West College Scotland

CORPORATE DEVELOPMENT COMMITTEE

TUESDAY 1 JUNE 2021 at 4p.m. in
Via TEAMS

AGENDA

General Business

1. Apologies

2. Declaration of Interests

3. .1 Minutes of 9 March 2020 meeting   Enclosed   Chair
   .2 Actions arising from the Minutes   Enclosed   Chair

4. Matters arising from the Minutes
   (and not otherwise on the agenda)

Main Items for Discussion and/or Approval

5. Vice Principal Update Report   Paper 5   DA

6. Management Accounts to 30 April 2021   Paper 6   AR

7. 2021-22 Budget and Medium-Term Financial Forecast   Paper 7   DA/AR

8. IT Strategy 2016-20 Annual Update   Paper 8   MJ

9. IT Strategy 2021-2025   Paper 9   MJ

10. Governance Compliance and ROA Outcomes   Paper 10   AR

11. ██████████ (Restricted Items)
    a) ██████████   Paper 11(a) AR
    b) ████████████████████   Paper 11(b) MJ
    c) ██████████████████   Paper 11(c) MJ

12. Review of Strategic Risk Register   Paper 12   AR

Items for Information

13. Estates and Sustainability 2020-21 Update   Paper 13   MJ

14. Information Technology 2020-21 Update   Paper 14   MJ

15. External Audit Engagement Strategy 2020-21   Paper 15   AR

16. Equality, Diversity & Inclusion Mainstreaming Report   Paper 16   NS

17. Overview of College Pension Arrangements   Paper 17   NS

18. Internal Audit Reports:
     a) Overall Financial Controls   Paper 18a   AR
     b) Absence Management and Reporting   Paper 18b   NS
     c) External Communications   Paper 18c   AR
     d) Fraud Response Review   Paper 18d   DA

19. Dates of Meetings 2021-22   Paper 19   SG

20. Schedule of Business 2020-21   Paper 20   AR

21. Any other business

Next meeting: 14 September 2021 by TEAMS

Shirley Gordon
Secretary to the Committee

CORPORATE DEVELOPMENT COMMITTEE

Minutes: Tuesday 9 March 2021

Present: Jim Hannigan (Chair), Nick Allan, Steven Cairney, Liz Connolly, Linda Johnston, John Leburn, Angela Wilson, Stefana Margarint, David Mark.

Attending: Shirley Gordon (Secretary to the Board), Alan Ritchie (Director of Finance), Martin Joyce (Director of Infrastructure), Natalie Smith (Director of Organisational Development and HR), Brian Stobbs (Head of IT), Waiyin Hatton (Board Chair), Vivienne Mulholland (Head of Finance and Student Funding).

Apologies: David Alexander (Vice Principal Operations).

CD1   WELCOME
The Chair welcomed everyone to the virtual first CDC meeting and thanked all in attendance for their participation.

CD2   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).
- Liz Connolly and John Leburn: Trustees of the West College Scotland Foundation.
- Jim Hannigan: University of Strathclyde and National Manufacturing Institute Scotland (NMIS).
- David Alexander: Scottish Funding Council Board member and Chair of the SFC Audit and Compliance Committee.
- Angela Wilson: West Dunbartonshire Council.

CD2   MINUTES OF PREVIOUS MEETINGS
The minutes of the following meetings were **approved**:

- HRCD Committee – 4 November 2020
- FGP Committee – 24 November 2020
- Joint FGP and Audit Committee – 24 November 2020
- Asset and Infrastructure Committee – 8 December 2020

CD3   ACTIONS FROM THE MINUTES
The Committee **noted** the actions taken as a result of the last four meetings noted above.

CD4   MATTERS ARISING FROM THE MINUTES
There were no matters arising not otherwise on the agenda.

CD5   REVIEW OF COMMITTEE REMIT
The Secretary asked the Committee to consider and approve the CDC remit and membership. She explained that, following approval of a Committee restructure at the Board meeting held on 1 February 2021, the CDC remit was formulated, and its membership populated.

The Chair advised it was the intention of the Board that its standing committees had an increased strategic focus. With this in mind, the CDC remit had been drafted to ensure such oversight, but Mr Hannigan suggested the Committee had a settling-in period to see how that evolved. If modifications were required at a later date to the CDC remit, such a recommendation could be made to the Board. That approach was welcomed.

