborations with industry; and bringing colleges more fully into innovation partnerships and the national innovation agenda.

**Theme 8: Enhancing collaboration** around pathways for learners, procurement and shared services, and by exploring different organisational partnerships and models.

**Theme 9: Making the most of the sector’s global connections,**

**Theme 10: Focusing on the financial sustainability of colleges and universities, and current funding models,** incentivising collaboration, and working towards a more integrated, differentiated, connected tertiary education and skills system

- 1.2 The report highlights what are called the two emergency years ahead, alongside considering how to build a system for the future that is adaptable and resilient, to secure optimal outcomes for a wide range of interests in a shifting and complex environment.

The report identifies areas where further exploration is required in the next phase.

- One tertiary education budget, to enable greater flexibility for investment. (*currently SFC manages the funding for both Colleges and Universities but through separate budgets*)
- Moving away from activity targets towards participation indicators and demographic modelling.

- An SCQF-based tertiary funding model and simplified premiums that take account of access and inclusion objectives, an institution's context, and successful student outcomes.
- Develop options with SDS to embed Foundation and Graduate Apprenticeship programmes into SFC's funding and accountability frameworks.
- A Transformation Investment Fund to support change in the sector.
- A new National Outcome and Impact Framework for colleges and universities, as a reset of the Outcome Agreement process (*draft provided as an appendix in the document*)
- Generating better debate about the future of tertiary education and skills through evaluative research, good engagement with students, employers, and key stakeholders, and development of better data analytics.

**Key areas for development in Phase 2 will include:**

- A continued focused response to the COVID-19 pandemic,
- Engagement with employers and industry to ensure their views and expertise help inform and improve student outcomes.
- Exploring the collective enhancement and support for digital and blended learning.
- Developing further SFC's outcome and impact framework, funding methodologies, quality assurance arrangements, options for targets and measures, and a Transformation Fund.
- Establishing a student advisory group to ensure student views are incorporated.

- 1.3 The detail within the 10 themes and the options set out in the report with regard to possible changes to tertiary education funding methodology, quality assurance and measurement reporting are of specific interest to Universities and Colleges and in part are in line with what the College Sector has been requesting for some time.

There are some topics such as research and global connections which are of primary interest to the University sector. There are also suggestions as to next steps for governance for multi-college regions which does not apply for the West Region, although there could be an impact through changes to Glasgow.

The report states that there will not be one simple answer to the challenges and there are many stakeholders who will influence how best to respond to the consequences of the pandemic and other long-run issues within the sector. The report highlights that in order to get the best outcomes for change there should be collaboration - colleges, universities, students, employers, and other key stakeholders working together, in an iterative way, to shape the conversation, bring forward and explore options, and consider necessary reforms at a system-wide level.

**Action:** The Board is invited discuss the report following a presentation at the Board meeting.

**Lead:** Stephanie Graham, Vice Principal Educational Leadership

**Status:** Open.

## BOARD OF MANAGEMENT

**Minutes:** Monday 5 October 2020.

**Present:** Waiyin Hatton (Chair), Sabira Akram, Nick Allan, Steven Cairney, Liz Connolly, Jim Hannigan, Jacqueline Henry, Linda Johnston, Angela Wilson, Fiona McKerrell, John McMillan, Vanessa Thompson, David Watson, Andrew Hetherington, Mark Newlands, Jenifer Johnston, Stefana Margarint.

**Attending:** David Alexander (Vice Principal Operations), Shirley Gordon (Secretary to the Board), Stephanie Graham (Vice Principal Educational Leadership), Alan Ritchie (Director of Finance), Martin Joyce (Director of Infrastructure).

**Apologies:** John Leburn.

### BM650 WELCOME

The Chair welcomed everyone to the virtual Board meeting and thanked all in attendance for their participation. The Chair noted that this was the first formal Board meeting for Stefana Margarint since being elected by the Student Association as Vice President (Clydebank) and introductions were made.

Dr Hatton also thanked Iain Forster Smith (Assistant Principal Student Life and Skills) for the insightful presentation earlier on the work of the Student Support, Student Life and Skills Directorate. This had enabled Board members to see a side of College activities that were not always visible to them. She asked that the Secretary circulate Mr Forster Smith's presentation slides to everyone for their information.

**{ACTION – ShG}**

### BM651 DECLARATIONS OF INTERESTS

The following declarations of interest were recorded and **noted**:

- Waiyin Hatton: Wai Beyond, People and organisational development consultancy; Harvey McMillan, People and organisational development consultancy; Action Against Stalking; Colleges Scotland (Board member).
- John McMillan and Liz Connolly: Trustees of the West College Scotland Foundation.
- Jim Hannigan: NMIS Project Manager, Skills Development Scotland.
- David Alexander: Scottish Funding Council Board member and Chair of the SFC Audit and Compliance Committee.
- Angela Wilson: West Dunbartonshire Council.
- Sabira Akram: Scrum Master, Scottish Qualifications Authority.
- Fiona McKerrell: Partner employed by Skills Development Scotland.

### BM652 MINUTES OF PREVIOUS MEETINGS

The minutes of the meetings held on 15 June 2020 and 20 July 2020 were **approved**.

### BM653 ACTIONS FROM THE MINUTES

The Board **noted** the actions taken since the last meeting.

**BM654 MATTERS ARISING FROM THE MINUTES**

There were no matters arising not otherwise on the agenda.

**BM655 STUDENT ASSOCIATION REPORT**

The Board **noted** the report submitted by Vanessa Thompson (President, WCS Students' Association) summarising the activities of the Students' Association (SA) since the last Board meeting. Ms Thompson thanked all College staff for their support and assistance during the lockdown period. Despite the challenges, the SA was delighted with the feedback from students who were given support during this difficult time and they continued to work in partnership with the College in order to support students throughout the ongoing pandemic. Ms Thompson highlighted the following:

- Think Positive - this campaign focussed on student mental health, with the College providing students with key information and guidance to help and support them, especially in relation to stress and anxiety. This would be promoted online using College social media platforms and was being supported by the Health and Wellbeing officer for the College.
- Freshers – was now live on Myday where the latest offers and events over the next couple of weeks were available. The SA had tried to make it as fun and interactive as possible whilst keeping all engagement safe and within the national Covid-19 guidelines.

The Board welcomed the commitment and engaging approach of the SA on its creation, over the next few weeks, of a campaign based around student safety within the College to ensure that students understood the rules and consequences of adhering to the national Covid-19 guidelines.

The Chair thanked Ms Thompson for the update and the sterling work of the SA.

**BM656 CHIEF EXECUTIVE'S REPORT**

The Board received a written report from the Principal and Chief Executive, and Ms Connolly provided an update on the following:

**Start of the New Academic Year** - a Mobilisation Group was established to co-ordinate planning for the 2020-21 College academic year, with the new cohort of students commencing their studies on 21 September 2020. This Group included representatives from across the College including curriculum, estates, HR, Health and safety, IT, communications, Trade Unions and the College Student President. In mid-August 2020, all Colleges were asked to update the Scottish Government on their plans for the start of the new academic year and the Principal led the Board through a copy of her letter sent to Richard Lochhead MSP and Minister for Further Education, Higher Education and Science on 24 August 2020, which detailed the steps the College had taken to ensure safe operations. The Mobilisation Group continued to meet weekly to consider any emerging issues and / or new Covid-19 guidance and the sector-wide Principals Group shared information at its fortnightly meetings.

The Board welcomed this update and the following points were clarified:

- The National Clinical Director of Healthcare Quality and Strategy had attended a recent Principals Group meeting where he confirmed the blended model of learning was likely to remain for the time being, with there being some instances where face-to-face teaching was appropriate. At that meeting he described the circuit breaker approach and how that concept may operate and provided a commitment that as much notice as possible would be given to the college sector if that was likely to be introduced in the future.
- A small number of staff may be on campuses during the October break fulfilling obligations such as estates / maintenance, Chromebook distribution to students and providing delivery of some courses.

**SFC Review of Coherent Provision and Sustainability in Further and Higher Education** - the Scottish Funding Council was currently conducting a Review of Coherent Provision and Sustainability in Further and Higher Education. Following a Board member session on 27 July 2020 to discuss this matter, the Principal and Chair submitted a response, on behalf of the College, to the Review dated 10 August 2020 and this was noted. The Chief Executive of the Scottish Funding Council had delivered a presentation to the college sector Principals and Chairs on key themes arising from the Review to date and next steps. The Principal agreed to circulate a copy of that presentation to Board members.

**{ACTION – LC}**

An initial report from the SFC following the first phase of the Review was anticipated by early October 2020.

**Regional Outcome Agreement** - 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 the Principal summarised the detail and implications of the SFC correspondence. The correspondence 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, the Principal 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 would be provided to the Board at future meetings.

**Greenock Campus** - prior to lockdown, two meetings had been held between the College management team, trade union representatives and the Student President and Vice President to discuss the contents of the '10-point plan' for Greenock previously sent to the Board. Two meetings scheduled for this Group unfortunately required to be cancelled due to availability of attendees, however, a constructive and positive meeting of the Group was held shortly after the new term began. Further meetings would be held to

continue the discussion. The Principal agreed to circulate a copy of the minutes of that meeting to Board members for information. **{ACTION – LC}**

**National Bargaining** – national Colleges Scotland Employers Association negotiations with teaching staff, in relation to a 2020-21 pay award, had concluded with an agreed consolidated 2% pay increase. However, support staff trade unions had lodged a dispute procedure with the Colleges Scotland Employers Association regarding application of the previous pay agreement for the period to the end of August 2020, and this required to be considered in progressing negotiations for the 2020-21 support staff pay award. Negotiations with support staff trade unions remained ongoing in relation to a 2020-21 pay award. The process of national job evaluation for support staff was also progressing, and the Vice Principal Operations summarised the four stages of the job evaluation process, reporting that the impacts of the lockdown period on the overall project timescales was currently under review.

The Chair thanked the Principal for the update and the Board **noted** her report.

#### **BM657 CHAIR'S REPORT**

The Board received a written report from the Chair which summarised her recent activities and meetings. The Chair thanked Board members for giving their time to meet with her for their annual 1:1 review. These meetings had provided positive feedback and constructive suggestions for making continuous improvements, particularly in the light of the 'new' landscape the College was now operating in. Several themes had emerged from the discussions and a summary report would be compiled by the Chair for Board members on follow-up actions to be taken forward. **{ACTION – WH}**

As part of her induction, the Chair and Principal had met with the Leader and Chief Executive of Renfrewshire Council and arrangements had been made to meet the Leaders and Chief Executives of Inverclyde Council and West Dunbartonshire Council in the next few weeks. These valuable meetings would provide opportunities to discuss areas of mutual interest and explore ways of enhanced partnership working going forward.

The Board **noted** the report from the Chair.

#### **BM658 STRATEGIC RISK REGISTER**

The Board received a report from the Vice Principal Operations which outlined that, in accordance with the Corporate Governance Code, the Board was tasked with ensuring a framework of risk management and control was in place.

The Vice Principal Operations provided an update on the actions taken by the College to develop the College Risk Management Strategy; described the next steps in the development of the College Risk Management Strategy; and presented the current College Strategic Risk Register for the consideration.

Mr Alexander explained that the College Risk Management Strategy was approved by the Board of Management. The College Strategic Risk Register was subject to ongoing review by the Board of Management and all Board of Management Committees, with oversight being provided by the Audit Committee. At its meeting in June 2020, the Board approved

revisions to the College Risk Management Strategy which recognised the agreed College risk appetite categories, the College risk appetite statement and associated amendments to the ten risk categories. Those revisions were the result of a significant piece of work with the Board to review the overall risk categories and the risk appetite that the College was willing to tolerate. It was also agreed that a revised layout for the format of the College Strategic Risk Register would be developed in order to capture and present the content in a more user-friendly way.

At its meeting in September 2020, the Audit Committee considered the proposal to revise the format of the Strategic Risk Register and endorsed the updated format provided, with the inclusion of proximity in the register being a new introduction, and the summary of the top 5 risks containing the trend movement. Mr Alexander led the Board through the revised format of the College Strategic Risk Register summarising the primary changes from the previous format. He added that the revised format had also been considered by the Finance and General Purposes, Asset and Infrastructure and HR and Corporate Development Committees during the September 2020 meeting cycle, with all Committees commenting that the revised format was a positive development and they had welcomed the proposed changes. The Nominations Committee meeting of 23 June 2020 had considered risk in relation to the activities within its remit and had agreed to raise the possible inclusion of some strategic governance risks at the Board meeting. It was agreed that the Chair of the Board would work with the Committee Chairs outwith the meeting in considering this and provide further detail to Mr Alexander. **{ACTION – WH}**

**The Board of Management:**

- **Noted the update on the development of the College Risk Management Framework.**
- **Considered and approved the revised reporting format for the College Strategic Risk Register.**
- **Approved the next steps in the development of the College Risk Management Strategy.**
- **Reviewed and approved the Strategic Risk Register and in doing so considered:**
  - o **The risks included in the register;**
  - o **The risk ratings both pre and post mitigations;**
  - o **Whether any other risks should be considered for removal; and**
  - o **Whether any new risks should be considered for inclusion.**

**BM659 ASSET AND INFRASTRUCTURE COMMITTEE**

.1 The draft minutes of the Asset and Infrastructure Committee meeting held on Wednesday 16 September 2020 were **noted**. The Committee Chair highlighted the following key points of discussion:

- Mr Alexander continued to discuss the College Outline Business Cases (OBCs) for Greenock and Paisley with the SFC Chief Operating Officer and the partnership work required by the SFC in order to progress these was explained. The Committee had noted the Renfrewshire Council media statement of 16 July 2020 confirming that the local authority had agreed terms to conclude its purchase of the bulk of the 24-acre site at Renfrew Road from Pernod Ricard's Chivas Brothers and it was anticipated ownership of the site would transfer to the Council later this year. The Chivas Brothers land had been identified as a possible site for the new Paisley Grammar School, with a public consultation to take place at a future date. It had been

announced that the remainder of the site was being occupied by the Scottish Leather Group.

- Acknowledgment that the College had made headway in progressing the summer estate maintenance work over the recent period since lockdown whilst dealing with the implications of addressing the operational challenges of the Covid-19 pandemic and thanked Mr Ritchie and his team.
- Mr Alexander had led the Committee through the key outcomes for year 5 of the IT Strategy, highlighting that the College's ability to invest in the ICT infrastructure was becoming increasingly challenging given the level of resource available. The level of IT funding was the subject of ongoing dialogue with the SFC and a focus for the college sector. Should this lead to any further resource becoming available, then this would be used to support delivery of the IT Strategy outcomes. Given the challenging financial environment in which the College was operating, there was always a constant need to maximise any investment in the IT infrastructure.

- [REDACTED]

[REDACTED]

**.2 College Estate Condition Survey – Estates Committee paper from 3 March 2020 meeting attached** – Mr Alexander provided an overview of the condition survey

outcomes that the Estates Committee had considered in March 2020 and this was **noted**. This would provide a basis for the Board Estates development session that would be externally facilitated and held on 28 October 2020.

#### **BM660 F & GP COMMITTEE**

**.1** The draft minutes of the Finance and General Purposes Committee meeting held on Tuesday 2 June 2020 were **noted**. The Committee Chair highlighted key points of discussion.

**.2** The draft minutes of the Finance and General Purposes Committee meeting held on Thursday 9 July 2020 were **noted**. The Committee Chair highlighted key points of discussion.

**.3** The draft minutes of the Finance and General Purposes Committee meeting held on Tuesday 8 September 2020 were **noted**. The Committee Chair highlighted key points of discussion including:

- An order for approximately 1,800 chrome books for distribution to students had duly been placed since approval at the July FGPC meeting. In addition to that, Mr Alexander had 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 commended the College for bringing this opportunity to fruition. It was a fantastic initiative which would result in vital support to staff and students.
- The College required to ensure there was ongoing engagement with the SFC during 2020-21 regarding the revised business model that needed to be in place under the Business Transformation Plan agreement.
- The Director of Finance had explained the College 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 had 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 had 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. Those 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.

- It had been 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.
- The Committee recognised the challenges and uncertainties impacting on the College financial forecast and was reassured by the prudent approach taken and commended the College for maximising a host of opportunities which had resulted in such an improved financial position.

.4 College Financial Regulations – Mr Alexander explained that the Finance and General Purposes 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 8 September 2020 Finance and General Purposes Committee meeting considered and approved for presentation to the Board a revised set of College Financial Regulations. The College had undertaken a review of the Financial Regulations based upon current College operations and best practice.

**The Board of Management approved the revised College Financial Regulations.**

#### **BM661 AUDIT COMMITTEE**

The draft minutes of the Audit Committee meeting held on Thursday 3 September 2020 were **noted**. The Committee Chair highlighted key points of discussion including:

- The Committee approved the content of the draft Annual Report from the Audit Committee to the Board of Management.
- The Audit Senior Manager, Mazars, provided a report on the progress made by Mazars in delivering their responsibilities as the College’s external auditors.
- The Committee reviewed and considered the draft Accountability Report in advance of the final annual report and accounts being presented to the Joint Audit and Finance & General Purposes Committee in November 2020.

**BM662 HRCDC COMMITTEE**

The draft minutes of the HRCDC Committee meeting held on Tuesday 15 September 2020 were **noted**. The Committee Chair highlighted key points of discussion and took the opportunity to highlight the following:

- The Committee noted the insightful and detailed Alternative Income Report and welcomed the efforts of the College to best place itself to help support partner organisations, stakeholders and local communities now and in the future whilst operating within its own challenging position.
- The Committee heard about the work of the Mobilisation Group (chaired by the Director Organisational Development and HR) which met remotely on a weekly basis to prepare for the phased return of staff and students in the new academic year.
- The Committee reflected on its operation since the merger of the Corporate Development Committee and Organisational Development and HR Committee in January 2020. It was agreed that, although the new Committee had 2 distinct areas of responsibility (HR and corporate development) it was working well as members' knowledge and understanding of key issues grew. The Chair agreed that it was crucial to champion both areas at Board meetings to ensure a well-rounded understanding of corporate endeavours and exposure of the dual developments and activities and suggested HR expertise being considered in future Board member recruitment.

**BM663 NOMINATIONS COMMITTEE**

The draft minutes of the Nominations Committee meeting held on Tuesday 23 June 2020 were **noted**. The Committee Chair highlighted key points of discussion and the following were **approved**:

- ❖ **That the Chair now write to the Minister to seek approval for the re-appointment of Linda Johnston and John Leburn for a further 4 years from 1 January 2021 to 31 December 2024.**
- ❖ **The approach and membership of a Selection Panel as follows to appoint 2 new Board members (to replace Andrew Hetherington and John McMillan):**
  - **Waiyin Hatton, Chair of the Board and Chair of the Selection Panel.**
  - **Jacqueline Henry, Vice Chair of the Board.**
  - **Shirley Gordon, Secretary to the Board.**
  - **John McMillan, Senior Independent Member of the Board.**
  - **Willie MacKie, Chair of Ayrshire College - as the independent person – required in accordance with Paragraph 3.25 of the College Sector Board Appointments: 2014 Ministerial Guidance.**
- ❖ **The period of appointment of Mark Hamilton, co-opted member of LTQ Committee, for 1 further year to 31 October 2021.**

**BM664 BOARD OF MANAGEMENT**

**Membership, Dates of Meetings and Schedule of Business 2020/21**

.1 The Board **noted** its membership, proposed schedule of business for 2020-21 and the dates of Board and Committee meetings for session 2020-21.

.2 The Board **approved** its Standing Orders, Articles and Scheme of Delegation noting the proposed updates required and agreed the Standing Orders should include confirmation that they apply to all meetings whether held remotely or in person.

**BM665 ANY OTHER BUSINESS**

No other business items were raised.

**BM666 DATE OF NEXT MEETING**

- Monday 14 December 2020 at 4.00 p.m. – Venue TBC

## Board of Management: Actions from the Minutes

Date of meeting	Min Ref	Matter for Action	Responsible Person	Action Taken	Timescale (where applicable)
5 October 2020	BM650	Presentation on the work of the Student Support, Student Life and Skills Directorate – slides to be circulated.	S Gordon	Circulated on 5 October 2020.	Complete
	BM656	The Chief Executive of the Scottish Funding Council had delivered a presentation to the Principals and Chairs on key themes arising from the Review to date and next steps and the Principal agreed to circulate a copy of that presentation to Board members.	L Connolly	Circulated on 8 October 2020.	Complete
	BM656	The Principal agreed to circulate a copy of the Greenock '10-point plan' minutes to Board members for information.	L Connolly	Circulated on 20 October 2020.	Complete
	BM657	Summary report on the 1:1 Board Member / Chair discussions would be compiled for Board members on any follow-up actions to be taken forward.	W Hatton		
	BM658	The Nominations Committee meeting of 23 June 2020 considered risk in relation to the activities within its remit and agreed to raise its suggestion of the inclusion of some strategic governance risks. To help refine this further for the Risk Register, the Chair would work with	W Hatton		

		the Committee Chairs and provide further detail to Mr Alexander.			
	BM659	Should a catering staff decision require to be made by the Board prior to its next scheduled meeting of 14 December 2020, a subgroup (comprised of the Committee Chairs and chaired by Dr Hatton) would meet and be delegated to take such measures as may be required subject to reporting to the Board at its December 2020 meeting.	W Hatton		
<b>23 March 2020</b>	BM610	The presentation and discussion scheduled with two inspectors from Education Scotland on their College Progress Visit Report - postponed until a later date.	S Gordon	Will rearrange with Janet and John.	tbc
	BM616	Business Transformation Plan - Board to be kept informed of progress in discussions with SFC.	L Connolly		Ongoing Board updates via the CE Report
	BM619	KPIs - some analysis work to be undertaken to review overall performance prior to the coronavirus pandemic so that new base and pro-rata performance indicators would be available.	S Graham		tbc
	BM620	Board to receive the same presentation that the Estates Committee received on 10/12/19 on the College's estate	D Alexander	1 - Original paper/presentation to Oct 2020 Board meeting for information.  2 - A separate strategy session to discuss estates issues will be arranged.	1 – Oct 2020 Board – Complete  2 – 28 October 2020 – Complete

<b>3 Feb 2020</b>	BM600	Greenock Campus - continue to report progress to Board meetings.	L Connolly		Ongoing Board updates via the CE Report
<b>7 Oct 2018</b>	BM565 (i) 544	Brexit – small group to be established to consider what kind of College there should be in the future and align this with the potential impact of Brexit.	?	Board to return to this matter once more information is available	Future meeting - tbc
	BM570 (v) 515.1	Chair's Report - Review of Committee Structure – Board supported the proposals emerging. Further consideration to be given to how to achieve them.	Chair / L Connolly		Future meeting - tbc



**Board of Management**

**14.12.20**

**Paper 6**

**The Student Association Board December 2020**

The Students' Association {SA} continues to work for the benefit of all students. At the time of writing, The SA consists of Student President– Vanessa Thompson and three Vice Presidents at Paisley – Chris Bett, at Clydebank – Stefana Margarint and at Greenock Paul Sefton.

The SA would like to thank West College Scotland's staff for all of their support and assistance during this difficult time. We would also like to extend our gratitude to the students for their understanding and continued hard work despite the restrictions in place for many.

The SA continues to work in partnership with the college in order to support students through the ongoing COVID-19 pandemic. Over the past few weeks, many parts of the country have been placed in Level 4 which has made it extremely difficult for everyone connected with the college. The SA will continue to update students on any changes to current regulations and will offer support and guidance to anyone who requires it. We are available for all students through email, phone and social media platforms and continue to provide any support and guidance that is required.

Our recruitment of class reps has been gaining traction since the start of term but with 133 students signed up, there is still a long way to go. Over the next few months, we hope to increase this number and host focus groups to highlight the main issues facing students and the class reps are absolutely key to sharing the student voice.

Think Positive continues to be a priority for the student association. The campaign is a mental health agreement with the college to offer much needed support to students. Key information and guidance will be offered to help and support students especially around stress and anxiety. This has been promoted online using our social media platforms and has been supported superbly by Kirsty McEwan who is the Health and Wellbeing officer for West College Scotland.

The SA have also been promoting Alcohol Awareness Week which ran from the 16<sup>th</sup> November to the 22<sup>nd</sup> November. A campaign which needs to be highlighted as lockdown has seen a rise in alcohol consumption in Scotland. Exchange students' campaign has also been a focus at the end of November with solidarity week running from November 23<sup>rd</sup> to November 29<sup>th</sup>. Finally, the SA were proud to promote the national white ribbon campaign which raises awareness of domestic violence. The campaign has reached 60 countries and promotes healthy relationships and gender equality.

In some light-hearted news, we have an 'Elf on a Shelf' competition for students to engage in online. This involved answering a question each day on our social media platforms and being entered into a competition to win some fantastic prizes.

Many thanks and we hope you have a fantastic break at Christmas and New Year.  
Student Association.

**Lead:** Vanessa Thompson, President, Students' Association.

**Status:** Open

**Board of Management**

**14.12.20**

**Paper 7**

**TITLE:** CHIEF EXECUTIVE'S REPORT

**Action:** The Principal has provided a report on a range of matters. This report is mainly for discussion and noting.

**Lead** Liz Connolly, Principal and Chief Executive

**Status** Open (with the exception of Item 3 which is restricted)

## **1 Covid-19**

1.1 As members will be aware, from 23<sup>rd</sup> November Renfrewshire and West Dunbartonshire local authority areas are among those who are under Level 4 restrictions. This means that the College campuses in Clydebank and Paisley are operating under Level 4 restrictions, while our campuses in Greenock are currently under Level 3 restrictions. At the time of writing these restrictions will be in place until 11<sup>th</sup> December.

1.2 Colleges with campuses under Level 4 restrictions were asked to review their activity and reduce further the level of face to face teaching and on campus presence. Members will recall that in planning for this academic year the College had three guiding principles;

- To have the fewest possible number of people on campus at any one time
- To ensure the safest possible environment for those on campus
- To ensure the best possible learning and working experience for students and staff

1.3 Against this background curriculum and support teams again reviewed delivery to determine what additional adjustments could be made.

It was agreed that delivery of face-to-face learning, teaching assessment and support services on campus would only occur when at least one of the following applies to the activity;

- The likelihood of withdrawal from the course is high
- Student progression would be impacted or interrupted
- The likelihood of achieving a qualification is jeopardised
- Student mental health or well-being would be impacted negatively
- Vulnerable learners would not have access to critical services

1.4 In anticipation of the more severe restrictions that are currently in place the college had been reducing on campus activity and in the week prior to 23<sup>rd</sup> November this was just over 6% on both the Paisley and Clydebank campuses.

1.5 However, with careful planning and adjustments to activity and the postponement of some provision and assessments activity on campus has been further reduced by around 25%.

1.6 All of this will continue to be carefully monitored and teams are already considering options should the Level 4 restrictions again be in place after the Christmas break.

## **2 College Mobilisation Group**

- 2.1 The College mobilisation group continues to meet on a weekly basis to consider any emerging issues and new guidance in what continues to be a very fluid situation.

## **3 Business Transformation Plan**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3.4

[REDACTED]

[REDACTED]

[REDACTED]

## 4 Regional Outcome Agreement

4.1 On the 1<sup>st</sup> December the Scottish Funding Council published **Guidance for Interim Outcome Agreements for Colleges and Universities AY 2020-21**. The Guidance outlined the steps required to ensure an agreement is in place between SFC and each institution, or college region, during this emergency period which captures, at a high level, contributions, impact and outcomes and provides assurance on use of allocated funding in AY 2020-21.

4.2 The Framework for interim Outcome Agreements for AY 2020-21 seeks to:

- Focus on the delivery of outcomes and impacts for students
- Ensure Colleges and Universities outline their contributions to a more focused set of priorities
- Promote and reflect individual and collective responses to recovery with narrative on commitments, deliverables and expected impact
- Ensure transparency and clear accountability for public funding

The full Guidance can be found here [Guidance for Interim Outcome Agreements 2020-21 \(sfc.ac.uk\)](https://www.sfc.ac.uk/interim-outcome-agreements-2020-21)

4.3 The Interim Outcome Agreement for 2020-21 will be presented to the Board for approval at the February meeting.

## 5 College Graduations

5.1 As a result of the COVID pandemic the College was unable to hold its normal graduation celebrations this year. Instead three virtual graduations were held throughout November, Clydebank on 12<sup>th</sup> November, Paisley on the 19<sup>th</sup> and Greenock on the 26<sup>th</sup>. Each graduation was well attended on the night with staff students and their friends and families engaging in the ceremonies via a live chat

facility. All three graduations are still available to view on youtube and via the College website. To date all three graduations have collectively had almost 3,500 viewings. The graduations ceremonies were all designed, managed and produced in house by our Communications Team and Television Production Team.

## **6 National Bargaining**

- 6.1 As previously reported, negotiations with EIS for lecturers' salaries the period 1<sup>st</sup> September 2020 – 31<sup>st</sup> August 2021 have been concluded with a consolidated award of 2.0% being agreed.
- 6.2 Negotiations continue with Support unions and a further National Joint Negotiating Committee (NJNC) meeting was held on Wednesday 2<sup>nd</sup> December. A revised pay offer was made along with a request that the offer be taken to members for consideration. Any further update will be provided at the Board meeting.

## **7 Commissioner for Fair Access**

- 7.1 Sir Peter Scott, the Commissioner for Fair Access wrote to the sector recently regarding the impact of the COVID pandemic, and necessary public health restrictions, on fair access to higher education.
- 7.2 Sir Peter, who is preparing a report for the Scottish Government before the end of the year, was particularly interested in the student experience, National and Highers and vocational examinations, articulation and targets and metrics.
- 7.3 A copy of the College's submission is attached.

## West College Scotland response

**Student experience:** How the balance between face-to-face teaching and online learning is being managed, and to what extent the impact on students from more deprived communities is being assessed and taken into account. Digital poverty and access to study space are clearly important issues but there are others such as enhanced support and mentoring.

By way of context, the following stages were implemented at West College Scotland to ensure we would be in better position to assess the extent of the digital poverty divide, the level of digital support required by students and the split of our overall curriculum provision into face-to-face and online delivery in a systematic and consistent manner to yield the best possible engaging experience for the students:

- **Survey:** Prior to students' commencing their studies, we issued a Digital Survey as part of our enrolment process. This survey asked the students if they had the necessary access to digital technology should they need to engage with their studies from home.
- **Student Support Funding Students:** we identified a list of all those students who have accessed our formal Student Support Funding and approached those identified with an offer of a loan of a Chromebook computer for the duration of their studies.
- **Social Media Campaign:** we also launched a social media campaign calling out for all students who needed access to a digital device to self-declare so.
- **Priority courses:** Due to the delay in receiving devices, we had to prioritise students to receive their device. Our Educational Leadership Team identified Priority 1 courses = where the majority of curriculum is online delivery; priority 2 courses = where a large proportion of the curriculum is online delivery; priority 3 courses = where a proportion of the curriculum is online delivery and mapped self-declaring students (through our Social Media Campaign) to the aforementioned Priority courses. All students who are eligible to receive a device in all priorities have been contacted to give them the loan of their computer for the duration of their studies.
- **Extended Learning Support:** We identified those students who are accessing our Enabling Services Advisory service, who have specific learning needs and requirements. To these students, the offer of enhanced support is available, laptops are loaded with enabling software that meets their particular needs and one to one continued support of their named Enabling Services Adviser. There are increased numbers requesting support (currently around 1200 students) and the team are undertaking a needs analysis to best determine the most appropriate support for each individual.
- **Care Experienced/Corporate Parent:** We also identified those students for whom we act as a Corporate Parent/those Care Experienced who can access a Chromebook during the course of their studies at any point.
- In total, we identified over 3500 students who were either eligible for a digital device or who self-declared they needed a device due to their particular circumstances. In preparation for this, we had purchased over 2500 Chromebooks and applied to the Connecting Scotland Fund for additional Chromebook computers and mifis (which we are pleased to say we have been successful in securing).
- **Support:** for Digital Wellbeing

From our recent Portfolio Reviews and Curriculum Planning Reviews, we are receiving positive feedback on the physical ability for students from our more deprived communities to be able to engage remotely/digitally with their studies. In some cases the digital way of learning has helped them combine family life with college classes and attendance at online classes has been higher in many cases than previous traditional classes.

In addition to this, formal digital training has been provided for students and their parent/guardian as an enhanced level of support. However, we are hearing some negative feedback on the Digital Wellbeing of our students. Some students are experiencing feelings of isolation. Pre-existing mental health issues in our students are being exacerbated, in many instances, due to this new digital way of learning. Many students have expressed that they are not coping being in their house all the time. Some students are finding learning digitally a challenging and isolating experience. There's very much a need to equip students with coping mechanisms. There's a requirement in our interactions with

students to encompass/build in flexibility and space to ensure that within the learning there is breathing space for socialisation and the human touch. There's a rise in the need for students to have a conversation with another person. Not being on campus for a proportion of their studies has removed many individuals' social interaction and we do not have the resource to provide full student wellbeing advice on a 1-2-1 basis. Funding to support additional resource through people and digital capabilities would be required.

What we are seeing, however, is the creation of different types of support to aid this situation: 'blether sessions', and 'social circle' have been created. These are timetabled sessions conducted electronically but the focus is bonding, opening up and socialising not the learning and teaching. This has been, and continues to be, a successful approach to bridging those feelings of isolation and insecurity in such challenging times. In addition to this, we continue our guidance support service and are receiving some feedback of the success of these mentoring sessions operating digitally.

- **Campus attendance:** we are operating the ethos of the fewest possible people on campus. The learning and teaching must be as engaging as possible online but where this has been reviewed as simply not possible, many of our practical classes (Hospitality and Construction) are seeing more regular attendance onto a campus and the delivery remain to a large extent as it was. Social distancing measures have been put in place and the retention of face-to-face delivery is ensuring that no one is left behind in their opportunity to engage in these subjects. Campus attendance is also available for those students who want to access computers and our resources in our campus libraries. This provides a much welcome study space for those who need to get out of their home environment which may, for some, not be the most conducive environment for studying or even a happy place to be.
- In the future when COVID is not a factor, we see that the new ways of online learning recently operating will suit some students far better, particularly more mature learners combining care and family commitments with learning. Having the option of either campus learning or learning from home would help improve flexibility and access so long as the digital infrastructure is available at home and basic digital skills have been developed.

**National and Highers and vocational examinations:** What difficulties have been created by the cancellation exams, and the eventual substitution of teacher assessments without adjustment, on opportunities for students from socially deprived communities and those suffering other forms of deprivation (disability, care experience etc.)? Uncertainty about National and Higher / Advanced Higher and vocational exams next summer is clearly an important factor.

- Difficult as the position was in the College year 2019–20, learners had at least attended to normal patterns through to the imposition of lockdown and the eventual announcement of the cancellation of exams. That should not diminish the effort that College staff undertook to ensure that outcomes for their learners at the end of the 2019/20 session were derived fairly irrespective of learner background
- The position for session 2020–21 is more challenging and there is the capacity for learners from deprived background to be significantly disadvantaged as a result of:
  - Different attendance patterns arising from the need to mitigate the risks of viral transmission. Despite the Sector's best efforts, access to face to face support services that would be available under more normal circumstances has been compromised.
  - Interruptions to learning. Households from deprived communities are at greater risk of viral infection and the indirect impacts of the need to self-quarantine (crowded domestic environments and multi-generational households impacting on the learning environment)
  - The shift to online delivery of curriculum content. Granted, the Sector has made substantial efforts to overcome issues of digital deprivation, but learners from deprived backgrounds are less likely to be digitally skilled when compared to their more advantaged peers, the environment in which they must study is less likely to be conducive to effective online

learning, and issues of internet connectivity – a fundamental requirement for the new way of learning.

- Against this background, uncertainty remains with regards to arrangements for national and vocational assessment. The proposal from Government to review the position in February 2021 simply prolongs that uncertainty

**Articulation:** Steady, but slow, progress has been made towards better recognition of the experience of HN students who wish to transfer to first-degree courses in universities. The Government has provided funding for extra places in universities, but mainly in response to the larger than expected number of Higher candidates with grades that qualify for university entry. Is there a danger applicants with HN will get 'crowded out'? What can be done to prevent this?

- Yes there is a danger of this. Some articulation places are only given where universities have space in later years within programmes, rather than a guaranteed number of places per year. A higher intake in first year could well restrict articulation to later years.
- We also have some concerns that some of the Higher candidates who gained university places may not be fully prepared for this and would normally have been better prepared through college study first. This will be an issue for the Universities to ensure they support students entering HEIs during these years.
- The current restrictions on delivery during the pandemic could also impact on how prepared an HN student may be for university articulation. The students are gaining more independent study skills through this period which will be useful but SQA decisions to remove graded units which would include projects and the focus on the key learning required to achieve the qualifications may reduce the breadth of learning which prepared college students for university study. This will also be the case where HN qualifications contain significant mandatory placement activity which may be impacted by COVID (i.e. Health and Social Care) and may make articulation difficult.

**Targets and metrics:** In light of the likely negative impact of Covid-19 on fair access will it be more challenging to meet the 2021, and in particular, the 2026 targets? Although most colleges meet or exceed these targets, what action should be taken to mitigate any negative impact and maintain the momentum towards fair access? It may also not be possible to make as much progress towards using other metrics alongside SIMD, in particular uptake of Free School Meals (FSMs), to measure progress as had originally been hoped. How big an issue is that?

- Developing other metrics may be even more important in the future since the economic crisis could result in far greater deprivation in areas out with the most deprived postcodes. Unfortunately, current areas of high deprivation are still likely to be affected even worse and access must be a major priority.

I am aware of the great efforts Colleges have been taking to minimise the impact of public health restrictions on fair access. But it would be very useful to have practical examples of mitigation which could be highlighted as good practice in my interim report.

- We are conscious of the intersectionality between socio-economic status and protected characteristics. For example, BAME groups and lone parents who are predominantly female experience higher levels of poverty which can affect digital access. We have provided a Digital Device Loan Scheme to enhance access to online learning.
- We have listened to concerns from our students with ADHD and autism regarding visual clutter and heightened anxiety due to the need to provide for social distancing on campus. We have shared images of the mobilised campus so that they know what to expect, and Teaching Staff have provided walk rounds with students to increase their comfort.

- Students who are carers have reported that their children/carers are off school comparatively more than pre-pandemic. Our staff have increased flexibility in the curriculum and are supporting students who may need to catch up with missed learning.
- The World Health Organisation has reported that the increase in gender based violence during COVID-19 is a “shadow pandemic”. We have increased the visibility of support for gender based violence survivors, and have commissioned Rape Crisis to deliver specialist training for staff. We are also using the White Ribbon campaign to encourage men to stand up against gender based violence.
- We note that there has been a national decline in wellbeing and mental health, and we have invested an online support cCBT resource (Silvercloud Health). This is complemented by our Student Wellbeing service, Student Experience service, Time 4 U Counselling service and development of CALM curriculum.
- Teaching Staff have reported anxiety from some students regarding having their video cameras on. The anxiety may be due to the pandemic in general as well as issues with overcrowded houses and lack of dedicated workspace. Staff are contacting students where they have concerns about wellbeing and engagement, and asking if they require support. Staff are also assuring students of flexibility in the curriculum.
- We are currently looking into the procurement of live caption software which enhance the accessibility of online teaching not just for students who are deaf but also students who do not speak English as a first language and/or students with chaotic home lives.
- We understand that some students have more digital capability than others, and during the pandemic we have facilitated the provision of a student IT Helpdesk. We have also provided MS Teams Students/Parent & Guardians Training Sessions to support participants of all ages to Microsoft Teams through live demonstrations of Teams for Education features including meetings, conversations, documents planning, classroom tips, and troubleshooting.
- Before the beginning of the academic year, our EDI Manager delivered “Challenging Times” training to enhance how we support protected groups during the pandemic and/or mobilisation. 4 sessions were delivered, and covered the impact of emerging practice relevant to Black Lives Matter, Supporting Wellbeing, and Supporting Survivors of GBV. Staff were provided with a toolkit to enable targeted and effective support.

## **West College Scotland Board meeting 14 December 2020 - Chair's Report**

### **WCS Graduations**

The highlight of this report is my 'attendance' at the three virtual graduations – Clydebank, 12 November; Paisley, 19 November; and Greenock, 26 November. It was most uplifting as the celebratory atmosphere was created by graduants, guests and staff through 'chat' messages. We are rightly proud of all graduates and award winners as they have had to adapt quickly in such unprecedented times. The Principal highlighted in her speech that the successes are the result of significant teamwork between learners and all staff. Thank you must also be made to the Production Team and all who have made the three events an amazing experience.

### **Board member recruitment**

I am pleased to report that the recruitment process has been successfully completed following interviews held on Tuesday 1 December 2020. Recommended candidates are submitted to the Board for approval, and thereafter, for ministerial approval. I want to record thanks to Panel members for their insights and sound judgement, and to the Board Secretary who facilitated a smooth process.

### **Colleges Scotland**

Continuing participation in Board and Chairs' Group meetings, with current primary focus on collective input into the Scottish Funding Council Review.

I had a very informative 'induction' meeting with Shona Struthers, CEO, Colleges Scotland, on 27 October 2020 and due to attend the Induction event for colleges Scotland's 'new' Board members on 7 December 2020.

### **Board Strategic Session**

An outcome from my 1:1 discussions with Board members is to hold themed strategic sessions, which would provide more time for exploration of 'big ticket' items, and dialogue between the Board and Executive Team, and the opportunity to maximise the diverse expertise and experience of Board members. The first such session was on the WCS Estate, held on 28 October 2020. A separate report is being made to the Board.

### **Meetings with three Local Councils**

The Principal and I have met with the Leaders and Chief Executives of each of the three councils – Renfrewshire Council, 1 October; Inverclyde Council, 8 October; and West Dunbartonshire Council, 26 November 2020. These provided an opportunity for me to be explicit about my own commitment to working in meaningful partnerships, building on the strong foundation of WCS. We were also able to update each other on our respective current issues, challenges and aspirations.

**Lead:** Waiyin Hatton, Chair.

**Status:** Open

## BOARD MEMBERSHIP: REPORT FROM SELECTION PANEL

\_\_\_\_\_

[illegible]

1. **Identify the subject and the verb in each sentence.**  
 2. **Underline the subject and the verb in each sentence.**  
 3. **Write the subject and the verb in the space provided.**

1. The cat sat on the mat. Subject: \_\_\_\_\_ Verb: \_\_\_\_\_

2. The dog barked at the mailman. Subject: \_\_\_\_\_ Verb: \_\_\_\_\_

3. The teacher walked to the classroom. Subject: \_\_\_\_\_ Verb: \_\_\_\_\_

4. The car drove down the road. Subject: \_\_\_\_\_ Verb: \_\_\_\_\_

5. The bird flew over the tree. Subject: \_\_\_\_\_ Verb: \_\_\_\_\_

6. The man ran to the store. Subject: \_\_\_\_\_ Verb: \_\_\_\_\_

7. The woman danced at the party. Subject: \_\_\_\_\_ Verb: \_\_\_\_\_

8. The child played in the park. Subject: \_\_\_\_\_ Verb: \_\_\_\_\_

9. The dog lay on the grass. Subject: \_\_\_\_\_ Verb: \_\_\_\_\_

10. The cat jumped over the fence. Subject: \_\_\_\_\_ Verb: \_\_\_\_\_

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[REDACTED]

[REDACTED]

Waiyin Hatton, Chair, Board of Management

**Status:**

**Restricted (as candidates have not been notified of the outcome of the interviews held on 1 December 2020 and cannot receive this until Ministerial approval is received).**

**TITLE: INTERNAL AUDITORS ANNUAL REPORT 2019-20**

**Background:** The Internal Auditor 2019-20 Annual Report is presented to the Board of Management to provide background information in considering approval of the 2019-20 College Financial Statements. The Internal Audit Annual Report will also be submitted to the Scottish Funding Council (SFC), as this is required as part of the annual financial reporting pack.

Scott Moncrieff were the College internal auditors until 31 July 2020 and have provided a report covering the year to 31 July 2020. The report was considered and approved by the Audit Committee at the 21 May 2020 meeting by which point the internal auditors had completed their 2019-20 audit plan. The College also received subsequent confirmation from Scott Moncrieff in October 2020 that they are not aware of any factors since the report was presented to the May 2020 Audit Committee that requires them to change the content and conclusion contained within their annual report.

The key extract from the report is in relation to the overall audit opinion based on the work undertaken during the year which is as follows:

*Internal Audit Opinion*

*In our opinion West College Scotland has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, internal controls, effective and efficient achievement of objectives and the management of key risks.*

**Action:** The joint Audit and Finance and General Purposes meeting of 24 November 2020 considered this report and approved the content for presentation to the Board of Management.

The Board of Management is requested to approve the 2019-20 Internal Audit Annual Report.

**Lead:** David Alexander, Vice Principal Operations

**Status:** Open



# West College Scotland

## Internal Audit Annual Report 2019/20

May 2020



Scott-Moncrieff  
business advisers and accountants



# West College Scotland

## Internal Audit Annual Report 2019/20

Introduction	1
Overall internal audit opinion	2
Internal audit work performed	3
Appendix 1 – Planned v actual days 2019/20	8
Appendix 2 – Summary of Quality Assurance Assessment	9



# Introduction

The Public Sector Internal Audit Standards (PSIAS) state that:

“The Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.”

“The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.”

To meet the above requirements, this Annual Report summarises our conclusions and key findings from the internal audit work undertaken at West College Scotland for the period from 1 August 2019 to 31 July 2020, including our overall opinion on West College Scotland’s internal control system.

## Acknowledgement

We would like to take this opportunity to thank all members of management and staff for the help, courtesy and co-operation extended to us during the year.

# Overall internal audit opinion

## Basis of opinion

As the Internal Auditor of West College Scotland, we are required by PSIAS to provide the audit committee with assurance on the whole system of internal control. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the whole system of internal control.

In assessing the level of assurance to be given, we have taken into account:

- All reviews undertaken as part of the 2019/20 internal audit plan;
- Any scope limitations imposed by management;
- Matters arising from previous reviews and the extent of follow-up action taken including in year audits;
- Expectations of senior management, the audit committee and other stakeholders;
- The extent to which internal controls address the client's risk management /control framework;
- The effect of any significant changes in West College Scotland's objectives or systems; and
- The internal audit coverage achieved to date.

In my professional judgement as Chief Audit Executive, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the basis and the accuracy of the conclusions reached and contained in this report. The conclusions were based on a comparison of the situations as they existed at the time against the audit criteria. The conclusions are only applicable for the entity examined. The evidence gathered meets professional audit standards and is sufficient to provide senior management with proof of the conclusions derived from the internal audit work.

## Internal Audit Opinion

In our opinion West College Scotland has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, internal controls, effective and efficient achievement of objectives and the management of key risks.

We would however highlight that all of our audit fieldwork was undertaken pre COVID-19 and that work is the basis on which we have formed our opinion. The nature and timing of amendments to governance, risk and internal control arrangements as a result of Covid-19 should be carefully considered by the Audit Committee for any impact on the governance statement and related commentary.

**Scott-Moncrieff**

**May 2020**

# Internal audit work performed

## Scope and responsibilities

### Management

It is management's responsibility to establish a sound internal control system. The internal control system comprises the whole network of systems and processes established to provide reasonable assurance that organisational objectives will be achieved, with particular reference to:

- risk management;
- the effectiveness of operations;
- the economic and efficient use of resources;
- compliance with applicable policies, procedures, laws and regulations;
- safeguards against losses, including those arising from fraud, irregularity or corruption; and
- the integrity and reliability of information and data.

### Internal auditor

The Internal Auditor assists management by examining, evaluating and reporting on the controls in order to provide an independent assessment of the adequacy of the internal control system. To achieve this, the Internal Auditor should:

- analyse the internal control system and establish a review programme;
- identify and evaluate the controls which are established to achieve objectives in the most economic and efficient manner;
- report findings and conclusions and, where appropriate, make recommendations for improvement;
- provide an opinion on the reliability of the controls in the system under review; and
- provide an assurance based on the evaluation of the internal control system within the organisation as a whole.

## Planning process

In order that we can provide an annual assurance statement supporting the Governance Statement, we include all of West College Scotland's activities and systems within the scope of our internal audit reviews.

Our strategic and annual internal audit plans are designed to provide the audit committee with assurance that West College Scotland's internal control system is effective in managing the key risks and best value is being achieved. The plans are therefore informed by the College's risk management system and linked to the Corporate Risk Register.

The Strategic Internal Audit Plan was agreed in consultation with senior management and formally approved by the audit committee.

The Annual Internal Audit Plan is subject to revision throughout the year to reflect changes in West College Scotland's risk profile.

We have planned our work so that we have a reasonable expectation of detecting significant control weaknesses. However, internal audit can never guarantee to detect all fraud or other irregularities and cannot be held responsible for internal control failures.

## Cover achieved

Our Internal Audit Plan typically comprises 55 days per annum. We completed 55 days of internal audit work in 2019/20. No changes were made to our Internal Audit Plan during the year.

A comparison of actual coverage against the 2019/20 plan is attached at Appendix 1.

We confirm that there were no resource limitations that impinged on our ability to meet the full audit needs of the College and no restrictions were placed on our work by management.

We did not rely on the work performed by a third party during the period

## Reports







We have prepared a report for each of the internal audit reviews completed and presented these reports to the Audit Committee.

Where relevant, all reports contained action plans detailing responsible officers and implementation dates. The reports were fully discussed and agreed with management prior to submission to the audit committee.

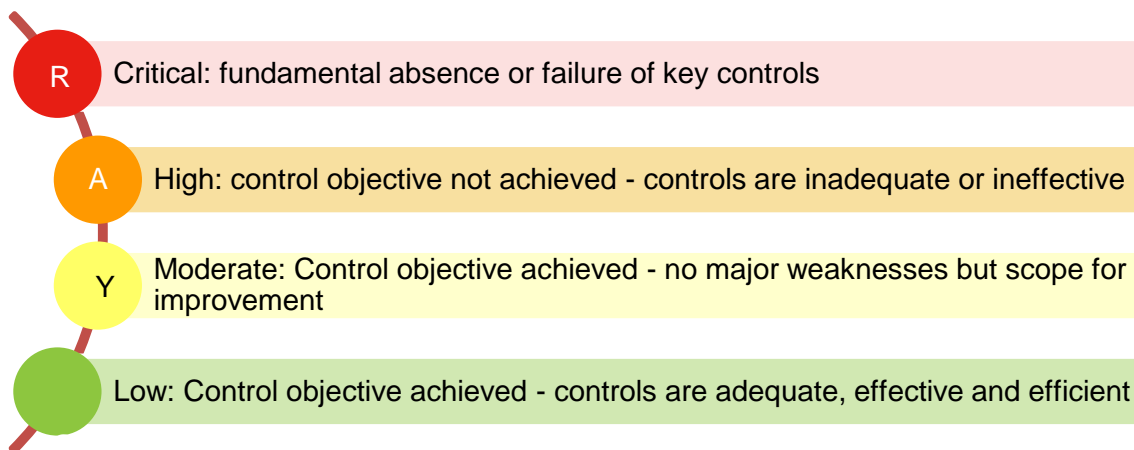
We made no significant recommendations that were not accepted by management.

# Summary of reports by control objective and action grade

Six internal audit reports have been completed during 2019/20 as summarised in the table below.

Review	Control objective assessment	No. of issues per grading			
		4	3	2	1
A1. Financial systems health-check		-	-	-	-
B1. Regional Outcome Agreement		-	-	-	-
C1. Equality and diversity		-	1	2	-
C3. Continuing professional development		-	2	4	1
D2. Online resources		-	-	2	1
E1. Digital Strategy		-	-	1	-

## Control objective assessment definitions



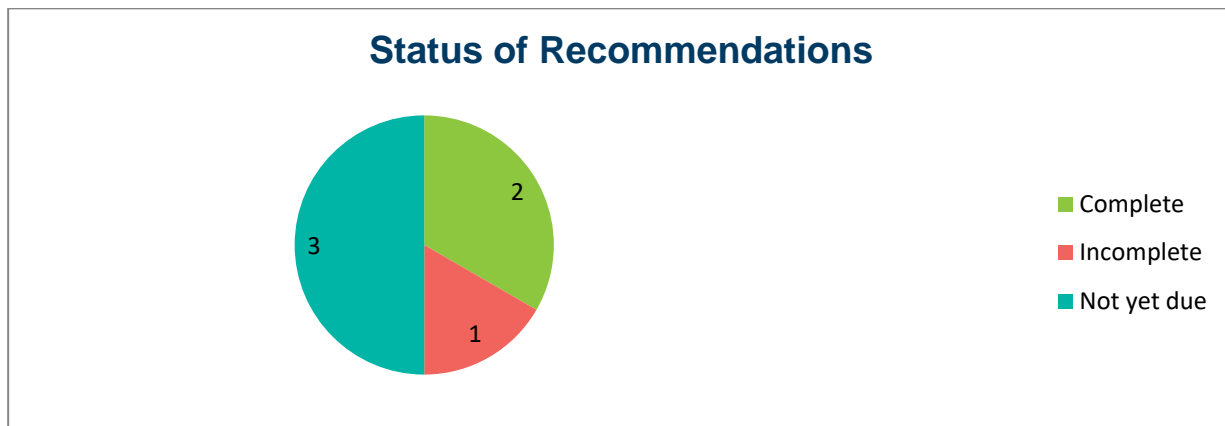
## Management action prioritisation definitions

4	•Very high risk exposure - major concerns requiring immediate senior management attention.
3	•High risk exposure - absence / failure of key controls
2	•Moderate risk exposure - controls not working effectively and efficiently.
1	•Limited risk exposure - controls are working effectively, but could be strengthened.

## Progress in implementing internal audit actions

West College Scotland has a well-developed process for monitoring the implementation of management actions and ensures that actions are completed on a timely basis. We review progress made on a quarterly basis to validate management's assessment of each action's status.

At our last follow-up in May 2020, there were a total of six outstanding actions. We reviewed these and obtained sufficient evidence to close 2 (33%) actions. Three of the remaining 4 (50%) actions were not yet due for completion, with one (17%) incomplete.



## Key Themes

- The College has suffered a further incident of fraud this year, again relating to a fraudulent change of supplier bank details. We reviewed the fraud prevention arrangements at the College in 2018/19 and confirmed that the small number of remedial actions identified have since been implemented. We have reviewed the information provided by management and understand that the latest instance of fraud was successful due to two members of staff not following the documented procedure. It is important that the College remain vigilant when overseeing staff to ensure this does not reoccur; this is especially important in the current home-working environment where this may be more challenging.
- Following a number of findings raised in prior years relating to training and development issues, we undertook a review of the College's continuing professional development process. We found a large number of weaknesses in the College's current processes, with improvements needed both to strengthen the controls in place and also to improve compliance with the underlying process. Most notably, we found that a large number of staff were not completing the CPD process effectively and also that induction training was not being delivered within the allowable timeframes.
- Our review of the equality and diversity arrangements within the College also found issues relating to training, whereby temporary staff were not routinely receiving the mandatory training alongside permanent members of staff. We also found that there was a lack of oversight over the completion of this training by permanent members of staff. We also noted within this audit a need to ensure all policies were updated in line with their scheduled review dates, with updated Equality Impact Assessments included.

## Independence

PSIAS require us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We can confirm that the staff members involved in each 2019/20 internal audit review were independent of West College Scotland and their objectivity was not compromised in any way.

## Conformance with Public Sector Internal Audit Standards

We confirm that our internal audit service conforms to the Public Sector Internal Audit Standards, which are based on the International Standards for the Professional Practice of Internal Auditing. This is confirmed through our quality assurance and improvement programme, which includes cyclical internal and external assessments of our methodology and practice, against the standards.

A summary of the results of our most recent internal assessment is provided at Appendix 2.

# Appendix 1 – Planned v actual days 2019/20

Ref and Name of report	Planned Days	Actual Days
<b>Key Financial Systems</b>		
A1. Financial systems health-check	6	6
<b>Strategic</b>		
B1. Regional Outcome Agreement	7	7
<b>Operational</b>		
C1. Equality and diversity	6	6
C3. Continuing professional development	8	8
<b>Operational</b>		
D2. Online resources	8	8
<b>Information Technology</b>		
E1. Digital strategy	8	8
<b>General</b>		
F1. Follow-up of Prior Recommendations	5	5
F2. Audit management, External audit liaison, Annual planning	2	2
F2. Audit Committee Attendance	4	4
F2. Annual Audit Report	1	1
<b>Total</b>	<b>55</b>	<b>55</b>

# Appendix 2 – Summary of Quality Assurance Assessment

We are required by Public Sector Internal Audit Standards to disclose the outcome of our regular internal and external quality assessments.

The table below summarises the outcome of our most recent internal quality assessment, in which we have assessed the extent to which our internal audit methodology conforms to the standards.

Standard	Does not conform	Conforms	Improvements we have identified
<b>Purpose &amp; positioning</b>			
• Remit		✓	
• Reporting lines		✓	
• Independence		✓	
• Other assurance providers		✓	
• Risk based plan		✓	
<b>Structure &amp; resources</b>			
• Competencies		✓	
• Technical training & development		✓	
• Resourcing		✓	
• Performance management		✓	
• Knowledge management		✓	
<b>Audit execution</b>			
• Management of the IA function		✓	
• Engagement planning		✓	
• Engagement delivery		✓	
• Reporting		✓	
<b>Impact</b>			
• Standing and reputation of internal audit		✓	
• Impact on organisational delivery		✓	
• Impact on Governance, Risk and Control		✓	

## Comment

Overall, our service conforms to the requirements of the PSIAS.

Our assessment is based on the overall service that is delivered to each client. Compliance with the methodology will be monitored through an enhanced system of internal quality assurance to supplement existing arrangements.

We are happy to provide Audit Committee members with further details of the information set out above and the assessment process, if required.

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**TITLE: 2019-20 ANNUAL REPORT FROM AUDIT COMMITTEE TO BOARD OF MANAGEMENT**

**Background:** The Annual Report to the Board of Management details the work carried out by the Audit Committee during the period 1 August 2019 to 31 July 2020 and how this relates to its core remit responsibilities of:

- General
- Internal Audit
- External audit
- Risk
- Other Reporting

The Annual Report is a requirement of both the Scottish Funding Council (SFC) Financial Memorandum and the Scottish Public Finance Manual. This report complies with the requirements of these documents.

The Report was considered at the Audit Committee meeting of 3 September 2020 and further considered by the Joint Audit/Finance and General Purposes Committee meeting on 24 November 2020 as part of the 2019-20 financial statement considerations. The report was agreed as a fair and accurate representation of the work undertaken by the Audit Committee during 2019-20

**Action:** The Board of Management is requested to approve the Annual Report from the Audit Committee for the year ended 31 July 2020

**Lead:** John McMillan, Chair of the Audit Committee

**Status:** Open

## 2019-20 Annual Report from the Audit Committee to the Board of Management

This report covers the activities of the Audit Committee of West College Scotland for the year 1 August 2019 to 31 July 2020. The Committee notes that despite the governance and operational challenges faced by the College, the 2019-20 schedule of Committee business was completed as required within the year.

### Terms of Reference

The Terms of Reference were reviewed by the Audit Committee in September 2019 in accordance with the requirements of the Scottish Government Audit and Assurance Committee Handbook. No changes were made to the Audit Committee Terms of Reference and the October 2019 Board of Management noted this. The members were content with the Committee Terms of Reference. In doing so they noted that the responsibility for providing advice to the Board on the College's accounting policies lay with the Finance and General Purposes Committee and requested that Committee's remit be specifically adjusted to reflect this. This amendment was made to the Finance and General Purposes Committee remit and was subsequently approved by the Board of Management on 9 December 2019.

### Membership and Attendance

The Audit Committee membership and attendance for 2019-20 was as follows:

Name	Status	Date of Appointment	Appointment End Date	Attendance	
				Possible	Actual
J McMillan	Chair Audit Committee Non-Executive Member	1 Feb 2015	31 Jan 2021	5	5
A Hetherington	Non-Executive Member	1 Feb 2015	31 Jan 2021	5	4
G Bold	Co-opted member of Audit Committee	1 July 2017	30 Jun 2021	5	4
W Wong	Co-opted member of Audit Committee	1 Mar 2019	29 Feb 2021	5	5

The following were in regular attendance at Committee meetings:

- Liz Connolly (Principal and Chief Executive)
- David Alexander (Vice Principal Operations)
- Alan Ritchie (Director of Finance and Estates)
- Shirley Gordon (Secretary to the Committee)

The College's internal auditors, Scott Moncrieff LLP, attended all Committee meetings during the year and 2019-20 represented the fifth and final year of their appointment. Following a tender process, Wylie & Bisset LLP were appointed as the internal auditors for the College from 1 August 2020. The appointment is for an initial three-year period to 31 July 2023, with an option to extend the contract for a further two years. As part of the appointment Wylie & Bisset LLP were also appointed to undertake the annual audit review of SFC student activity, student support funds, educational maintenance allowances and SAAS discretionary funds.

The College external auditors, Mazars LLP, were appointed by Audit Scotland to undertake the review of the Annual Report and Accounts for five years, concluding with the completion of the 2020-21 audit. Mazars have attended two Audit Committee meetings during the year. Due to the significant disruption for public bodies as a result of Covid-19, Audit Scotland announced on 13 October 2020 that it will extend all current external audit appointments by one year. Mazars LLP will therefore be retained as the College external auditors until completion of the 2021-22 year end audit review.

### **Meetings**

Audit Committee meetings were held on the following dates:

- 4 September 2019
- 12 December 2019
- 12 March 2020
- 21 May 2020

Additionally, a joint meeting of the Audit Committee and Finance and General Purposes Committee was held on 19 November 2019 to approve the Annual Report and Accounts for Board of Management consideration for the year ended 31 July 2019.

### **GENERAL EFFECTIVENESS REPORT**

#### **Assessment of the effectiveness of the College's financial and other internal control systems**

Audit Committee members have received assurance on the College's control systems through the work undertaken by internal and external auditors. The following reports have been considered by the Committee during the 2019-20 year:

- The 2019-20 Internal Audit Plan was approved and update reports on progress received by the Committee at each meeting.
- Internal Audit Reports have been reviewed by the Committee as outlined later within this report and detailed within *Appendix B*.
- Update reports relating to the delivery of the College Regional Outcome Agreement with the Scottish Funding Council as it pertained to the remit of the Committee were considered during the year.

- A report on the actions required and undertaken by the College and Audit Committee to address the revised Scottish Government Audit and Assurance Committee Handbook. Progress reports have been provided to the Committee throughout the year.
- The Committee schedule of business was reviewed at each meeting to ensure adherence to and delivery of the Committee remit.
- The following 2019-20 year-end Reports were received and considered by the Committee:
  - The Annual Internal Audit Report - the auditors were satisfied with the control framework in place.
  - EMA Audit (Education Maintenance Allowance - the audit confirmed that College systems of control were adequate.
  - SFC Aggregated Student Funding Audit - the audit confirmed that College systems of control were adequate.
  - Student Credit Audit: - the audit confirmed that College systems of procedures and controls over the collection of data were reasonable.
  - The External Auditors Annual Report. The audit opinion was unqualified, and the auditors have made no recommendations in relation to the internal controls operated by the College. It should be noted the audit report does contain a matter of emphasis paragraph which relates to the material valuation uncertainty of the Strathclyde Pension Fund. This disclosure matter is not unique to the College and relates to the valuation of the property portfolio held by the Fund as at 31 March 2020 due to the impact of the Covid-19 pandemic. Further details can be found at note 1(t) of the Financial Statements.
  - The review of the 2019-20 Report and Financial Statements highlighted that no significant issues arose during the review of the Report and Financial Statement.
- An annual update Report on how the College has delivered Value for Money during 2019-20.
- Reports on actions taken following fraud perpetrated upon the College.

Members of the Audit Committee had the opportunity to meet in closed session with the internal and external auditors during 2019-20. This enabled a discussion to take place in relation to audit and governance matters without College management in attendance. No matters of concern were raised, and the internal and external auditors confirmed their satisfaction with the engagement provided by College management in relation to the audit process.

The Audit Committee also met in closed session with members of the College Executive and identified no issues with either the internal or external auditors or the audit arrangements.

**Fraud and Corruption Policy and Processes**

The Committee remit includes a requirement '*To advise the Board on the adequacy of the anti-fraud policy and processes ....*'. The College Fraud and Corruption Policy was reviewed by the Committee at the September 2019 meeting. The Committee considered the changes suggested by the 2018-19 internal audit as being appropriate and confirmed that the Director of Finance should be the primary reporting point for any suspect fraudulent activity.

**Public Interest Disclosure (Whistleblowing) Policy**

As part of the schedule of business the Committee also reviewed and approved the College Public Interest Disclosure (Whistleblowing) Policy and Procedure in September 2019. A report was also provided on the number and type of items reported under the College Public Interest Disclosure (Whistleblowing) Policy. The report did not highlight any reportable instances.

**Compliance with Corporate Governance requirements**

The Audit Committee considered the annual report on governance compliance at the May 2020 meeting. This confirmed that the College had complied with corporate governance requirements and good practice guidance and had operated in accordance with the SFC Financial Memorandum, Scottish Public Finance Manual and Code of Good Governance for Scotland's Colleges. The Committee welcomed this report and the assurance that it brought and advised the Board of Management accordingly.

A review of Board of Management activities was undertaken in April 2019, which was subsequently followed up with an internal effectiveness review in May 2019. A report summarising the responses received from Board members and highlighting areas of good practice and areas where further consideration and improvement could be made, was considered by the Board meeting held on 17 June 2019. The Board approved this Annual Effectiveness Review Report for submission to the SFC and publication on the College website.

At a meeting on 7 October 2019, the Board of Management noted it was 3 years since it last conducted an externally facilitated 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 3 years. In order to meet this requirement, a tender exercise was conducted, and it was agreed that CM Associates be 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 which concluded that:

- West College Scotland has an effective Board which clearly puts the student experience and the provision of relevant and high-quality learning at the centre of their discussions.
- Leadership of the Board is strong, and the Chair has an inclusive approach which actively encourages effective contributions from all board members.
- There is an appropriate balance of challenge and support from the Board to the senior executive team.

- The Board makes good use of Committees and places great trust in the Committee chairs. The Committees also make effective use of co-opted members who make a positive contribution. However, the number of Board Committees does present a challenge in relation to the demands on both Board member and staff time. This must be balanced with the significant contribution the Committees make to the effective working of the Board.
- The Board demonstrates innovation and creativity and is ambitious for the student experience and the economic wellbeing of the region. This is supported by an informed approach to risk management.

The following are the areas that have been identified by the Board for further consideration and development. The Board believes that it has the maturity and skills to take an informed and balanced approach to their consideration:

- Standing Orders - consideration should be given to increasing quorum for board and committee meetings to 50%.
- Board agendas and papers:
  - keep under review the balance of agenda items, the volume of papers and what business could be effectively delegated to Committees, without over burdening the Committees
  - on the agenda clearly mark each item as for decision / discussion / information
  - when developing the risk appetite statement consideration should be given to how often strategic risks are reviewed, currently these risks reviewed at each Committee and Board meeting.
- Key Performance Indicators –the Board are aware of the need for a single set of integrated KPIs which ensure that all areas of strategic importance to the College are being effectively monitored.
- Student engagement - identify more opportunities for the Board to interact with students
- Relationships and collaboration - consider a session with the executive team to map out and understand College engagement with external partners across the region such as Community Planning Partnerships and economic forums. This will enhance the Board's understanding of how the College contributes to the economic and social wellbeing of the region and engages with key stakeholders.

## Review of Audit Committee effectiveness

The key findings of the Audit Committee Effectiveness review were considered at the May 2020 meeting, which confirmed that the members were satisfied with:

- the operation and effectiveness of the Committee; and
- the level and quality of information and assurances it received from a range of sources.

## INTERNAL AUDIT SERVICE

### Provider

During 2019-20 the internal audit service was provided by Scott Moncrieff LLP who were contracted by the College to provide an internal audit service until 31 July 2020.

### Internal Audit Report 2019-20

Appendix B contains a table of the internal audit reports presented by Scott Moncrieff during the year to 31 July 2020. The Audit Committee has reviewed the key findings of the internal audit reports and considered the recommendations and findings contained therein.

The Internal Auditor Annual Report for 2019-20 was considered at the May 2020 meeting of the Audit Committee, where it was noted the programme of internal audit activity for 2019-20 had been completed as planned.

### Unplanned Audit Assignment – Payroll Fraud

An additional report was received in September 2019 by the Audit Committee in relation to a payroll system review. As reported to the Audit Committee in May 2019 the College was subjected to a payroll fraud. The report contained several actions one of which was to request that internal audit *'... undertake a further review of payroll procedures and to consider any further changes that might be required because of this incident.'* The audit work was undertaken in June 2019 and reported to the Committee in September 2019. The report made three recommendations to improve the internal control systems, all of which the College accepted and implemented. The Audit Committee were satisfied with the work undertaken by the College to address the recommendations.

### Further Fraudulent Activity

The College was subjected to a creditor fraud during March 2020 and updates and reports were provided to the Audit Committee regarding this matter. An internal review of the events surrounding the fraud and associated controls was undertaken. The Audit Committee received an update report at its September 2020 meeting which detailed the actions taken by the College in response to the fraud in line with the Fraud Response Plan. The December 2020 Audit Committee is due to consider the internal audit report on *Fraud Awareness*, which was undertaken as part of the 2020-21 internal audit plan. This report also considers the actions taken by the College in response to the fraud and makes two low level recommendations to improve the overall College control systems.

The College provided awareness of these frauds to the Scottish Funding Council as required by the Financial Memorandum.

## **Monitoring**

The Audit Committee, through the Rolling Audit Action Plan, reviews the progress made by the College in addressing the recommendations made by both internal and external auditors. This systematic approach, which sees audit actions monitored at each Audit Committee meeting, ensures progress is maintained in addressing audit recommendations, which is key in maintaining internal control of identified risks. The Audit Committee also reviews and monitors the College identification, management and mitigation of risk throughout the year and sees this as an essential requirement in providing assurance on audit activity to the Board of Management.

The College maintains an electronic register of internal audit recommendations as part of the continuous rolling review process, and this enables the relevant College Senior Manager with lead responsibility for each action to update the status of the audit recommendations on a real time basis. This allows the internal auditors to monitor progress continuously and report on the status of all audit recommendations on an ongoing basis, rather than a follow up review being undertaken on an annual basis.

The external auditors also review any recommendations made in the prior year external audit reports and confirm progress made in addressing these on an annual basis.

## **Internal Audit Effectiveness and Performance Review**

Following a review in May 2020 the Audit Committee confirmed it was satisfied as to the effectiveness of the work carried out by the College internal auditors, Scott Moncrieff, and with their general performance during the period. This conclusion was based upon several factors including delivery of the internal audit plan, number of days utilised in delivering the plan, interaction with the Committee and College staff, provision of seminars/workshops for non-executive members and receipt of comprehensive and evaluative reports.

## **Closed Meeting**

The Committee met in closed session with Scott Moncrieff at the May 2020 Audit Committee meeting. There were no issues arising and thus no matters to be reported to the Board following this meeting.

## **Internal Audit Plan**

At the May 2020 Audit Committee meeting, Wylie & Bisset (providers of internal audit service from 1 August 2020) presented the Draft 2020-21 Internal Audit Plan. The internal audit plan was based upon a process and risk analysis exercise carried out by Wylie & Bisset in conjunction with the College Senior Management Team. The aim of the internal audit plan is to provide the Board of Management with assurance on the effective management of the College's key risks. This means that the internal audit plan considers the full range of systems and risks within the College, not just the financial systems.

The 2020-21 Internal Audit Plan was approved by the May 2020 Audit Committee subject to any implications that might arise from the ongoing review/updating of the College Strategic Risk Register.

## EXTERNAL AUDITORS

Mazars LLP were appointed by Audit Scotland as the external auditors of West College Scotland with effect from 1 August 2016 until 31 July 2021. Due to the significant disruption for public bodies as a result of Covid-19, Audit Scotland announced on 13 October 2020 that it will extend the current external audit appointments by one year. Mazars LLP will therefore be retain as the College external auditors until the completion of the 2021-22 audit.

The Audit Committee received and accepted Mazars Audit Strategy Memorandum for the year ending 31 July 2020 at the May 2020 meeting.

The External Auditors presented their Annual Report to the Board of Management and the Auditor General for Scotland on the External Audit for the year ending 31 July 2020 to the joint Audit / Finance and General Purposes Committee meeting held on 24 November 2020. The external audit annual report contains an unqualified opinion regarding the financial statements for the year to 31 July 2020.

### Cost

The cost of providing the external audit service to the Board of Management for the year to 31 July 2020 was £31,000 (2018-19: £31,000). The agreed external audit fee is within the parameters stipulated by Audit Scotland.

### External Audit Effectiveness and Performance Review

At the November 2019 Joint Committee meeting with the Finance and General Purposes Committee, there was a closed session with the external auditors after which the Audit Committee confirmed they were satisfied with the performance of the external auditors, Mazars. This conclusion was based upon several factors including delivery of the external audit assignment, number of audit days utilised in delivering their opinions, interaction with the Committee and College staff and receipt of comprehensive and evaluative reports.

### Closed Meeting

The Audit Committee met in closed session with Mazars and Wylie & Bisset at the November 2019 Joint meeting with the Finance and General Purposes Committee. This is good practice. Both sets of auditors confirmed that the information provided to them by the College had allowed them to reach their opinions with confidence. Both audit firms were of the opinion the Senior Management Team at West College Scotland worked together well and were diligent and professional.

## Other Audit Coverage

Additional audit work is undertaken to validate several mandatory returns required each year by the Student Awards Agency for Scotland (SAAS) and the SFC. For 2019-20 this work was undertaken by Wylie & Bisset LLP. The College is required to submit audit certificates to the SFC / SAAS relating to:

**1. HE Student Support Funds Return**

Unqualified audit certificated submitted to SAAS in line with required deadline with no recommendations made on the controls operated by the College.

**2. SFC Aggregate Student Support Return**

Unqualified audit certificated submitted to SFC in line with required deadline with no recommendations made on the controls operated by the College.

**3. EMA Return**

Unqualified audit certificated submitted to SFC in line with required deadline with no recommendations made on the controls operated by the College.

**4. SFC Credit Return**

Unqualified audit certificated submitted to SAAS in line with required deadline with four low level recommendations made on the controls operated by the College.

## RISK MANAGEMENT

The College Risk Management Strategy was approved by the Board of Management in February 2018 and was reviewed again by the Audit Committee during 2019-20, with updates approved by the Audit Committee in March 2020 and subsequently by the June 2020 meeting of the Board of Management. The College continues to develop the process of risk management within the College, with several actions undertaken during 2019-20, including:

- Consideration by the Board of Management in February 2020 of the outcome of two Scott Moncrieff facilitated workshops with the Senior Management Team on 19 November 2019 and the Board of Management on 12 December 2019. The workshops were designed to capture the Board and SMT views on the level of risk appetite the College was willing to consider.
- The Risk Management Strategy was subsequently updated to:
  - Reflect changes to both risk categories and their definitions to better reflect the operations of the College;
  - Incorporate five risk appetite levels ranging from averse to hungry;
  - Reflect the application of the risk appetite levels to the risk categories; and
  - Incorporate a College Risk Appetite Statement based upon the above work.

- The March 2020 Audit Committee approved a course of action for the further development of the Risk Management Strategy. This included an update to the College Risk Management Strategy to recognise the developments in relation to risk appetite and a revised risk register incorporating risk appetite. The updated Risk Management Strategy was approved by the Board of Management for dissemination to the wider College at its meeting in June 2020. The September 2020 Audit Committee received the updated Strategic Risk Register for consideration.
- The consideration of risk by the College Senior Management Team continues to be ongoing throughout the year.
- The College Strategic Risk Register is considered at all Board and Committee meetings, with the reporting format reviewed and updated as required.
- The College operational planning process has been further developed to include consideration of risk and mitigations.

## OTHER REPORTING

During the year the Audit Committee also received an Annual Report in relation to:

- Register of interests for Board and Committee members;
- Freedom of Information and Data Protection Acts requests received by the College;
- Register of Interests for all College staff members; and
- Hospitality/Gifts Registers for all College staff members.

The Audit Committee was satisfied with the content of the reports and had no issues to report to the Board of Management.

## 2020-21 Forward Look

The Committee maintains a Schedule of Business which is reviewed at each meeting. This enables the members to assess that all areas of the Committee remit are being addressed through the work being undertaken. As part of the schedule of business, the Committee also look ahead to establish what work is planned and when it reasonably can anticipate receipt of the relevant reports. This ensures the work of the Committee is met throughout the year, ensuring material items are given due consideration at the appropriate time. The work of the Committee in 2020-21 will include:

- Review of College Articles of Governance / Scheme of Delegation and Standing Orders
- Receipt of internal audit report in line with the agreed 2020-21 Internal Audit Plan;
- Review of Fraud and Whistleblowing policies;
- Review of governance compliance and Regional Outcome Agreement objectives;
- Review of implementation of recommendations from Audit Assurance handbook; and
- Review of revised Risk Management Strategy and updated risk register.

## **COMMITTEE OPINION**

The role of the Audit Committee is to support the Board in its responsibilities of risk, control and governance by reviewing the comprehensiveness of assurances in meeting the assurance needs of the Board, and by reviewing the reliability and integrity of these assurances through a process of constructive challenge.

Based on the assessments and reports provided by the internal / external auditors and the College management the Audit Committee is satisfied that its responsibilities to the Board of Management have been satisfactorily discharged.

**Signed:**

**Chair of Audit Committee**

**Date:**

## **Appendix A – Audit Committee Terms of Reference**

### **Statement of Purpose**

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

The role of the Audit Committee is to support the Board in its responsibilities of risk, control and governance by reviewing the comprehensiveness of assurances in meeting the assurance needs of the Board, and by reviewing the reliability and integrity of these assurances through a process of constructive challenge.

### **1. Remit**

#### **.1 General**

- To provide advice to the Board on the strategic processes for risk, control and governance;
- To develop and review the assurance framework and receive reports relating to it in order to provide the necessary assurances to the Board or determine any further action or assurances required;
- To review and advise the Board of the Internal Auditor's and External Auditor's assessment of the effectiveness of the College's financial and other internal control systems, including controls specifically designed to prevent or detect fraud or other irregularities as well as those for securing economy, efficiency and effectiveness (value for money);
- To advise the Board on the adequacy of the anti-fraud policy and processes, and on the whistle blowing process, and to receive an annual report on any matters raised through these processes;
- To consider and advise the Board accordingly on any arrangements for special investigations and the outcomes of such investigations;
- To advise the Board on its compliance with corporate governance requirements and good practice guidance, and in particular its compliance with the Financial Memorandum with SFC, the SPFM and the Code of Good Governance for Scotland's Colleges;
- To consider the College's Annual Financial Statements at a joint meeting with the Finance and General Purposes Committee, and to recommend to the Board for approval;
- To provide an annual report to the Board, timed to support the finalisation of the accounts and the Statement on Internal Control, and summarising its conclusions from the work it has done during the year;
- To report to the Board after each meeting;
- To review its own effectiveness at least annually and to report the results of that review to the Board.

## **.2 Internal Audit**

- To advise the Board on the selection, appointment or re-appointment and remuneration, or removal of the Internal Auditors. The responsibility for selection of the Internal Auditor may be delegated to a Selection Committee as agreed by the Committee;
- To advise the Board on the terms of reference for the Internal Auditors;
- To review the scope, efficiency and effectiveness of the work of the Internal Auditors and to advise the Board on these matters;
- To agree the Internal Audit Plan and review the Internal Audit Annual Report;
- To review the Internal Audit reports, the management response to them and to review implementation of the actions required;
- To review the Rolling Audit Action Plan at each meeting;
- To encourage appropriate liaison and co-ordination between internal and external audit;
- To establish appropriate performance measures and indicators to monitor the effectiveness of the Internal Auditors

## **.3 External Audit**

- To receive information on the general terms and conditions of appointment of the External Auditors who are engaged by Audit Scotland to provide audit services to the College;
- To consider the External Auditors report on the Financial Statements and the management letter prior to submission to the Board, and to review the implementation of the recommendations;
- To review the Statement of Corporate Governance prior to finalisation and incorporation into the Financial Statements;
- To review the External Audit strategy and plan;
- To establish appropriate performance measures and indicators to monitor the effectiveness of the External Auditors;
- To consider the objectives and scope of any non-statutory audit work to be undertaken by the External Auditors firm and advising the Board of any potential conflict of interests.

## **.4 Risk**

- To review the Risk Management Strategy and recommend to the Board for approval;
- To consider the Strategic Risk Register and to advise the Board accordingly;
- To consider matters of risk at each meeting and to satisfy itself that risks are being managed, including seeking assurances from internal and external audit on the adequacy of their management, and to report to the Board.

## **.5 Other**

- To receive annual reports on Freedom of Information and Data Protection Acts requests; Register of Interests; and Hospitality/Gifts Registers;

- To request any member of the College staff to attend and/or to provide a written report on any matter that falls within the remit of the committee;
- To procure ad-hoc specialist advice at the expense of the College as appropriate and when necessary, subject to budgets being agreed by the Board.

## **2. Membership**

Four Members, at least two of whom shall be members of the Board of Management, one of whom will Chair. The Chair of the Committee shall be a member of the Board of Management.

At least one member should have a background in finance, accounting or auditing but membership should not be drawn exclusively from people with such a background.

The Committee will not include any of the following as members:

- The Principal or other senior post holders
- The Chair of the Board of Management
- Members of the Finance and General Purposes Committee
- Connected parties such as the employee, partner, spouse or family member of the College's solicitors, bankers, auditors, insurers or other professional advisers.

### **Attending:**

The Principal

Vice Principal Operations

The Director of Finance and Estates

The College's Internal Auditor

The College's External Auditor

The Committee is empowered to invite other members of the Senior Management/Executive team to attend meetings of the Committee.