The Committee considered and approved its revised remit and membership.

CD6   **VICE PRINCIPAL UPDATE REPORT**
The Director of Finance provided an overview of the report on behalf of the Vice Principal Operations highlighting updates in relation to the following:

- 2020-21 Scottish Funding Council circulars received since the last Committee meeting. In addition, Mr Ritchie referred to the Management Accounts to 31 January 2021 which incorporated an additional £1.2m of Sustainability Funding arising from an announcement from the SFC who had as yet not issued a circular in regard to this matter.
- The College voluntary severance scheme
- Ongoing engagement with the SFC
- National bargaining and job evaluation for support staff
- Human Resources - including recent Trade Union meetings, meetings of the College Mobilisation Group, the latest Health and Safety Committee meeting and the UK Government Job Retention Scheme
- Infrastructure - including the response to a fire alarm activation at the College Paisley campus on Friday 5 February 2021
- Implementation of the Pentana system

The Committee noted the report.

CD7   **PEOPLE STRATEGY REFRESH 2021**
The Director, Organisational Development & HR explained that the Board of Management previously approved the College People Strategy 2016-2019. It was agreed that the previous Director, Organisational Development and HR would review and update the Strategy prior to retirement in February 2021 and Mrs Smith reported that this had been completed.

The refreshed People Strategy was provided for review and consideration and Mrs Smith reported that the five core objectives of the Strategy remained the same, and the focus over the next 12 months would be on the delivery of the Organisational Development and HR operational plan.

It was proposed that a report be provided to the March 2022 Corporate Development Committee meeting outlining progress in delivering the People Strategy over the 12-month period and that an updated People Strategy (covering the period to 2025 in line with the overall College Corporate Plan) also be presented at that time.

The Corporate Development Committee:
- **Considered the refreshed 2021-22 People Strategy**
- **Considered the proposed approach to reporting progress on the People Strategy and updating this in March 2022**
- **Agreed that the Board of Management be requested to approve this**

CD8   **MODERN SLAVERY STATEMENT 2021**
The Director, Organisational Development & HR explained that the Board of Management previously approved the College Modern Slavery Statement in December 2018 and there was a requirement for this to be reviewed annually.

Mrs Smith reported that the 2021 Statement had been updated and presented it for consideration prior to approval being sought at the Board of Management meeting on 22 March 2021. Mrs Smith added that there were minimal changes to the statement, namely an update to the title from 'APUC Supply Chain Code of Conduct' to 'Sustain Supply Chain

Code of Conduct' and to enhance the section on the approach taken by the College regarding Disclosure Scotland's Protecting Vulnerable Groups scheme.

The Corporate Development Committee considered the refreshed Modern Slavery Statement and requested that the Board of Management approve publication of this.

CD9 **EQUALITY, DIVERSITY & INCLUSION MAINSTREAMING REPORT 2021**
The Director, Organisational Development & HR explained that Section 149 of the Equality Act 2010 placed a general duty (known as the Public Sector Equality Duty) on public authorities to have due regard to eliminating discrimination, harassment and victimisation; advancing equality of opportunity; and fostering good relations between persons who shared a protected characteristic and those who do not. The legislation required the College to publish a report every two years on the progress it had made with regard to the equality duty.

In line with statutory requirements, Mrs Smith reported that the 2021 report was currently being prepared for publication by 30 April 2021. She added, however, that it was not currently possible to present the 2021 draft report for consideration as the data for inclusion was in the process of being collated for initial review by the College Equality, Diversity and Inclusion Committee. Given the timescales required for publication of the Report it was, therefore, proposed that the:

- Corporate Development Committee seek delegated authority from the Board of Management to approve the 2021 College Equality Report for publication by 30 April 2021
- Draft College Equality Report 2021 be circulated to members of the Corporate Development Committee by email during April for review, to enable finalisation and publication by the required deadline of 30 April 2021

The Corporate Development Committee agreed to seek delegated authority from the Board of Management to approve the 2021 College Equality Report for publication by 30 April 2021.

CD10 **PROCUREMENT STRATEGY**
The Director of Finance presented the updated Procurement Strategy 2021-2025.