The Committee is empowered to co-opt additional members, subject to approval by the Nominations Committee. Such members will normally be appointed for one year, will be subject to annual review, and may be re-appointed annually up to a maximum of 8 years.

Chairs of other Committees, other than the Chair of the Board of Management, can attend the meetings, with the approval of the Chair of the Audit Committee.

Committee members will be appointed to serve a four- year term, or for the period of their term of office.

Committee members may sit privately without any non-members present for all or part of a meeting if appropriate.

Committee members will meet with the Internal and External Auditors without the Executive Team present at least annually.

External and Internal Auditors will have the right to unrestricted and confidential access to Chair of the Audit Committee.

### **3. Frequency of Meetings**

The committee will meet at least four times per year and will also hold an annual joint meeting with the Finance and General Purposes Committee to consider the Financial Statements. Additional meetings will be convened as necessary.

### **4. Quorum**

A quorum will be two Members of the Committee, one of whom must be a member of the Board.

### **5. Secretariat**

Secretary to the Board of Management

Papers for meetings will be sent out 7 days in advance of the meeting

The Committee will report to the Board of Management and the minutes of its meetings will be circulated to the Board for information.

### **6. Review**

The Remit will be subject to review annually.

## Appendix B - Internal Audit Reports Received by the Audit Committee during 2019-20

Report	Audit Plan Year	Planned Audit Committee	Actual Audit Committee
Regional Outcome Agreement (Stage 1)	2019-20	December 2019	December 2019
Financial Systems Health Check	2019-20	March 2020	December 2019
Equality and Diversity	2019-20	December 2019	March 2020
Digital Strategy	2019-20	March 2020	March 2020
Continuing Professional Development	2019-20	May 2020	May 2020
Online Resources	2019-20	May 2020	May 2020
Regional Outcome Agreement (Stage 2)	2019-20	March 2020	May 2020
<b>Additional Audit Assignment</b>			
Payroll Systems Review	2018-19		September 2019

### Additional Audit Assignment

As reported to the Committee in May 2019 the College was subject to a payroll fraud. The internal auditors were requested to '*... undertake a further review of payroll procedures and to consider any further changes that might be required because of this incident*'. The September 2019 Audit Committee considered the findings of the internal audit review along with the three recommendations. The internal audit review concluded that the:

- College payroll fraud rectification actions included within the College's internal investigation report have been fully implemented, except for the delivery of fraud training to payroll staff; and
- Bank amendment processes introduced by the College are sufficiently robust and proportionate to address the issues found.

The internal auditors identified three areas for improvement that would enhance the audit trail of bank amendment requests: (1) Revised Change of Bank Details Procedure; (2) Online Portal; and (3) Staff Training. As reported to the September 2019 Audit Committee, the College had accepted and implemented all the recommendations.

**TITLE:** EXTERNAL AUDIT ANNUAL REPORT AND LETTER OF REPRESENTATION 2019-20

**Background:** The purpose of this report is to present to the Board of Management the external auditors (Mazars LLP) report on the Financial Statements for the year ended 31 July 2020.

The report highlights the outcome from the 2019-20 external audit review. The annual report includes the letter of representation that the Board of Management will be requested to approve for signature.

The content of the letter of representation confirms to the auditors the validity of representations made by the College on which they have relied in arriving at their audit opinion and is enclosed along with this report. The conclusion of the external auditors is to issue an unqualified opinion in relation to their review of the 2019-20 College Financial Statements.

The external auditor 2019-20 Annual report was considered at a joint meeting of the Audit and Finance and General Purposes Committee on 24 November 2020 and approved for presentation to the Board of Management.

**Action:** The Board of Management is requested to approve:

- Mazars Annual Report to the Board of Management and the Auditor General for Scotland on the external audit for the year ended 31 July 2020; and
- The Letter of Representation for signing by the Chair of the Board of Management and the Principal.

**Lead:** David Alexander, Vice Principal Operations

**Status:** Open

## 1. Introduction and Background

1.1 Audit Scotland appointed Mazars to undertake the external audit of the College Financial Statements for a 5-year period, with the appointment to conclude following completion of the 2020-21 review. Due to the impacts of the global pandemic, and to provide the public sector with some confidence and continuity in the audit process through this challenging period, Audit Scotland have extended this appointment for a further year, to now include the audit of 2021-22 financial statements.

1.2 Mazars presented their Annual Audit Report on the audit of the Financial Statements for the year ended 31 July 2020 to the Joint Audit and Finance and General Purposes Committee meeting on 24 November 2020. The external auditor report considers the following matters and provides a commentary and opinion as required:

- Executive Summary
- Audit of the Financial Statements
- Internal Control Recommendations
- Summary of Misstatements
- Wider Scope
- Financial Management
- Financial Sustainability Governance and Transparency
- Value for Money
- Fees
- Appendices:
  - Letter of Representation; and
  - B) Auditor's Report

1.3 In considering the external audit 2019-20 Annual Report for approval the Board of Management are also requested to approve the Letter of Representation for signature (*Appendix A of the External Auditor Annual Report*) – this will then enable the external auditors to sign off the 2019-20 Audit Report and Financial Statements. The content of the Letter of Representation confirms to the auditors the validity of representations made by the College on which they have relied in arriving at their audit opinion. The content of the letter is in a standard form with no amendments made by the College.

## 2. Audit Opinion and Conclusions

2.1 The 2019-20 external audit encompassed a review of internal controls. The Annual Report contains no recommendations following completion of the required audit work in this area.

2.2 Mazars 2019-20 external audit review considered a number of wider scope areas and risks, concluding that:

- The College has effective arrangements, including budgetary control, that help Board of Management members scrutinise finances;
- The long-term operational funding gap previously identified by the College as well as a need for significant capital investment remains and increases. Efficiency saving requirements have been assessed over a three-year period and work is ongoing by the College to deliver these. Ultimately it is considered that the College has adequate financial planning arrangements in place;
- The College has governance arrangements in place that provide appropriate scrutiny of decisions made by the Board of Management; and
- The College has an effective performance management framework in place that supports progress towards the achievement of value for money.

2.2 It should be noted that the Auditor's Report (*Appendix B*) contains a matter of emphasis section in relation to the valuation of the property portfolio of the Strathclyde Pension Fund. This matter is not unique to the College and will apply to all colleges who participate in the Fund. It does not impact the operations of the College.

2.3 Ultimately, the external auditors concluded that they will issue:

- an unqualified opinion, without modification, on the financial statements for the year ended 31 July 2020;
- an unqualified regularity opinion, meaning that, in all material respects the expenditure and income recognised in the financial statements have been applied for the purposes intended; and
- an unqualified opinion on the matters prescribed by the Auditor General for Scotland namely that the remuneration and staff report, performance report and governance statement have been properly prepared in accordance with the relevant legislation.

- 2.4 Given this external audit review conclusion, the joint Audit and Finance and General Purposes Committee meeting of 24 November 2020 meeting:

*‘...recognised and welcomed that the external auditors were proposing an unqualified opinion concerning the financial statements, the regularity of income and expenditure, remuneration and staff report, performance report and governance statement. The Committee approved for presentation to the Board of Management the:*

- *Audit report to the Board of Management and the Auditor General for Scotland for the year ended 31 July 2020; and*
- *The letter of representation.’*

## **5. Recommendation**

- 5.1 The conclusion of the external auditors is to issue an unqualified opinion in relation to their review of the 2019-20 College Financial Statements.

- 5.2 The Board of Management is requested to approve:

- Mazars Annual Report to the Board of Management and the Auditor General for Scotland on the external audit for the year ended 31 July 2020; and
- The Letter of Representation for signing by the Chair of the Board of Management and the Principal.

# Annual Audit Report

to the Board of Management and the  
Auditor General for Scotland

West College Scotland  
Year ended 31 July 2020





## CONTENTS

1. Executive summary	3
2. Audit of the financial statements	6
3. Summary of misstatements	13
4. Wider scope work	
▪ Financial management	14
▪ Financial sustainability	17
▪ Governance and transparency	21
▪ Value for Money	23
5. Our fees	24

Appendix A – Draft management representation letter

Appendix B – Draft audit report

Appendix C – Independence

*This report has been prepared in accordance with our responsibilities as appointed auditors as set out in Audit Scotland's Code of Audit Practice. Reports and letters prepared by the auditor and addressed to the College are prepared for the sole use of West College Scotland and we take no responsibility to any member or officer in their individual capacity or to any third party.*



Mazars LLP  
100 Queen Street  
Glasgow  
G1 3DN

The Joint Audit and Finance & General Purposes Committee  
West College Scotland  
Paisley Campus  
Renfrew Road  
Paisley  
PA3 4DR

24 November 2020

Dear Members

**Annual Audit Report – Year ended 31 July 2020**

We are pleased to present our Annual Audit Report for the year ended 31 July 2020. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 22 May 2020. Since we issued our Audit Strategy Memorandum the UK has been subject to the continued challenges and restrictions of COVID-19. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

We acknowledge the difficulties encountered by your team during accounts preparation and audit, and would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 0738 724 2052.

Yours faithfully

Lucy Nutley  
Mazars LLP

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We are registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at [www.auditregister.org.uk](http://www.auditregister.org.uk) under reference number C001139861.  
VAT number: 839 8356 73



# 1. EXECUTIVE SUMMARY

## Purpose of this report and principal conclusions

This Annual Audit Report sets out the findings from our audit of West College Scotland ('the College') for the year ended 31 July 2020, and forms the basis for discussion at the Joint Audit and Finance & General Purpose Committee meeting on 24 November 2020.

Our responsibilities are defined by the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice ('the Code') issued by Audit Scotland. Subject to the satisfactory completion of the outstanding work, at the time of issuing this report we have the following conclusions:

### Opinion on the financial statements

We anticipate issuing an unqualified opinion, without modification, on the financial statements. As outlined in more detail in section 2, we intend to include an Emphasis of Matter paragraph within our auditor's report with respect to the material valuation uncertainty disclosed in the financial statements regarding pension fund assets.

### Opinion on regularity

We anticipate issuing an unqualified regularity opinion, meaning that in our opinion, in all material respects the expenditure and income recognised in the financial statements have been applied for the purposes intended.

### Opinion on other requirements

We anticipate issuing an unqualified opinion on the matters prescribed by the Auditor General for Scotland. Namely that the remuneration and staff report, performance report and governance statement have been properly prepared in accordance with the relevant legislation.

### Wider scope work

We anticipate concluding as follows against each of the four wider scope dimensions:

- The College has effective arrangements, including budgetary control, that help the Board of Management members scrutinise finances;
- The College has adequate financial planning arrangements in place. The long-term operational funding gap previously identified by the College as well as a need for significant capital investment remains and increases. Efficiency saving requirements have been assessed over a three-year period and work is ongoing to enable the implementation of these;
- The College has governance arrangements in place that provide appropriate scrutiny of decisions made by the Board of Management; and
- The College has an effective performance management framework in place that supports progress towards the achievement of value for money.

## Misstatements and internal control recommendations


As part of our audit we have considered the internal controls in place that are relevant to the preparation of the financial statements. We do this to design audit procedures that allow us to express an opinion on the financial statements; this does not extend to expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

We have identified no recommendations for the improvement of internal controls at the College during the current year audit.




# 1. EXECUTIVE SUMMARY (CONTINUED)

## Status of our audit work

We have substantially completed our work on the financial statements and wider scope work for the year ended 31 July 2020. At the time of preparing this report the following matters remain outstanding:

Audit area	Status	Description of outstanding matters
Closure procedures and review		<p>A final review of the Annual Report and Financial Statements will be completed on receipt of the final draft document. Audit completion procedures require to be performed.</p> <p>We will also consider post balance sheet events until the date of sign-off.</p>

## Status

-  Likely to result in material adjustment or significant change to disclosures within the financial statements
-  Potential to result in material adjustment or significant change to disclosures within the financial statements
-  Not considered likely to result in material adjustment or change to disclosures with in the financial statements

## Our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in May 2020. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

# 1. EXECUTIVE SUMMARY (CONTINUED)

## Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole. Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We set materiality at the planning stage of the audit at £1,238k using a benchmark (2%) of Total Expenditure. Our final assessment of materiality, based on the final financial statements and qualitative factors is £1,217k, using the same benchmark.

Threshold	Initial threshold £'000	Final threshold £'000
Overall materiality	1,238	1,217
Performance materiality	990	974
Trivial threshold for errors to be reported to the Audit Committee	37	36

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities and accounts;
- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors.

## Performance Materiality

Our audit testing is based on a level of performance materiality, which is a percentage of overall materiality, but also dependent on the level of inherent risk assessed on the area being tested. It is lower than overall materiality as it helps to reduce the risk that the total of the uncorrected or undetected misstatements does not exceed materiality for the financial statements as a whole. It is based on between 50 – 80% of overall materiality depending on the inherent risk level assessed. Our initial assessment of performance materiality is based on low inherent risk, meaning that we have applied 80% of overall materiality as performance materiality.

## Misstatements

We aggregate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to the Audit Committee that is consistent with the level of triviality that we consider would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements. This level was set at 3% of materiality.

## 2. AUDIT OF THE FINANCIAL STATEMENTS

Set out below are the significant findings from our audit. These findings include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 11 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

### Significant risks and key areas of management judgement

As part of our planning procedures we considered the risks of material misstatement in the College's financial statements that required special audit consideration. Although we report identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process and we regularly consider whether new significant risks have arisen and how we intend to respond to these risks. No new risks have been identified since we issued our Audit Strategy Memorandum.

#### Management override of controls

##### Description of the risk

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

##### How we addressed this risk

We addressed this risk through performing audit work over:

- Accounting estimates impacting on amounts included in the financial statements;
- Consideration of identified significant transactions outside the normal course of business; and
- Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

##### Audit conclusion

Satisfactory assurance has been gained in respect of presumed risk of management override. We have no matters to report.

## 2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Revenue recognition

#### Description of the risk

There is a presumption under International Standards on Auditing that there is a significant risk of fraud and error in the timing of revenue recognition leading to the material misstatement of revenue overall. This is because revenue is an area of particular focus by users of financial statements and can be subject to judgements as to when grant income should be recognised and if clawback conditions apply to the funding.

The risk above applies only to the non-grant income generated by the College. The risk has been rebutted in relation to the grant income received by the College, given the highly regulated nature of this income, and therefore the low inherent risk associated with it.

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#### How we addressed this risk

We addressed this risk through performing audit work over

- The design and implementation of controls management has in place to ensure income is recognised in the correct period;
- Cash receipts around year end to ensure they have been recognised in the appropriate year;
- The judgements made by management in determining when grant income is recognised; and
- Obtaining counterparty confirmation for major grant income.

---

#### Audit conclusion

Satisfactory assurance has been gained in respect of the presumed risk of revenue recognition. We have no matters to report.

---

## 2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### **Expenditure recognition**

#### **Description of the risk**

For public sector organisations, the same risk in relation to fraud and error in respect of the timing of recording of transactions can apply to the recognition of non-payroll related expenditure and contractual obligations.

The pressure to manage expenditure to ensure that budgeted outcomes are achieved increases the risk surrounding fraudulent reporting of expenditure.

---

#### **How our audit addressed this area of management judgement**

We have undertaken a range of substantive procedures including:

- The design and implementation of controls management has in place;
- Testing of non-payroll expenditure around the year end to ensure transactions are recognised in the appropriate year;
- Testing material year end payables, accruals and provisions; and
- Reviewing judgements about whether the criteria for recognising provisions, including Covid related provisions such as failure to educate accruals are satisfied.

---

#### **Audit conclusion**

Satisfactory assurance has been gained in respect of the risk of expenditure recognition. We have no matters to report.

---

## 2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Going concern

#### Description of the risk

The COVID-19 (Coronavirus) pandemic resulted in the temporary cessation of on-site College operations from March to early September 2020. The pandemic has led to increased uncertainty around current and future revenue for colleges due to loss or partial loss of funding as a result of credit targets not being met and from a reduction in alternative income generating activities.

Whilst the College has sufficient cash reserves to continue normal operations until the end of 2020, it was unknown at the time of planning whether those reserves would be sufficient for the College to continue in operations for a period of 12 months from the date of signing the financial statements without further funding or a significant change in expenditure.

#### How our audit addressed this area of management judgement

We have undertaken a range of substantive procedures including:

- The design and implementation of controls management has in place;
- Management's assessment of going concern;
- The Board's assessment of the impact of COVID-19 on going concern ; and
- Budgets and forecasts looking forward 12 months from date of signing the audit report.

#### Audit conclusion

Going concern was considered to be a significant risk due to uncertainties over the College's ability to deliver its credit target and the continuation of European Social Funding ('ESF') following the closure of campuses at the outset of the COVID-19 pandemic. Whilst uncertainty still exists with the termination of ESF funding anticipated in July 2023, no withdrawal of funding was made in the current year as a result of COVID-19 and the College was able to successfully deliver its credit target. We have considered the longer term financial sustainability of the College in our Wider Scope work at page 17 of this report.

Satisfactory assurance has been obtained that the College has sufficient resources to enable it to continue operations for a period of twelve months from the date of signing of the financial statements.

## 2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Key Areas of Management Judgement

Key areas of management judgement include accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement. These areas of management judgement represent other areas of audit emphasis.

#### Valuation of Land and Buildings

##### Description of area of focus

The College held land and buildings with a net book value of £102m as at 31 July 2019.

In line with the requirements of the Government Financial Reporting Manual, the College has adopted a formal revaluation policy of an external valuation every five years, with a desktop, interim valuation performed during the five year period. As the full valuation was performed as at 31 July 2018, no revaluation is planned in the current year.

The College policy meets the requirements of the FE SORP that assets are valued sufficiently regularly so that the carrying value of the asset is not materially different from its fair value. The College is required to assess on an annual basis whether there are indicators of impairment to asset at the reporting date.

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##### How our audit addressed this area of management judgement

We will undertake a range of substantive procedures including:

- Review of management's assessment as to whether the value still reflects the prior year valuation;
- Review of the reconciliation between the College's asset register and general ledger; and
- Considering the College's impairment review process for land and buildings

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##### Audit conclusion

Our audit work provided satisfactory assurance in respect of the valuation of land and buildings at the reporting date.

---

## 2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Valuation of Pension Liabilities

#### Description of area of focus

The College makes contributions to two pension schemes – the Scottish Teachers Superannuation Scheme (STSS) and the Strathclyde Pension Fund (SPF). While both are defined benefit schemes, it is not possible to identify the College's share of the underlying assets and liabilities in the STSS and it is therefore accounted for as a defined contribution scheme. The College's share of the SPF's underlying assets and liabilities is identifiable and is recognised in the accounts. Given the scale of the liability recognised, a misstatement in the reported position could be material to the financial statements.

#### How we have addressed this area of management judgement

We have addressed the risk by

- Considering the arrangements put in place, including the controls, for making estimates in relation to pension entries in the financial statements; and
- Consider the reasonableness of the actuary's assumptions used in providing the College with information in the financial statements through the use of our internal experts

#### Audit conclusion

In the 2019/20 SPF unaudited accounts, a 'material valuation uncertainty' has been disclosed. This is in respect of property assets held by the pension fund. 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) the valuers, Avison Young, considered that less weight could be attached to previous market evidence for comparison purposes to inform opinions of value. We consider that the College has made appropriate disclosures in the financial statements in respect of this 'material valuation uncertainty'.

There have been no other significant findings arising from our review of the defined benefit liability valuation and disclosures in the financial statements.

## 2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Qualitative aspects of the entity's accounting practices

We have reviewed the College's accounting policies and disclosures and concluded they comply with the requirements of the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education and the Government Financial Reporting Manual 2019/20, appropriately tailored to the College's circumstances.

Draft financial statements were received from the College on 14 September 2020 at the start of audit fieldwork. The draft annual report was received during the course of the fieldwork, as agreed in the audit timetable. Both draft financial statements and draft annual report were of a good quality. The audit work this year was undertaken remotely through the uploading of documents to a portal and both parties would agree that the revised process worked effectively.

Producing quality supporting working papers is a crucial part of compiling financial statements that are complete and materially accurate. They also support the delivery of an efficient audit. Working papers provided for audit were of a good standard and staff were responsive to our requests during the audit.

### Significant matters discussed with management

No significant matters arose during the course of the audit.

### Significant difficulties during the audit

Despite the undoubted impact of the pandemic on both the preparation and completion of the draft accounts, which were completed for audit in line with agreed timetables, as well as our audit work, during the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management. We would like to express our thanks to management and staff for their co-operation throughout the audit.

### 3. SUMMARY OF MISSTATEMENTS

#### Unadjusted misstatements

There were no unadjusted misstatements identified during the course of the audit above the trivial threshold of £36k.

#### Adjusted misstatements

During the course of the audit it was identified that differing interpretation had occurred in the sector regarding guidance published by the SFC in respect of job evaluation costs to be accrued. Following clarity obtained by the Audit Team from the SFC in respect of this guidance the College management processed the following adjustment in the financial statements;

DR Staff job evaluation costs	£856,980
CR Accruals	(£856,980)
DR Accrued Income	£856,980
CR SFC grant income	(£856,980)

## 4. WIDER SCOPE FINANCIAL MANAGEMENT

### Dimension

Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

### Our conclusion

**West College Scotland has effective arrangements, including budgetary control, that help Board of Management members scrutinise finances.**

### Financial performance

#### FE/HE SORP position

	2019/20 £'000	2018/19 £'000
Operating income	56,888	58,991
Staff costs	(46,160)	(43,148)
Operating expenditure	(18,162)	(19,011)
<b>Operating deficit for the year (FE/HE SORP basis)</b>	<b>(7,434)</b>	<b>(5,960)</b>

Staff cost increases are primarily driven by the FRS 102 pension cost actuarial adjustment. The above table shows the financial performance of the College for 2019/20 and 2018/19 under the FE/HE SORP. Despite a deficit being shown over both years:

- Had it not been for the impact of the Covid-19 pandemic, the College would have achieved its financial targets and spending was in line with the Board of Management approved 2019/20 budget; and
- The student credit target was exceeded confirming the level of SFC funding in the financial statements.

There was no significant movement in the reported position prior to the onset of COVID-19. Following this, income levels decreased with reductions in areas such as commercial & catering income, tuition fee income and flexible workforce development training funding. Staff costs increased compared with the reported position principally as a result of the increased holiday pay provision due to Covid-19. Operating expenditure decreased from the reported position principally due to the reduction in consumable costs and catering costs as a result of campus closures. Overall, movements in the reported position are directly related to COVID-19.

#### Adjusted operating position

The table above sets out the financial position in accordance with the SORP requirements. The table overleaf reflects the 'adjusted operating position' as required by the SFC Accounts Direction set by the SFC. The adjusted operating position removes more volatile accounting entries, such as the valuation of pensions. Full details of the adjustments included are shown in the Performance Report within the Annual Report and Financial Statements.

## 4. WIDER SCOPE FINANCIAL MANAGEMENT (CONTINUED)

	2019/20 £'000	2018/19 £'000
<b>(Deficit) before other gains and losses</b>	(7,434)	(5,960)
<b>Add back:</b>		
- Depreciation (net of deferred capital grant release)		3,518
- Non-cash pension adjustment – Net Service Cost	2,638	2,444
- Non-cash pension adjustment – Net Interest Cost	2,950	390
- Loss in disposal of assets	505	129
	25	
<b>Deduct:</b>		
- Loan repayments	(510)	(495)
<b>SFC Declared adjusted operating (deficit) / surplus</b>	<b>(1,826)</b>	<b>26</b>

The Accounts Direction issued by the SFC for 2019/20 required the College to submit the adjusted operating position calculation with draft accounts to the SFC for review before the accounts are signed off. The position above has been submitted to the SFC and confirmed.

The table above indicates that once the non cash and other applicable adjustments are made, the College has incurred an SFC approved operating deficit of £1,826k the current year. The College incurred a further non-cash charge of £393k in regard to the increased level of holiday pay provision required to be held by the College. Under SFC guidance, this is not considered an adjustable item but had it been added back the adjusted operating deficit would have been £1,433k.

The holiday pay adjustment represents a non cash accounting accrual for unused annual leave at the reporting date. The level of unused holidays at year end is more significant in the current year as a result of COVID-19, as College staff did not take annual leave to the level they had in prior years in the months leading to 31 July 2020.

### Impact of Depreciation Budget

The Statement of Comprehensive Income and Expenditure is prepared under the FE/HE SORP, which does not permit the inclusion of the non-cash budget for depreciation. Colleges may show a deficit equivalent to net depreciation as a result of having to meet Government accounting rules.

	2019/20 £'000	2018/19 £'000
Operating Deficit for the year (FE/HE SORP basis)	(7,434)	(5,960)
Add: Depreciation budget for government funded assets (net of deferred capital grant) for academic year	2,638	3,518
Operating Deficit on Central Government accounting basis	(4,796)	(2,442)

The table above shows a deficit when the impact of the depreciation budget is taken as the only adjusting factor to the financial position. The operating position table at the top of the page also shows an operating deficit for 2019/20. This is considered to be a result of the impact of COVID-19 in areas such as commercial income, tuition fees and flexible workforce development training funding and highlights the significant financial difficulties faced by the College. The College considers that it is operating sustainably within its funding allocation, albeit this is subject to the unexpected and significant financial impact of COVID-19 being mostly contained to 2019/20.

## 4. WIDER SCOPE FINANCIAL MANAGEMENT (CONTINUED)

### Budgetary process

We have reviewed and considered the budgetary processes and controls and budget monitoring arrangement in place at the College. Our work consisted of a review of budget monitoring reports and committee papers and attendance at committees. Overall, we consider that the Board of Management obtains regular and timely financial information that reflects the actual financial position.

We note that budget reports were produced on a timely basis and considered by the appropriate committee throughout the year. Immediately after the lockdown in March 2020, budget reports and forecasts were appropriately updated based on prudent assumptions and so whilst there was movement during the period over the forecast position we consider this reasonably reflects the fluidity of the situation and the levels of inherent uncertainty at that time. The Finance and General Purposes Committee considers the management accounting pack regularly, reporting to the Board of Management. Minutes of the meeting document the level of challenge made by the Committee to the financial performance.

### Internal controls

As part of our audit we have considered the internal controls in place that are relevant to the preparation of the financial statements. We do this to design audit procedures that allow us to express an opinion on the financial statements; this does not extend to expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

We have also considered the work of internal audit, from individual reviews of financial systems and their annual audit opinion on the control framework in place at the College.

We conclude that the processes and controls in place at the College are operating effectively. The College has all the expected control, risk, performance and financial arrangements in place. There are a series of regularity documents including standing orders, articles of governance, code of conduct and financial regulations intended to ensure regularity of transactions.

### Prevention and detection of fraud and irregularity

Management and the Audit Committee, as those charged with governance also have responsibilities in respect of fraud. They are responsible for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with laws and regulations.

We have a responsibility to review the College's arrangements for the prevention and detection of fraud. Our audit work was planned to provide a reasonable expectation of detecting material misstatements in the financial statements resulting from fraud and irregularity. We found the arrangements in place to be satisfactory and identified no material misstatements resulting from fraud or irregularity.

### National Fraud Initiative

The College participates in the National Fraud Initiative (NFI) exercise. Data was submitted in line with timescales and the Audit Committee have been informed of the exercise. No significant findings or issues arose from NFI during the 2019/20 audit process.

## 4. WIDER SCOPE

### FINANCIAL SUSTAINABILITY

#### Dimension

Financial sustainability extends the going concern assumption from the financial statements, looking forward two to five years, reviewing and assessing arrangements for financial planning and affordable sustainable service delivery in this timescale.

#### Our conclusion

**West College Scotland has adequate financial planning arrangements in place. The long-term operational funding gap previously identified by the College as well as a need for significant capital investment remains and increases. The College is reliant on the outcome of dialogue with the Scottish Funding Council to ensure these costs will be met and financial sustainability is ensured.**

#### Identified significant risks to our wider scope work

As part of our planning procedures we considered whether there were significant risks that would impact on any of the four areas of our wider scope work that would require special audit consideration. We set out the identified risk to this area of wider scope work and how we addressed the risk.

#### Financial Sustainability

##### Description of the risk

The College has identified that in order to deliver a balanced budget for 2019/20 and beyond, it will require to make significant savings over the three year period from 2019/20.

##### How we addressed the risk

We have addressed the risk by:

- Reviewing the forecast financial position in the three year financial plans submitted to SFC;
- Reviewing the financial and resource implications of any voluntary severance scheme proposed to be run by the College;
- Alternative plans being considered by the College to ensure a balanced budget is achieved;
- Reviewing the financial reporting arrangements in place at the College; and
- Progress made with plans to replace the Greenock and Paisley campuses, alongside the impact on finance performance

##### Wider scope conclusion

The College and its Board of Management have a clear view of the financial challenges and long-term risks faced. The College has identified that it may need to make staff cost efficiencies of £1.9m over the next three-year period. In addition to this a further £1.6m of staff costs are likely to require to be saved with the cessation of European Social Fund (ESF) activity at the end of 2022/23.

In 2019 the College commissioned an updated building condition survey which confirmed the need for significant capital investment to bring the current estate up to condition B standards had increased, with £42.4m now required over the next 5 years. Outline business cases were submitted to the Scottish Funding Council for replacement of the two campuses in 2016 and 2017, but to date, these have not progressed to full business cases with the estimated costs of progressing these being approximately £200m. The College remains in dialogue with the SFC regarding the need to progress the business cases, as there is an ongoing and significant risk that without further revenue funding to support estates maintenance or capital funding to support replacement, the operating environment of the College will continue to deteriorate.

Given the level of sector wide uncertainties around future funding and of the general economic environment that have arisen following Covid-19, it is reasonable that the College forecasts do not exceed the three-year modelling period requested by the SFC. Longer term actions are included within this period which demonstrates that the College is taking steps to ensure its long-term financial sustainability, however, these rely on the outcome of on-going dialogue with SFC over funding for aspects such as voluntary severance and capital investment.

## 4. WIDER SCOPE

### FINANCIAL SUSTAINABILITY (CONTINUED)

#### Financial Planning

The College would normally prepare an annual budget and five-year forecast which is scrutinised by the Finance and General Purposes Committee and approved by the Board of Management which forms the basis of the Financial Forecast Return (FFR) required to be submitted by the SFC annually. In the current year, given the level of uncertainties related to financial planning, the SFC requested only a three-year FFR and so the College has prepared a budget and forecast for this period.

The forecast includes assumptions about inflation in the short and medium term and highlights other financial stability risks. The College is very clear on the risks to financial sustainability it faces and the uncertainty of funding over the medium and long term associated with the ending of ESF funding, the funding support impacts of national bargaining and estates maintenance funding.

A summary of the College's three-year forecast is included in the table below.

	Budget 2020/21 £'000	Forecast 2021/22 £'000	Forecast 2022/23 £'000
Total Income	58,116	60,987	57,846
Staff costs	(43,039)	(45,523)	(42,792)
Total other expenditure	(13,411)	(13,801)	(13,421)
Operating surplus/(deficit) before other gains and losses	<b>1,666</b>	<b>1,663</b>	<b>1,663</b>
Non-cash and other accounting adjustments	(2,790)	(2,835)	(2,886)
Net depreciation spend	(1,112)	(1,293)	(1,273)
Depreciation net of release of capital grant	2,790	2,835	2,886
Loan repayments	(527)	(346)	(366)
Projected underlying operating result	<b>27</b>	<b>24</b>	<b>24</b>

The table above indicates a forecast break-even position on an adjusted operating position basis, however, there are several assumptions included in this forecast where uncertainty exists that require further clarification between the College and the SFC. These relate to:

- The forecast includes operating staff cost efficiencies of £0.5m, £0.5m and £0.9m to be met in the respective three-year period. Whilst an element of these savings is likely to be met through natural attrition, the balance will most likely require to be met through voluntary severance, the potential costs of which are not included in the forecast.
- Cessation of European Social Fund income is included in 2022/23. Associated reduced staff costs of £1.6m via a voluntary severance scheme are included in the forecast and given this is a sectoral structural change the College has been assumed this to be fully funded by the SFC.
- The SFC has provided colleges with the assumption (as part of the FFR process) that 50% of voluntary severance costs would be funded by the SFC, with individual colleges paying the balance. If this assumption holds, it is unlikely that this cost would be met through further staff cost savings and so would require the College to identify alternative cost savings, to fund the costs from their own reserves or obtain an agreement with the SFC for a higher level of funding for voluntary severance schemes. The College are in discussions with the SFC on the level of funding that would be available for potential future voluntary severance schemes and will update the future operating position when those discussions are concluded. Until that point, there is a risk that the projected adjusted annual operating surplus position will in fact become an adjusted operating deficit, requiring increased levels of savings to be generated to return the College to a financially sustainable position.

## 4. WIDER SCOPE

### FINANCIAL SUSTAINABILITY (CONTINUED)

#### Financial Planning (continued)

The College continues to engage in dialogue with the SFC to resolve the uncertainties around the future funding of voluntary severance schemes. The potential overall impact on the College should all staff efficiencies be required to be met via voluntary severance schemes that are only 50% funded, is estimated at £0.95m over the three-year period. Without other savings or additional income being obtained, this would result in the College running a significant adjusted operating deficit in those three years.

The income included in the forecast presumes the College will achieve its full SFC credit target. Should the College have a reduction in capacity as a result of its ageing estate and potential impairment of buildings leading to an inability to fully use them, there is a risk that SFC credit activity targets may not be met. This risk has been partially alleviated from 2020/21 onwards following a positive outcome of the dialogue between the College and SFC, which has resulted in a reduction of 5,000 credits in the College activity target without a reduction in the core teaching grant received by the College.

#### Asset Management and Estates Strategy

Included in the operating costs in the previous table are significant maintenance costs for the College estate which are generally funded through SFC estate lifecycle maintenance. West College Scotland operates from three primary locations in Clydebank, Greenock and Paisley across 12 operational buildings. Of this, only four buildings are graded at level 1 (excellent) for functional suitability. Seven buildings, at the Greenock and Paisley campuses require major repair or replacement.

The College submitted Outline Business Cases (OBC) for the replacement of the Paisley and Greenock campuses to the Scottish Funding Council in October 2016 and October 2017 respectively. The estimated investment required to replace both campuses is approximately £200m. While there is continuing engagement with the SFC on progressing the outline business cases, there has been no affirmative response to date.

#### National estates survey

Gardiner & Theobald were appointed by the Scottish Funding Council in January 2017 to provide a summary of the conditions of the estates within the Scottish Further Education sector, being the first independent review of the college estate in Scotland for 10 years. This survey estimated that the College required an investment of £61.0m in the next 10 years. Overall, across Scotland the total backlog costs were estimated at £363m. The Scottish Funding Council continues to work with the Scottish Government and Scottish Futures Trust to produce a framework for college sector estate development to manage competing demands for estate development.

The College undertook a further estate condition survey in 2019 which showed an estimate of £82.3m would be required over the next 10 years to bring the condition of the estate to category B (sound, operationally safe, and exhibiting only minor deterioration). The survey estimated that over the next 5 years £42.4m would be required to bring the College campuses to Category B status. This is made up of £16.6m and £21.3m at the Paisley and Greenock campuses, with a further £4.5m at the Clydebank campus. A further £39.9m was recognised as being required across the three campuses in the following 5 years.

The College has continued to receive variable levels of both estate lifecycle and high priority maintenance funding from the SFC as noted in the table below:

	2018-19 £'000	2019-20 £'000	2020-21 £'000
Lifecycle maintenance funding	1,182	820	1,193
High priority maintenance funding	3,004	1,710	3,356
Total estate maintenance funding	4,186	2,530	4,549

## 4. WIDER SCOPE

### FINANCIAL SUSTAINABILITY (CONTINUED)

#### Asset Management and Estates Strategy (continued)

An increasing level of lifecycle and high priority maintenance funding has been awarded for 2020/21 but is significantly lower than costs identified in the 2019 condition survey.

There is also the risk associated with an aging estate that further issues will have arisen since the 2019 condition survey was completed that would increase these costs further. The College intends to continue to use the high priority maintenance funding in agreement with the SFC to address the areas of priority raised by the both survey reports. These priority areas will be supplemented by estate projects that have been identified by the College itself to support a long-term approach of the College Estate Strategy 2016-2026.

The College estate requirements cannot be met through the SFC core funding. If the condition of the estate deteriorates to the extent that students cannot be attracted, there is likely to be a reduction in student numbers, which will in turn reduce the funding received by the College.

## 4. WIDER SCOPE

### GOVERNANCE AND TRANSPARENCY

#### Dimension

Governance and transparency covers the effectiveness of scrutiny and governance arrangements, leadership and decision making and transparent reporting of financial and performance information.

#### Our conclusion

**West College Scotland has governance arrangements in place that provide appropriate scrutiny of decisions made by the Board of Management. We consider the additional governance arrangements made by the College to deal with the impact of COVID-19 to be appropriate**

#### Governance arrangements

Our work in this area has considered the overall governance arrangements in place at the College, reviewed the financial and performance reporting to the Board of Management, and reviewed the minutes of committees to inform our assessment of the appropriateness of the governance structure. We have also attended Audit Committees during the year.

Financial papers submitted to committees are relevant and timely. Each paper has a summary setting out the purpose of the paper and the action required by the members. Minutes are understandable and contain detail of discussions and rationale for decision making.

At 31 July 2020, the Board consisted of 17 members, 9 female (including the Principal and new Chair) and 8 male.

The key committees membership comprises of, and are chaired by Board members, with each also containing the Principal, with the exception of the Audit Committee. In addition, the Chair of the Board is also not permitted to be a member of the Audit Committee. Appropriate College officers attend committees and present reports as required.

The Audit Committee has co-opted independent members, appointed for their specific skills and expertise. We have found this arrangement works well, and encourage the College to continue this, where possible.

#### COVID -19 Governance arrangements

The College campuses closed on Friday 20 March and the College moved to remote working and distance learning delivery model for the remainder of the 2019/20 academic year. Board and Committees continued to meet regularly during this period using appropriate virtual platforms. An executive sub-group was established and initially met daily with the purpose of leading the work in relation to implement government guidance and addressing issues around the delivery of teaching and essential support services. The focus was to ensure that as many College functions as possible could be delivered remotely.

Regular communication was made with students and staff through the College intranet and social media with relevant and up to date information. A regular newsletter is posted on the intranet for staff to view, containing information on new updates and support for health and wellbeing guidance. The College continued to meet with the Students' Association to ensure contact on key issues such as student funding was maintained.

A sub-group mobilisation team was established to manage the work required to plan for the safe re-opening of the college buildings and delivery of curriculum for the 2020/21 academic year. The work of this Group were guided by the following key principles;

- To have the fewest possible number of people on campus and any one time
- To ensure the safest possible environment for those on campus
- To ensure the best possible learning and working experience for student and staff

Digital poverty was highlighted as an area of significant challenge for both the college sector and the communities served by the College. Following revised guidance from the SFC regarding the use of Student Support Funds, the College was able to re-designate funding originally intended for childcare and travel allowances that was unspent as a result of the closure of campuses into this area and procurement of approximately 1,800 chromebooks was approved.

Following an online student induction programme over the summer, full-time courses commenced in 2020/21 academic year on 21 September 2020, this being a 4 week delayed start date from usual and in line with the overall sector.

## 4. WIDER SCOPE

### GOVERNANCE AND TRANSPARENCY

#### Governance Statement

As part of our audit we have read the governance statement included in the annual report. The governance statement sets out the corporate governance framework in place throughout the reporting year, the internal controls in operation, the work of internal audit and the overall efficiency and effectiveness of the governance framework.

The governance statement confirms the College's compliance with the 2016 Code of Good Governance for Scotland's Colleges.

We are required to read and provide an opinion on the governance statement. In our opinion, the information contained within is consistent with the financial statements. We also consider that the governance statement has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and further directions made by the Scottish Funding Council.

#### Internal audit

An effective internal audit service is an important element of any organisation's governance arrangements. Internal audit provide the College with independent assurance on internal control and corporate governance processes. The internal audit function at the College was provided by Scott-Moncrieff during 2019/20. Internal audit have attended Audit Committees throughout the year and have produced 6 reports to support the overall Annual Internal Audit Opinion.

#### Transparency

Transparency means that service users and the public have access to understandable information about how the College is making decisions and using its resources. There is a commitment to transparency, with the minutes and papers of the Board of Management and key committees being available on the website.

## 4. WIDER SCOPE VALUE FOR MONEY

### Dimension

Value for money concerns using resources effectively and continually improving services.

### Our conclusion

**West College Scotland has an effective performance management framework in place that supports progress towards the achievement of value for money.**

### Performance management

The College delivered its Regional Outcome Agreement (ROA) target credits. A financial deficit was incurred in the year, this was following the impact of the COVID-19 lockdown. There is close monitoring of the delivery of the ROA and financial performance reports provide sufficient information to allow members to understand performance. Budget monitoring information provides a detailed analysis of variances allowing budget to be appropriately managed. Through this management of the 2019/20 budget there is clear evidence that the College understands cost drivers and is in control of costs as far as can be reasonably expected given the circumstances of the year.

### Regularity

As part of our audit of the College's financial statements, we are required by the Public Finance and Accountability (Scotland) Act 2000 to give an opinion on the regularity of expenditure and receipts shown in the financial statements. Regular expenditure and income is that which has been incurred / obtained in line with guidance issued by the Scottish Ministers and the terms and conditions of funding of the Scottish Funding Council.

The College has arrangements to monitor the requirements of the Scottish Funding Council, Audit Scotland and other regulatory or advisory bodies to ensure it complies with the terms and conditions of funding including regular reporting of financial and operational performance to the Board OF Management and its committees.

Our review found an effective control environment exists over regularity of expenditure and receipts. No instances of non-compliance with Scottish Funding Council terms and conditions were noted.

## 4. OUR FEES

### Fees for work as the College's appointed auditor

We reported our proposed fees for the delivery of our work in our Audit Strategy Memorandum, presented to the Audit Committee in May 2020. Having completed our work for the 2019/20 financial year, we can confirm that our final fees are as follows:

Area of work	Proposed fee 2019/20	Final fee 2019/20
Auditor remuneration	£27,940	£27,940
Pooled costs	£1,570	£1,570
Contribution to Audit Scotland costs	£1,490	£1,490
<b>Total Fee</b>	<b>£31,000</b>	<b>£31,000</b>

We confirm that these fees are in line with the scale fee set by Audit Scotland. We also confirm that we have not undertaken any non-audit services for the College in the year.

# APPENDIX A

## DRAFT MANAGEMENT REPRESENTATION LETTER

Dear Sirs

### LETTER OF REPRESENTATION

We confirm to the best of our knowledge and belief the following representations given to you in connection with your audit of the College's accounts for the period ended 31 July 2020.

We acknowledge as members of the Board of Management our responsibility for ensuring:

- a) the financial statements are free of material misstatements including omissions;
- b) that the financial statements give a true and fair view of the state of affairs of the College as at 31st July 2020;
- c) all the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the College have been properly reflected and recorded in the accounting records;
- d) all other records and related information, including minutes of all management meetings, have been made available to you;
- e) the accounting policies used are detailed in the financial statements and are consistent with those adopted in the previous financial statements and are in accordance with the Accounts Direction issued by the Scottish Funding Council (SFC) under the terms of the Further and Higher Education (Scotland) Act 1992; and
- f) compliance with the terms and conditions of the Financial Memorandum issued to the Board of Management by the SFC.

Scott-Moncrieff acted as Internal Auditors to the College during the year. All reports issued to the College and our responses to them have been made available to you.

We acknowledge our responsibility for the design and implementation of internal control systems to prevent and detect fraud. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud. There have been no irregularities (or allegations of irregularities) involving management, employees who have a significant role in internal control or others that could have a material effect on the financial statements.

The College has no liabilities or contingent liabilities other than those disclosed in the accounts.

All claims in connection with litigation that have been, or are expected to be, received have been properly accrued for in the financial statements.

There have been no events since the balance sheet date that require disclosure or which would materially affect the amounts in the accounts, other than those already disclosed or included in the accounts. Should further material events occur, which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, we will advise you accordingly.

The College has had at no time during the year any arrangement, transaction or agreement to provide credit facilities (including loans, quasi-loans or credit transactions) for the Board of Management nor to guarantee or provide security for such matters.

We confirm that we have disclosed to you all related party transactions relevant to the College and that we are not aware of any further related party matters that require disclosure in order to comply with the requirements of charities legislation, the Statement of Recommended Practice for Further and Higher Education accounts or accounting standards.

The College has not contracted for any capital expenditure other than as disclosed in the accounts.

The College has satisfactory title to all assets and there are no liens or encumbrances on the College's assets, except for those that are disclosed in the financial statements.

We are not aware of any irregularities, including fraud, involving existing management or employees of the College, nor are we aware of any breaches or possible breaches of statute, regulations, contracts, agreements or College's Constitution and Articles of Government which might result in the College suffering significant penalties or other loss. No allegations of such irregularities, including fraud, or such breaches have come to our attention.

We confirm that we are not aware of any possible or actual instance of non-compliance with those laws and regulations which provide a legal framework within which the College conducts its business.

We confirm that, in our opinion, the College is a going concern on the grounds that current and future sources of funding or support will be more than adequate for the College's needs. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the College's ability to continue as a going concern need to be made in the financial statements.

Executive summary

Audit of the financial  
statements

Summary of  
misstatements

Wider scope work

Our fees

Appendices

# APPENDIX A

## DRAFT MANAGEMENT REPRESENTATION LETTER

We confirm that we have carried out an assessment of the potential impact of the Covid-19 pandemic on the College, including the impact of mitigation measures and uncertainties, and that the disclosure in the Performance Report fairly reflects that assessment.

We confirm that we have carried out an assessment of the potential impact of the United Kingdom leaving the European Union, including the potential outcomes at the end of the Implementation Period, and that the disclosure in the Performance Report fairly reflects that assessment.

We confirm that no unadjusted misstatements have been brought to our attention.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

..... Chair of Board

..... Principal

Executive summary

Audit of the financial  
statements

Summary of  
misstatements

Wider scope work

Our fees

Appendices

# APPENDIX B

## DRAFT AUDITOR'S REPORT

### Independent auditor's report to the members of the Board of Management of West College Scotland, the Auditor General for Scotland and the Scottish Parliament

#### 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 [specify precisely the titles of the primary statements used by the college such as the Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the college's affairs as at 31 July 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

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.

# APPENDIX B

## DRAFT AUDITOR'S REPORT

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

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

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

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

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

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

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

# APPENDIX B

## DRAFT AUDITOR'S REPORT

### Responsibilities for regularity

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

### Report on other requirements

#### Opinions on matters prescribed by the Auditor General for Scotland

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

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

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

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

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

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

100 Queen Street  
Glasgow  
G1 3DN

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

Executive summary

Audit of the financial  
statements

Summary of  
misstatements

Wider scope work

Our fees

Appendices

## APPENDIX C INDEPENDENCE

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

**TITLE: PERFORMANCE AND ACCOUNTABILITY REPORT / FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020**

**Background:** The College Financial Statements for the year ended 31 July 2020 (*Appendix A*) were considered by the Joint Audit and Finance and General Purposes Committee on 24 November 2020, with the recommendation being that these be approved by the Board of Management. The Financial Statements should be read in conjunction with the External Auditors Annual Report and Letter of Representation which were considered under *Agenda Item 9.3*.

This report provides an overview of the 2019-20 Financial Statements and encompasses:

- Financial reporting requirements;
- An overview of the final year end position, reconciling the College April Management Accounts forecast as presented to the Finance and General Purposes Committee, to the audited position as at 31 July 2020;
- The College's underlying adjusted operating position as at 31 July 2020;
- Consideration of balance sheet movements; and
- The next steps in completing the year-end financial statement process.

**Action:** The Board of Management is requested to approve for signature by the Chair of the Board and the Principal, the West College Scotland Financial Statements for the year ended 31 July 2020.

**Lead:** David Alexander, Vice Principal Operations

**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 the 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
- Government Financial Reporting Manual

in preparing the 2019-20 annual report and financial statements for the College.

1.3 Copies of the 2019-20 financial statements and annual report require to be submitted to the Auditor General for Scotland and the SFC by 31 December 2020.

1.4 The September 2020 papers to the Finance and General Purposes Committee and Audit Committee highlighted the College annual reporting requirements, and how the College planned to meet these. The External Audit Annual report, considered at *Agenda Item 9.3*, confirmed the College has complied with the 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 operating 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)
<b>Sub Total</b>	<b>535</b>	<b>948</b>	<b>(1,341)</b>	<b>(393)</b>	<b>(1,876)</b>
Loss on disposal of asset	0	25	25	0	25
Revenue funding allocated to loan repayments	(510)	(510)	(510)	0	0
<b>SFC adjusted operating surplus / (deficit)</b>	<b>25</b>	<b>(1,433)</b>	<b>(1,826)</b>	<b>(393)</b>	<b>(1,851)</b>

2.2 The Board of Management approved 2019-20 College budget had anticipated an adjusted operating surplus of £25,000.

- 2.3 Included within the adjusted 2019-20 operating deficit of (£1,826,000) is a non-cash holiday pay charge of (£393,000) which SFC guidance requires the College to adjust for. The Covid-19 lockdown period meant a higher level of support staff annual leave had not been taken as at 31 July 2020, and the College is therefore required to account for this as if it were liable to pay the staff – it is for this reason the £393,000 movement noted above has arisen. If this was to be removed from the adjusted operating position, the College adjusted operating deficit would be £1,433,000 – in line with the forecast reported to the September Finance and General Purposes Committee.

#### Financial Accounting Position as at 31 July 2020

- 2.4 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 negative movement of (£21,395,00), which is explained in table (2) below.

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

	£'000	Note
<b>Deficit for the year as reported in the Annual Accounts</b>	<b>(24,391)</b>	
<b>Add back:</b>		
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
<b>Deduct:</b>		
Movement following review of economic life of asset	(893)	5
<b>Board of Management approved financial deficit</b>	<b>(2,996)</b>	

#### 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, the annual budget does not account for the movement in the support staff pension fund valuation nor any costs that may 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 which at the start of the year was not foreseen to occur and was therefore not budgeted for. See *section 2.4, above* for the rational for the movement.
- (3) The amount of the sale of Drumry Road was not agreed until after the budget was set and therefore the budget did not account for either a loss or profit on the sale of this excess property.

- (4) As previously reported to the Finance and General Purposes and Audit Committees, the College financial position has been impacted by the Covid-19 pandemic due to:

	<b>£'000</b>
<ul style="list-style-type: none"> <li>• Loss of SFC income (ESF and Flexible Workforce Development)</li> <li>• Loss of SDS fees and development funding (primarily European funded)</li> <li>• Loss of tuition fees</li> <li>• Loss of commercial income and training contracts</li> <li>• Loss of catering income</li> <li>• Access to Government Job Retention Fund</li> <li>• Increased non- staff costs to deal with pandemic</li> </ul>	(550) (425) (430) (280) (330) 680 (123)
<b>Movement against budget for 2019-20</b>	<b>(1,458)</b>

- (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/or buildings capital funding during 2019-20 therefore there have 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:
- disposal of excess property from the College estate with the sale of Drumry Road (Net book value of £162,000); and
  - 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 as at 31 July 2019 to £6.995m as at 31 July 2020. This is in line with the position reported to the Finance and General Purposes Committee in September 2020.

- 3.3 The College continues to hold cash of £2.4m which is committed for specific purposes and which will require to be expended in the coming period:

• 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
<b>Total</b>	<b>£2.4m</b>

- 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 a year have increased by £2.0m from £8.3m to £11.3m due to increases of:

- £0.450m in trade creditors, which relates to the timing of payments which did not require to take place until after the year end;
- £0.500m to fund the purchase of student digital equipment and student welfare activities;
- £0.150m in accruals to provide for potential refund of ESF funding;
- £0.390m in the holiday provision maintained by the College;
- £0.110m accrued to assist with supporting staff working from home claims; and
- £0.400m 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 remeasurement of the pension provision, which has resulted in a decline in the balance sheet position as at 31 July 2020 of (£20.4m) (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 UK Government introduced reforms to public service pensions, meaning most public sector workers were moved into new average salary 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 UK 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 pension 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 2019-20 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%) which will apply 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 the 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
<b>Balance as at 31 July</b>	<b>13,598</b>	<b>14,763</b>

- 3.16 The movement on the 2019-20 income and expenditure reserve is in line with expectations and comparable to the previous year.

## 4. Conclusion and Next Steps

- 4.1 The Joint Audit and Finance and General Purposes Committee of 24 November 2020 approved the 2019-20 Financial Statements for presentation to the Board of Management.
- 4.2 The Board of Management is requested to approve for signature by the Chair of the Board and the Principal, the West College Scotland Financial Statements for the year ended 31 July 2020.
- 4.3 Approval of the 2019-20 Financial Statements by the Board of Management will then enable the College to provide the following required information to Audit Scotland and the SFC:
- Audited financial statements
  - Annual report from external auditor
  - Paper accompanying the financial statements
  - Internal auditors annual report
  - Audit committee annual report
  - SFC College annual accounts return



# Report and Financial Statements

For the year ended 31 July 2020

Charity Number SC021185



<b>CONTENTS</b>	<b>PAGE</b>
<b>Professional Advisors</b>	<b>2</b>
<b>PERFORMANCE REPORT</b>	<b>3</b>
<b>Introduction from the Principal</b>	<b>4</b>
<b>Highlights of the Year</b>	<b>6</b>
<b>Performance Analysis</b>	
Introduction	8
Key Issues and Risks	8
Going Concern	9
Performance Summary	10
Operational Review	10
Review of Financial Performance	11
Adjusted Operating Position	15
Cash Budget for Priorities	16
Student Activity Performance Highlights	18
ICT Strategy and Digital Ambitions	21
Estate Strategy	23
Early Indication of Progress for 2020-21	26
Sustainability and Climate Change Reporting	26
<b>ACCOUNTABILITY REPORT</b>	<b>28</b>
<b>Corporate Governance Report</b>	<b>29</b>
Board of Management Report	29
Statement of the Board of Management's Responsibilities	31
Corporate Governance Statement	31
Corporate Strategy	40
Risk Management	41
Statement on Internal Control	43
<b>Remuneration and Staff Report</b>	<b>46</b>
<b>Independent Auditors' Report to the members of the Board of Management, the Auditor General for Scotland and the Scottish Parliament</b>	<b>53</b>
<b>Financial Statements</b>	
Statement of Comprehensive Income and Expenditure	57
Statement of Changes in Reserves	58
Balance Sheet	59
Statement of Cash Flows	60
Notes to the Financial Statements	61
<b>Scottish Funding Council Direction</b>	<b>Annex A</b>

## Professional Advisors

Financial Statement Auditors:

**Mazars LLP**  
100 Queen Street  
Glasgow  
G1 3DN

Student and SFC Credit Funding Auditor:

**Wylie & Bisset LLP**  
168 Bath Street  
Glasgow  
G2 4TP

Internal Auditor:  
(From 1 August 2020)

**Wylie & Bisset LLP**  
168 Bath Street  
Glasgow  
G2 4TP

Internal Auditor:

**Scott Moncrieff**  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

Banker:

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

Solicitor:

**Anderson Strathern**  
1 Rutland Court  
Edinburgh  
EH3 8EY

# Performance Report



## Introduction from the Principal

**“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.
- Horizon scanning for the opportunities likely to arise from the introduction of the new UK Government Shared Prosperity Fund.
- 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.

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	
	£'000	£'000	£,000	%
Income	57,800	59,000	(1,200)	(2)
Expenditure	65,200	65,000	200	0
<b>Deficit for the year</b>	<b>(7,400)</b>	<b>(6,000)</b>	<b>(1,400)</b>	<b>(23)</b>
Actuarial loss in respect of pension scheme	(17,000)	(7,100)	(9,900)	(139)
<b>Total comprehensive expenditure for the year</b>	<b>(24,400)</b>	<b>(13,100)</b>	<b>(11,300)</b>	<b>(86)</b>

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

	2019-20	2018-19	Movement	
	£'000	£'000	£'000	%
FE Tuition Fees / Commercial income	2,400	2,700	(300)	(11)
HE Tuition Fees	2,700	3,100	(400)	(13)
SDS Contracts	500	800	(300)	(38)
<b>Tuition fees and Education Contracts</b>	<b>5,600</b>	<b>6,600</b>	<b>(1,000)</b>	<b>(15)</b>
<i>Teaching and fee waiver grant (Core)</i>	<i>39,100</i>	<i>39,100</i>	<i>0</i>	<i>0</i>
<i>Teaching and fee waiver grant (ESF)</i>	<i>1,400</i>	<i>1,500</i>	<i>(100)</i>	<i>(7)</i>
<i>Estate maintenance funding</i>	<i>3,000</i>	<i>2,800</i>	<i>200</i>	<i>7</i>
<i>Childcare funding</i>	<i>1,700</i>	<i>2,200</i>	<i>(500)</i>	<i>(23)</i>
<i>Scottish teacher pension (STSS) funding</i>	<i>1,000</i>	<i>0</i>	<i>1,000</i>	<i>100</i>
<i>Flexible Workforce Development Funding</i>	<i>400</i>	<i>700</i>	<i>(300)</i>	<i>(43)</i>
<i>Support staff job evaluation funding</i>	<i>900</i>	<i>900</i>	<i>0</i>	<i>0</i>
<i>Restructuring funding</i>	<i>0</i>	<i>1,000</i>	<i>(1,000)</i>	<i>(100)</i>
<i>Other SFC income</i>	<i>200</i>	<i>100</i>	<i>100</i>	<i>100</i>
<i>Release of deferred capital grant</i>	<i>1,200</i>	<i>1,200</i>	<i>0</i>	<i>0</i>
<b>Scottish Funding Council income</b>	<b>49,000</b>	<b>49,500</b>	<b>(500)</b>	<b>(3)</b>
<i>Other grant / operating income</i>	<i>2,500</i>	<i>2,900</i>	<i>(400)</i>	<i>(14)</i>
<i>Other Government Grants</i>	<i>700</i>	<i>0</i>	<i>700</i>	<i>100</i>
<b>Other income</b>	<b>3,200</b>	<b>2,900</b>	<b>300</b>	<b>10</b>
<b>Total Income</b>	<b>57,800</b>	<b>59,000</b>	<b>(1,200)</b>	<b>(2)</b>

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	
	£'000	£'000	£'000	%
Salaries	32,600	31,700	900	3
Social security costs	3,300	3,300	0	0
Pension costs	6,900	5,800	1,100	19
<b>Sub-total salaries and on costs</b>	<b>42,800</b>	<b>40,800</b>	<b>2,000</b>	<b>5</b>
Support staff job evaluation	900	800	100	13
FRS102 pension movement	3,000	2,400	600	25
Holiday pay provision movement	400	0	400	100
Restructuring costs	0	1,000	(1,000)	(100)
<b>Total staff costs</b>	<b>47,100</b>	<b>45,000</b>	<b>2,100</b>	<b>5</b>
Other operating expenses	13,400	14,400	(1,000)	(7)
Depreciation	4,000	5,000	(1,000)	(20)
Interest and other finance costs	600	600	0	0
<b>Total non-staff costs</b>	<b>18,000</b>	<b>20,000</b>	<b>(2,000)</b>	<b>(10)</b>
<b>Total expenditure</b>	<b>65,200</b>	<b>65,000</b>	<b>200</b>	<b>0</b>

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
<b>Deficit for the year</b>		<b>(7,434)</b>	<b>(5,960)</b>
<b>Add:</b>			
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
<b>Deduct:</b>			
Revenue funding allocated to loan repayments	3	(510)	(495)
<b>Adjusted operating (deficit) / surplus</b>		<b>(1,826)</b>	<b>26</b>

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
	£'000	£'000
<b>Revenue</b>		
Contribution towards 2015-16 cost of living award	600	600
ICT maintenance costs	500	500
<b>Total impact on operating position</b>	<b>1,100</b>	<b>1,100</b>
<b>Capital</b>		
Loan repayments	500	500
<b>Total capital loan repayments</b>	<b>500</b>	<b>500</b>
<b>Total cash budget for priorities spend</b>	<b>1,600</b>	<b>1,600</b>

### 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 (£1.8m) 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. In order to achieve the forecasted break even adjusted operating position, the College will require to deliver £1.9m of staff efficiency savings over the next three years. 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 21<sup>st</sup> 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 as % of total student population	5	4	4

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%	<b>66%</b>	73%
HE Full-time	69%	69%	65%	72%	<b>70%</b>	74%
FE Part-time	68%	72%	76%	72%	<b>78%</b>	
HE Part-time	77%	80%	80%	78%	<b>73%</b>	

Improving attainment remains a key priority for the College and we have improved our HE full time student success rate from the previous session, bringing us back in line with HE FT success outcomes of earlier years (69%). We fell short of our target attainment of 72% and fell short of the sector wide benchmark performance for session 2018-19 (we will not know the comparative sector figures for 2019-20 until early 2021). 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 overall success. Intervention and Improvement Plans (IIPs) are in place for courses which are impacting negatively on the college success rates and actions for improvement will be monitored through Internal Quality Assurance Panels throughout session 2020-21.

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. Additionally, mixed messaging from awarding bodies, especially SQA, resulted in some students failing to understand the need to continue to supply additional assessment evidence for completion of their awards.

Our part time success rates for FE level students has increased on the previous sessions and exceeded target. This is partly due to improved success outcomes from part time online learning provision. Our HE part time provision fell short of our expectations and internal quality improvement actions are ongoing.

Many of our courses were impacted by Covid-19 with a great deal of ongoing uncertainty for staff and students on how and when courses may complete. The College had a significant number of vocational students undertaking 2019-20 course assessments well into 2020-21 that were deferred from 2019-20 due to the Covid-19 pandemic. Success Performance Indicators (PIs) for 2019-20 will be reviewed once we have taken account of all of those who have returned during session 2020-21 to complete their qualifications. The College and SFC will review 2019-20 success PIs early in 2021 and prior to publication.

### 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

As a result of the global Covid-19 pandemic, the College has required to change the curriculum model of delivery from one which was predominantly campus based to one where most of the learning is now delivered online. The College has embraced this required change positively, with IT and digital approaches adopting an approach that has been flexible, adaptable, resilient and with a focus on continuity of provision at all times. There has been significant development in the College IT and digital infrastructure which supports both the teaching and support departments in the delivery of learning and teaching, supported by an extensive distribution of IT hardware to enable students to engage in their studies.

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 *sparks* (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 natural 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**

# ACCOUNTABILITY REPORT



## 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
<b>Co-opted Members (1)</b>		
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		
			FTE	%	FTE	%
People		834		821		
Sickness absence			5.3%		5.2%	
Staff turnover			9.78%		10.99%	
<i>Gender:</i>						
All staff	Male	359	43%	341	42%	
	Female	475	57%	480	58%	
Board	Male	8	45%	11	61%	
	Female	10	55%	7	39%	
Senior Management Team	Male	7	58%	7	58%	
	Female	5	42%	5	42%	

### Remuneration Policy

The Board provides the principal governance mechanism through which College activities are managed in accordance with legislation and regulations and seeks 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	Cont's £'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 £27,560  
 (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
<b>Total number of agreements</b>	<b>1</b>	<b>36</b>
<b>Total Cost (£)</b>	<b>£30,551</b>	<b>£1,014,487</b>

### 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.

### Trade Union Representatives and Full-Time Equivalents

Number of employees who were trade union officials	Full-time equivalent employee numbers
23	20.9 FTE

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

	Number of Employees
1% to 50% of working hours	23

### Percentage of staff costs spent on facility time

Total cost of facility time	£107,000
Total staff costs	£42,770,000
Percentage of total staff costs spent on facility time	0.25%

### Paid trade union activities

Time spent on disclosed or reportable trade union activities as a percentage of all trade union activities	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, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, religion or belief, sex, sexual orientation or race

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

- Prior to the restrictions on staff gatherings 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](http://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**

		Year ended 31 July 2020	Year ended 31 July 2019
	Note	£000	£000
<b>Income</b>			
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
<b>Total Income</b>		<b>57,745</b>	<b>58,991</b>
<b>Expenditure</b>			
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
<b>Total Expenditure</b>		<b>65,179</b>	<b>64,951</b>
<b>Deficit before Tax</b>		<b>(7,434)</b>	<b>(5,960)</b>
Taxation	11	-	-
<b>Deficit for the Year</b>		<b>(7,434)</b>	<b>(5,960)</b>
Actuarial loss in respect of pension schemes	23	(16,957)	(7,112)
<b>Total Comprehensive Expenditure for the Year</b>		<b>(24,391)</b>	<b>(13,072)</b>
<b>Represented by:</b>			
Unrestricted comprehensive expenditure		<b>(24,391)</b>	<b>(13,072)</b>
<b>Deficit for the year attributable to:</b>			
College		<b>(24,391)</b>	<b>(13,072)</b>

All items of income and expenditure relate to continuing activities.

The Statement of Comprehensive Income is prepared under the FE/HE SORP. Colleges are also subject to Central Government accounting rules but the FE/HE SORP does not permit colleges to include Government non-cash 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
<b>Balance at 1 August 2019</b>	<b>15,226</b>	<b>60,366</b>	<b>75,592</b>
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)
<b>Balance at 31 July 2019</b>	<b>14,763</b>	<b>57,703</b>	<b>72,466</b>
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)
<b>Balance at 31 July 2020</b>	<b>13,598</b>	<b>54,889</b>	<b>68,487</b>

**Balance Sheet**

		As at 31 July 2020		As at 31 July 2019	
	Note	£000	£000	£000	£000
<b>Non current assets</b>					
Fixed assets	12		97,798		101,935
<b>Current assets</b>					
Stocks		-		13	
Trade and other debtors	13	2,874		2,690	
Cash	19	6,995		5,677	
		9,869		8,380	
<b>Less: Creditors: amounts falling due within one year</b>	14	<u>(11,290)</u>		<u>(8,257)</u>	
<b>Net current (liabilities) / assets</b>			(1,421)		123
<b>Total assets less current liabilities</b>			<b>96,377</b>		<b>102,058</b>
Creditors: Amounts falling due after one year	15		(27,834)		(29,592)
Provisions: Pensions	17		(43,113)		(22,701)
Provisions: Other			(56)		-
<b>Total net assets</b>			<u><b>25,374</b></u>		<u><b>49,765</b></u>
<b>Unrestricted reserves</b>					
Pension reserve	18		(43,113)		(22,701)
Income and expenditure reserve			13,598		14,763
Revaluation reserve			54,889		57,703
<b>Total reserves</b>			<u><b>25,374</b></u>		<u><b>49,765</b></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**

		Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
	Note		
<b>Cashflow from operating activities</b>			
Deficit for the year		(7,434)	(5,960)
<b>Adjustment for non-cash items</b>			
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
<b>Adjustment for investing or financing activities</b>			
Investment income	6	(1)	(1)
Interest payable	10	665	186
<b>Net cash inflow from operating activities</b>		<b>2,355</b>	<b>2,532</b>
<b>Cash flows from investing activities</b>			
Investment income	6	1	1
Proceeds from the sale of asset		137	-
		<b>138</b>	<b>1</b>
<b>Cash flows from financing activities</b>			
Interest paid	10	(665)	(186)
Repayments of amounts borrowed	19	(510)	(495)
		<b>(1,175)</b>	<b>(681)</b>
<b>Increase in cash in the year</b>		<b>1,318</b>	<b>1,852</b>
<b>Cash at beginning of the year</b>	19	5,677	3,825
<b>Cash at end of the year</b>	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
<b>2) TUITION FEES AND EDUCATION CONTRACTS</b>		
FE fees - UK	2,126	2,445
FE fees - non EU	271	280
HE fees	2,739	3,039
SDS contracts	505	811
	<b>5,641</b>	<b>6,575</b>
<b>3) FUNDING BODY GRANTS</b>		
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
	<b>48,962</b>	<b>49,541</b>
<b>4) OTHER GRANT INCOME</b>		
Development grants	94	281
Release of deferred capital grants	184	184
	<b>278</b>	<b>465</b>
<b>5) OTHER OPERATING INCOME</b>		
Catering	741	1,042
Other income generating activities	514	506
Support for learning	311	211
Other Government grants - JRS	677	-
Other income	620	650
	<b>2,863</b>	<b>2,409</b>
<b>6) INVESTMENT INCOME</b>		
Interest receivable	1	1
	<b>1</b>	<b>1</b>

**Notes to the Financial Statements**

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
<b>7) STAFF COSTS</b>		
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
	<b>47,126</b>	<b>45,019</b>
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
<b>Total</b>	<b>46,160</b>	<b>43,148</b>
Support staff Job Evaluation	935	857
Restructuring costs	31	1,014
<b>Total</b>	<b>47,126</b>	<b>45,019</b>

**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
<b>Average number of FTE directly employed</b>	<b>834</b>	<b>821</b>
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:

	<b>2020</b>	<b>2019</b>
	<b>Numbers</b>	<b>Numbers</b>
£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	-
	<b>27</b>	<b>13</b>

**8) SENIOR POST-HOLDERS' EMOLUMENTS**

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

<b>12</b>	<b>12</b>
-----------	-----------

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

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

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

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
<b>9) OTHER OPERATING EXPENSES</b>		
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
	<b>13,413</b>	<b>14,407</b>

**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
	<b>665</b>	<b>576</b>

**11) TAXATION**

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

**Notes to the Financial Statements**

**12) TANGIBLE FIXED ASSETS**

	<i>Inherited Land &amp; Buildings £000</i>	<i>Other Land &amp; Buildings £000</i>	<i>Equipment £000</i>	<i>Total £000</i>
<b>Cost or valuation</b>				
At 1 August 2019	62,336	52,900	2,418	<b>117,654</b>
Disposals in year	-	(216)	-	<b>(216)</b>
<b>At 31 July 2020</b>	<b>62,336</b>	<b>52,684</b>	<b>2,418</b>	<b>117,438</b>
<b>Depreciation</b>				
At 1 August 2019	8,174	5,354	2,191	<b>15,719</b>
Charge for year	2,500	1,376	99	<b>3,975</b>
Disposals in year	-	(54)	-	<b>(54)</b>
<b>At 31 July 2020</b>	<b>10,674</b>	<b>6,676</b>	<b>2,290</b>	<b>19,640</b>
<b>Net book value at:</b>				
<b>31 July 2020</b>	<b>51,662</b>	<b>46,008</b>	<b>128</b>	<b>97,798</b>
31 July 2019	54,162	47,546	227	101,935
<b><u>Analysis of net book value at 31 July 2020</u></b>				
Inherited	23,433	-	-	23,433
Financed by capital grant	28,229	-	-	28,229
Other	-	46,008	-	46,008
Leased	-	-	128	128
	<b>51,662</b>	<b>46,008</b>	<b>128</b>	<b>97,798</b>

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
<b>12) TANGIBLE FIXED ASSETS (Continued)</b>		
The depreciation charge for the year is analysed as follows:		
Based on cost	1,161	2,286
Based on valuation	2,814	2,663
	<b>3,975</b>	<b>4,949</b>
Analysed:		
Owned assets	3,879	4,853
Assets held under finance leases	96	96
	<b>3,975</b>	<b>4,949</b>
<b>13) TRADE AND OTHER DEBTORS</b>		
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
	<b>2,874</b>	<b>2,690</b>
<b>14) CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Bank loans	422	413
Finance lease	96	96
Trade creditors	567	113
Other creditors	682	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
	<b>11,290</b>	<b>8,257</b>
<b>15) CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR</b>		
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
	<b>27,834</b>	<b>29,592</b>

**Notes to the Financial Statements**

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
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**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
	<b>1,692</b>	<b>2,106</b>

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
	<b>128</b>	<b>224</b>

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
<b>Pension provision at 31 July 2020</b>	<b>43,113</b>	<b>22,701</b>

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)
<b>Balance at 31 July 2020</b>	<b>(43,113)</b>	<b>(22,701)</b>

## Notes to the Financial Statements

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

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

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

### 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:

<b>Member</b>	<b>Organisation</b>	<b>Position</b>
Elizabeth Connolly	Developing the Young Workforce West Region	Board Member
Elizabeth Connolly	Colleges Scotland	Board Member
Elizabeth Connolly	Renfrewshire Chamber of Commerce	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 £000	31 July 2019 £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
<b>Total pension cost (Note 7)</b>	<b>9,869</b>	<b>8,193</b>

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

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

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

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

#### FRS 102

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

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

#### Strathclyde Pension Fund (SPF)

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

**Notes to the Financial Statements**

**23) PENSION SCHEMES (Continued)**

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

	<b>At 31 July 2020</b>	<b>At 31 July 2019</b>
<b>Principal Actuarial Assumptions</b>		
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:

		<b>At 31 July 2020</b>	<b>At 31 July 2019</b>
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:

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

**Notes to the Financial Statements**

**23) PENSION SCHEMES (Continued)**

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
<b>Amount charged to Comprehensive Income and Expenditure:</b>		
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
<b>Total</b>	<b>20,222</b>	<b>9,946</b>
<b>Changes in the fair value of scheme assets:</b>		
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
<b>Closing fair value of scheme assets</b>	<b>95,783</b>	<b>97,486</b>
<b>Changes in the present value of the defined benefit obligation:</b>		
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
<b>Closing defined benefit obligation</b>	<b>138,896</b>	<b>120,187</b>
<b>History of experience losses</b>		
Scheme assets	95,783	97,486
Defined benefit obligation	(138,896)	(120,187)
<b>Deficit</b>	<b>(43,113)</b>	<b>(22,701)</b>
Experience (losses)/ gains on scheme assets	<b>(4,381)</b>	<b>4,370</b>
Experience losses on scheme liabilities	<b>(12,576)</b>	<b>(11,482)</b>

**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	68,487	72,466
Pension liability	(43,113)	(22,701)
<b>Net assets including pension liability</b>	<b>25,374</b>	<b>49,765</b>
The analysis of amounts charged to the Statement of Comprehensive Income and Expenditure (SOCIE) is as follows:		
<b>Analysis of the amount charged to staff costs (Note 7):</b>		
Current service cost	(4,860)	(3,998)
Past service cost	(571)	(1,106)
<b>Total charged to staff costs</b>	<b>(5,431)</b>	<b>(5,104)</b>
<b>Analysis of the amount charged to pension interest (Note 10):</b>		
Expected return on pension scheme assets	2,054	2,525
Interest on pension scheme liabilities	(2,559)	(2,915)
<b>Net pension interest charged</b>	<b>(505)</b>	<b>(390)</b>
<b>Charge to other comprehensive income:</b>		
Return on assets excluding amounts included in Interest	(4,381)	4,370
Experience gains / (losses) arising on the scheme liabilities	582	(293)
Changes in assumptions underlying the present value of the scheme liabilities	(13,158)	(11,189)
<b>Actuarial loss</b>	<b>(16,957)</b>	<b>(7,112)</b>
<b>Total charge to the SOCIE</b>	<b>(22,893)</b>	<b>(12,606)</b>
<b>Analysis of the movement in deficit during the year</b>		
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)
<b>Deficit in scheme at end of the year</b>	<b>(43,113)</b>	<b>(22,701)</b>

**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	<b>12,339</b>	10,660
Expenditure	(10,916)	(456)	(1,061)	<b>(12,433)</b>	(10,911)
College contribution to funds	-	-	97	<b>97</b>	251
<b>Balance c/fwd.</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>-</b>
<u>Represented by:</u>					
Retained to support 2020/21	-	-	3	<b>3</b>	-
	<b>-</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>-</b>

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

**25) CHILDCARE FUNDS**

	Total 31 July 2020	Total 31 July 2019
	£000	£000
Balance b/fwd.	-	-
Allocation received in period	1,718	2,165
Expenditure	<u>(1,718)</u>	<u>(2,165)</u>
<b>Balance c/fwd.</b>	<b>-</b>	<b>-</b>

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

**26) CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

**Notes to the Financial Statements**

**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
<b>Adjusted Deficit on Central Government accounting basis</b>	<b>(4,796)</b>	<b>(2,442)</b>

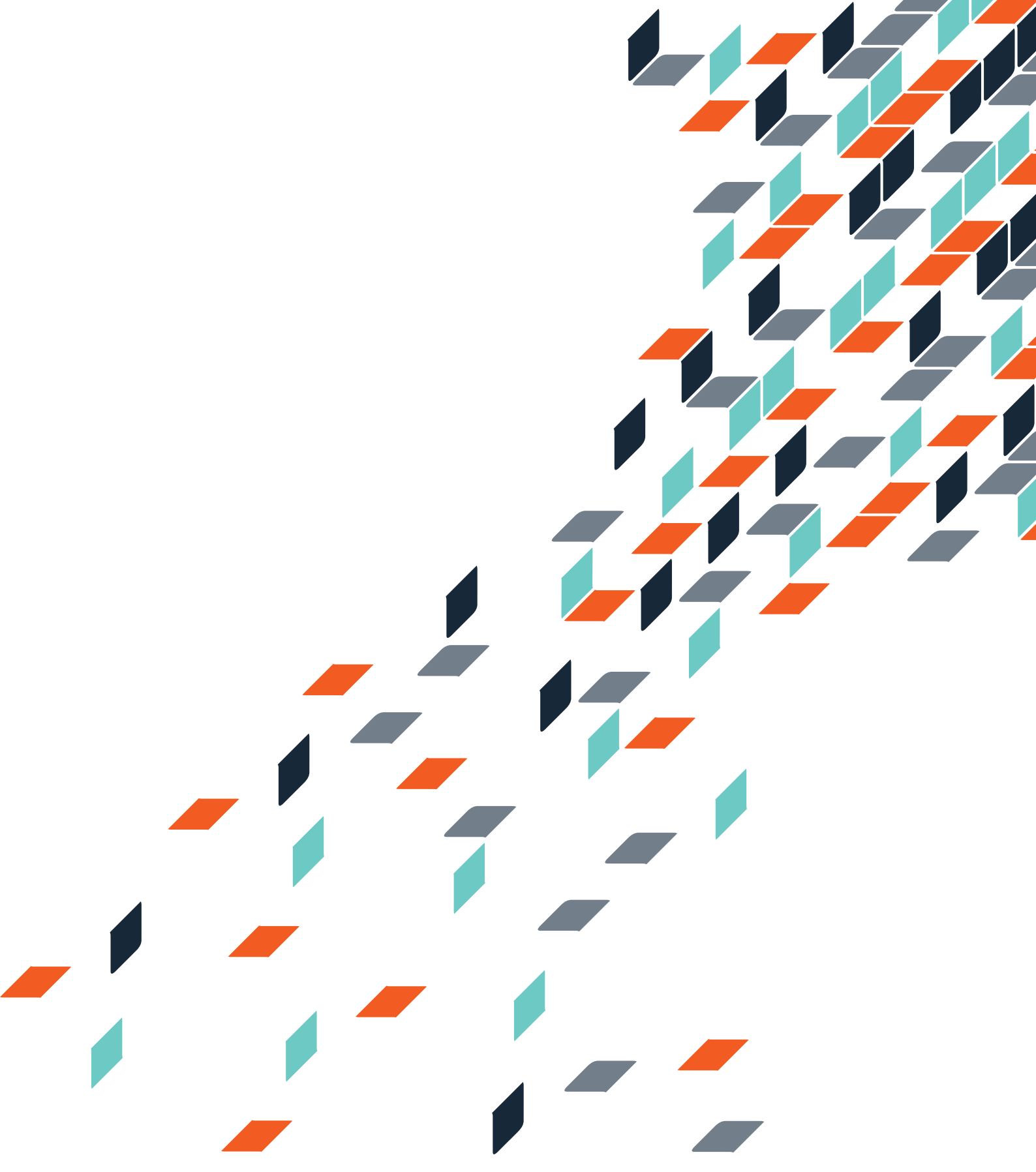
Under the FE/HE SORP, the College recorded an operating deficit of £7,434,000 for the year ended 31 July 2020. After taking account of the Government non-cash budget, the College shows an “adjusted” deficit of £4,796,000 on a Central Government accounting basis. The deficit is attributable to other factors 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 (FReM) 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 Board of Management the Management Accounts for the three-month period to 31 October 2020.

**Action:**        The Board of Management are requested to note the Management Accounts to 31 October 2020, which forecast a breakeven adjusted operating position for the 2020-21 financial year.

**Lead:**           David Alexander, Vice Principal Operations

**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 Board of Management. 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 meeting of 24 November 2020 approved the Management Accounts to 31 October 2020.
- 2.2 The Board of Management are requested to note the Management Accounts to 31 October 2020, which forecast a breakeven adjusted operating position for the 2020-21 financial year.