Mr Ritchie explained that the Procurement Strategy 2021-2025 built on the developments and innovations achieved to date, reset the procurement vision for the College and provided an understanding of the strategic objectives and priorities and how these would be achieved. He added that the strategy supported the delivery of the College Corporate Plan 2019-2025, achievement of Regional Outcome Agreement priorities and improvements arising from the 2019 Procurement and Commercial Improvement Programme (PCIP) review.

The Committee noted that the updated Strategy was based on the latest guidance issued by the Scottish Government and by Advanced Procurement for Universities & Colleges (APUC). It identified several ongoing requirements and key outcomes going forward, focusing upon the importance of a College-wide collaborative approach that was technology and process driven combined with performance management to deliver the required procurement improvements.

Mr Ritchie described one of the key changes in the procurement landscape was the UK exit from Europe as from 31 December 2020. The latest Scottish Public Procurement Notice (11/2020) made it clear that the previous procurement procedures (to advertise

contracts, observe minimum timescales and follow rules on technical specifications and award criteria) to which the College operated would remain fundamentally unchanged.

The Committee welcomed the increased emphasis on how the College was utilising procurement to address longer term sustainability issues including the climate change crisis. The requirement to comply with the sustainable procurement duty had always been there and required that before the College bought anything, it must think about how it could improve the social, environmental and economic wellbeing of the area in which it operated, with a particular focus on reducing inequality. These requirements were already built into the College operating procedures and Mr Ritchie added that the revised Procurement Strategy emphasised how, going forward, the College would continue to engage and address these requirements.

The Corporate Development Committee approved the Procurement Strategy 2021-2025 for presentation to the Board of Management.

CD11   CONTRACT AWARD - ██████████████   **(RESTRICTED ITEM)**

██████████████████████████████████████
██████████████████████████████████████
██████████████████████████████████████
██████████████████████████

██████████████████████████████████████
████████████████████████████

██████████████████████████████████████
███████████████████████
█ █████████████████████████████████████
██████████████████████

██████████████████████████████████████
████

CD12   REVIEW OF FINANCIAL REGULATIONS
The Director of Finance explained that the Corporate Development Committee remit included the requirement 'to review College Financial Regulations on an annual basis, or more frequently if required and recommend these to the Board of Management for approval.'

Mr Ritchie reported that the Board of Management approved the current College Financial Regulations in October 2020, following an annual review by the Finance and General Purposes Committee in September 2020. However, following approval by the Board of Management on 1 February 2021 to amend the Committee structure and remits, there was a need to update the College Financial Regulations further. He presented an updated set of College Financial Regulations for consideration.

The Corporate Development Committee considered the:
- **Updated College Finance Regulations**
- **Proposed revision to College accounting policy as applying to depreciation and capitalisation**

and requested that the Board of Management approve these.

CD13 **MANAGEMENT ACCOUNTS TO 31 JANUARY 2021**
The Director of Finance presented the Management Accounts for the period to 31 January 2021.

Mr Ritchie reported that the Covid-19 pandemic continued to have a material impact on ongoing business operations and the January 2021 financial forecast to 31 July 2021 was based on the current information available to the College. That would require to be updated as further clarification was received from the Scottish Funding Council (SFC) and other key stakeholders.

Mr Ritchie led the Committee through the Management Accounts for the period to 31 January 2021 highlighting:

- An overview of those factors with a potential to impact the accounts
- The Statement of Comprehensive Income and Expenditure
- An analysis of key variances providing detail of the movement between the budgeted and forecast position for 2020-21
- The Balance Sheet reflecting the assets and liabilities of the College
- The cashflow analysis showing the actual cash position to date and forecasts the cashflow to 31 July 2021
- The student funding analysis providing 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 financial graphs and performance indicators providing background information about income and expenditure and highlight the main indicators of financial sustainability
- The aged debt analysis showing a summary of the age of the sales ledger along with a split between corporate and student debt

The Corporate Development Committee:
- **Noted the revised 2020-21 adjusted operating position**
- **Noted the detailed impact that Covid-19 had had on the operations and financial position of the College**
- **Noted the cashflow position**
- **Agreed the scheduling of a one-hour budget brief session to enable a more detailed consideration of the financial environment within which the College operated to be undertaken**
- **Approved the Management Accounts for the period to 31 January 2021**