**Financial Information Pack**  
**2020-21**

**For the period to 31 October 2020**

<u>CONTENTS</u>	<u>PAGE</u>
Executive summary	1-3
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
Financial graphs and performance indicators	9
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
<b>Total</b>	<b>1,215</b>	<b>1,386</b>	<b>904</b>	<b>572</b>	<b>1,281</b>

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:

- the outcome of discussions with the SFC regarding voluntary severance support;
- the outcome of the Scottish Government budget settlements;
- future SFC funding settlements;
- the operation of the UK Government's Shared Prosperity Fund, which is to replace European funding;
- ongoing College review of staff costs/structures within this challenging context; and
- 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 Actual	2019-20 Actual	2020-21	
			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
<b>Total</b>	<b>164,528</b>	<b>164,597</b>	<b>158,693</b>	<b>158,693</b>

### 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 Actual £'000	2019-20 Pre Covid-19 £'000	2019-20 Actual £'000	2020-21 Budget £'000	2020-21 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)
<b>Adjusted operating surplus / (deficit) for the year</b>	<b>26</b>	<b>35</b>	<b>(1,826)</b>	<b>27</b>	<b>27</b>

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
<b>SFC Income</b>	12,374	12,515	141	49,947	50,932	985	46,952
<b><u>Tuition fees and education contracts</u></b>							
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
<b><u>Other income</u></b>							
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
<b>Total Income</b>	<b>13,179</b>	<b>13,302</b>	<b>123</b>	<b>58,116</b>	<b>59,031</b>	<b>915</b>	<b>55,550</b>
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)				
<b>Total Salary Costs</b>	<b>(10,921)</b>	<b>(10,915)</b>	<b>5</b>	<b>(43,039)</b>	<b>(43,429)</b>	<b>(390)</b>	<b>(42,282)</b>
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)
<b>Total Expenditure excluding Salaries</b>	<b>(3,606)</b>	<b>(3,605)</b>	<b>(0)</b>	<b>(13,411)</b>	<b>(13,937)</b>	<b>(525)</b>	<b>(13,066)</b>
<b>Total Expenditure</b>	<b>(14,526)</b>	<b>(14,520)</b>	<b>6</b>	<b>(56,450)</b>	<b>(57,366)</b>	<b>(915)</b>	<b>(55,346)</b>
<b>Deficit before accounting adjustments</b>	<b>(1,348)</b>	<b>(1,218)</b>	<b>129</b>	<b>1,665</b>	<b>1,665</b>	<b>0</b>	<b>204</b>
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)
<b>Deficit after accounting adjustments</b>	<b>(2,045)</b>	<b>(1,903)</b>	<b>142</b>	<b>(1,125)</b>	<b>(1,072)</b>	<b>53</b>	<b>(2,458)</b>
Cash budget for priorities	(278)	0	278	(1,112)	(1,112)	0	(1,130)
<b>Financial accounts deficit</b>	<b>(2,323)</b>	<b>(1,903)</b>	<b>420</b>	<b>(2,237)</b>	<b>(2,184)</b>	<b>53</b>	<b>(3,586)</b>
Revaluation reserve	660	660	1	2,640	2,640	0	2,814
<b>Historical (Deficit)/Surplus</b>	<b>(1,663)</b>	<b>(1,243)</b>	<b>421</b>	<b>403</b>	<b>456</b>	<b>52</b>	<b>(773)</b>
<b><u>Adjusted Operating Position</u></b>							
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)
<b>Adjusted operating surplus / (deficit) for the year</b>				<b>27</b>	<b>27</b>		<b>(1,433)</b>

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

	<b>Total Var (Adv)/Fav £'000</b>
<b>Board of Management approved 2020-21 deficit</b>	<b>(2,237)</b>
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
<b>Total increase in SFC income in the year compared to budget</b>	<b>985</b>
HE fees have been reduced based on a decrease in the number of students recruited onto HE programmes	(100)
<b>Total decrease in tuition / education contracts income in the year compared to budget</b>	<b>(100)</b>
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)
<b>Total increase in other income in the year compared to budget</b>	<b>30</b>
<b>TOTAL INCREASE IN INCOME IN THE YEAR COMPARED TO BUDGET</b>	<b>915</b>
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)
<b>TOTAL INCREASE IN STAFF EXPENDITURE IN THE YEAR COMPARED TO BUDGET</b>	<b>(390)</b>
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
<b>Total increase in property expenditure in the year compared to budget</b>	<b>(542)</b>
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
<b>Total increase in supplies and services expenditure in the year compared to budget</b>	<b>95</b>
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)
<b>Total increase in other expenditure in the year compared to budget</b>	<b>(78)</b>
<b>TOTAL INCREASE IN STAFF AND NON-STAFF EXPENDITURE IN THE YEAR COMPARED TO BUDGET</b>	<b>(915)</b>
<b>NET VARIANCE IN THE YEAR DUE TO OPERATIONAL AND COVID-19 IMPACTS</b>	<b>0</b>
<b>FORECAST DEFICIT BEFORE ACCOUNTING ADJUSTMENTS</b>	<b>(2,237)</b>
Reduction in depreciation charge as result of year end adjustment to calculation method as advised by our auditors	53
<b>FINANCIAL ACCOUNTS DEFICIT AFTER ACCOUNTING ADJUSTMENTS</b>	<b>(2,184)</b>

**COLLEGE BALANCE SHEET**

	As at 31 July 2020 £'000	Movement £'000	As at 31 October 2020 £'000	Movement £'000	Forecast 31 July 2021 £'000
<b>Fixed Assets</b>					
Tangible Fixed Assets	97,798	(992)	96,806	(2,763)	94,043
<b>Current Assets</b>					
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
<b>Creditors: Amounts Falling Due Within One Year</b>					
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)
<b>Net Current (Liabilities)/Assets</b>	<b>(1,421)</b>	<b>(1,326)</b>	<b>(2,747)</b>	<b>1,642</b>	<b>(1,105)</b>
<b>Total Assets less Current Liabilities</b>	<b>96,377</b>	<b>(2,318)</b>	<b>94,059</b>	<b>(1,120)</b>	<b>92,938</b>
<b>Creditors: After One Year</b>					
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)
<b>Net Assets Excluding Provisions</b>	<b>68,543</b>	<b>(1,904)</b>	<b>66,639</b>	<b>(281)</b>	<b>66,358</b>
Provisions: Other	(56)	0	(56)	0	(56)
Provisions: Net Pension Liability	(43,113)	0	(43,113)	0	(43,113)
<b>Net Assets Including Provisions</b>	<b>25,374</b>	<b>(1,904)</b>	<b>23,470</b>	<b>(281)</b>	<b>23,189</b>
<b>Restricted Reserves</b>					
Pension Reserve	(43,113)	0	(43,113)	0	(43,113)
<b>Unrestricted Reserves</b>					
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
	<b>25,374</b>	<b>(1,904)</b>	<b>23,470</b>	<b>(281)</b>	<b>23,189</b>

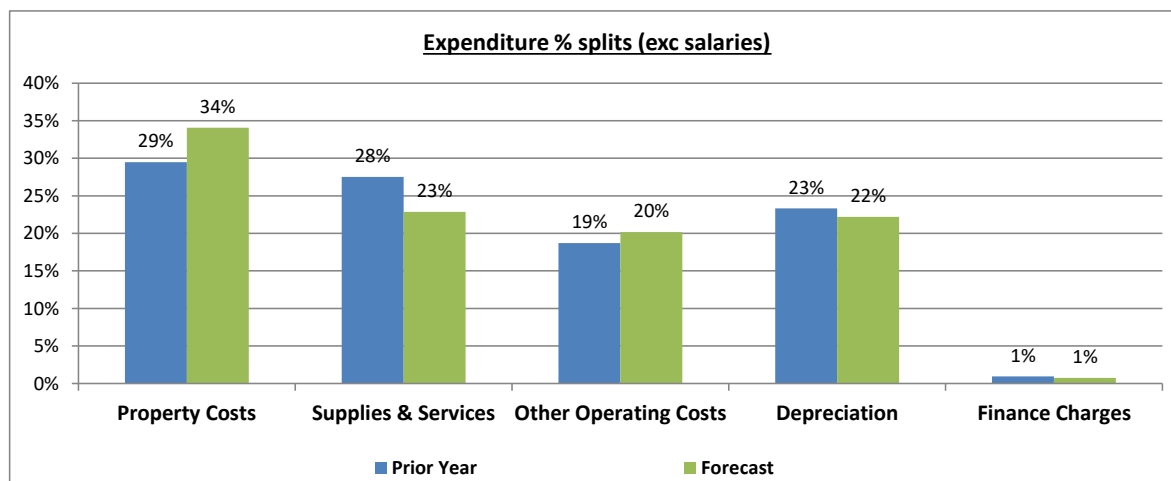
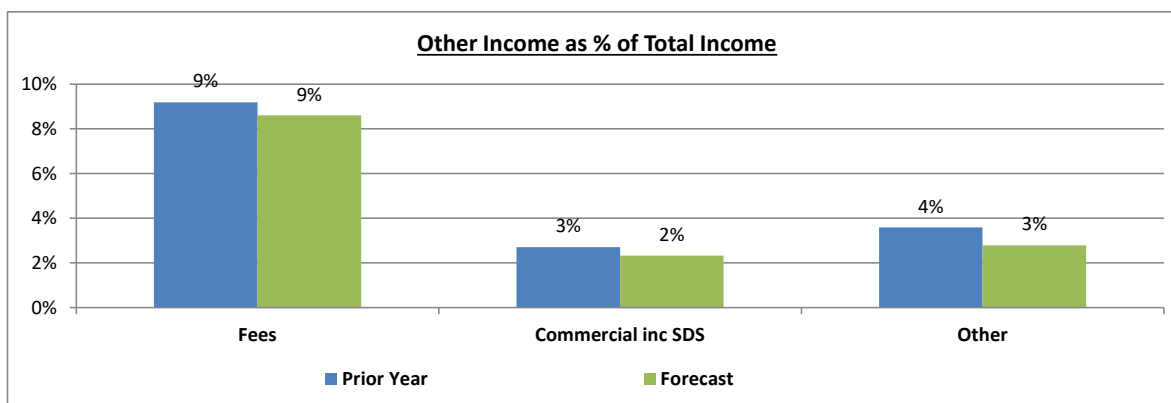
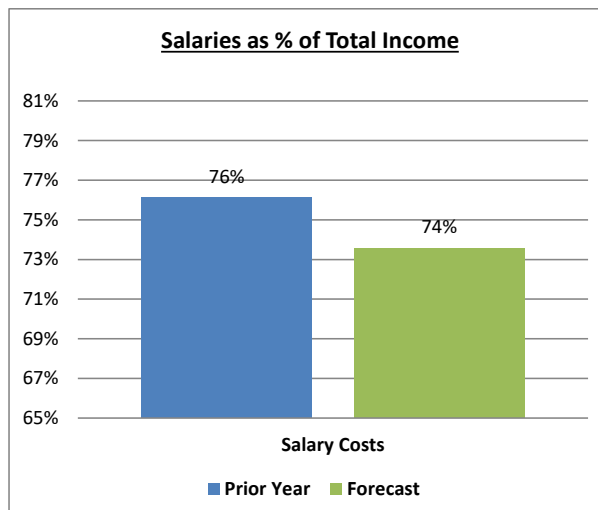
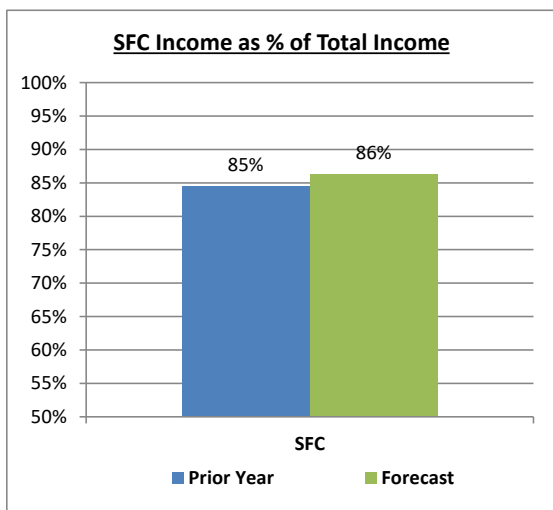
**CASH FLOW FORECAST FOR THE YEAR ENDED 31 JULY 2021**

	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
<b>COLLEGE CASHFLOW</b>				
<b>SUMMARY POSITION</b>				
College opening cash balance	6,995	5,195	6,325	5,755
Net (Outflow)/Inflow in period	(1,800)	1,130	(570)	(2,340)
<b>Closing Bank Balance</b>	<b>5,195</b>	<b>6,325</b>	<b>5,755</b>	<b>3,415</b>
Cash Days	33	40	37	22
Opening College Bank Balance	6,995	5,195	6,325	5,755
<b>INCOME</b>				
<b>SFC Income</b>				
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
<b>Other Income</b>				
Other Operating Income	982	4,794	1,600	1,253
Inter College receipt from SSF	-	-	-	236
<b>Total Income</b>	<b>12,052</b>	<b>16,822</b>	<b>14,913</b>	<b>13,015</b>
<b>EXPENDITURE</b>				
Staff Costs	9,021	11,329	11,050	11,545
Restructuring costs	-	190	-	-
<b>Non Staff Costs</b>				
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	-	-
<b>Total Expenditure</b>	<b>13,852</b>	<b>15,692</b>	<b>15,483</b>	<b>15,355</b>
<b>Net (Outflow)/Inflow</b>	<b>(1,800)</b>	<b>1,130</b>	<b>(570)</b>	<b>(2,340)</b>
<b>Closing College Bank Balance</b>	<b>5,195</b>	<b>6,325</b>	<b>5,755</b>	<b>3,415</b>
<b>STUDENT SUPPORT FUNDS CASH</b>				
Opening Student Funding Bank Balance	40	2,548	15	311
<b>Income</b>				
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	-	-
<b>Total Income</b>	<b>3,373</b>	<b>4,069</b>	<b>4,586</b>	<b>2,706</b>
<b>Expenditure</b>				
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
<b>Total Expenditure</b>	<b>865</b>	<b>6,602</b>	<b>4,290</b>	<b>3,017</b>
<b>Net (Outflow)/Inflow</b>	<b>2,508</b>	<b>(2,533)</b>	<b>296</b>	<b>(311)</b>
<b>Closing Student Support Bank Balance</b>	<b>2,548</b>	<b>15</b>	<b>311</b>	<b>-</b>

**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
<b><u>Income Analysis</u></b>										
Allocation	11,403	11,403	677	677	1,742	1,742	13,822	13,822	304	304
In-Year Redistribution	-	-					-	-	-	-
College Contribution	-	-	-	-	-	-	-	-	-	-
<b>Total Income</b>	<b>11,403</b>	<b>11,403</b>	<b>677</b>	<b>677</b>	<b>1,742</b>	<b>1,742</b>	<b>13,822</b>	<b>13,822</b>	<b>304</b>	<b>304</b>
<b><u>Expenditure Analysis</u></b>										
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	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>11,403</b>	<b>11,403</b>	<b>677</b>	<b>677</b>	<b>1,742</b>	<b>1,742</b>	<b>13,822</b>	<b>13,822</b>	<b>304</b>	<b>304</b>

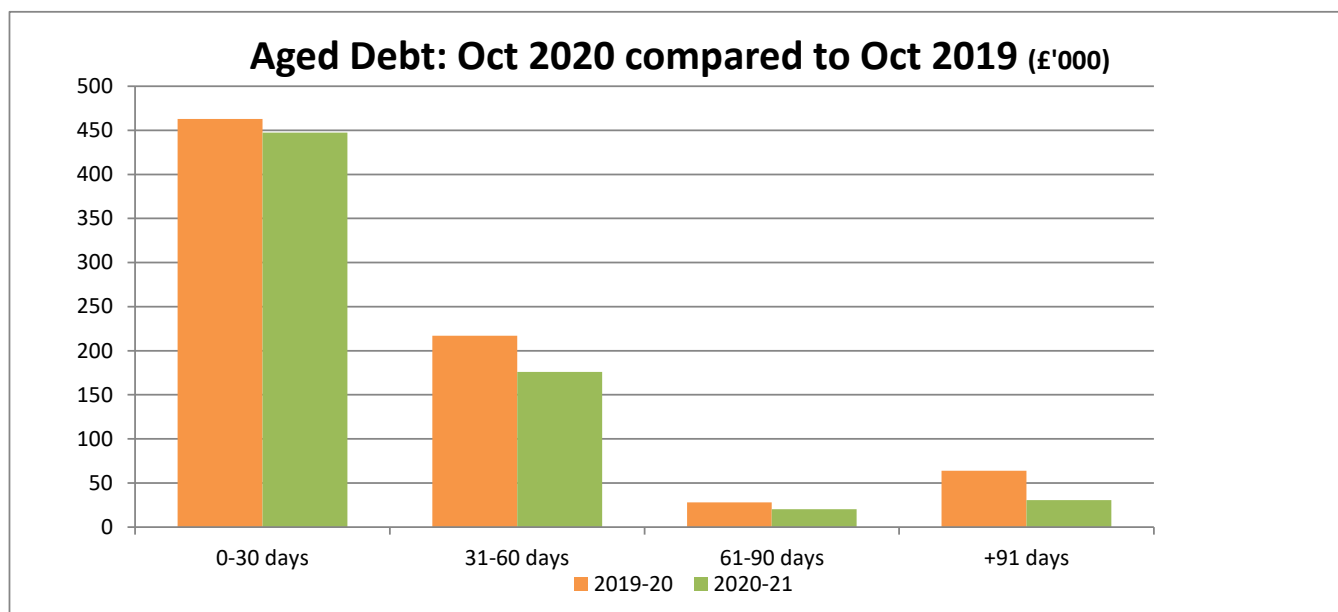
**Financial Graphs and Performance Indicators**



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

**AGED DEBT ANALYSIS £'000**

**As at 31 October 2020**



**As at October**

Period	2019-20	2020-21	Movement		Comments
0-30 days	463	447	16	16%	
31-60 days	217	176	41	42%	
61-90 days	28	20	8	8%	
+91 days	64	31	34	34%	
<b>Total</b>	<b>772</b>	<b>674</b>	<b>98</b>		

Bad Debt Provision	55	30
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<b>Net Trade Debtor Balance</b>	<b>717</b>	<b>644</b>
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**TITLE: RISK MANAGEMENT STRATEGY AND STRATEGIC RISK REGISTER**

**Background:** Under the Corporate Governance Code, the College Board of Management is tasked with ensuring a framework of risk management and control is in place. This paper provides:

- an updated College Risk Management Strategy for consideration. The Strategy is reviewed on an annual basis and has been updated to reflect developments in the College's risk management approach;
- the next steps in the development of the College Risk Management Strategy; and
- presents the current College Strategic Risk Register for the consideration of the Board of Management.

**Action:** The Board of Management is requested to:

- consider and approve the updated Risk Management Strategy;
- note the next steps in the development of the College Risk Management Strategy; and
- review the current 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; and
  - Whether any new risks should be considered for inclusion.

**Lead:** David Alexander, Vice Principal Operations

**Status:** Open

## 1. Risk Management Strategy

- 1.1 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 Risk Management Strategy was approved in September 2017 and has been updated annually to reflect required changes.
- 1.2 Given the work undertaken by the Board of Management during 2019-20 to further develop the College approach to risk management - including the assessment of the risk appetite of the College - the Risk Management Strategy now requires to be reviewed and updated.
- 1.3 The updated College Risk Management Strategy is attached at *Appendix A* for the consideration of the Board of Management. The Audit Committee considered the revised Risk Management Strategy during the 3 December 2020 Committee meeting and were content to approve the revised Strategy for consideration and approval by the Board of Management.
- 1.4 The document format has been revised with staff role / Committee titles updated where required. The document contains the changes noted below:
- Introduction
    - The requirements of the Scottish Public Finance Manual have been included in the introduction. (1.2)
    - The linkage of the Risk Management Strategy to the College Corporate Plan 2019-2025 has been highlighted. (1.5)
    - The Chair and Principal details have been updated.
  - Risk Management Overview
    - The definition of '*Risk Management*' has been updated. (2.3)
    - The definitions of '*Risk*', '*Risk Appetite*' have been updated to reflect current best practice, along with the inclusion of '*Risk Owner*'. (2.3)
    - The Roles and Responsibilities section introduction has been updated to reflect the key role of the Board of Management. (2.4)
  - Risk Management Process and Approach
    - The order of this section has been amended to reflect the operational practice of Risk Management within the College – risk identification, assessment and evaluation, plan mitigations and monitoring and control. The previous Strategy had all these elements but in a differing order.

- The Risk Identification section (previously 4.3) has been updated to reflect the current process that the College undertakes to identify risks. (4.3):
  - This section now refers to the revised Strategic Risk Register template which has been approved by the Board of Management and can be found at *Appendix 2* of the revised Strategy. (4.6)
  - The details that should be recorded for each risk have been updated to reflect the revised format of the Strategic Risk Register along with the updated Risk Categories. (4.7)
- The Risk Assessment and Evaluation section (previously 4.4) has been updated to include an expanded section covering:
  - A definition of Risk Appetite. (4.11)
  - A detailed definition of the levels of Risk Appetite willing to be borne by the College. (4.14)
  - The Strategy now includes the College Risk Appetite Statement (4.15) with the full statement available at *Appendix C*.
  - For each of the Risk Categories, based upon the work undertaken by the Board of Management, the College Risk Appetite, is stated. (4.18)
  - The Risk Scoring section (previously 4.4) has been updated to include the definitions of gross and net risk scores (4.24)
- The Plan Mitigations (previously 4.6) section has been expended to provide an overview of the factors those who are responsible for stating the mitigating actions should consider when assessing both the Gross to Net risk ratings. (4.29) In addition the section has been updated to reflect that the Net Risk score should not be higher than the Gross Risk score (4.31)
- The Monitor and Control (previously 4.7) section has been expanded to reflect the operating practice now in place, highlighting the ongoing nature of risk review, updating of mitigating controls and overall Board / Committee monitoring arrangements. (4.34)
- Section 5 – Measuring the Effectiveness of the Risk Management Process
  - This is a new section and specifically links the Strategic Risk Register to the work of both the internal and external auditors.
  - The section also continues to state the Strategy review period as being on an annual basis.
- Appendix 1 - Categories of Risk
  - The risk categories have been updated to reflect recent Board of Management considerations.

- Appendix 2 – Format of Strategic Risk Register
  - The format of the revised risk register has been included based upon the Board of Management approved version.
- Appendix 3 – Risk Appetite Statement
  - The full College Risk Appetite Statement is now been included within the Strategy.

## **2. Development of the College Risk Management Framework**

- 2.1 In addition to the College Risk Management Strategy noted above, the College approach to risk management also continues to develop and evolve with all strategic College risks now uploaded to the Pentana system. This electronic platform will enable College Senior Management Team members to monitor and update risks, controls and mitigations they are responsible for directly in real time, on an ongoing basis. The overall responsibility for oversight and management of the risk register will continue to reside with the College Executive Team.
- 2.2 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. A copy of the current register is attached at *Appendix B*.
- 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 College operating environment and with the challenges arising 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 additional 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 (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. This section refers to the review of data distributed from the College core IT systems including student records, finance, human resources and payroll.
- 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 took place between the College and SFC on 13 November 2020. Following that meeting the SFC have requested some time to assess the overall college sector position and the level of credit 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 ongoing 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 Board of Management is requested to:**

- consider and approve a revised Risk Management Strategy;
- note the next steps in the development of the College Risk Management Strategy; and
- review the current 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; and
  - Whether any new risks should be considered for inclusion



## **Risk Management Strategy**

# Document control

Version	Date	Review	Summary of changes made
V1.0 Draft	01-09-15	A Ritchie	Initial strategy document for review
V1.2	12-09-15	A Ritchie	Final Strategy for approval
V2.0	04-12-17	A Ritchie	Strategy document review
V3.0	24-11-20	A Ritchie	Updated following Board of Management approval of risk appetite levels; style updated, and content amended to reflect current operations
V3.0	14-12-20	A Ritchie	To be presented to the Board of Management for approval

<b>1. INTRODUCTION FROM CHAIR OF BOARD OF MANAGEMENT AND THE PRINCIPAL .....</b>	<b>3</b>
<b>2. RISK MANAGEMENT OVERVIEW .....</b>	<b>6</b>
Purpose .....	6
Objectives .....	6
Definitions .....	6
Roles and Responsibilities .....	7
Partnership and Projects .....	9
<b>3. RISK MANAGEMENT FRAMEWORK .....</b>	<b>10</b>
Code of Corporate Governance .....	11
Internal / External Audit .....	11
Insurance .....	11
Business Continuity Management (BCM) .....	11
Health and Safety .....	12
Risk Implications – Decision Making Process .....	12
<b>4. RISK MANAGEMENT PROCESS AND APPROACH .....</b>	<b>13</b>
a) IDENTIFY RISKS .....	13
b) RISK ASSESSMENT AND EVALUATION .....	15
c) PLAN MITIGATIONS .....	19
d) MONITOR AND CONTROL .....	20
<b>5. MEASURING THE EFFECTIVENESS OF THE RISK MANAGEMENT PROCESS .....</b>	<b>22</b>
Internal Audit .....	22
Review of Procedures .....	22
<b>APPENDIX 1: CATEGORIES OF RISK .....</b>	<b>16</b>
<b>APPENDIX 2 – COLLEGE STRATEGIC RISK REGISTER ENTRY .....</b>	<b>17</b>
<b>APPENDIX C – RISK APPETITE STATEMENT .....</b>	<b>18</b>

# 1. Introduction from Chair of Board of Management and the Principal

1.1 The Financial Memorandum with the Scottish Funding Council (SFC) requires that the governing body complies with the principles of good governance set out in the Code of Good Governance for Scotland's Colleges. The Financial Memorandum also requires the governing body to ensure that:

- The College has an effective policy of risk management and risk management arrangements;
- Internal audit must provide the governing body and senior management of the College with an objective assessment of adequacy and effectiveness of risk management, internal control, governance and value-for- money; and
- The College undertakes careful appraisal of the risks before accepting any contingent liability.

1.2 The College is also required to comply with the requirements of the Scottish Public Finance Manual (SPFM). The SPFM requires that the College must 'develop a framework for assessing risks that evaluates both the likelihood of the risk being realised, and of the impact if the risk is realised. Risk assessment should be recorded in a way that demonstrates clearly the key stages of the process.'

1.3 This Risk Management Strategy has therefore been written taking account of the requirements of both the Financial Memorandum with the SFC and Scottish Public Finance Manual.

1.4 In addition to the above requirements the internal auditor must produce an Annual Report to the Board of Management on their activities during the year. The report must include an opinion on the adequacy and effectiveness of the College's risk management, internal control and governance. This Strategy therefore forms a key component in allowing the internal auditors to be able to report without qualification that the College is complying with these requirements.

- 1.5 The Risk Management Strategy is a key document in ensuring that the four Strategic Priorities of Personalisation, Collaboration, Agile and Adaptive and Digital contained within the College Strategy 2019-205 are delivered. The Risk Management Strategy aims to ensure that the College community is aware of the level of risk that the organisation is willing to accept; that some risks will always exist and will never be eliminated, however mitigation can be put in place to minimise their impacts.
- 1.6 The College recognises that it has a responsibility to manage risks and supports a structured and focused approach to managing them through application of the Risk Management Strategy. In this way the College will better achieve its four strategic priorities and enhance the value of services it provides to the wider community.
- 1.7 The approach of the Risk Management Strategy is that it is owned and led by the Board of Management and it is intended to deliver a more dynamic and inclusive approach to risk management. The Risk Management Strategy aims to ensure that the Strategic Risk Register will be informed by the College Operational Planning process and from all Board of Management Committees with the objective of being outward facing and strategically focused.
- 1.8 The College's Risk Management Strategy objectives are to:
- Integrate risk management into the culture of the College;
  - Manage risk in accordance with best practice;
  - Anticipate and respond to changing requirements;
  - Prevent injury, damage, losses and reduce the cost of risk; and
  - Raise awareness of the need for risk management by all those connected with delivering the College's Strategic Priorities.

1.9 These objectives will be achieved by:

- Establishing clear roles, responsibilities and reporting lines within the College for risk management;
- Providing opportunities for shared learning on risk management across the College;
- Reinforcing the importance of effective risk management as part of everyday work by offering training;
- Incorporating risk management considerations into the annual internal audit plan and any internal / external audit work carried out; and
- Monitoring arrangements on an on-going basis.

1.10 The Risk Management Strategy aligns with the Regional Outcome Agreement (ROA) and will be reviewed and presented to the Board of Management every three years for approval.

1.11 The Board of Management and Senior Management Team are fully committed to the principles of risk management and the approach outlined within this Strategy.

Approved by:

**Dr Waiyin Hatton**

**Chair of the Board of Management**

**Liz Connolly**

**Principal**

## 2. Risk Management Overview

### Purpose

2.1 The purpose of the Risk Management Strategy is to:

- outline West College Scotland's approach to risk management; and
- describe the procedures for the management of risk within the College while detailing the roles and responsibilities of the key business areas.

### Objectives

2.2 To ensure the effective delivery of the College Risk Management Strategy, the following objectives will require to be progressed by the College Senior Management Team:

- To undertake ~~an annual~~ a review every three years of the College Risk Management Strategy. The review will ensure clear roles, responsibilities and a reporting framework for the managing of risk across the College is maintained and developed;
- To develop operational planning guidance on risk identification and its translation into strategic risk where appropriate;
- To monitor and report on risk management arrangements to the Board of Management Audit Committee;
- To continue to integrate risk management into the culture of the College and to raise awareness of the need to manage risk effectively throughout the College; and
- To comply with corporate governance requirements and integrate effective processes to allow the Board of Management to approve the annual Accountability Report including the section on Risk Management and Internal Controls.

### Definitions

2.3 The following represents the meaning of terminology that is used throughout the Strategy document:

- **Risk Management:** The coordinated activities, systems and processes in place to direct and control the College regarding the management of risk.

- **Risk:** ~~An uncertain event, which, should it occur, will have an effect on the achievement of objectives. Risks may have a negative effect, in which case they are recorded as threats, or a positive effect, denoted as opportunities.~~

The potential 'effect of uncertainty on objectives', where an effect is a deviation from an intended or expected outcome. A risk will be considered as either a threat (negative) to the College's ability to achieve any given objective or as uncertainty resulting from an opportunity (positive) which offers potential benefits to the institution.

- **Issue:** A certain event which is known and will impact upon the achievement of the College's Priorities and Objectives.
- **Risk Appetite:** ~~The level of risk which is deemed acceptable to the organisation in the pursuit of its objectives.~~

This refers to the level of risk the College is willing to tolerate or accept in the pursuit of its objectives. When considering threats, risk appetite defines the acceptable level of exposure deemed tolerable or justifiable by the College; when considering opportunities, risk appetite defines how much the College is prepared to actively put at risk in order to realise potential or expected benefits.

- **Risk Exposure:** The calculated level of risk which the organisation is exposed to in pursuit of its objectives.
- **Risk Owner:** this is the person, persons or entity in authority who is accountable for the effective management of a risk.

## Roles and Responsibilities

- 2.4 To be effective, the risk process is recognised as the responsibility of the Board of Management and of all members of staff and will integrate with College operating requirements.

Owner	Role
<b><u>Board of Management</u></b> <ul style="list-style-type: none"> <li>• <i>Has a fundamental role to play in the management of risk</i></li> </ul>	<ul style="list-style-type: none"> <li>• Provide authority and responsibility for the establishment, maintenance, support and evaluation of the Risk Management Strategy</li> <li>• Set the tone and promote a positive risk culture within the College</li> <li>• Delegate the overall implementation of risk management to the SMT</li> </ul>

Owner	Role
	<ul style="list-style-type: none"> <li>Have knowledge of the significant risks facing the College</li> </ul>
<p><b><u>Audit Committee</u></b></p> <ul style="list-style-type: none"> <li><i>Has a fundamental role to play in the review and management of risk</i></li> </ul>	<ul style="list-style-type: none"> <li>To ensure compliance with corporate governance requirements</li> <li>To review the Strategic Risk Register and approve for presentation to the Board</li> <li>To review internal processes and systems and work closely with internal and external auditors to obtain reports on these</li> </ul>
<p><b><u>Senior Management Team</u></b></p> <ul style="list-style-type: none"> <li><i>Support and implement policies approved by the Board of Management.</i></li> <li><i>The Senior Management Team consists of the Principal, Vice Principals, Assistant Principals and Directors.</i></li> </ul>	<ul style="list-style-type: none"> <li>Implementation of Risk Management Strategy</li> <li>Overall co-ordination of risk management</li> <li>Promotion of a holistic approach to risk management</li> <li>To review the probability and impact assessments of risks on a regular basis</li> <li>Ensure appropriate levels of awareness throughout the College</li> </ul>
<p><b><u>College Management Team</u></b></p> <ul style="list-style-type: none"> <li><i>Encouraging and embedding good risk management practice within their area of activity.</i></li> <li><i>The College Management Team consists of all those managers who are directly line managed by SMT.</i></li> </ul>	<ul style="list-style-type: none"> <li>Co-ordinating and ensuring that the operational objectives are implemented in line with the Risk Management Strategy</li> <li>Have an awareness and understanding of risks which fall into their area of responsibility, the impacts these may have, and monitor outcomes against the risks identified ensuring that response plans detail corrective action to minimise risk</li> <li>Report any new risks identified or failures of existing control measures to SMT</li> <li>Report on current 'active' risks highlighting mitigating actions and effect towards risk reduction</li> </ul>
<p><b><u>College Staff</u></b></p> <ul style="list-style-type: none"> <li><i>Encouraging and embedding good risk management practice</i></li> </ul>	<ul style="list-style-type: none"> <li>Understand their accountability for individual risks</li> </ul>

Owner	Role
<i>within their area of activity</i>	<ul style="list-style-type: none"> <li>• Understand how they can enable continuous improvement of risk management and risk awareness</li> <li>• Report systematically and promptly to a member of the College Management Team or Senior Management Team any perceived new risks or failures of existing control measures</li> </ul>
<p><b><u>Internal/External Audit</u></b></p> <ul style="list-style-type: none"> <li>• <i>Ensuring the effectiveness of organisational and financial control systems, including monitoring performance against quality assurance standards.</i></li> </ul>	<ul style="list-style-type: none"> <li>• To review risks and limitations of existing control measures</li> <li>• To review the adequacy of internal control systems designed to minimise risk</li> <li>• To make appropriate recommendations following on from any internal / external audit reports to the SMT, which will effectively improve systems of control</li> </ul>

### Partnership and Projects

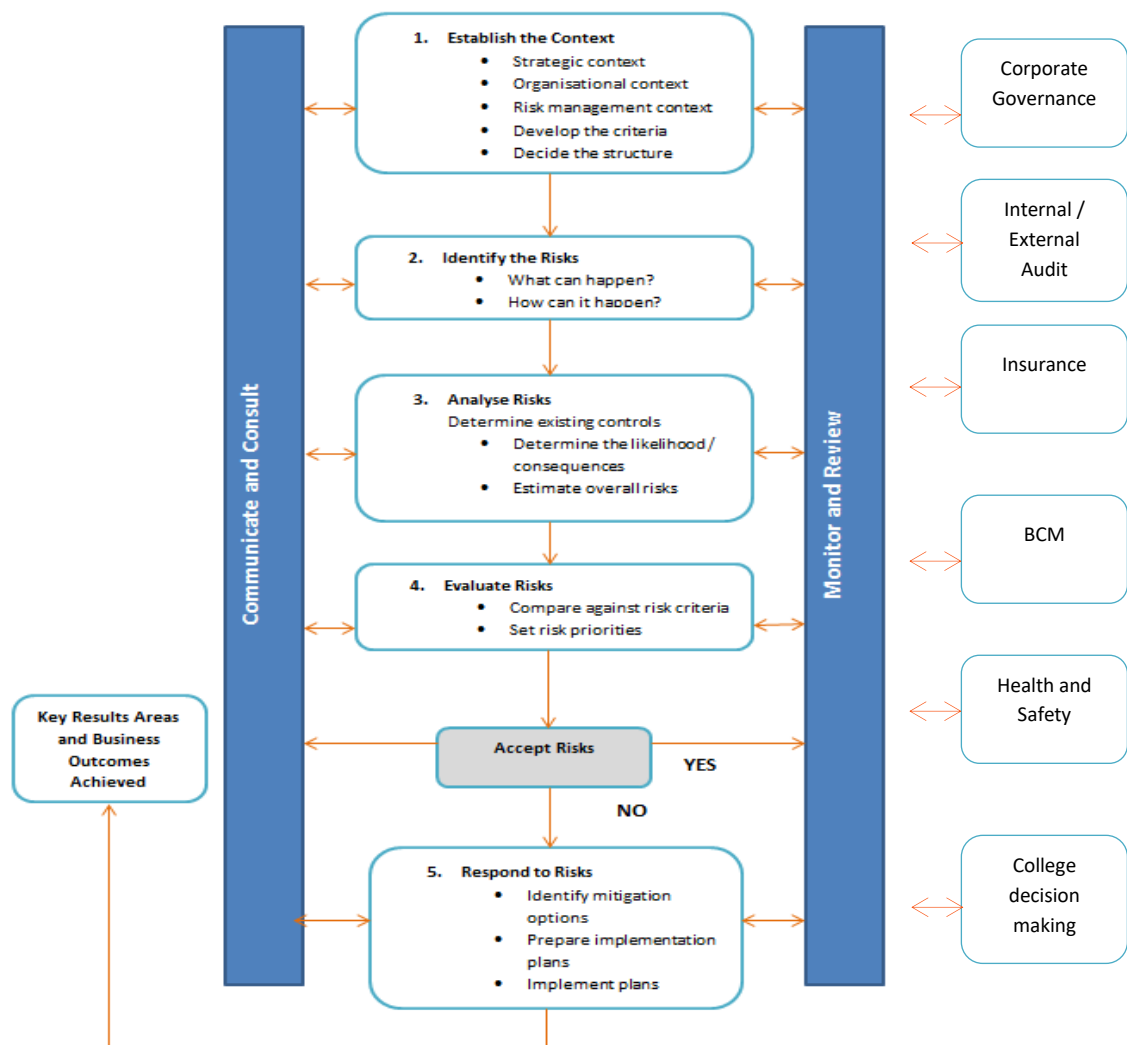
- 2.5 For the College, it is important to ensure partnerships and projects are considered in a Risk Management context, as well as core services. Where the College is involved in strategic projects and partnerships, it will look to develop joint risk management practices with relevant partners as required.

### 3. Risk Management Framework

3.1 The overall responsibility for ensuring the College has effective risk management framework is with the Board of Management but this is implemented and co-ordinated by the College Senior Management Team (SMT). Risk management at the College is closely aligned to corporate governance, internal/external audit, business continuity management (BCM), insurance, health and safety and occupational health and safety arrangements. These different elements act as support mechanisms for the delivery of the Risk Management Strategy at the College. Internal and external audit also plays a key role in scrutinising the mitigations and controls implemented by the College.

Figure 1 below summarises the overall College risk management framework:

**Figure 1 - Risk Management Framework**



## **Code of Corporate Governance**

- 3.2 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 the College strategic priorities and can only provide reasonable and not absolute assurance against material misstatement or loss.
- 3.3 The Board of Management has delegated the day-to-day responsibility to the Principal, as Chief Executive, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and asset.

## **Internal / External Audit**

- 3.4 Internal audit will assess the effectiveness of the College's internal controls and review risk management as part of the Corporate Governance arrangements. Internal audit will use the information on the Strategic Risk Register to inform their annual audit plan.
- 3.5 External audit will annually undertake an overall review of the corporate governance arrangements and processes of internal control in place at the College. Based on their audit work and the findings made by the internal auditors they will form an opinion on adequacy of the systems in place to comply with corporate governance requirements.

## **Insurance**

- 3.6 Insurance is one method the College uses to transfer risk. The implementation of an effective Risk Management Strategy will have an impact upon the premiums paid by the College. The prevalence of insurance claims will need to be monitored as these will have a bearing on the Strategic Risk Register.

## **Business Continuity Management (BCM)**

- 3.7 Business continuity underpins risk management and is concerned with how the College can overcome disruption in the event of an adverse incident or situation and continue to deliver key services at an agreed, pre-determined level. It is the low probability/high impact risks that if they occurred could result in the failure of key services or systems.

## Health and Safety

- 3.8 There are clear and well-established links between the health and safety and risk management. The College is committed to achieving best practice in health and safety management and is fully committed to controlling risk and preventing harm to people.
- 3.9 The College will use the guidance in Managing for Health and Safety at Work (MFHS), which supports the model of managing health and safety with a 'Plan, Do, Check and Act' approach. This model helps to achieve a balance between the systems and behavioural aspects of management.
- 3.10 The Board of Management has a primary objective to ensure health and safety is integrated into the College's core business management activities and that suitably resourced health and safety management systems are implemented which are also influenced by risk management arrangements.

## Risk Implications – Decision Making Process

- 3.11 Effective risk management is crucial to the achievement of the [College's Strategic Priorities](#) and the success of the strategic operation and provision of College services. It is important to recognise that there are risks associated with decisions taken in respect of the delivery of College business.
- 3.12 The nature, impact and probability of these risks will vary depending on a wide range of circumstances or potential outcomes.

## 4. Risk Management Process and Approach

4.1 Risk management is a cyclical process – new risks emerging while old risks become obsolete – and is based upon the following basic workflow:

- a) Identify Risks
- b) Risk Assessment and Evaluation
- c) Plan Mitigations
- d) Monitor and Control

4.2 The following sections explain in detail what each of the above steps require the College to undertake.

### a) IDENTIFY RISKS

4.3 The first step in the risk management process is risk identification. The process of risk identification will vary depending on context and the level at which risks are being assessed. For example, at organisational level, strategic risks should correlate with the key college objectives linked to the College Strategy 2019-2025 and should therefore be identified as part of the College planning process, which is cyclical. Similarly, at departmental level, risks should align with the key objectives set out in Operational Plans and should therefore be identified early as part of the planning process. Within a project setting, key risks should be identified at the start of the project lifecycle, during the project initiation/planning phase.

4.4 A variety of methods can be used for identifying risks. For example, sessions or workshops involving key stakeholders are common approaches. At project level, risk identification may be carried out using standardised checklists which identify risks commonly associated with project-based work, or by benchmarking against similar projects undertaken in the past.

4.5 The risk management process is cyclical and therefore risk identification is not a one-off exercise; it is a continuous process which is necessary to identify new risks that had not previously arisen, but which might affect the College's ability to achieve its objectives in the area under consideration.

## Recording the Identified Risks

4.6 All identified risks will be recorded in the Strategic Risk Register using the College's standardised risk register template (Appendix 2). Within the Strategic Risk Register there are several fields to populate.

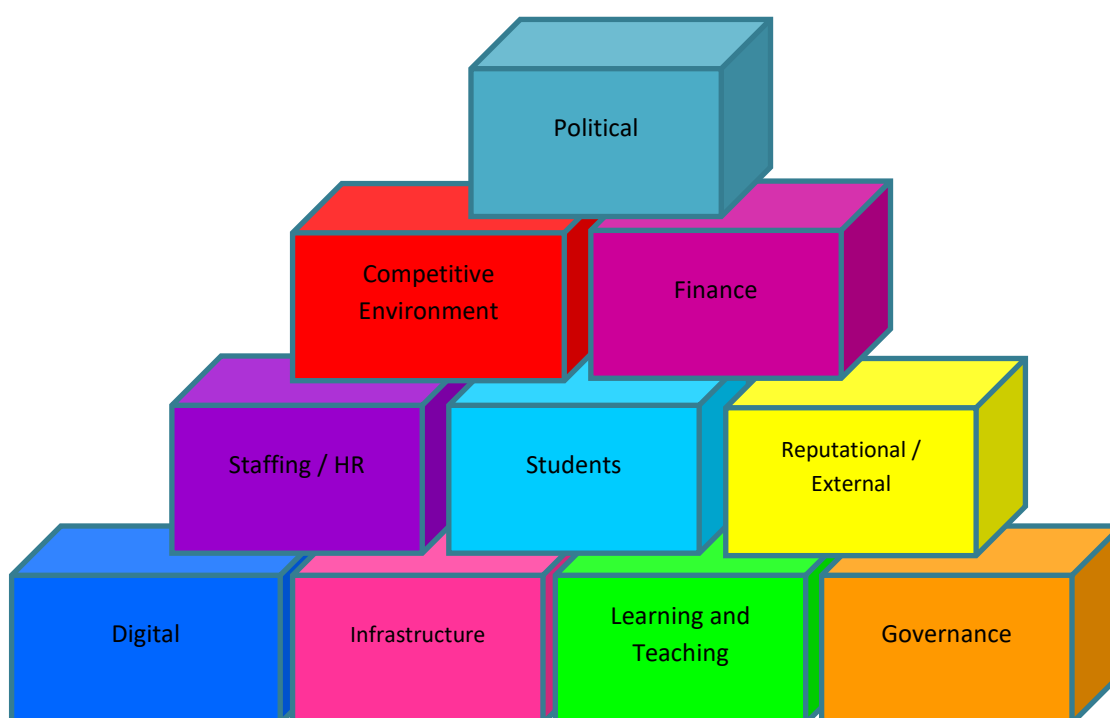
4.7 Each risk should have:

- a) A risk number and a title which should be concise but contain enough information to distinguish it from the others.
- b) A risk description containing information on the three composite parts of a risk; the cause, the risk event and the impact on the College Strategic Priorities:

'As a result of <cause/statement of fact>, there is a risk that <uncertain event> may occur, which would result in <an effect on Strategic Priorities>.

- c) A list of which of the College Strategic Objectives is impacted by the identified risk.
- d) A specific risk category. The College classifies each risk according to one of ten categories as noted in figure 2 and Appendix 2 contains a full definition of each category.

**Figure 2 – Risk Categories**



Ideally, each risk will be allocated to only one category, according to its main criteria. For example, a risk associated with carbon management might be Governance or Infrastructure depending on the College's stated priority.

- e) An indication of the proximity of the risk occurring ranging from immediate through to medium or long term.
- f) A risk owner who is a member of the Senior Management Team that has been given the responsibility and authority to manage a risk/set of risks and is accountable for doing so.

- 4.8 The risk category is linked to the risk appetite that the College is willing to be exposed to and the methodology for arriving at the risk appetite is explained below.
- 4.9 The information collected and recorded within the Strategic Risk Register to this point should enable initial assessment and scoring of the risk.

#### **b) RISK ASSESSMENT AND EVALUATION**

- 4.10 Risk assessment and evaluation takes account of various key components.

##### **Risk Appetite**

- 4.11 The next step in the risk management cycle is to establish the risk appetite level that the Board of Management is willing to accept in pursuit of its Strategic Priorities.
- 4.12 The College accepts that it must take risks, to some extent, in order to achieve its Priorities and to realise expected benefits. The College is committed to ensuring that all risks taken will be proactively controlled and exposure will be kept to an acceptable level. The College acknowledges that the level of exposure carried by different activities will vary and its threshold for accepting varying levels of risk will change depending on the risk area under consideration, the specific objectives involved, the subsequent activities undertaken and the projected benefits.
- 4.13 However, the College is clear that it will reject or closely manage any activity that has the potential to cause significant financial or reputation harm to the institution, most notably where these might endanger the College's ongoing viability, its ability to achieve its key strategic priorities or its ability to meet its regulatory and/or legal obligations.

4.14 The College defines Risk Appetite based on the following categories:

<u>Classification</u>	<u>Description</u>
<u><b>AVERSE</b></u>	<u>Avoidance of risk and uncertainty is a key organisational objective.</u>
<u><b>MINIMALIST</b></u>	<u>Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.</u>
<u><b>CAUTIOUS</b></u>	<u>Preference for safe delivery options that have a low degree of residual risk and may only have limited potential for reward.</u>
<u><b>OPEN</b></u>	<u>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.)</u>
<u><b>HUNGRY</b></u>	<u>Eager to be innovative and to choose options offering potentially higher business rewards, despite greater inherent risk.</u>

- 4.15 Based on these categories, the College's institutional baseline Risk Appetite is defined as 'cautious to open'. This means that, while maintaining a level of prudence, the College is generally willing to consider all options and will accept moderate levels of risk in the pursuit of its Priorities, albeit with a preference for options or activities that limit exposure, even if the rewards are likely to be similarly limited.
- 4.16 A full definition of the College risk appetite for each category of risk can be found at Appendix C.
- 4.17 While a general appetite of cautious to open is in place, it is recognised that risk appetite will vary according to the Priorities pursued and the linked activities undertaken. For example, the College would give consideration to options or activities which carry elevated levels of risk, where it can be shown that the anticipated outcomes are realistically achievable, and likely to deliver enhanced benefits; acceptance of risk, irrespective of risk appetite, should always take account of the likely benefits an activity will deliver.

- 4.18 At a strategic level, risk appetite is applied to the College's identified risk areas as follows:

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

- 4.19 It should also be noted that risk appetite will likely vary according to context; for example, capital projects provide a different context and should be considered on individual merit, as projects are usually stand-alone, and fall out with the 'business as usual' activities of the College. Consequently, the College may be prepared to accept higher levels of risk for a project that will feasibly deliver transformative change or bring significant rewards.

### Risk Scoring

- 4.20 Risk scoring will be undertaken in the first instance to prioritise risks using a standard 6 by 4 semi-quantitative scale (shown in Figure 3) for risk probability and impact.
- 4.21 This use of a standard scoring threshold promotes consistency in risk assessment.

**Figure 3 - Risk Scoring Thresholds**

Probability	Score	Impact	Score
Almost Certain	6	Catastrophic	4
Very Likely	5	Critical	3
Likely	4	Marginal	2
Possible	3	Negligible	1
Very Unlikely	2		
Remote Chance	1		

- 4.22 When assessing impact, it is important that a holistic analysis of the categories of risk be considered, in terms of how the issue would impact on the College (a partnership, a service or a specific project). The agreed approach to the assessment of risk at the College is undertaken based on existing control measures.
- 4.23 When assessing probability, a consideration of historical information, external drivers, trends and statistics can be useful in determining an appropriate level.
- 4.24 Each risk should be allocated two risk scores, as follows:
- Gross Risk Score
  - Net Risk Score
- 4.25 The Gross Risk Score is populated and refers to the level of risk an activity would pose if no controls or mitigating actions were in place.
- 4.26 The Net Risk Score refers to the level of risk remaining after controls and mitigating actions are considered and should ideally reflect the applicable risk appetite.
- 4.27 Risks identified within the Strategic and Operational Risk Register will be plotted on a probability impact grid, as shown in figure 4 below, to provide a pictorial representation of risk exposure. Risks which fall into the upper boundary (Red RAG status) will be considered as critical for management attention and as greater than the acceptable risk appetite. Efforts will be made to reduce risk exposure below the upper boundary.

**Figure 4 - Risk Probability Impact Grid**

Probability Impact Score Grid					
Almost Certain	6	6	12	18	24
Very Likely	5	5	10	15	20
Likely	4	4	8	12	16
Possible	3	3	6	9	12
Very Unlikely	2	2	4	6	8
Remote Chance	1	1	2	3	4
		1	2	3	4
		Negligible	Marginal	Critical	Catasrophic

- 4.28 Risks with low probability but high impact scores will be elevated for attention of the Board. Risk response plans will be developed which seek to reduce the potential impact of the risk.

### c) PLAN MITIGATIONS

- 4.29 When considering the appropriate risk response, the controls already in place should be recorded under Controls in the Strategic Risk Register and potential mitigating actions should be identified, where applicable (i.e. where a risk requires treatment).
- 4.30 Mitigations actions should change or reduce either the probability of a risk materialising, or its impact if it does (or both) and they should also be recorded in the Strategic Risk Register assigned a responsible person/lead and set a target date for completion.
- 4.31 Taking account of the mitigations the Gross Risk Score should be re-assessed and revised, and a Net Risk Score agreed. The Net Risk Score should not be higher than the Gross Risk Score (either in terms of impact, or probability, or both), because again, it refers to the level of risk remaining after controls and mitigating actions are considered.
- 4.32 After mitigations and risk scores have been identified, the planning process is effectively complete, and the agreed plans should be taken forward for implementation.
- 4.33 Control strategies / plans may align with the categories below:

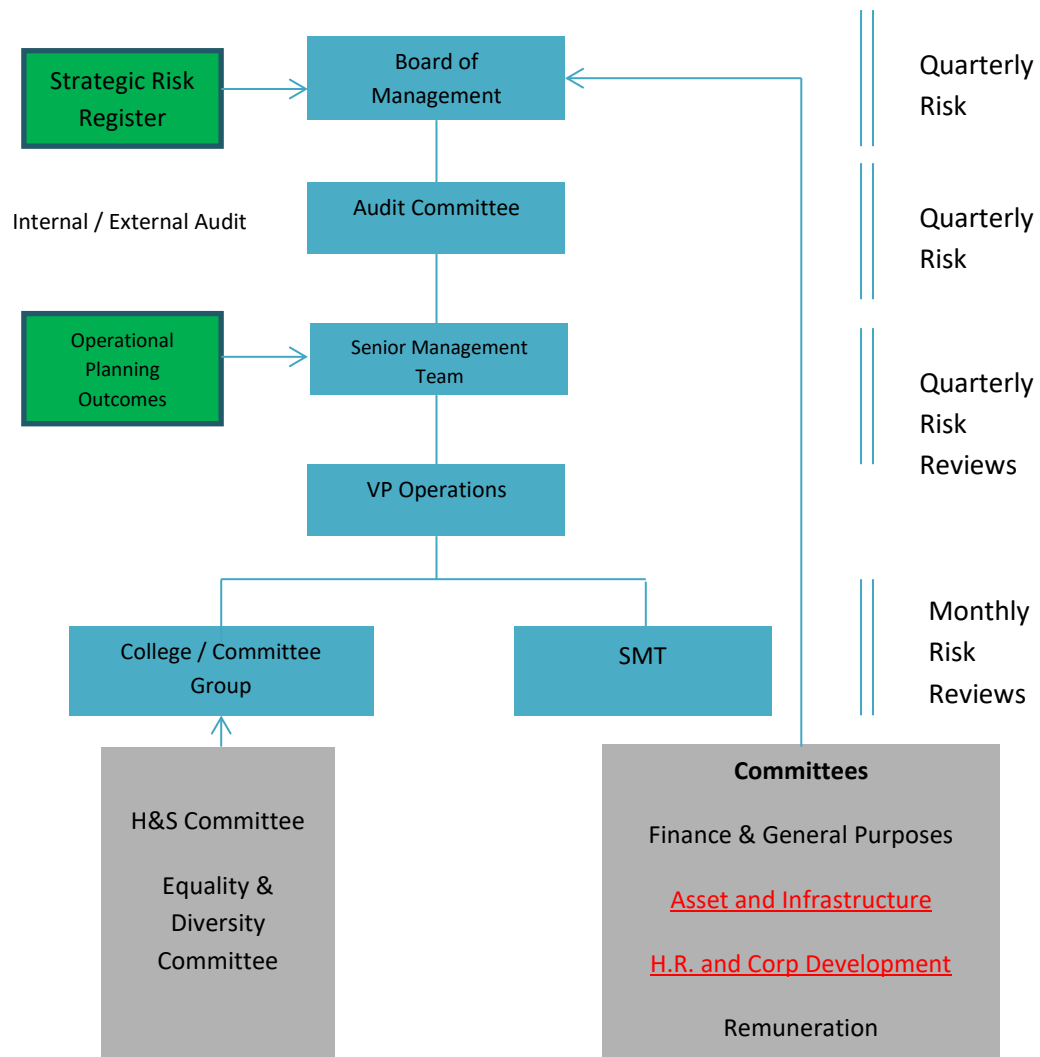
**Figure 5 – Risk Mitigation Measures**

Risk Response	Commentary
<b>Tolerate</b>	The exposure may be tolerable without any further action being taken. It may be supplemented by contingency planning for handling the impacts that will arise if the risk is realised
<b>Transfer</b>	Transfers the risk to a third party. Be aware that the entirety of a risk is practically impossible to transfer
<b>Terminate</b>	Some risks are only treatable by terminating an activity. Alternative plans and/or processes will require developing
<b>Treat</b>	Action is taken to constrain the risk to an acceptable level. This includes reducing the probability of occurrence and/or the impact of the risk
<b>Take</b>	Implement actions to exploit the identified opportunity

#### **d) MONITOR AND CONTROL**

- 4.34 Risks should be monitored and controlled on an ongoing basis as part of the Risk Management Process. Responsibility for monitoring and control lies with the Risk Owner and should be ongoing at the appropriate levels.
  
- 4.35 Each of element of the Strategic Risk Register should be revisited on an ongoing basis; for example, mitigating actions should be regularly reviewed for their impact and effectiveness in controlling the risk and in reducing the risk score. Where a mitigating action is complete, it should be removed from the relevant column and where appropriate, referred to under Controls. Where a risk score has escalated, action should be taken to identify and implement control measures in order to reduce the risk score.
  
- 4.36 Reporting arrangements also provide an additional level of monitoring and control. At College level, the Board of Management will receive a high-level report on risk at each meeting. The report will provide a summary update on the risks included in the Strategic Risk Register, giving current risk scores and notification of any significant changes.
  
- 4.37 Each Board Committee will receive a report on all strategic risks for their consideration and review based upon the business undertaken at each Committee meeting.
  
- 4.38 The College Senior Management Team will receive reports on risk for the Strategic Risk Register. Risks at departmental level will be monitored and controlled as part of the operational planning process.

- 4.39 It is the responsibility of the SMT to highlight risks within their Directorates that are considered to have strategic significance. The College reporting framework is outlined below:



## 5. Measuring the Effectiveness of the Risk Management Process

### Internal Audit

- 5.1 As indicated, the Audit Committee must be satisfied as to the College's risk management arrangements and will receive the Strategic Risk Register at each of its meetings. The overall College risk management framework (of which this document is part) is also subject to review by the College's internal auditors both formally through the internal audit process and through the auditor's reliance on the College Strategic Risk Register in formulating Audit Needs Assessment. The College's external auditor also take account of the College Strategic Risk Register in planning their work.

### Review of Procedures

- 5.2 This Strategy will be reviewed at every three years and presented to the Board of Management for approval.

## Appendix 1: Categories of Risk

<u>Category</u>	<u>Description of Risk</u>
1) <u>Political</u>	<u>Those affecting the College Strategic Priorities normally at a national political level.</u>
2) <u>Competitive Environment</u>	<u>Those affecting the competitiveness of the College to deliver its services in terms of cost, quality, ability to deliver best value and to attract customers / partners to the College.</u>
3) <u>Finance</u>	<u>Those related to financial planning and control and the adequacy of insurance cover.</u>
4) <u>Staffing and HR</u>	<u>Those affecting the recruitment, retention and morale of staff.</u>
5) <u>Students</u>	<u>Those affecting the recruitment, retention, attainment and morale of students.</u>
6) <u>Reputational / External</u>	<u>Those affecting the reputation of the College and/or external partnerships / projects / community in which the College is involved.</u>
7) <u>Digital</u>	<u>Those affecting the ability of the College to deliver the objectives set out in its Digital Strategy.</u>
8) <u>Infrastructure</u>	<u>Those affecting the College's physical assets including buildings and IT systems.</u>
9) <u>Learning and Teaching</u>	<u>Those affecting the successful delivery of the College's curriculum including student experience, performance and associated ROA targets.</u>
10) <u>Governance</u>	<u>Those that impose requirements on the College which could affect priorities / funding / reputation.</u>

## Appendix 2 –

### Example of Format - College Strategic Risk Register Entry

Risk number	05	WCS 4
Risk description	<b>SFC Regional Outcome Agreement</b> Failure to deliver SFC Regional Outcome Agreement targets at a time of limited resource results in future credit and/or funding adjustments.	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	1.2 2.1 3.2 3.4	
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) Positive engagement with SFC in relation to ROA development and monitoring for current and future years. Internal audit of ROA process indicated robust planning arrangements in place regarding development of ROA.	
	2) Effective internal monitoring and reporting procedures in place, including operational planning process, and monitoring through the Board of Management and all Committees.	
	3) Good working relationships with local authorities and schools in order to access attainment funding in support of College activities in this area.	
	4) Detailed curriculum development planning and review process which has been subject to positive review by internal audit.	
Net Risk Score	12	
Trend	↔	
Risk Owner	Principal	

## **Appendix C – Risk Appetite Statement**

The College's approach is to minimise its exposure to Finance, Political and Governance risks, whilst accepting and encouraging an increased degree of risk in pursuit of its mission and objectives. It recognises that its appetite for risk varies according to the activity undertaken, and that its acceptance of risk is subject always to ensuring that potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established.

The College's appetite for risk across its activities is provided in the following statements:

### **(3) Finance**

The College aims to maintain its long-term financial viability and its overall financial strength. Whilst targets for financial achievement will be challenging the College has a minimalist appetite for risk that puts in peril the long-term sustainability of the College.

### **(1) Political**

The College aims to make a significant, sustainable, and socially responsible contribution to the West of Scotland and to Scotland through education, knowledge exchange and operational activities. It recognises that this should involve a cautious approach to political risk and is comfortable in accepting this risk subject always to ensuring that potential benefits and risks are fully understood before developments are authorised and that sensible measures to mitigate risk are established.

### **(10) Governance**

The College places great importance on governance, and has no appetite for any breaches in statute, regulation, professional standards, bribery or fraud. It wishes to maintain accreditations related to courses or standards of operation and has cautious appetite for risk relating to actions that may put accreditations in jeopardy.

**The above statements take priority over the statements of areas of risk appetite below.**

### **(2) Competitive Environment**

The College wishes to be amongst the leaders in transforming knowledge, ideas, skills and expertise into teaching, innovation and enterprise, thereby enriching our stakeholders and wider society. It recognises that developing this may involve an increased degree of risk and is comfortable in accepting this risk subject always to ensuring that potential benefits and risks are fully understood before developments are authorised and that sensible measures to mitigate risk are established.

#### **(4) Staffing and HR**

The College aims to value, support, develop and utilise the full potential of our staff to make the College a stimulating and safe place to work. It places importance on a culture of equality and diversity, dignity and respect, collegiality, annual reviews, the development of staff, and the health and safety of staff, students and visitors. It recognises that in fulfilling the potential of the College staff, this may involve an increased degree of risk and is comfortable in accepting this risk subject always to ensuring that potential benefits and risks are fully understood before any deviation from its standards in these areas are authorised and that sensible measures to mitigate risk are established.

#### **(5) Student**

The College aims to ensure that we recruit the correct student onto the correct course, retain those students and ensure that they have a productive time at College. It recognises that in order to compete with other institutions that it must accept an increased degree of risk in order to attract and retain those students. It is comfortable in accepting this risk subject to a) limitations imposed by ethical considerations, and b) ensuring that potential benefits and risks are fully understood before developments are authorised and that sensible measures to mitigate risk are established.

#### **(6) Reputational / External**

It is regarded as critical that the College preserves its high reputation whilst at the same time it is open to exploring new / innovative external partnerships. The College has an open appetite for risk in the conduct of any of its activities that puts its reputation in jeopardy, could lead to undue adverse publicity, or could lead to loss of confidence by the political establishment and funders of its activities.

#### **(8) Infrastructure (including estate projects, IT and equipment)**

Major change activities are required periodically to develop the College, and to adapt to changes in the regulatory and technological environment and in the nature and conduct of the College's activities. The College expects such changes to be managed according to best practice in project and change management but given the operating environment in which it operates has open appetite for investment in this area where the benefits can be shown to outweigh the costs.

### **(9) Learning and Teaching**

The College wishes to stimulate students to develop a wish to engage in lifelong learning, encourage an independent attitude and an aspiration to achieve success. It recognises that this should involve an increased degree of risk in developing education and the student experience and is comfortable in accepting this risk subject always to ensuring that potential benefits and risks are fully understood before developments are authorised and that sensible measures to mitigate risk are established.

### **(7) Digital**

The College wishes to be at the leading edge in the digital arena and wishes to grow its digital ambitions. It recognises that that this will involve an increased degree of risk in developing digital solutions and is comfortable in accepting this risk subject to a) limitations imposed by financial considerations, and b) ensuring that potential benefits and risks are fully understood before developments are authorised and that sensible measures to mitigate risk are established.

# **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
<b>Probability</b>		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
<b>AVERSE</b>	Avoidance of risk and uncertainty is a key organisational objective.
<b>MINIMALIST</b>	Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.
<b>CAUTIOUS</b>	Preference for safe delivery options that have a low degree of residual risk and may only have limited potential for reward.
<b>OPEN</b>	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.).
<b>HUNGRY</b>	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	<b><u>Business Continuity / Cyber Resilience Planning</u></b> Inadequate business continuity / cyber resilience planning leading to material interruptions to service delivery primarily resulting from Coronavirus epidemic.	Medium-term	24	24	24	↔
2	<b><u>SFC Funding and Funding Methodology</u></b> 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.	Immediate	24	24	24	↔
3	<b><u>Estate Strategy</u></b> 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.	Long-term	24	20	20	↔
4	<b><u>Estates maintenance / capital funding</u></b> Failure to secure adequate estates maintenance / capital funding for future investment or refurbishment of IT and physical infrastructure.	Medium-term	20	16	16	↔
5	<b><u>Brexit</u></b> 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.	Medium-term	15	15	15	↔

<b>Risk number</b>	<b>1</b>	<b>WCS 7</b>
<b>Risk description</b>	<b><u>Business Continuity / Cyber Resilience Planning</u></b> Inadequate business continuity / cyber resilience planning leading to material interruptions to service delivery primarily resulting from Coronavirus epidemic.	
<b>Link to the Strategic Priority</b> <i>Refers to the relevant Strategic Priority.</i>	1.2 - Raising Aspirations and Enabling Students to achieve outcomes 3.4 - Managing for Resilience	
<b>Risk category / appetite</b>	Reputational/External	Open
<b>Proximity</b>	Medium-term	
<b>Impact/Likelihood</b>	6 x 4	
<b>Gross Risk Score</b>	<b>24</b>	
<b>Controls</b> <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"> <li>- development of online materials across all areas of learning and teaching;</li> <li>- purchase and dispersal of IT equipment to support students where there is an identified need;</li> <li>- estate adaptations including specified access / egress points to all campuses; improved signage; increased cleaning regime; and development of policy manuals – circulation; cleaning and catering;</li> <li>- on-going monitoring of supply chains based upon risk analysis supplied by APUC;</li> <li>- investment in dedicated sanitisation teams who work across all circulation spaces ensuring regularly touched areas are cleaned.</li> </ul>	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	<b>24</b>	
Trend	↔	
Overall Risk Owner	VP Operations	

Risk number / Reference	2	WCS1
Risk description	<b><u>SFC Funding and Funding Methodology</u></b> 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	

<b>Risk number</b>	<b>3</b>	<b>WCS 3</b>
<b>Risk description</b>	<b><u>Estate Strategy</u></b> 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.	
<b>Link to the Strategic Priority</b> <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	
<b>Risk category / appetite</b>	Infrastructure	Open
<b>Proximity</b>	Long-term	
<b>Impact/Likelihood</b>	<b>6 x 4</b>	
<b>Gross Risk Score</b>	<b>24</b>	
<b>Controls</b> <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
<b>Probability/Impact</b>	<b>5 x 4</b>	
<b>Net Risk Score</b>	<b>20</b>	
<b>Trend</b>	↔	
<b>Overall Risk Owner</b>	VP Operations	

<b>Risk number</b>	<b>4</b>	<b>WCS 2</b>
<b>Risk description</b>	<b><u>Estates maintenance / capital funding</u></b> Failure to secure adequate estates maintenance / capital funding for future investment or refurbishment of IT and physical infrastructure.	
<b>Link to the Strategic Priority</b> <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	
<b>Risk category / appetite</b>	Infrastructure	Open
<b>Proximity</b>	Medium-term	
<b>Impact/Likelihood</b>	<b>5 x 4</b>	
<b>Gross Risk Score</b>	<b>20</b>	
<b>Controls</b> <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&amp;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&amp;I Committee along with the next steps.</p>	
Probability/Impact	<b>4 x 4</b>	
Net Risk Score	<b>16</b>	
Trend	<b>↔</b>	
Overall Risk Owner	VP Operations	

<b>Risk number</b>	<b>5</b>	<b>WCS 16</b>
<b>Risk description</b>	<b><u>Brexit</u></b> 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.	
<b>Link to the Strategic Priority</b> <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	
<b>Risk category / appetite</b>	Governance	Cautious
<b>Proximity</b>	Medium-term	
<b>Impact/Likelihood</b>	<b>5 x 3</b>	
<b>Gross Risk Score</b>	<b>15</b>	
<b>Controls</b> <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
<b>Probability/Impact</b>	<b>5 x 3</b>	
<b>Net Risk Score</b>	<b>15</b>	
<b>Trend</b>	↔	
<b>Overall Risk Owner</b>	Principal	

<b>Risk number</b>	<b>6</b>	<b>WCS 4</b>
<b>Risk description</b>	<b><u>SFC Regional Outcome Agreement</u></b> 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.	
<b>Link to the Strategic Priority</b> <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	
<b>Risk category / appetite</b>	Learning and Teaching	Open
<b>Proximity</b>	Long-term	
<b>Impact/Likelihood</b>	<b>5 x 4</b>	
<b>Gross Risk Score</b>	<b>20</b>	
<b>Controls</b> <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	

<b>Risk number</b>	<b>7</b>	<b>WCS 5</b>
<b>Risk description</b>	<b><u>National Pay Bargaining</u></b> 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.	
<b>Link to the Strategic Priority</b> <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	
<b>Risk category / appetite</b>	Staffing and HR	Open
<b>Proximity</b>	Medium-term	
<b>Impact/Likelihood</b>	<b>6 x 3</b>	
<b>Gross Risk Score</b>	<b>18</b>	
<b>Controls</b> <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
<b>Probability/Impact</b>	<b>4 x 3</b>	
<b>Net Risk Score</b>	<b>12</b>	

Trend	↔
Overall Risk Owner	Principal

<b>Risk number</b>	<b>8</b>	<b>WCS 6</b>
<b>Risk description</b>	<b><u>IT Systems and Infrastructure</u></b> Failure to maintain or acquire and use IT systems and infrastructure to support the digital ambitions of the College.	
<b>Link to the Strategic Priority</b> <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	
<b>Risk category / appetite</b>	Digital	Hungry
<b>Proximity</b>	Medium-term	
<b>Impact/Likelihood</b>	<b>4 x 4</b>	
<b>Gross Risk Score</b>	<b>16</b>	
<b>Controls</b> <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	

<b>Risk number</b>	<b>9</b>	<b>WCS 15</b>
<b>Risk description</b>	<b><u>College Transformation Plan</u></b> Failure to deliver the financial and/or non-financial objectives outlined in the College Transformation Plan "Future Proofing Our College".	
<b>Link to the Strategic Priority</b> <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	
<b>Risk category / appetite</b>	Governance	Cautious
<b>Proximity</b>	Long-term	
<b>Impact/Likelihood</b>	<b>4 x 4</b>	
<b>Gross Risk Score</b>	<b>16</b>	
<b>Controls</b> <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
<b>Probability/Impact</b>	<b>3 x 4</b>	
<b>Net Risk Score</b>	<b>12</b>	
<b>Trend</b>	↔	
<b>Overall Risk Owner</b>	Principal	

<b>Risk number</b>	<b>10</b>	<b>WCS 9</b>
<b>Risk description</b>	<b><u>Staff Relations</u></b> Inability to maintain positive staff relations.	
<b>Link to the Strategic Priority</b> <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	
<b>Risk category / appetite</b>	Staffing and HR	Open
<b>Proximity</b>	Long-term	
<b>Impact/Likelihood</b>	<b>4 x 3</b>	
<b>Gross Risk Score</b>	<b>12</b>	
<b>Controls</b> <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
<b>Probability/Impact</b>	<b>3 x 3</b>	
<b>Net Risk Score</b>	<b>9</b>	
<b>Trend</b>	↔	
<b>Overall Risk Owner</b>	Principal	

Risk number	11	WCS 11
Risk description	<b><u>Alternative Income Growth</u></b> 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	
<b>Controls</b> <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

<b>Risk number</b>	<b>12</b>	<b>WCS 10</b>
<b>Risk description</b>	<b>Workforce Planning</b> Failure to embed Workforce Plan resulting in lack of appropriate resources and skills being developed to achieve College strategic objectives and outcomes	
<b>Link to the Strategic Priority</b> <i>Refers to the relevant Strategic Priority.</i>	1.3 - Recruiting and Retaining Talented People 2.3 - Delivering Inclusive Growth	
<b>Risk category / appetite</b>	Staffing and HR	Open
<b>Proximity</b>	Long-term	
<b>Impact/Likelihood</b>	<b>4 x 3</b>	
<b>Gross Risk Score</b>	<b>12</b>	
<b>Controls</b> <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
<b>Probability/Impact</b>	<b>3 x 2</b>	
<b>Net Risk Score</b>	<b>6</b>	
<b>Trend</b>	↔	
<b>Overall Risk Owner</b>	Principal	

<b>Risk number</b>	<b>13</b>	<b>WCS 13</b>
<b>Risk description</b>	<b><u>General Data Protection Regulations</u></b> Inability to ensure a holistic response to data and information governance, including compliance with the General Data Protection Regulations (GDPR).	
<b>Link to the Strategic Priority</b> <i>Refers to the relevant Strategic Priority.</i>	3.4 - Managing for Resilience 4.1 - Using Data	
<b>Risk category / appetite</b>	Governance	Cautious
<b>Proximity</b>	Long-term	
<b>Impact/Likelihood</b>	<b>3 x 3</b>	
<b>Gross Risk Score</b>	<b>9</b>	
<b>Controls</b> <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
<b>Probability/Impact</b>	<b>3 x 2</b>	
<b>Net Risk Score</b>	<b>6</b>	
<b>Trend</b>	↔	
<b>Overall Risk Owner</b>	Principal	

<b>Risk number</b>	<b>14</b>	<b>WCS 14</b>
<b>Risk description</b>	<b><u>Estate Investment Works</u></b> Normal business activities are unduly affected due to the complexity of sequencing estates investment works.	
<b>Link to the Strategic Priority</b> <i>Refers to the relevant Strategic Priority.</i>	1.2 - Raising Aspirations and Enabling Students to achieve outcomes 3.4 - Managing for Resilience	
<b>Risk category / appetite</b>	Learning and Teaching	Open
<b>Proximity</b>	Long-term	
<b>Impact/Likelihood</b>	<b>4 x 2</b>	
<b>Gross Risk Score</b>	<b>8</b>	
<b>Controls</b> <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
<b>Probability/Impact</b>	<b>3 x 2</b>	
<b>Net Risk Score</b>	<b>6</b>	
<b>Trend</b>	↔	
<b>Overall Risk Owner</b>	VP Operations	

**TITLE: Finance and General Purposes Committee**

**Draft Minutes of the meeting held on Tuesday 24 November 2020**

**Action:** The draft F and GP Committee minutes from the meeting held on Tuesday 24 November 2020 are attached for information. These will be approved at the next F&GPC meeting scheduled for Tuesday 2 March 2021.

The meeting was chaired by John Leburn and he will lead the Board through key matters discussed at the meetings and the Board is asked to note:

- ❖ FPM363 - The Finance and General Purposes Committee reviewed and approved the 2019-20 Performance and Accountability Reports and Financial Statements for presentation to the Joint Audit / Finance and General Purposes Committee.
- ❖ FPM364 - The Finance and General Purposes Committee approved the Management Accounts as at 31 October 2020.
- ❖ FPM365 - The Finance and General Purposes Committee approved the 2019-20 College Procurement Annual Report for publication.
- ❖ FPM366 - The Finance and General Purposes Committee approved the award of 2 contracts.
- ❖ FPM368 - The Chair recorded his thanks to the Senior Management Team and noted that, based on knowledge of the current operating environment, it did not consider there was a requirement to amend the top five risks or the associated risk pre and post mitigation scoring, therefore, there had been no changes to the remaining strategic risk scores.

**Lead:** John Leburn, F and GP Committee

**Status:** Open (**EXCEPT FOR MINUTE Nos FPM362 and FPM366 which are restricted**)

## **FINANCE AND GENERAL PURPOSES COMMITTEE**

**MINUTES:** Tuesday 24 November 2020

**PRESENT:** John Leburn (in the Chair), Angela Wilson, Liz Connolly.

**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).

**APOLOGIES** Jim Hannigan.

### **FPM357 DECLARATIONS OF INTERESTS**

- Jim Hannigan - 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; Colleges Scotland (Board member).

### **FPM358 MINUTES**

The Chair welcomed everyone to the meeting. The minutes of the meeting held on Tuesday 8 September 2020 were **approved**.

### **FPM359 ACTIONS**

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

### **FPM360 MATTERS ARISING FROM THE MINUTES (NOT OTHERWISE ON THE AGENDA)**

There were no matters arising not already covered on the agenda.

### **FPM361 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 West College Scotland 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 cash arising from net depreciation was available to be utilised during the current financial year. Mr Alexander reported that it had been agreed with the SFC that this would be applied towards meeting three College priorities during 2020-21 and he summarised these.
- 2020-21 SFC funding – The SFC had issued four circular announcements since the previous Finance and General Purposes Committee meeting of 8 September 2020 and Mr Alexander summarised the detail of these.
- College Voluntary Severance scheme – Any voluntary severance costs required to be funded by the College's own cashflow and this remained 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. Mr Alexander outlined the

voluntary severance costs incurred by the College to date explaining that all were in line with the Board of Management approved voluntary severance scheme.

- Ongoing West College Scotland engagement with the SFC – The College required to ensure there was ongoing engagement with the SFC during 2020-21 regarding the revised business that was to be in place under the Business Transformation Plan agreement. Mr Alexander reported that a further meeting took place between the College and the SFC on 13 November 2020 regarding the 2020-21 College business model and he updated on these discussions.
- National bargaining and Job Evaluation – Mr Alexander provided an update on the current status of national pay bargaining for Lecturing Staff and Support Staff. National Colleges Scotland Employers Association negotiations with teaching staff, in relation to a 2020-21 pay award, had concluded with an agreed consolidated 2% pay increase. Negotiations with support staff trade unions remained ongoing in relation to a 2020-21 pay award.

The SFC had set aside an annual recurrent revenue funding allocation to fund any pay implications arising from September 2018 as a result of the implementation of national college sector job evaluation. Indicative allocations for individual colleges outlined at this time related to calculations which were undertaken during 2018-19, which would require revision at the point the project was concluding.

- Implementation of the Pentana System - The College now had a 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 had been continuing 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 was being reviewed in alignment with this and Mr Alexander summarised the next steps in the development of the Pentana system.

**The Committee noted the report.**

**FPM362 CATERING OPERATIONS UPDATE REPORT – Restricted Item**

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\_\_\_\_\_

[REDACTED]

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  - [REDACTED]
  - [REDACTED]

**FPM363 FINANCIAL STATEMENTS TO 31 JULY 2020**

The Director of Finance presented the College Financial Statements for the year to 31 July 2020 for review and approval for presentation to the Joint Audit / Finance and General Purposes Committee.

Mr Ritchie provided an overview of the 2019-20 Financial Statements which encompassed:

- 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.

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

The Committee discussed the wealth of detail contained in the Performance and Accountability Reports and the Chair commended the open and transparent way in which

the reports had been written. He made some drafting and contextual suggestions which may add to the consistency and understanding of the information presented and Mr Ritchie agreed to incorporate these. **{ACTION – AR}**

**The Finance and General Purposes Committee reviewed and approved the 2019-20 Performance and Accountability Reports and Financial Statements for presentation to the Joint Audit / Finance and General Purposes Committee.**

**FPM364 MANAGEMENT ACCOUNTS TO 31 OCTOBER 2020**

The Director of Finance presented the Management Accounts for the three-month period to 31 October 2020.

Mr Ritchie provided the Committee with an overview of factors with potential to impact the accounts and highlighted budget efficiencies to be achieved and the year-to-date position; the adjusted operating position of the College which was a key indicator of financial sustainability; and key risks which may have an impact on the financial position of the College.

Mr Ritchie responded to a question about ESF funding explaining the national context and challenges.

**The Finance and General Purposes Committee approved the Management Accounts as at 31 October 2020.**

**FPM365 PROCUREMENT – 2019-20 ANNUAL REPORT AND STRATEGY UPDATE**

The Head of Finance and Student Funding provided:

- 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.

The Committee welcomed the actions that the College planned to take during the 1 August 2020 to 31 July 2021 period in order to make further progress in achieving current Procurement Strategy objectives and commended the Head of Finance and Student Funding for the clear progression made so far.

**The Finance and General Purposes Committee:**

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

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]

- [REDACTED]

[REDACTED]

**FPM367 ANNUAL UPDATE REPORT ON TAXATION MATTERS**

The Head of Finance and Student Funding presented an update in relation to College taxation matters for 2019-20.

Ms Mulholland highlighted the main areas of taxation the College engaged with on an annual basis explaining that most of the taxation matters were of a routine nature and the College had a sufficient level of in-house expertise to deal with most of them, however, professional advice was taken from legal experts and / or specialist tax accountants where required.

**The Finance and General Purposes Committee noted the report.**

**FPM368 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 presented the College Strategic Risk Register explaining that the Senior Management Team continued to review it. In carrying out that review process, Mr Ritchie summarised the considerations / adjustments that had been made recently and highlighted the mitigating controls across all risks that had been updated to take account of the outcomes of internal / external audit reports and any relevant Scottish Government/Scottish Funding Council announcements.

The Chair recorded his thanks to the Senior Management Team and noted that, based on knowledge of the current operating environment, it did not consider there was a requirement to amend the top five risks or the associated risk pre and post mitigation scoring, therefore, there had been no changes to the remaining strategic risk scores.

**The Finance and General Purposes Committee reviewed and approved the College 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;**
- **Whether any new risks should be considered for inclusion; and**
- **The progress made in further developing the College Risk Management framework.**

**FPM369 REPORT ON SFC ANALYSIS OF THE 2018-19 ANNUAL ACCOUNTS OF SCOTLAND'S COLLEGES AND UNIVERSITIES**

The Director of Finance reported that on 15 October 2020, the Scottish Funding Council published a summary analysis of the 2018-19 annual accounts for the college and university sectors and summarised some of the highlights of the SFC report.

Mr Ritchie explained that the SFC recognised the current very dynamic situation as colleges and universities continued to explore and implement measures to address the financial impact of the Covid-19 pandemic. The SFC would continue to support organisations through this process and would be monitoring individual institutions for early signs of financial difficulties. The SFC anticipated providing a further update on the sector position once it had analysed the colleges' financial forecasts covering the period 2019-20 through to 2022-23.

**The Finance and General Purposes Committee considered and noted the SFC report.**

**FPM370 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.

**FPM371 ANY OTHER BUSINESS**

- No other business items were raised.
- Date of next meeting - Tuesday 2 March 2021.

**TITLE: JOINT MEETING OF AUDIT AND FINANCE AND GENERAL PURPOSES COMMITTEES**

**Minutes of the meeting held on 24 November 2020**

**Action:** The draft Joint Meeting of Audit and Finance and General Purposes Committee minutes from the meeting held on Tuesday 24 November 2020 are attached for information. These will be formally approved at the next meetings of the Audit and Finance and General Purposes Committee scheduled for 11 and 2 March 2021 respectively.