CD14 ███████████████████████████ **(RESTRICTED ITEM)**
██
██
██
██

CD15 ███████████████████████████████ **(RESTRICTED ITEM)**
██
██
██
██

[redacted]

CD16 **STRATEGIC RISK REGISTER REVIEW**
The Director of Finance explained that under the Corporate Governance Code, the College Board of Management was tasked with ensuring a framework of risk management and control was in place. Mr Ritchie provided:

- An update on the development of the College Risk Management Strategy
- The current College Strategic Risk Register for consideration

Mr Ritchie reported that the College Strategic Risk Register was approved at the December 2020 Board of Management meeting and the SMT continued to review that. In carrying out the review process, he led the Committee through a summary of removals, additions and amendments that had been made to the Strategic Risk Register.

The Corporate Development Committee:
- **Noted the update on the development of the College Risk Management Strategy**
- **Reviewed the current Strategic Risk Register and in doing so considered:**
  - **o The risks included in the register**
  - **o The revised risk rating both pre and post mitigation**
  - **o Whether any other risks should be considered for removal**
  - **o Whether any new risks should be considered for inclusion**

CD17 **ESTATES AND SUSTAINABILITY 2020/21 UPDATE**
The Director of Infrastructure provided an update in relation to Estates developments, projects and funding encompassing the following:

- Wider Estates Developments including the:
  - o Scottish Government National Infrastructure Mission
  - o Clydebank District Heating System Update
  - o Golden Jubilee Hospital, Clydebank

- Catering update
- Estate project and budget updates
- Leasing agreements

- College Estate Strategy update
- Sustainability

The Corporate Development Committee reviewed and noted the report for information.

CD18 INFORMATION TECHNOLOGY 2020/21 UPDATE
The Director of Infrastructure provided an update in relation to IT developments, projects and funding encompassing the following areas:

- Service developments
- Support for teaching and learning
- Infrastructure developments
- Security and resilience
- IT Project and associated budget updates
- College IT Strategy

The Corporate Development Committee reviewed and noted the report for information.

CD19 SCHEDULE OF BUSINESS 2020-21
The Committee **noted** its schedule of business for 2020-21 as summarised by the Director of Finance.

CD20 ANY OTHER BUSINESS

The Committee thanked senior officers for the quality and content of all Committee papers.

Given this was the first meeting of the Corporate Development Committee, the Chair suggested members reflect on the agenda item timings / depth of debate / rigour given and provide him with any feedback directly. **{ACTION – All Members}**

CD21 DATE OF NEXT MEETING
Tuesday 1 June 2021 at 4.00 p.m.

CORPORATE DEVELOPMENT COMMITTEE – ACTIONS FROM THE MINUTES

Date of Meeting	Min Ref	Matter for Action	Responsible Person	Action Taken	Timescale (where applicable)
9 March 2021	CD7 CD8 CD9 CD10 CD11 CD12	The following items to be presented to the BoM meeting on 22 March 2021: • People Strategy Refresh 2021 • Modern Slavery Statement 2021 • Equality, Diversity & Inclusion Mainstreaming Report 2021 - to seek delegated authority from the Board of Management to approve the 2021 College Equality Report for publication by 30 April 2021. • Procurement Strategy 2021-2025 • Contract Award - Associate Trainers • Review of Financial Regulations	D Alexander	Papers presented to the Board of Management	Complete 22 March 2021 Board meeting
""	CD13 CD15	Agreed the scheduling of two 1-hour Board member briefing sessions to enable a more detailed consideration of: • The financial environment within which the College operates • A detailed update in relation to College Outline Business Cases for Paisley and Greenock	D Alexander	Estates presentation 21 April 2021 Finance presentation 12 May 2021	Complete Estates by 30 April 2021 Finance by 31 May 2021
""	CD20	CDC members reflect on the agenda item timings / depth of debate / rigour given and provide him with any feedback directly	All members / J Hannigan		Before next CDC meeting (1 June 2021)