The Committee Chair, John McMillan will lead the Board through key matters discussed at the meeting and the Board is asked to note:

- ❖ AFM28 - The Committee held a closed session with the external auditors with no members of the Senior Management Team present. The Chair thanked Mazars for their input and the Committee welcomed the information shared.
- ❖ AFM33 - The Committee recognised and welcomed that the external auditors were proposing an unqualified opinion concerning the financial statements, the regularity of income and expenditure, remuneration and staff report, performance report and governance statement.
- ❖ AFM34 - The Chair recorded his thanks on behalf of the Committee to the finance team for this excellent work in what had been a difficult year.

**Lead:** John McMillan, Chair, Audit Committee

**Status:** Open (EXCEPT FOR MINUTE Nos AFM28 WHICH ARE RESTRICTED)

## JOINT MEETING OF AUDIT COMMITTEE AND FINANCE AND GENERAL PURPOSES COMMITTEE

**MINUTES:** Tuesday 24 November 2020

**Present:** John McMillan (in the Chair)

**Audit:** Andrew Hetherington, Graeme Bold and Wai Wong.

**FGP:** John Leburn, Angela Wilson and Liz Connolly.

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

**Attending by invitation:**

Lucy Nutley, Susie Graham (Mazars – External Auditors).

Stephen Pringle (Wylie & Bisset – Internal Auditors).

**Apologies:** Jim Hannigan.

**AFM28 CLOSED SESSION WITH EXTERNAL AUDITORS - Restricted Item**

[illegible]

## AFM29 WELCOME

The Chair welcomed members, attending officers and auditors (internal and external) to the joint meeting of the Audit Committee and Finance and General Purposes Committee.

## AFM30 DECLARATIONS OF INTERESTS

- John McMillan and Liz Connolly: Trustees of the West College Scotland Foundation.
- Jim Hannigan: Skills Development Scotland.
- David Alexander: Scottish Funding Council Board member and Chair of the SFC Audit and Compliance Committee.
- Angela Wilson: West Dunbartonshire Council.

### **AFM31 MINUTES**

The minutes of the joint meeting of the Audit Committee and Finance and General Purposes Committee held on 19 November 2019 **were noted (having already been approved at each of the Committees)**.

### **AFM32 ACTIONS FROM THE MINUTES**

The Committee **noted** that all actions arising from the previous minutes had been completed.

### **AFM33 EXTERNAL AUDIT REPORT AND LETTER OF REPRESENTATION 2019-20**

The external auditors, Mazars, presented their report on the audit of the financial statements for the year ending 31 July 2020 and their letter of representation 2019-20 was considered.

Ms Nutley summarised the audit conclusions. She explained that the scope of their year-end work (including identified significant audit risks and other areas of management judgement) was as outlined in their Audit Strategy Memorandum which she had presented to the Audit Committee on 21 May 2020. Since Mazars issued that Audit Strategy Memorandum, the UK had been subject to the continued challenges and restrictions of COVID-19 and they had reviewed their Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remained appropriate. She acknowledged the difficulties encountered by the College team during accounts preparation and audit and expressed her thanks for the assistance of the finance team during the audit.

She led the Committee through the report and highlighted that the auditors had delivered an unqualified opinion concerning the:

- Financial statements for the year ending 31 July 2020;
- Regularity of income and expenditure (in all material respects the expenditure and income recognised in the financial statements had been applied for the purposes intended); and
- Remuneration and staff report, performance report and governance statement.

The external auditors also concluded that the College had:

- Effective arrangements, including budgetary control, that helped the Board members scrutinise finances;
- Adequate financial planning arrangements in place, although there remained a challenging funding environment going forward, with further efficiencies required in order to achieve an adjusted breakeven financial position;
- A need for significant capital investment to maintain building standards and therefore ensure continued revenue income based on student numbers. Funding had not yet been secured from the SFC to support significant College estates developments during the year and thus the risk of reduced performance as a result of a deteriorating estate remained;
- Governance arrangements in place that provided appropriate scrutiny of decisions made by the Board; and
- An effective framework in place that supported progress towards the achievement of value for money.

and this led to the Audit Report being unqualified.

In response to a question, Ms Nutley explained that the report contained a matter of emphasis section in relation to the valuation of the property portfolio of the Strathclyde Pension Fund. This matter was not unique to the College and would apply to all colleges who participated in the Fund. It did not impact the operations of the College. The Committee noted that the valuation issue may have an impact upon future employer contributions levels.

In response to a question about Going Concern, Ms Nutley noted that the auditors had considered this risk due to uncertainties over the College's ability to deliver its credit target following the closure of campuses at the outset of the COVID-19 pandemic and the continuation of European Social Funding (ESF). Whilst uncertainty still existed with the termination of ESF funding anticipated in July 2023, no reduction in funding was made in the current year as a result of COVID-19 and the College was able to successfully deliver its credit target. Mazars had considered the longer-term financial sustainability of the College in their Wider Scope work. She added that satisfactory assurance had been obtained that the College had enough resources to enable it to continue operations for a period of twelve months from the date of signing of the financial statements.

The Chair congratulated the College for being as adaptive, agile and flexible as possible given the financial and operational challenges of 2020. The dedication to students and their continued learning via digital / blended methods had, out of necessity, been developed on an ad hoc basis and demonstrated tremendous effort and commitment.

Ms Nutley thanked attending officers and their teams for the quality of the information provided and the constructive working relationship they enjoyed throughout the audit process.

The Committee recognised and welcomed that the external auditors were proposing an unqualified opinion concerning the financial statements, the regularity of income and expenditure, remuneration and staff report, performance report and governance statement.

**The Committee approved for presentation to the Board of Management the:**

- **Audit report to the Board of Management and the Auditor General for Scotland for the year ended 31 July 2020.**
- **The letter of representation.** [Action: AR]

#### **AFM34 PERFORMANCE AND ACCOUNTABILITY REPORT/FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020**

The College Financial Statements for the year to 31 July 2020 were presented by the Vice Principal Operations for review and approval for presentation to the Board of Management. The report provided an overview of the 2019-20 Financial Statements and encompassed:

- Financial reporting requirements;

- An overview of the final year end position, reconciling the College April Management Accounts forecast as presented to the Finance and General Purposes Committee, to the audited position as at 31 July 2020;
- The College's underlying adjusted operating position as at 31 July 2020; and
- Consideration of balance sheet movements.

Mr Alexander confirmed that the Financial Statements for the year ended 31 July 2020 had been audited by Mazars LLP and referred to the associated 2019-20 Annual Audit Report along with the associated Letter of Representation that had been considered earlier.

The acting Chair of the Finance and General Purposes Committee reported that FGPC members discussed the wealth of detail contained in the Performance and Accountability Reports earlier and he commended the open and transparent way in which the reports had been written. Some drafting and contextual suggestions which may add to the consistency and understanding of the information presented had been suggested and Mr Ritchie agreed to incorporate these where appropriate.

The Chair recorded his thanks on behalf of the Committee to the finance team for this excellent work in what had been a difficult year.

**The Joint Audit / Finance and General Purposes Committee reviewed and approved the 2019-20 Performance and Accountability Report and Financial Statements for presentation to the Board of Management.**  
**[Action: DA]**

#### **AFM35 VALUE FOR MONEY REPORT 2019-20**

The Director of Finance explained that the Audit Committee remit included the requirement *"To review and advise the Board of the Internal Auditor's and External Auditor's assessment of the effectiveness of the College's financial and other internal control systems, including controls specifically designed to prevent or detect fraud or other irregularities as well as those for securing economy, efficiency and effectiveness (value for money)"*.

In fulfilling this remit, the College had an approved Value for Money Policy and this annual Value for Money report had been prepared to assist the Joint Audit and Finance and General Purposes Committee in formulating its conclusions in respect of the College's arrangements for securing value for money during 2019-20. This was in accordance with the College Value for Money Policy and was required as part of the 2019-20 Financial Statements approval process.

Mr Ritchie led the Committee through the College's Value for Money (VFM) Policy objectives to ensure Best Value was achieved and that continuous improvement could be demonstrated in the efficiency and effectiveness of all activities. He summarised the College Best Value Indicators which included:

- Teaching - Student Survey
- West College Scotland Business Transformation Plan - Future Proofing our College
- Business Process Improvement
- Business Continuity
- Risk Management

- Estate Management
- IT Infrastructure and Service Delivery
- Internal Audit

In response to a question, the Director of Finance explained that the College had an approved Workforce Development Plan in place which was designed to assist with transforming the current workforce into what was required to deliver both the future curriculum and support services. During 2019-20 individual departmental workforce plans had been discussed and agreed with the relevant managers allowing the overall workforce plan to be developed into an operational tool. The implementation of the College Workforce Plan was monitored by the HRCD Committee.

Regarding the National Student Survey, Mr Ritchie explained that was an important indicator of students' perceptions of the value for money offered by the College. Due to the impact of Covid-19 and the resultant national lockdown the College was unable to participate in the 2019-20 national student survey but intended on participating fully in the 2020-21 national survey. He added, however, that through Student Experience Advisors, the College had been gathering feedback on student related issues over 2019-20. Across a broad range of areas, students provided positive feedback with respondents agreeing or strongly agreeing.

**The Joint Audit and Finance and General Purposes Committee considered and approved the report based on the steps taken by the College to secure value for money during 2019-20.**

#### **AFM36 SFC CREDIT ACTIVITY 2019-20: AUDIT REPORT AND CERTIFICATE**

Stephen Pringle (Wylie & Bisset) presented the results of the SFC Credit (student activity) Audit for 2019-20 which included the audit certificate.

Mr Pringle reported that Wylie & Bisset were appointed to carry out the 2019-20 audit of student activity (Credits) and he led the Committee through the results of that audit work against each of the 12 key risk areas highlighted by the SFC in their guidance.

Mr Pringle added that Wylie & Bisset had concluded:

- The student data returns had been compiled in accordance with all relevant guidance;
- Adequate procedures were in place to ensure the accurate collection and recording of the data; and
- On the basis of their testing they could provide reasonable assurance that the FES return contained no material mis-statement.

Mr Pringle confirmed that the audit certificate was unqualified and was in the format set out in the audit guidance. The audit certificate was submitted to the SFC on 2 October 2020 in line with the required reporting deadline.

The Committee thanked the auditor for a thorough audit and report.

**The Committee:**

- **Noted the four low level audit recommendations and management responses.**
- **Approved the 2019-20 Credit Audit Report and Certificates.**

**AFM37 STUDENT SUPPORT FUNDS 2019-20 – AUDIT REPORTS AND CERTIFICATES**

Stephen Pringle (Wylie & Bisset) presented the outcomes from the 2019-20 Student Support Fund audits. The College operated several student support funds which were subject to independent audit and Mr Pringle reported that Wylie & Bisset were appointed to carry out the 2019-20 audits of the College student funding expenditure against the relevant SFC or SAAS guidance and to report on their work. This assignment covered the audits of:

- Student Support Funds – which encompassed the following:
  - ❖ Scottish Funding Council (SFC) Student Support Fund which includes bursary,
  - ❖ childcare and discretionary funds; and
  - ❖ Student Awards Agency for Scotland (SAAS) Discretionary Fund.
- Educational Maintenance Allowances (EMA).

Mr Pringle added that the auditors had concluded that:

*'We have examined the books and records of West College Scotland and have obtained such explanations and carried out such tests as we considered necessary. On the basis of our examination and of the explanations given to us, we report that the information set out in these forms is in agreement with the underlying records. We also report that, in our opinion, the College used these funds in accordance with the guidance issued by the SFC. We are satisfied that the systems and controls of the administration and disbursement of these funds are adequate.'*

He confirmed that the audit did not make any recommendations as to the operation of either fund and Wylie & Bisset had issued unqualified audit opinions for all funds.

**The Committee approved the:**

- a) Audit Report on Student Support Fund 2019-20; and**
- b) Audit Report on Educational Maintenance Allowance 2019-20.**

**AFM38 INTERNAL AUDITORS ANNUAL REPORT 2019-20**

The Director of Finance presented the Internal Auditor's Annual Report and provided further background information in considering approval of the Financial Statements. He explained that the report would also be submitted to the Scottish Funding Council (SFC).

Mr Ritchie explained that Scott Moncrieff were the College internal auditors until 31 July 2020 and had provided a report covering the year to 31 July 2020. The report was considered and approved by the Audit Committee at its 21 May 2020 meeting by which point the internal auditors had completed their 2019-20 audit plan. The College received confirmation from Scott Moncrieff in October 2020 that they were not aware of any factors since the report was

presented to the May 2020 Audit Committee that required them to change the content and conclusion contained within their annual report.

The key extract from the report was in relation to the overall internal audit opinion based on the work undertaken during the year which was as follows:

*"In our opinion West College Scotland has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, internal controls, effective and efficient achievement of objectives and the management of key risks".*

Scott Moncrieff had included a note that their audit fieldwork was undertaken prior to the Covid-19 pandemic and that work was the basis on which they formed the above opinion. The nature and timing of the amendments to governance, risk and internal control arrangements as a result of Covid-19 should be carefully considered by the Audit Committee for any impact on the governance statement and related commentary.

**The Joint Committee noted the content of the Internal Auditor's Annual Report 2019-20.**

**AFM39 2019-20 ANNUAL REPORT FROM AUDIT COMMITTEE TO BOARD OF MANAGEMENT**

The Chair presented the Annual Report to the Board of Management which detailed the work carried out by the Audit Committee during the period 1 August 2019 to 31 July 2020. The Annual Report was a requirement of both the Scottish Funding Council (SFC) Financial Memorandum and the Scottish Public Finance Manual and complied with the requirements of those documents.

Mr McMillan led the Committee through the report noting that despite the governance and operational challenges faced by the College, the 2019-20 schedule of Committee business was completed within the year.

**The Committee considered and approved the content of the Annual Report from the Audit Committee to the Board of Management.**

**[Action: AR]**

**AFM40 STRATEGIC RISK REGISTER REVIEW**

The Director of Finance explained that under the Corporate Governance Code, the Board of Management was tasked with ensuring a framework of risk management and control was in place and he presented the College Strategic Risk Register for consideration.

The Director of Finance presented the College Strategic Risk Register explaining that the Senior Management Team continued to review it. In carrying out that review process, Mr Ritchie summarised the considerations / adjustments that had been made recently and highlighted the mitigating controls across all risks that had been updated to take account of the outcomes of internal / external audit reports and any relevant Scottish Government/Scottish Funding Council announcements.

Members recorded their thanks to the Senior Management Team and noted that, based on knowledge of the current operating environment, it did not consider there was a requirement to amend the top five risks or the associated risk pre and post mitigation scoring, therefore, there had been no changes to the remaining strategic risk scores.

The Chair agreed that the comprehensive format and content of the Register gave members confidence that actions were being taken to mitigate identified risks.

**The Joint Audit / Finance and General Purposes Committee reviewed and approved the College 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;**
- **Whether any new risks should be considered for inclusion; and**
- **The progress made in further developing the College Risk Management framework.**

**AFM41 ANNUAL REVIEW OF EXTERNAL AUDITORS - Audit Committee Members Only**

The Secretary to the Committee explained that the Audit Committee had a responsibility to evaluate effectiveness and efficiency of external audit arrangements. It was considered best practice for audit committees to evaluate the effectiveness of their audit arrangements every year and she described the proposed process for the 2020 review which would follow the established process of previous years:

- Questionnaires would be issued to the Principal, Vice Principal Operations and all Committee members. Participants would be requested to return completed documents to the Secretary to the Board by Monday 30 November 2020.
- The Secretary to the Board would present a summary finding report for consideration to the 3 December 2020 Audit Committee meeting.

**The Committee agreed that the Secretary issue questionnaires to the Principal, Vice Principal and all Committee members the following day. Participants would complete the questionnaire and return it to the Secretary on or before Monday 30 November 2020 and, following that, the Secretary would present a summary analysis report to the Audit Committee's meeting in December 2020.**

**[Action: SG; LC; DA; Committee]**

**AFM42 ANY OTHER BUSINESS**

The Chair thanked members of the Committee, attending officers and auditors for their attendance. No other business items were raised.

**TITLE: HRCD COMMITTEE**

**Draft Minutes of the meeting held on Wednesday 4 November 2020**

**Action:** The draft HRCD Committee minutes from the meeting held on Wednesday 4 November 2020 are attached for information. These will be formally approved at the next Committee meeting scheduled for Wednesday 10 February 2021.

The Committee Chair, Mark Newlands will lead the Board through key matters discussed at the meeting and the Board is asked to note:

- ❖ CDM260 – Update on Mobilisation Group - The Director Organisational Development and HR provided an update on staff and students who had tested positive for Covid-19 and reported that the Scottish Government asked for a weekly update on this data. Mr Gunn added that the Health and Safety Executive (HSE) had conducted an announced inspection visit of Hairdressing, Beauty Therapy and Make Up Artistry on the Paisley campus. The Committee was reassured by the outcome of the HSE visit and commended the practices being undertaken on campuses.
- ❖ CDM270 – Alternative Income Report - The Committee welcomed the efforts of the College to best place itself to help support partner organisations, stakeholders and local communities now and in the future whilst operating within its own challenging position.
- ❖ CDM271 – Risk Strategy and Register - The Committee noted the report and agreed that no amendments were required at this time in relation to the activities within its remit.
- ❖ CDM273 - Committee Membership – Extension to Co-Op Tenure - The Committee recommended approval to the Board of David Mark's reappointment for a further one year (1 March 2021 to 29 February 2022) **and the Board is asked to approve this.**
- ❖ CDM274 - The Committee noted the status of the national pay bargaining.

**Lead:** Mark Newlands, Chair, HRCD Committee

**Status:** Open (**EXCEPT FOR MINUTE No CDM270 WHICH IS RESTRICTED**)

## **HR and CORPORATE DEVELOPMENT COMMITTEE**

**MINUTES:** Wednesday 4 November 2020 at 4.00 p.m. via Teams

**MEMBERS:** Mark Newlands (in the Chair), Jim Hannigan, Linda Johnston, Sabira Akram, David Mark.

**IN ATTENDANCE:** Stephanie Graham (Vice Principal Educational Leadership), Sara Rae (Assistant Principal, Enterprise and Skills), David Gunn (Director Organisational Development and HR), Waiyin Hatton (Chair of the Board), Shirley Gordon (Secretary to the Committee).

**APOLOGIES:** Liz Connolly.

### **CDM266 DECLARATIONS OF INTERESTS**

The following declarations of interest were recorded and noted:

- Liz Connolly: Trustee of the West College Scotland Foundation.
- Jim Hannigan: Skills Development Scotland.
- Sabira Akram: Scottish Qualifications Authority.
- Waiyin Hatton: Wai Beyond, People and organisational development consultancy; Harvey McMillan, People and organisational development consultancy; Action Against Stalking; Colleges Scotland (Board member).

### **CDM267 MINUTES**

The Chair welcomed everyone to the meeting being held via Teams. The minutes of the meeting held on Tuesday 15 September 2020 **were approved**.

The actions from the minutes **were noted**.

### **CDM268 MATTERS ARISING FROM THE MINUTES (NOT OTHERWISE ON THE AGENDA)**

There were no other matters arising from the minutes not otherwise on the agenda to be considered.

### **CDM269 UPDATE ON MOBILISATION GROUP**

The Director Organisational Development and HR provided an update on staff and students who had tested positive for Covid-19 and reported that the Scottish Government asked for a weekly update on this data. He led the Committee through the submission made to the Scottish Government on Monday 26 October 2020 which included data from the beginning of the Academic Session on 21 September 2020. This submission would also be provided at weekly meetings of the Mobilisation Group.

Mr Gunn explained that such reporting to the Scottish Government allowed a weekly coordinated synopsis for Ministers of what was happening in the college sector in terms of positive cases in the same way as they did for Universities. It would be a clear part of the evidence base for further decision-making as Scotland moved through the pandemic and the Scottish Government intended publishing

this management information at a Scotland-level but not by individual institution. He described the definitions of the weekly data collected including the following:-

- Total Cases - Since start of academic session.
- New Cases - Previous week (Friday to Thursday).
- Current staff isolating - as a result of a positive test confirmed with Public Health.
- New Self Isolating - Number of staff self-isolating since previous week.

Mr Gunn added that the Health and Safety Executive (HSE) had conducted an announced inspection visit of Hairdressing, Beauty Therapy and Make Up Artistry on the Paisley campus. This had included:

- A pre-inspection meeting where the role of the Mobilisation Group was outlined as well as a thorough review of the internal measures / procedures in place at the College in relation to the management of Covid-19.
- A pre walk round meeting between College staff and HSE staff where there was the opportunity to summarise the College Covid-19 intranet pages, OH self-assessment, Risk Assessments, Test and Protect protocols and the sanitisation regime.
- The walk round tour itself (trade unions representatives did not go on the tour (for social distancing reasons)).

All went well including the social distancing of staff and students. There would be no written feedback but both Inspectors offered to answer any queries on Covid-19 issues going forward and declared themselves to be comfortable with everything seen. They had also agreed with the College decisions not to take temperatures and not to use fogging machines.

The Committee was reassured by the outcome of the HSE visit and commended the practices being undertaken on campuses.

To clarify a point made earlier about the national weekly data collection, the Vice Principal Educational Leadership explained that, although the number of students and staff who had tested positive and who had been on campus in the last two weeks was gathered, it was not published in this way.

**The Committee noted the data provided.**

#### **CDM270 ALTERNATIVE INCOME REPORT – RESTRICTED ITEM**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

#### **CDM271 RISK STRATEGY AND REGISTER**

The Chair reported that the Committee considered risk in relation to the activities within its remit. Risk was considered by the Board and all the Board Committees at each of the meetings. This meant that emerging risks were quickly identified, and mitigating actions agreed. In relation to the risks pertinent to its remit, the Committee must be confident that these have been identified and mitigating actions agreed.

Mr Gunn presented the College Strategic Risk Register for consideration and provided an update on the actions taken by the College to embed risk management across the organisation. The latest update of the Strategic Risk Register was considered by the Board at its meeting held on Monday 5 October 2020 and a copy of that was noted.

**The Committee noted the report and agreed that no amendments were required at this time in relation to the activities within its remit.**

#### **CDM272 REPORTS FROM SUB COMMITTEES**

Minutes from the meetings of the Sub-Committees were attached for the Committee's consideration including:

**LJCNC Lecturing:** 3 June 2020, 3 September 2020, 9 September 2020

**LJCNC Support:** 3 June 2020, 9 September 2020

**EDI:** 24 September 2020

**Health & Safety:** 23 September 2020

Mr Gunn provided an update on campus catering



**The Committee noted the 7 sets of minutes.**

**CDM273 COMMITTEE MEMBERSHIP – EXTENSION TO CO-OP TENURE**

The Committee was asked to note that the tenure of co-opted member, David Mark, expired on 28 February 2021 and approve his reappointed for a further one year (1 March 2021 to 29 February 2022). The HRCDC Chair would ask the Chair of the Board to present this for approval to the Board meeting scheduled for Monday 14 December 2020.

**The Committee recommended approval to the Board of David Mark's reappointment or a further one year (1 March 2021 to 29 February 2022).**

**CDM274 UPDATE ON NATIONAL BARGAINING**

The Director Organisational Development and HR provided an update on the current status of national pay bargaining for Lecturing Staff and Support Staff. National Colleges Scotland Employers Association negotiations with teaching staff, in relation to a 2020-21 pay award, had concluded with an agreed consolidated 2% pay increase. However, support staff trade unions had lodged a dispute procedure with the Colleges Scotland Employers Association regarding application of the previous pay agreement for the period to the end of August 2020, and this required to be considered in progressing negotiations for the 2020-21 support staff pay award. Negotiations with support staff trade unions remained ongoing in relation to a 2020-21 pay award.

**The Committee noted the status of the national pay bargaining.**

**CDM275 ANY OTHER BUSINESS**

- Date of next meeting: Wednesday 10 February 2021 – 4 till 6pm.

**TITLE: LTQ COMMITTEE**  
**Draft Minutes of the meeting held on Wednesday 11 November 2020**

**Action:** The draft LTQC minutes from the meeting held on Wednesday 11 November 2020 are attached for information. They will be formally approved at the next Committee meeting scheduled for Wednesday 24 February 2021.

The Committee Chair, Jacqueline Henry will lead the Board through key matters discussed at the meeting and the Board is asked to note:

- **LM382 - Update from Educational Leadership Team (ELT):**
  - ❖ The Committee commended the innovation and flexibility of all staff involved in the delivery of the College curriculum. Their commitment to students was excellent to hear.
  - ❖ The Chair applauded the strengths highlighted in the Student Life & Skills report and wished the College well at the CDN Awards 2020 scheduled to be held virtually on 3 December 2020.
  - ❖ The Committee extended its thanks to all staff involved in the logistical process of distributing Chromebooks to students. It also congratulated the College for being as adaptive, agile and flexible as possible given that curriculum materials and resources were not at the stage of 100% mass conversion to truly digitally engaging curriculum content. The Chair recognised that college approaches to digital learning had, out of necessity, been developed on an ad hoc basis at departmental level and welcomed the approach that institutions were informally moving to share what was perceived to be best digital practice.
- **LM385 - Student Success KPIs 2019-20** - The Assistant Principal Performance and Skills explained that the KPIs reflected the College ROA targets previously agreed and in place already and agreed they would need revisited when the replacement of the ROA process had been announced.
- **LM386 - Curriculum Planning 2020-21** - The Vice Principal Educational Leadership led the Committee through the planned outcomes from the CPR process explaining that these would be available for the Committee's next meeting scheduled for February 2021.
- **LM392** - The Committee approved its remit, current membership list and 2020/21 meeting dates and **recommended approval to the Board of Ruth Binks' reappointment as a co-opted member for a further one year (1 March 2021 to 28 February 2022).**

- **LM393** - The Committee welcomed the Chair's suggestion of looking at strategic issues facing the LTQC over the academic session.

**Lead:** Jacqueline Henry, Chair, LTQ Committee

**Status:** Open

## **LEARNING, TEACHING AND QUALITY COMMITTEE**

**Minutes:** Wednesday 11 November 2020

**Present:** Jacqueline Henry (in the Chair), Steven Cairney, Mark Hamilton, Vanessa Thompson, David Watson, Liz Connolly, Ruth Binks.

**Attending:** Stephanie Graham (Vice Principal Educational Leadership), Cathy MacNab (Assistant Principal Performance and Skills), Angela Pignatelli (Assistant Principal Creativity and Skills), Iain Forster-Smith (Assistant Principal Student Life and Skills), Waiyin Hatton (Chair of the Board), Shirley Gordon (Secretary to the Board).

**Observing:** John Laird (Inspector, HMIE).

**Apologies:** Fiona McKerrell.

### **LM376 WELCOME**

The Chair welcomed everyone to the meeting, introduced John Laird (the College link Inspector from HMIE who was observing proceedings) and noted apologies.

### **LM377 DECLARATIONS OF INTERESTS**

- Liz Connolly: Trustee of West College Scotland Foundation.
- Waiyin Hatton: Wai Beyond, People and organisational development consultancy; Harvey McMillan, People and organisational development consultancy; Action Against Stalking; Colleges Scotland (Board member).

### **LM378 MINUTES**

The minutes of the meeting held on Wednesday 20 May 2020 **were approved.**

### **LM379 ACTIONS FROM THE MINUTES**

The Committee **noted** the actions from the minutes, and on the suggestion of the Vice Principal Educational Leadership, it was agreed that action relating to the sector final report on the Scottish Government's Improvement Project be removed since it appeared that no final report was being published.

**{ACTION - ShG}**

### **LM380 MATTERS ARISING FROM THE MINUTES**

There were no matters arising not otherwise covered on the agenda.

### **LM381 PRESENTATION ON THE SFC REVIEW OF COHERENT PROVISION AND SUSTAINABILITY PHASE 1 REPORT**

The Vice Principal Educational Leadership delivered a presentation on the review of tertiary education currently being undertaken by the Scottish Funding Council (SFC) at the request of Government Ministers. She summarised the initial Review objectives and explained that the Review's consultation provided an opportunity for everyone interested in the education, skills, research and innovation delivered through colleges and universities, and for post-16 provision generally in Scotland, to consider what the future could or should look like.

The Vice Principal Educational Leadership reported that the Phase 1 report 'Insights to Develop Further' was published on 20 October 2020 feeding back the research and consultation responses and identifying possible areas for further review and collaborative next steps. It highlighted the significant challenges Covid-19 presented for tertiary education in terms of learning (particularly in practical areas); financial sustainability; pressures on public spending; the pace of technological change and the expectations on the sector post Covid-19. Included in the Phase 1 report was a summary of the consultation findings, some extracts from the responses and the research documentation considered but there were no final outcomes at this stage or any timetable for changes but there were clear areas for further exploration within the next Phases.

The Vice Principal Educational Leadership led the Committee through a summary of key areas in the report, the 10 themes identified for the next phase of review, the areas where further exploration was required in the next phase and the key areas for development in Phase 2 explaining that the report highlighted what were called the two emergency years ahead, alongside considering how to build a system for the future that was adaptable and resilient to secure optimal outcomes for a wide range of interests in a shifting and complex environment.

The Committee considered the Phase 1 Report and the following points were discussed:

- Phase 2 was due to be concluded by February 2021 (it was not confirmed if this would be in the form of a report at this stage) and the Review was to be completed early summer 2021.
- The detail within the 10 themes and the options set out in the report with regard to possible changes to tertiary education funding methodology, quality assurance and measurement reporting were of specific interest to Universities and Colleges and, in part, were in line with what the College Sector had been requesting for some time. Until further detail was issued, however, in relation to these possible changes and what a new model may look like, it was difficult to predict any likely direct impact on WCS.
- There would not be one simple answer to the challenges and there were many stakeholders who would influence how best to respond to the consequences of the pandemic and other issues within the sector. In order to get the best outcomes for change there would be collaboration between colleges, universities, students, employers, and other key stakeholders, working together in an iterative way, to shape the conversation, bring forward and explore options, and consider necessary reforms at a system-wide level.
- Recognition that the reach of WCS was wide and, although the UWS was its most local education partner currently (with existing good working relationships), it would be paramount to work innovatively with other stakeholders to meet the demands of communities, other regions and industries as part of the overall economic recovery. The Committee welcomed the ambition and direction of travel in which the College was clearly positioning itself to best support the sector, staff, students, communities and employer partners.
- Delivery of tertiary education going forward and the balance between digital learning, on-site learning and a blended model was debated. WCS

still had the ambition for new build campuses in Greenock and Paisley and would continue to pursue this ideal with the SFC.

**The Chair thanked the Vice Principal Educational Leadership for the insightful summary and presentation which was noted. It was agreed that further updates be provided as they became available.**

**{ACTION - StG}**

#### **LM382 UPDATE FROM EDUCATIONAL LEADERSHIP TEAM (ELT)**

The ELT updated the Committee on developments in the following four key areas since the last meeting:

- **Curriculum** – The Vice Principal Educational Leadership summarised 2020/21 enrolments drawing comparisons with 2019/20 and reported that the 2020-21 Curriculum Plan was completed in the spring to plan credit delivery in line with the Business Transformation Plan. It was then adapted before the summer in anticipation of Covid-19 restrictions in delivery and, following that, SFC Credit guidance for 2020-21 was published on 6 August 2020 with significant changes for this current year which meant further changes to the Curriculum Plan which were highlighted. The late publication of the guidance had caused planning difficulties but, at this point, WCS still expected to be able to adjust and deliver its 2020-21 credit target.

The Vice Principal Educational Leadership explained that, in line with Government guidance, College curriculum delivery was currently 'restricted blended learning' with significant off campus learning and social distancing measures for any activity on campus. Curriculum areas had responded very well, significantly changing their delivery and working hard to retain as much student interaction as possible within remote and practical learning. In relation to the curriculum portfolio, new courses were being delivered and further developed. The College had been shortlisted for the CDN 2020 Awards for 'Your Employability Skills' and was using this course format for the development of further employability courses.

The Committee commended the innovation and flexibility of all staff involved in the delivery of the College curriculum. Their commitment to students was excellent to hear.

In response to a question about recruitment, the Vice Principal Educational Leadership reported that the SFC was gathering sector-wide enrolment data to look at themes / patterns nationally. Scotland-wide Vice Principals also met fortnightly to share intelligence and knowledge and enrolment was generally in line with previous years. She acknowledged that the focus now would be on the retention of students using the restricted blended learning model providing one-to-one support to them as required.

- **Student Life & Skills** – The Assistant Principal Student Life and Skills summarised the College credit audit for the academic year 2019/20, explaining that WCS had four low recommendations from this audit which he highlighted.

School / College Partnership courses planned were operating through a mixture of on-line, face to face and blended learning and School / College operational meetings continued (4 per session) and were attended by College representatives, LA Education representatives, DHTs, curriculum leads from schools and College when appropriate and other partners as required.

The Assistant Principal Student Life and Skills highlighted new developments for 2020/21 including the introduction of Digital Student cards and was delighted to report that the College had been shortlisted for the CDN Awards 2020 for “Health Promoting College”.

The Assistant Principal Student Life and Skills added that the College was currently working towards achieving the Carers Trust Going Further Student Carers Recognition Award and Driving Change Project in FE and work was currently ongoing across a special interest group of students to reflect on the Corporate Parenting Plan and redefining its aims.

Mr Laird commended some of the good practice highlighted, especially the Digital Student cards. He also alluded to the IT Helpdesk (staffed by students) made available to support student use of IT equipment and congratulated the College on bringing that opportunity to fruition. It was a fantastic initiative which would result in vital support to staff and students.

In response to a question, the Assistant Principal Student Life and Skills described the Student Wellbeing Procedure for staff (including a Fitness to Continue Study procedure) that had been launched and positively received.

The Chair applauded the strengths highlighted in Mr Forster-Smith’s report and wished the College well at the CDN Awards 2020 scheduled to be held virtually on 3 December 2020.

- **Digital** - The Assistant Principal Creativity and Skills outlined progress made by the Digital Strategy Group and highlighted the following:
  - ❖ The formation of 8 Digital Workstreams for task driven, business critical work across the College. Given the unprecedented volume and diverse range of digitally driven needs the College was experiencing, the Digital Strategy Core Group agreed and formed, these in June with leads, remits, responsibilities and completion dates.
  - ❖ The identification of eligible / self-declaring students needing a digital device for their studies and the launch of a process for distributing these alongside the recruitment of 8 HN Computing students to paid work placements to run and man the bespoke Student IT Helpdesk including helpdesk bespoke email address to log jobs for BYOD and loaned devices.
  - ❖ The creation of a menu of CPD for staff to aid working and teaching online including a focus on Microsoft Teams (the College platform of choice) as well as a series of CPD for students and their parent / guardian on the functionality of Microsoft Teams.
  - ❖ Recognition that many students were finding learning digitally a challenging and isolating experience. There was a need to equip

students with coping mechanisms as well as a requirement in interactions with students to encompass / build in flexibility and space to ensure that, within learning, there was breathing space for socialisation and the human touch as not being on a campus had removed many individual social interactions.

In response to a question about the agreed baseline definition on digital etiquette, behaviours and protocols for staff and students around digital interactions, the Assistant Principal Creativity and Skills explained that there was a need for a consistent approach to building students' skills and capabilities in successful digital interaction and learning as well as clear protocols and expectations of Colleges. Students needed more support / training for developing positive behaviours which enhanced engagement online, including technical and softer skills such as confidence building, appropriate ways to communicate, interview online and presentation skills. She added that the College had launched the Jisc Digital Capability Tool for all students, however, this was only one part of the wider need for formal support for learners to learn digitally, successfully.

The Committee extended its thanks to all staff involved in the logistical process of distributing Chromebooks to students. It also congratulated the College for being as adaptive, agile and flexible as possible given that curriculum materials and resources were not at the stage of 100% mass conversion to truly digitally engaging curriculum content.

The Chair recognised that college approaches to digital learning had, out of necessity, been developed on an ad hoc basis at departmental level and welcomed the approach that institutions were informally moving to share what was perceived to be best digital practice. She looked forward to seeing updates on the development of digital delivery.

- **Quality** – The Assistant Principal Performance and Skills delivered a presentation on a summary of the Quality Assurance Report 2019-2020. She outlined the Quality Department activities reporting that 34 External Verification visits took place during 2019/20 before the College closed on 23 March 2020 due to the Covid-19 lockdown and drew comparison with 2018/19 and 2017/18. The Assistant Principal Performance and Skills highlighted some areas for action and led the Committee through the role of the Internal Quality Assurance (IQA) Panels explaining that External Verification activity had been replaced with IQA Panels.

In response to a question, the Assistant Principal Performance and Skills explained that the SQA and other awarding bodies were reviewing assessment requirements. There was some relaxation and flexibility around Graded Units and other closed book assessments and the College was considering how best to support remote assessment which required invigilation. She added that Graded Units were closely monitored to identify trends and the College was pleased with the 2019/20 results.

In respect of the 2019/20 External Verification (EV) Unsuccessful Visits, the Assistant Principal Performance and Skills reported that all EV reports were considered by relevant Curriculum Teams for review, impact analysis

and action planning for quality improvement. She agreed in future reports to include more detail and data about that. **{ACTION – CMacN}**

**The Chair thanked the ELT for the update which was noted.**

**LM383 STUDENTS ASSOCIATION (SA) UPDATE**

Vanessa Thompson outlined the varied workload of the Students Association over recent months particularly in liaison with students, lecturers / guidance lecturers and the College Executive and highlighted the following:

- The SA welcomed the appointment of a Student Liaison Officer who was a huge support and asset to the Team.
- The SA was soon to conduct a survey the results of which would be useful in exploring how students were feeling / coping with learning not only in a different physical environment but also via digital learning. The SA would also receive the results of the NUS survey being undertaken.
- Joint work that had been ongoing with staff and the SA to progress student funding issues, student / staff engagement and the proactive role of Class Reps.
- The SA had been pivotal in the production of the Class Rep online training course and that model had been adopted for national roll-out.

**The Chair thanked the Students Association President for her drive and passion in progressing the work of the Association and the update was noted.**

**LM384 EDUCATION SCOTLAND UPDATE– STANDING ITEM**

The Vice Principal Educational Leadership explained that this had been covered earlier in the Quality Update under Minute Ref LM382.

**The Committee noted the earlier update.**

**LM385 STUDENT SUCCESS KPIs 2019-20**

The Assistant Principal Performance and Skills reported that the student outcome KPIs were drawn from the post audited College student records database, submitted to the SFC in October 2020. For this session only, the success outcomes were indicative of the final sector published KPIs (due in March 2021). There remained some further outcome updates to be completed for deferred students (those unable to complete their qualifications during session 2019-20 because of the COVID – 19 restrictions).

In response to a question, the Assistant Principal Performance and Skills explained that these KPIs reflected the College ROA targets previously agreed and in place already and agreed they would need revisited when the replacement of the ROA process had been announced.

**The Committee noted the report.**

**LM386 CURRICULUM PLANNING 2020-21**

The Vice Principal Educational Leadership explained that the College was now entering its annual period of Curriculum Planning and Review and had taken that opportunity to adapt the procedure to be closer aligned to the Corporate

Plan and focus more strongly on curriculum change in response to the current Covid-19 situation.

As normal, the Curriculum Planning and Review (CPR) process followed on from the Portfolio Reviews and was used to agree amendments to the next session's curriculum, as well as identifying longer term factors and implications for other operational areas in the College.

The College was currently operating in a very uncertain time, as well as in a significantly different way. Recent changes in delivery which may be relevant for the future had been captured, as well as the likely changes to the external environment impacting on the curriculum. Whilst the CPR planning was for 2021-22 and beyond, in light of the rapidly changing situation and ensuring the College could respond to any opportunities to contribute to economic recovery, it would also consider any curriculum factors that should change in 2020-21.

The Vice Principal Educational Leadership led the Committee through the planned outcomes from the CPR process explaining that these would be available for the Committee's next meeting scheduled for February 2021.

**{ACTION – StG}**

**The Committee noted the report and update.**

**LM387 INTERNAL AUDIT REPORT – ONLINE RESOURCES  
(AT THE REQUEST OF THE AUDIT COMMITTEE)**

The Vice Principal Educational Leadership reported that, as part of the 2019-20 Internal Audit Plan, Scott Moncrieff had reviewed the College's use of online resources for engaging with students, including Moodle and 'MyDay'. The audit reviewed planning, usage policies, monitoring and student feedback mechanisms.

*She led the Committee through the report which concluded that 'West College Scotland has generally robust and effective arrangements in place over online resources. We confirmed that the use of online resources is actively considered as part of the curriculum planning process and that the College obtains and acts upon student feedback to support continuous improvement in this area.'*

The report identified several areas of good practice and three minor areas for improvement (two at grade 2 and one at grade 1), that, if addressed, would strengthen the College's control framework. Management had accepted the recommendations and initiated the management actions noted in the report to address the issues identified. The recommendations had been added to the Audit Rolling Audit Action Plan for monitoring purposes.

**The Committee noted the report.**

**LM388 INTERNAL AUDIT REPORT – ROA  
(AT THE REQUEST OF THE AUDIT COMMITTEE)**

The Vice Principal Educational Leadership reported that, as part of the 2019-20 Internal Audit Plan, Scott Moncrieff had reviewed the processes in place for agreeing the Regional Outcome Agreement (ROA), including linkage to strategic and operational plans, SMART objective and target setting and

effective engagement with internal and external stakeholders. The review was a two-stage audit. An interim report set out their findings from the first stage review assessing the College's planning processes for the development of the 2020-21 ROA. The report encompassed the results from both the stage one and two reviews and encapsulated the auditor's considerations of the finalisation of the ROA.

*She led the Committee through the report which concluded that 'West College Scotland's processes for developing its Regional Outcome Agreement (ROA) are robust and compliant with SFC guidelines. We confirmed the College's ROA process was fully complied with during development of the ROA, ensuing a quality ROA was drafted and submitted to SFC on a timely basis. The Board of Management was able to review and approve the ROA during the midst of COVID-19, ensuring the College continued to meet SFC submission deadlines.'*

The report identified several areas of good practice and did not identify any areas for improvement.

**The Committee noted the report.**

#### **LM389 QUALITY STANDARDS COMMITTEE MINUTES**

Minutes from the meetings of the Quality Standards Committee were attached for the Committee's consideration including:

- 14 May 2020
- 22 October 2020

**The Committee noted the 2 sets of minutes.**

#### **LM390 GTCS – PROFESSIONAL LEARNING AND REGISTRATION UPDATE**

The Vice Principal Educational Leadership explained that this had been covered earlier in the Quality Update under Minute Ref LM382 but the Committee was asked to note the report "College Lecturer Registration Sub-Group Report 1.0 Report on findings relating to the TQFE and teaching qualifications landscape in Scotland in relation to registration of college lecturers June 2020".

In response to a question, the Assistant Principal Performance and Skills reported that there were now only two Higher Education Institutions (HEIs) currently approved by the Scottish Government to provide the TQFE in Scotland were offering the qualification: University of Aberdeen and University of Stirling.

**The Committee noted the earlier update.**

#### **LM391 STRATEGIC RISK REGISTER**

The Vice Principal Educational Leadership explained that the Committee considered risk in relation to the activities within its remit. Risk was considered by the Board and all the Board Committees at each of the meetings. This meant that emerging risks were quickly identified, and mitigating actions agreed. In relation to the risks pertinent to its remit, the Committee must be confident that these have been identified and mitigating actions agreed.

She presented the College Strategic Risk Register for the consideration and provided an update on the actions taken by the College to embed risk management across the organisation. The latest update of the Strategic Risk Register was considered by the Board at its meeting held on Monday 5 October 2020 and she led the Committee through that.

**The Committee reviewed and noted the current strategic risk register and did not propose any amendments and / or additions, or any re-phrasing, required to be made at this point.**

**LM392 COMMITTEE REMIT, MEMBERSHIP AND DATES OF MEETINGS**

The Committee **approved its remit, current membership list and 2020/21 meeting dates and recommended approval to the Board of Ruth Binks' reappointment as a co-opted member for a further one year (1 March 2021 to 28 February 2022).**

**LM393 ANY OTHER BUSINESS**

- The Chair thanked everyone for contributing to excellent discussion and, given that the next LTQC meeting was scheduled for Wednesday 24 February 2021, wished everyone a Merry Christmas.
- The Principal reminded Committee members that the first of 3 College remote graduation ceremonies was being held on the evening of Thursday 12 November 2020 and extended an invitation to attend.
- The Committee welcomed the Chair's suggestion of looking at strategic issues facing the LTQC over the academic session. **{ACTION - StG}**
- Date of next meeting - Wednesday 24 February 2021 – 4 till 6pm

**TITLE:** Interim Regional Outcome Agreement 2020-21

**Background:** On 1 December, the Scottish Funding Council published guidance for an Interim Regional Outcome Agreement for 2020-21 and a 2019-20 Self Evaluation Report.

Although we produced a 2020-21 Regional Outcome Agreement and submitted this in April, all University and College ROAs were not published due to COVID.

The guidance now published sets out a new framework for the Interim 2020-21 document with a submission date of the end of January. Our Regional Outcome Agreement Manager has confirmed that due to the timing of the next Board meeting, we can submit both the Self Evaluation Report and Interim Outcome Agreement after 1st February.

Normally at this time of year we would be producing the 2021-22 ROA. The new SFC timeline requires this to be submitted as a draft in May and finalised in June.

**Action:** The Board is asked to note the SFC Guidance and to review the draft documents at the Board meeting on 1 February.

**Lead:** Stephanie Graham, Vice Principal Educational Leadership

**Status:** Open.



Scottish Funding Council  
Comhairle Maoineachaidh na h-Alba

## Guidance for Interim Outcome Agreements for Colleges and Universities AY 2020-21

# SFC Guidance

Issue Date: 1 December 2020

## Guidance for Interim Outcome Agreements for Colleges and Universities AY 2020-21

Issue date: 1 December 2020

Reference: This guidance outlines the steps required to ensure an agreement is in place between SFC and each university, college or college region during this emergency period which captures, at a high level, contributions, impact and outcomes and provides assurance on use of allocated funding in AY 2020-21.

FAO: Principals and Chairs of Scotland's colleges and universities and regional strategic bodies

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## Contents

Guidance for Interim Outcome Agreements for Colleges and Universities AY 2020-21 .....	4
Foreword .....	4
Arrangements for AY 2020-21 at a glance .....	5
Discuss with your Outcome Agreement Manager .....	5
Key dates.....	6
Arrangements for AY 2020-21 .....	8
Shorter outcome agreements focused on key priorities and commitments.....	8
Appropriate measures to assess impact .....	8
No target setting for AY 2020-21.....	10
Contribution to economic recovery and social renewal .....	10
Prompt questions .....	11
Self-evaluation reports on delivery of AY 2019-20 Outcome Agreement commitments including impact of COVID-19.....	11
Outcome and Impact Framework AY 2020-21 .....	12
Outcomes for Students.....	12
Outcomes for Research .....	15
Outcomes for Economic Recovery and Social Renewal .....	16
Responsive and Collaborative .....	17

# Guidance for Interim Outcome Agreements for Colleges and Universities AY 2020-21

## Foreword

1. This guidance outlines the steps required to ensure an interim agreement is in place between SFC and each university<sup>1</sup>, college or college region which captures, at a high level, contributions, impact and outcomes, and provides assurance on use of allocated funding in AY 2020-21. It follows the recent publication of the report from the first phase of the SFC Review of Coherent Provision and Sustainability<sup>2</sup>.
2. We recognise that colleges and universities are working under emergency conditions as they continue to respond to the COVID crisis, deliver a blended learning approach, ensure the well-being of students and staff, and deliver an education-led economic recovery for Scotland. Through this approach to the interim Outcome Agreements we are taking steps to support all our institutions during extraordinary times.
3. We worked with sector representatives during phase one of SFC's Review of Coherent Provision to jointly establish and agree an **Outcome and Impact Framework** for this year. A key message we heard was for a more meaningful, outcome focused, streamlined approach to accountability and reporting in future. We will pursue these discussions during phase two of the review.
4. The Framework for the interim Outcome Agreements for AY2020-21 seeks to:
  - Focus on the delivery of outcomes and impact for students.
  - Ensure colleges and universities outline their contributions to a more focused set of priority issues.
  - Promote and reflect individual and collective responses to recovery with narrative on commitments, deliverables, and expected impact.
  - Ensure transparency and clear accountability for public funding.
5. This Framework represents a commitment to realign priorities with what will be needed to support economic recovery, to support those already in the education system (at schools, colleges and universities) during the crisis period, those who may need upskilling or reskilling opportunities and those who may

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<sup>1</sup> We are using University in the guidance to refer to all institutions in the university sector.

<sup>2</sup>

[http://www.sfc.ac.uk/web/FILES/corporatepublications\\_sfccp052020/Review\\_of\\_Coherent\\_Provision\\_and\\_Sustainability\\_Phase\\_1\\_Report.pdf](http://www.sfc.ac.uk/web/FILES/corporatepublications_sfccp052020/Review_of_Coherent_Provision_and_Sustainability_Phase_1_Report.pdf)

be looking to re-enter employment. At the same time we expect colleges and universities to continue to widen access, deliver high quality research and ensure a high quality learning experience for all students that will in most cases be different in shape, structure and mode to previous years.

6. We are particularly aware of the need to maintain volumes of provision this year when the economy will be in a recovery period, to allow students to continue to access the learning and employability skills that will ensure a pathway to employment when jobs become available, or a route back into employment for those who may now be out of work, or returning to work, through upskilling or reskilling. At the same time SFC seeks to promote and support a diverse and sustainable education sector.

### **Arrangements for AY 2020-21 at a glance**

- Introduces a new Outcome and Impact Framework which aims to capture – at a high level – deliverables, impact and outcomes, and to give assurance on the use of allocated funding in AY 2020-21.
- Seeks contributions to a re-focused set of priorities, with an emphasis on continuing to safeguard student health and wellbeing, and support an education-led economic recovery for Scotland.
- Signals a move away from excessive reporting, particularly if the information is available elsewhere.
- Reflects an ongoing commitment to fair access and transitions; quality learning and teaching; student engagement; equalities and inclusion; and impactful research and innovation.
- A focus on maintaining baselines where this is possible.
- SFC will issue a bespoke measures table to each institution with AY 2018-19 baselines.
- Enables institutions to demonstrate their impact in terms that are relevant to their particular situation and mission.
- Is no more than 15 pages in length.

### **Discuss with your Outcome Agreement Manager**

7. Institutions should liaise with their dedicated Outcome Agreement Manager on any issues or requests for flexibility in responding to deadlines. [Contact details are available on our website.](#)

## Key dates

<b>SFC Outcome and Impact Framework AY 2020-21</b>		
	<b>What is required</b>	<b>Purpose</b>
<b>20 January 2021</b>	Self-evaluation for AY 2019-20 submitted – outlining impact of COVID-19 on delivery and targets. Refer to Annex A for details. <b>Requires sign-off by Board/ Senior Executive Group or similar. If the date proves difficult discuss with your Outcome Manager.</b>	Provides SFC with data and commentary on impact of COVID-19 on delivery in AY 2019-20 and notes implications for AY 2020-21. We will factor this in to future discussions for AY 2021-22.  SFC to report to SFC Board in spring 2021.
<b>29 January 2021</b>	Interim Outcome Agreement for AY 2020-21 submitted. <b>Requires sign-off by Board/ Senior Executive Group or similar. If the date proves difficult discuss with your Outcome Manager.</b>  Refer to Annex B for Universities Technical Guidance and Annex C for Colleges Technical Guidance	Provides SFC with line of accountability for use of funding in AY 2020-21.  SFC to report to SFC Board in spring 2021.
From here, dates are provisional as they will be influenced by the outcome of phase two of the SFC Review. We will provide an update early in 2021.		
<b>March 2021</b>	<b>Interim Outcome Agreements published</b>	
<b>March 2021</b>	Interim reporting in-year on delivery in AY 2020-21.	Provides a look at ongoing impact of the pandemic and an update on changing provision and new starts. SFC to report to SFC Board in April 2021
<b>March 2021</b>	SFC publishes Outcome and Impact Framework for AY 2021-22.	Setting our Framework and priorities for AY 2021-22.
<b>May 2021</b>	Draft Outcome and Impact Agreement for AY 2021-22 submitted.	Opportunity for feedback and amendments.
<b>June 2021</b>	Final Outcome and Impact Agreement for AY 2021-22 submitted.	Confirms institutional plans and commitments for AY 2021-22.

<b>July 2021</b>	Outcome and Impact Agreement - final sign off.	Sign off and reporting to SFC Board in summer 2021.
<b>July 2021</b>	Outcome and Impact Agreements for AY 2021-22 published.	Sharing of information for planning purposes.
<b>Autumn 2021</b>	<b>Impact Reports for AY 2020-21 submitted and published.</b>	SFC will prepare an insight and performance report in autumn 2021. This will cover national and sectoral achievements and areas for improvement, based on contributions, performance data, case studies and impact statements.

## **Arrangements for AY 2020-21**

### ***Shorter outcome agreements focused on key priorities and commitments***

8. SFC is aware of the competing demands that are impacting on institutions and want to ensure the Outcome Agreement reporting requirement is a proportionate request. We have therefore restricted the key policy priorities we expect to be covered in the interim OA for this year.
9. We are seeking an ongoing commitment/statement of intent from colleges and universities to deliver on key sector priorities and outcomes for students, for research, for economic recovery and social renewal and for responsive and collaborative institutions. The priority list is pared back and includes:
  - Fair access and transitions.
  - Quality learning and teaching.
  - Learning with impact – students are equipped and ready to take up appropriate employment in the future.
  - Student participation and engagement in their educational experience.
  - Equalities and inclusion.
  - High quality research and innovation.
  - Meeting future skills needs, including upskilling and reskilling.
  - Responding to the climate emergency.

### ***Appropriate measures to assess impact***

10. The SFC Outcome and Impact Framework refers to the expectations and the national measures related to each priority outcome.
11. For colleges the national measures are:
  - Activity - Credits delivered (Core / ESF / Core + ESF).
  - Widening Access -Volume and proportion of Credits delivered to learners in the most deprived 10% postcode areas (SIMD10).
  - The volume and proportion of Credits delivered to care-experienced learners.
  - Senior Phase - number of senior phase age pupils studying vocational qualifications delivered by colleges.

- Achievement - proportion of enrolled students successfully achieving a recognised qualification (FT & PT).
- Articulation - the number and proportion of successful learners who have achieved HNC or HND qualifications articulating to degree level courses with advanced standing.
- In work/destination - the number and proportion of full-time college qualifiers in work, training and/or further study 3-6 months after qualifying.
- Satisfaction – using the SSES Survey - the percentage of students overall, satisfied with their college experience.

12. For Universities the national measures are:

- Total number of Scottish domiciled undergraduate entrants.
- The number and proportion of Scotland-domiciled learners articulating from college to degree level courses with advanced standing.
- The number and proportion of Scotland-domiciled full-time first degree entrants from the 20% most deprived postcodes.
- The number and proportion of Scotland-domiciled undergraduate entrants that are care-experienced.
- The number and proportion of full-time first year Scotland-domiciled undergraduate entrants returning to study in year two.
- The difference (+/-) from the individual institution benchmark figure for students satisfied with the overall quality of their course of study in the National Student Survey.
- The number and proportion of Scotland-domiciled graduates entering positive destinations.
- The number and proportion of Scotland-domiciled full-time first degree graduates entering professional occupations.
- The number of Scotland-domiciled qualifiers at undergraduate level.

13. Our approach in this year recognises the extraordinary circumstances we are operating within. To support institutions we have pared back the national measures and focused on key priorities. Nevertheless recognising the current situation means there may be other matters where we will require additional statements of intent around your commitments, and occasionally separate reporting, but we will give you appropriate notice of requirements throughout the year. For example reporting on the use of the Flexible Workforce

Development Fund or the Upskilling allocations.

14. Outcome Agreement Managers will issue a national measures table to each college, college region and university with key data, including AY 2018-19 baselines. We will also issue updated tables to include AY 2019-20 baselines early in 2021. Only those national measures outlined will continue to be a priority however. SFC will, as a matter of course, continue to monitor all performance measures we currently have in addition to those identified as priority.
15. The Technical guidance is attached at Annex B and provides updates on the measures relevant for this year.

***No target setting for AY 2020-21***

16. We confirmed earlier in the year that SFC would not require targets for this emergency year, in recognising the likely impact of the pandemic.
17. We are still asking for a commitment from colleges and universities to maintain, wherever possible, the levels of performance as in the AY 2018-19 baselines.

***Contribution to economic recovery and social renewal***

18. **The other sections in the Framework** invite a narrative that both describes the contribution colleges and universities will make to support economic recovery and social renewal in AY 2020-21 and the expected impact of these contributions.
19. This emergency year will require flexibility and applied ways of learning, so students can access opportunities at a time that suits them and to lay strong foundations for moving into the job market when this opens up. There also needs to be a focus on upskilling and reskilling to allow routes to new and changing industries and jobs as they emerge.
20. We also want to know how colleges and universities are responding to ensure the health and well-being of students and staff as they progress through this challenging year.
21. In responding to this section of the Framework we expect a brief narrative in your Outcome Agreement summarising how you have responded to the immediate challenges of the current emergency. Specifically we would like to better understand your commitments and contribution to economic recovery. We request a short, focused response in line with your own institutions particular mission, strategy, and context responding to the points below, alongside any other relevant information. We are particularly interested in new collaborative and innovative approaches you have developed during the period since March 2020. We have prepared a set of prompt questions to guide

responses in this section.

### **Prompt questions**

22. Use the following as a guide:

- Which stakeholders are you working with to ensure that course provision remains responsive to shifting needs of employers/industry?
- What specific needs employers/industry have identified, both short-term and longer-term, and how you are adapting or shifting your provision in response? (with particular reference to courses starting in January/February)
- Which groups, or issues, are you particularly seeking to respond to e.g. those recently becoming unemployed, young people entering the workplace for the first time workers, those who have previously been furthest from the job market, upskilling, reskilling, retraining?
- How you are managing the work-based learning and practical aspects of course provision and ensuring students are prepared for the workplace given ongoing constraints during this year.
- How are you maintaining the quality of the student learning experience and how are you monitoring student engagement with their programme of study with the college or university?

### ***Self-evaluation reports on delivery of AY 2019-20 Outcome Agreement commitments including impact of COVID-19***

23. In a normal year, colleges and universities would submit an annual self-evaluation report to the SFC by the end of October. This year Universities had a submission date of 30 October 2020, while colleges paused this work as it was embedded within the Quality Framework requirements.
24. We recognise that these self-evaluation reports provide helpful information to SFC and to the SFC Board and we have, therefore, decided to ask both colleges and universities to submit a self-evaluation report this year.
25. The date for submitting self-evaluations is now 20 January 2021. We can also apply further flexibility to these timelines if needed. These requests should be routed via your Outcome Agreement Manager. We expect that you will have already prepared this information for internal reporting requirements and we will also be flexible with regard to the format of these reports.
26. Annex A describes the self-evaluation reporting requirements for colleges and for universities.

## Outcome and Impact Framework AY 2020-21

Outcomes for Students		
Outcome	Expectations	Measures and indicators of success
<b>Fair access and transitions</b>  Education is accessible to students from all backgrounds and students are supported through successful pathways.	<ul style="list-style-type: none"> <li>• People from deprived areas are supported to have fair access.</li> <li>• People with experience of care are supported to have fair access.</li> <li>• Prior learning is taken into account in the student's journey.</li> <li>• Transitions and pathways for students are supported and signposted.</li> <li>• Institutions work with schools and local communities to support successful pathways for students.</li> <li>• This work is equality impact assessed.</li> </ul>	<b>Core national measures for universities:</b> <ul style="list-style-type: none"> <li>• Total number of Scottish Domiciled Undergraduate Entrants.</li> <li>• Scottish domiciled FT first degree entrants from SIMD20 (i.e. the COWA measure).</li> <li>• No. of SDUEs with care experience.</li> <li>• Articulation.</li> </ul>
		<b>Core national measures for colleges:</b> <ul style="list-style-type: none"> <li>• Credits delivered.</li> <li>• Proportion of credits delivered to SIMD10.</li> <li>• Proportion of credits delivered to care-experienced students.</li> <li>• DYW.</li> <li>• Articulation.</li> </ul>

<p><b>Quality, learning, teaching and participation</b></p> <p>Students get a high-quality, safe and supportive learning experience that enables them to succeed in their studies and they find it easy to participate and engage in their educational experience.</p>	<ul style="list-style-type: none"> <li>• People have the necessary meta skills and attributes to succeed.</li> <li>• There is quality online and repurposed blended learning.</li> <li>• Students are supported in their mental health and wellbeing.</li> <li>• Students have their voice heard and valued, and influence their educational experience.</li> </ul>	<p><b>Core national measures for universities:</b></p> <ul style="list-style-type: none"> <li>• Retention.</li> <li>• No. of Scottish domiciled qualifiers at undergraduate level.</li> <li>• National Student Survey.</li> </ul> <p><b>Core national measures for colleges:</b></p> <ul style="list-style-type: none"> <li>• Success FE (FT &amp; PT), HE (FT &amp; PT).</li> <li>• Student Satisfaction and Engagement Survey.</li> </ul>
<p><b>Learning with impact</b></p> <p>Students are equipped to flourish in employment, further study and to lead fulfilling lives.</p>	<ul style="list-style-type: none"> <li>• Analysis and engagement: There is a good understanding of the needs of business and industry; and Scotland's economic recovery needs.</li> <li>• Delivering the right skills: There is a pipeline of appropriately skilled people for the labour market.</li> <li>• There is appropriate provision to help people upskill and reskill.</li> </ul>	<p><b>Core national measures for universities:</b></p> <ul style="list-style-type: none"> <li>• Graduate Outcomes (Scottish Domiciled qualifiers in positive destinations, and FT Scottish-domiciled qualifiers employed at 'professional' level).</li> </ul> <p><b>Core national measures for colleges:</b></p> <ul style="list-style-type: none"> <li>• College Leaver Destinations.</li> </ul>

<p><b>Equalities and inclusion</b></p> <p>Institutions ensure through effective equality impact assessment that the needs of the diverse student body are considered in every aspect of the student experience.</p>	<ul style="list-style-type: none"> <li>• All students are supported to achieve their full potential.</li> </ul>	<ul style="list-style-type: none"> <li>• Colleges and universities comply with relevant legislation and commit to prioritising action to tackle inequalities.</li> <li>• Measurable equality outcomes are set (April 2021).</li> <li>• Equality Impact Assessments are published.</li> <li>• Action is taken to improve management information (protected characteristic data) with regard to equalities priorities (e.g. harassment, mental health).</li> </ul>
		<ul style="list-style-type: none"> <li>• Universities to explore how <i>protected</i> characteristics impact on core measures.</li> </ul>
		<ul style="list-style-type: none"> <li>• Colleges to explore how protected characteristics impact on core measures.</li> </ul>

Outcomes for Research		
Outcome	Expectations	Measures and indicators of success
<b>Research excellence</b>	<ul style="list-style-type: none"> <li>• Institutions produce excellent research outputs.</li> <li>• The research impact reaches beyond academia.</li> <li>• The research environment supports excellence and impact.</li> </ul>	<ul style="list-style-type: none"> <li>• Case studies showing use of SFC research funding to achieve/ work towards greater excellence but with additional emphasis on sustainability/ resilience of HEI's research base; and on contribution to broader recovery. These will be requested at the end of the academic year and will contribute to impact reporting.</li> </ul>
<b>Research Sustainability (incorporates Collaboration)</b> Institutions ensure they protect their world-leading research programmes against the impact of COVID-19.	<ul style="list-style-type: none"> <li>• The research environment supports excellence and impact.</li> <li>• Institutions implement the researcher development concordant.</li> <li>• Support for PhD students, who are the pipeline of talent for future research and who have been adversely affected by the instability created by the pandemic.</li> </ul>	<ul style="list-style-type: none"> <li>• SFC will receive regular reporting from each university on the use of their allocation of the one-off £75 million increase in funding to help secure the jobs and training needed to support ongoing and future research work.</li> </ul>

Outcomes for Economic Recovery and Social Renewal		
Outcome	Expectations	Measures and indicators of success
<b>Responsive institutions</b> Institutions are responsive to employer and industry needs and to current and future skills requirements.	<ul style="list-style-type: none"> <li>• Institutions use labour market intelligence to align provision.</li> <li>• Institutions play their part in upskilling and reskilling the existing workforce.</li> <li>• Institutions help find pathways for people without work to study and move into employment.</li> </ul>	<ul style="list-style-type: none"> <li>• Successful utilisation of funding such as Flexible Workforce Development Fund (colleges) and Upskilling Funding (universities) and others that become available. Separate reporting is in place for AY2020-21.</li> </ul>
<b>Work-ready</b> Work-ready graduates are ready to meet employer needs: Students are equipped to take up employment and succeed when the job market opens up.	<ul style="list-style-type: none"> <li>• There is a pipeline of technically skilled people for key industries where skills gaps identified.</li> <li>• This recognises that the job market will be severely impacted by COVID-19.</li> </ul>	<ul style="list-style-type: none"> <li>• Students find suitable work and thrive when the jobs become available.</li> <li>• Results from CLD survey.</li> <li>• Results from University Graduate Outcomes</li> </ul>
<b>Innovation</b>	<ul style="list-style-type: none"> <li>• Institutions are focussing and prioritising their knowledge exchange and innovation activity on Scotland's recovery.</li> </ul>	<ul style="list-style-type: none"> <li>• Universities submit an updated UIF plan with their Outcome Agreement.</li> </ul>

Responsive and Collaborative		
Outcome	Expectations	Measures and indicators of success
<b>Public health emergency:</b> Institutions are responsive, have assurance mechanisms in place to comply with guidance, communicate well with students, staff and communities, and remedy situations as they arise.	<ul style="list-style-type: none"> <li>• Institutions take steps to ensure the health and well-being and best interests of their students during the emergency period.</li> <li>• Appropriate mental health support is available.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited on campus provision.</li> <li>• Blended learning.</li> <li>• Restricted blended learning.</li> </ul>
<b>Collaboration:</b> There is active collaboration with other institutions.	<ul style="list-style-type: none"> <li>• Institutions find new ways of working together to support coherent, sustainable provision, research and financially viable institutions in Scotland.</li> </ul>	<ul style="list-style-type: none"> <li>• Specific details of new collaborative arrangements, or plans for collaboration, and what they will achieve in terms of impact for all stakeholders.</li> </ul>
<b>Climate emergency:</b> Institutions take urgent action to help reduce or halt climate change, avoid irreversible damage, and support environmental sustainability measures.	<ul style="list-style-type: none"> <li>• Colleges and universities demonstrate innovative approaches in their response to the climate emergency. Evidence of transformative leadership and the empowerment of sector communities, building capacity</li> </ul>	<ul style="list-style-type: none"> <li>• Institutions take urgent action to help reduce or halt climate change, avoid irreversible damage, and support environmental sustainability measures.</li> </ul>

	<p>in institutional structures across the sectors, developing a place-based response to the climate emergency.</p>	
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**TITLE:** BOARD MEMBERSHIP, PROPOSED SCHEDULE OF BUSINESS  
2020/21 AND DATES OF MEETINGS IN 2020/21

**Background:** The Board is asked to note:

1. **Current Board membership** – see Annex 1.
2. **Proposed Schedule of Business for 2020/21** – see Annex 2. This will be subject to review and adjustment in light of business coming forward but has been drafted based on the 2019/20 business cycle to give a guide.
3. **Dates of meetings in 2020/21** – see Annex 3. The dates of meetings of the Board and Committees is attached.

**Action:** The Board is asked to note the information.

**Lead:** Shirley Gordon, Secretary to the Board

**Status:** Open

**WEST COLLEGE SCOTLAND  
BOARD OF MANAGEMENT**

Under the terms of the Further and Higher Education (Scotland) Act 1992, as amended by the Post-16 Education (Scotland) Act 2013, the membership of the Board of Management 'shall consist of no fewer than 15 nor more than 18 members. The current membership is:

**Chair**

Dr Waiyin Hatton

**Vice Chair**

Jacqueline Henry

**Principal**

Elizabeth Connolly (*ex officio*)

**Teaching staff – 1 elected**

David Watson

**Non-Teaching staff – 1 elected**

Steven Cairney

**Students Association (2)**

Vanessa Thompson

Stefana Margarint

**Non-Executive Members**

Nick Allan

Jim Hannigan

Andrew Hetherington

Jenifer Johnston

Linda Johnston

John Leburn

John McMillan

Mark Newlands

Angela Wilson

Sabira Akram

Fiona McKerrell

**In Attendance**

Stephanie Graham, Vice-Principal Educational Leadership

David Alexander, Vice-Principal Operations

Shirley Gordon, Secretary to the Board

# BOARD OF MANAGEMENT

## PERIOD OF APPOINTMENT AND MEMBERSHIP OF COMMITTEES 2020/21

Name	Status	Period of appointment	Committee
Dr Waiyin Hatton	Chair	3.03.2020 – 02.03.24	Chair of Board and Nominations. Member of Remuneration. <i>Ex officio</i> – A&IC, Finance & GP, LTQ HRCDC
Elizabeth Connolly	Principal	<i>Ex officio</i> 1.09.18	Board A&IC Finance & GP LTQ HR&CD
Nick Allan	Non-Executive	4 + 4 years 1.02.15 – 31.01.19 1.02.19 – 31.01.23	Board A&IC (Chair) Nominations Remuneration
Jim Hannigan	Non-Executive	3 + 4 years 1.02.15 – 31.01.18 1.02.18 – 31.01.22	Board Finance & GP (Chair) HR&CD (Vice-Chair) Nominations Remuneration
Jacqueline Henry	Non-Executive	3 + 4 years 1.02.15 – 31.01.18 1.02.18 – 31.01.22	Board Vice Chair from 1.1.17 LTQ (Chair) Nominations Remuneration
Andrew Hetherington	Non-Executive	2 + 4 years 1.02.15 – 31.01.17 1.02.17 – 31.01.21	Board Audit A&IC (Vice Chair)
Jenifer Johnston	Non-Executive	4 + 4 years 1.02.15 – 31.01.19 1.02.19 – 31.01.23	Board A&IC
Linda Johnston	Non-Executive	4 years 1.01.17 – 31.12.20 1.01.21 – 31.12.24	Board HR&CD
John Leburn	Non-Executive	4 years 1.01.17 – 31.12.20 1.01.21 – 31.12.24	Board Finance & GP
Fiona McKerrell	Non-Executive	4 years 1.12.19 – 30.11.23	Board LTQ
Sabira Akram	Non-Executive	4 years 1.12.19 – 30.11.23	Board HRCDC

John McMillan	Non-Executive	2 + 4 years 1.02.15 – 31.01.17 1.02.17 – 31.01.21	Board Audit (Chair) A&IC Nominations Remuneration
Mark Newlands	Non-Executive	4 + 4 years 1.02.15 – 31.01.19 1.02.19 – 31.01.23	Board HR&CD (Chair) Remuneration (Chair) Nominations
Angela Wilson	Non-Executive	4 years 1.09.17 – 31.08.21	Board Finance & GP
David Watson	Teaching Staff	4 years 13.09.17 – 12.09.21	Board LTQ Nominations (1.04.18 – 31.03.20)
Steven Cairney	Support Staff	4 year 18.09.19 – 17.09.23	Board LTQ Nominations (1.04.20 – 31.03.22)
Vanessa Thompson	Student President	1 year 1.08.19 – 31.07.20 Re-elected - 1.08.20 – 31.07.21	Board LTQ Nominations
Stefana Margarint	Student rep	1 year 1.08.20 – 31.07.21	Board LTQ Nominations

**CO-OPTED MEMBERS PERIOD OF APPOINTMENT AND MEMBERSHIP OF COMMITTEES 2020/21**

Name	Status	Period of appointment	Committee
Ruth Binks	Co-opted	1 year 1.03.19 – 29.02.20 1.03.20 – 29.02.21 1.03.21 – 29.02.22	LTQ
Mark Hamilton	Co-opted	1 year 1.11.19 – 31.10.20 1.11.20 – 31.10.21	LTQ
Graeme Bold	Co-opted	1 year 1.07.17 – 30.06.18 1.07.18 – 30.06.19 1.07.19 - 30.06.20 1.07.20 – 30.06.21	Audit
Wai Wong	Co-opted	1 year 1.03.19 – 29.02.20 1.03.20 – 29.02.21	Audit
David Mark	Co-opted	1 year	HR&CD

		1.03.18 – 29.02.19 1.03.19 – 29.02.20 1.03.20 – 29.02.21 1.03.21 – 29.02.22	
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## PROPOSED SCHEDULE OF BUSINESS 2020/21 - BOARD OF MANAGEMENT

This will be subject to review and adjusted in light of business coming forward but has been drafted based on previous business cycles to give a guide.

Date of meeting	Agenda items	Papers will be circulated
Monday 5 October 2020 Via Teams	<p><b>Standing Items of Business</b></p> <ul style="list-style-type: none"> <li>Chair's Report. ✓</li> <li>Chief Executive's Report. ✓</li> <li>Students Association Report. ✓</li> <li>Strategic Risk Register. ✓</li> <li>Board of Management: <ul style="list-style-type: none"> <li>❖ Membership; ✓</li> <li>❖ Dates of Meetings; ✓</li> <li>❖ Proposed Schedule of Business 2020/21; ✓</li> <li>❖ Any appointment matters to consider; ✓</li> <li>❖ October Board agendas annually need to include the Articles, Scheme of Delegation and SOs to approve. ✓</li> </ul> </li> <li>Report on Delegated Action Taken since last meeting. X</li> </ul> <p><b>Main Items of Business</b></p> <ul style="list-style-type: none"> <li>Budget 2020/21 and 5-Year Financial Forecast (<i>DAX note - was signed off at the July Board meeting and there is no specific paper required – assuming any points arising at the FGP meeting would be picked up through the update from the FGP meeting when the Chair presents the FGP minutes</i>).</li> <li>External Board Effectiveness Review – (carried out every 3 years – last done and submitted to February 2020 Board meeting. Next review due to be carried out by February 2023).</li> <li>Staff Survey Outcomes (<i>DG note - removed – for Dec Board agenda instead</i>).</li> </ul> <p><b>Committee Reports</b></p> <ul style="list-style-type: none"> <li>Audit (September minute and any approval of policies). ✓</li> <li>Asset and Infrastructure September minute). ✓</li> <li>Finance &amp; General Purposes (September minute and any contract approvals). ✓</li> </ul>	Monday 28 September 2020

	<ul style="list-style-type: none"> <li>• HR &amp; Corporate Development (September minute). ✓</li> </ul>	
<b>Monday 14 December 2020 Via Teams</b>	<p><b>Standing Items of Business</b></p> <ul style="list-style-type: none"> <li>• Chair's Report. ✓</li> <li>• Chief Executive's Report. ✓</li> <li>• Students Association Report. ✓</li> <li>• Strategic Risk Register. ✓</li> <li>• Board of Management:</li> <li>• Membership; ✓</li> <li>• Dates of Meetings; ✓</li> <li>• Proposed Schedule of Business 2020/21; ✓</li> <li>• Any appointment matters to consider. ✓</li> <li>• Report on Delegated Action Taken since last meeting. X</li> </ul> <p><b>Main Items of Business</b></p> <ul style="list-style-type: none"> <li>• Regional Outcome Agreement Review Report 2020/21 ✓</li> <li>• Financial Statements for the year ending 31 July 2020. ✓</li> <li>• Report from External Auditor. ✓</li> <li>• Annual Report from Audit Committee. ✓</li> <li>• Annual Report from Internal Auditor. ✓</li> <li>• Staff Survey Outcomes – <i>(DG Note – removed - delayed from Oct agenda – not for Dec either as still under discussion at SMT).</i></li> <li>• Management Accounts to 31 October 2020; ✓</li> </ul> <p><b>Committee Reports</b></p> <ul style="list-style-type: none"> <li>• Finance &amp; General Purposes (November minute and any contract approvals): ✓</li> <li>• Financial Regulations Annual Review <i>(DAX note - we reviewed these recently so the annual review for this year has already been undertaken by the BOM – so item not required at this meeting).</i></li> <li>• Joint Audit &amp; Finance and General Purposes Committee (November minute) ✓</li> <li>• HR &amp; Corporate Development (November minute): ✓ <ul style="list-style-type: none"> <li>• Staff Survey Results <i>(as noted above)</i></li> </ul> </li> <li>• LTQC (November minute): ✓ <ul style="list-style-type: none"> <li>• Regional Outcome Agreement Update. ✓</li> </ul> </li> <li>• Remuneration (October minute). – <i>meeting cancelled</i></li> </ul>	<b>Monday 7 December 2020</b>

<b>Monday 1 February 2021 Via Teams</b>	<b>Standing Items of Business</b> <ul style="list-style-type: none"> <li>• Chair's Report.</li> <li>• Chief Executive's Report.</li> <li>• Students Association Report.</li> <li>• Strategic Risk Register.</li> <li>• Board of Management: <ul style="list-style-type: none"> <li>❖ Membership;</li> <li>❖ Dates of Meetings;</li> <li>❖ Proposed Schedule of Business 2020/21;</li> <li>❖ Any appointment matters to consider.</li> </ul> </li> <li>• Report on Delegated Action Taken since last meeting.</li> </ul> <b>Main Items of Business</b> <ul style="list-style-type: none"> <li>• Board Development Action Plan Update?</li> <li>• Draft Regional Outcome Agreement 2020-?</li> <li>• Review of Modern Slavery Statement?</li> </ul> <b>Committee Reports</b> <ul style="list-style-type: none"> <li>• Audit (December minute and any approval of policies).</li> <li>• Asset and Infrastructure (December minute).</li> </ul>	<b>Monday 25 January 2021</b>
<b>Monday 22 March 2021</b>	<b>Standing Items of Business</b> <ul style="list-style-type: none"> <li>• Chair's Report.</li> <li>• Chief Executive's Report.</li> <li>• Students Association Report.</li> <li>• Strategic Risk Register.</li> <li>• Board of Management: <ul style="list-style-type: none"> <li>• Membership;</li> <li>• Dates of Meetings;</li> <li>• Proposed Schedule of Business 2020/21;</li> <li>• Any appointment matters to consider.</li> </ul> </li> <li>• Report on Delegated Action Taken since last meeting</li> </ul> <b>Main Items of Business</b> <ul style="list-style-type: none"> <li>• Final Regional Outcome Agreement 2020 - ?</li> <li>• HR Annual Report 2020.</li> <li>• Key Performance Indicators update?</li> <li>• Proposed dates of Board meetings 2021/22.</li> </ul>	<b>Monday 15 March 2021</b>

	<ul style="list-style-type: none"> <li>• Board Internal Effectiveness Review (outlining what will happen and when).</li> </ul> <b>Committee Reports</b> <ul style="list-style-type: none"> <li>• Audit (March minute and any approval of policies).</li> <li>• Asset and Infrastructure (March minute).</li> <li>• Finance &amp; General Purposes (March minute and any contract approvals).</li> <li>• Learning, Teaching &amp; Quality (February minute).</li> <li>• Remuneration (February minute).</li> <li>• HR &amp; Corporate Development (February minute and any update on the Employee Health and Wellbeing Strategy).</li> </ul>	
<b>Monday 14 June 2021</b>	<b>Standing Items of Business</b> <ul style="list-style-type: none"> <li>• Chair's Report.</li> <li>• Chief Executive's Report.</li> <li>• Students Association Report.</li> <li>• Strategic Risk Register.</li> <li>• Board of Management: <ul style="list-style-type: none"> <li>❖ Membership;</li> <li>❖ Dates of Meetings proposed for 2021/22;</li> <li>❖ Proposed Schedule of Business 2021/22;</li> <li>❖ Any appointment matters to consider.</li> </ul> </li> <li>• Report on Delegated Action Taken since last meeting.</li> </ul> <b>Main Items of Business</b> <ul style="list-style-type: none"> <li>• Management Accounts.</li> <li>• Budget 2021/22 and Financial Strategy (including budget for Students Association).</li> <li>• Review of Board Development Action Plan?</li> <li>• Outcomes from Board Internal Effectiveness Review.</li> <li>• Committee Reports on Progress against Regional Outcome Agreement?</li> </ul> <b>Committee Reports</b> <ul style="list-style-type: none"> <li>• Audit (May minute and any approval of policies).</li> <li>• Asset and Infrastructure (May minute).</li> <li>• Finance &amp; General Purposes (June minute and any contract approvals).</li> <li>• Learning, Teaching &amp; Quality (May minute).</li> <li>• HR &amp; Corporate Development (May minute and HR Annual Report?).</li> <li>• Nominations (May minute).</li> </ul>	<b>Monday 7 June 2021</b>

## Dates of Meetings in 2020-21

Committee	September 2020	October 2020	November 2020	December 2020	January 2021	February 2021	March 2021	April 2021	May 2021	June 2021
<b>BOARD</b> (at least 4) Mondays at 4.00 p.m.		5		14		1	22			14
<b>Audit</b> (at least 4) Thursdays at 4.00 p.m.	3			3			11		20	
<b>Joint Audit &amp; Finance</b>			24							
<b>Finance and GP</b> (Normally will meet 4 times per year, but at least 3 times per year) Tuesdays at 4.00 p.m.	8		24				2			1
<b>HR &amp; CD</b> (will meet four times) Wednesdays at 4.00 p.m.	Tues 15		4			10			12	
<b>LTD</b> (at least 3 times) Wednesdays at 4.00 p.m.			11			24			19	
<b>Estates</b> (at least 3 times) Tuesdays at 4.00 p.m.	Wed 16			8			9		11	
<b>Remuneration</b> (twice per year) Note (2)		5				1				
<b>Nominations</b> (at least annually)										

### NOTES

- 1) The venue for the Board and some Committee meetings will alternate between different Campuses as indicated above.  
C = Clydebank; G = Greenock; P = Paisley
- 2) To be held before the Board of Management meeting.
- 3) No formal business meetings are held in July or August.