Date of Meeting	Min Ref	Matter for Action	Responsible Person	Action Taken	Timescale (where applicable)
15 Sept 2020 and 4 Nov 2020	CDM260	**Update on Mobilisation Group -** data was being captured regarding any positive Covid-19 test results amongst either staff or students and was presented to the Senior Management Team - summary of that to the meetings of the Committee.	D Alexander	Update provided under Vice Principal Update report	Complete - 9 March 2021
5 May 2020	CDM250	**MULTI-GENERATIONAL WORKFORCE STRATEGY** The Committee agreed that: 1 - the Multi-Generational Workforce Strategy be further modified as described in the minute. 2 - for further consideration in September.	N Smith	People Strategy presented at 9 March 2021 Corporate Development Committee meeting and action plan to deliver this during 2021-22 will take account of Multi-Generational Workforce Strategy. Multi-Generational Workforce Strategy will be encompassed by the new/updated People Strategy to cover the period 2022-2025m which it is proposed be presented to the Corporate Development Committee in March 2022.	Complete - 9 March 2021

Asset and Infrastructure Committee: Actions from the Minutes

Date of Meeting	Min Ref	Matter for Action	Responsible Person	Action Taken	Timescale (where applicable)
8 Dec 2020	EM442	In respect of the estates opportunities and partnership models discussed, it would be useful to provide a briefing note to ease understanding of the complexity and extent of the ongoing considerations within Inverclyde.	D Alexander	Agenda Item 15 (Estates Outline Business Case Update) of the 9 March 2021 Corporate Development Committee meeting provides an update on this matter. Updates will be provided at Corporate Development Committee meetings on an ongoing basis.	Complete – 9 March 2021
16 Sept 2020	EM426	**Emerging Opportunities Report – WDC District Heating System**: An update report to be provided to the December 2020 meeting of the Committee.	M Joyce	Update provided under Agenda Item 17 (Estates and Sustainability 2020/21 Update) of 9 March 2021 Corporate Development Committee meeting.	Future meeting
	EM425	**Monitoring of Regional Outcome Agreement Objectives** Update report to be provided following any subsequent changes to SFC guidance on 2020-21 ROA priorities.	D Alexander	Update report provided on ROA outcome as part of Paper 10 at 1 June 2021 meeting	Complete
	EM430	**IT Strategy** An update report on key IT projects be provided at future meetings of the Committee, adopting a similar format and approach to that provided for Estates Maintenance projects.	M Joyce	IT Update Report considered as part of agenda at 9 March 2021 meeting. Similar report to be presented to subsequent Committees	Complete – 9 March 2021

Date of Meeting	Min Ref	Matter for Action	Responsible Person	Action Taken	Timescale (where applicable)
9 July 2020 FGPC	FPM313	**Scottish Government / College Cyber Resilience Framework** Update would be provided on progress at the next meeting of the Committee.	D Alexander	Update on progress will be provided as a standing item within the Information Technology 2020/21 Update Report.	Complete – 9 March 2021
and 10 Sep 2019	"	**Expansion Programme Board for the redevelopment and extension of the Golden Jubilee National Hospital:** A further update would be provided to the Estates Committee.	D Alexander	Update on progress will be provided as standing item within the Estates and Sustainability Update Report.	Complete – 9 March 2021
"	EM398	**College Estate Strategy 2016-2026 - Progress Report:** Proposed to refresh the Estate Strategy 2016-2026 document over the course of 2020-21 in order to reflect change, and changing, operating environment.	D Alexander	Refresh of 10-year Estate Strategy document will progress as possible over the coming period during 2021.	November 2021
10 Dec 2019	EM388	**Outline Business Cases:** i) Scope for planned work to be circulated to members when available. ii) Updates to be given as appropriate.	D Alexander	Update provided to Committee on work undertaken to date on OBC and engagement with SFC and other key stakeholders. Progress will continue to be provided to the Committee.	Complete – 9 March 2021
	EM389	**Centre for Performing Arts:** Update to be given on the Centre for Performing Arts project.	M Joyce	Update provided under Agenda Item 17 - Estates and Sustainability 2020/21 Update	Ongoing – Future Meeting

Date of Meeting	Min Ref	Matter for Action	Responsible Person	Action Taken	Timescale (where applicable)
10 Sep 2019	EM352 334	**Paisley OBC** – College to continue collaborative discussions and to progress dialogue with SFC, Renfrewshire Council and UWS regarding possible opportunities for collaboration.	L Connolly D Alexander	Update on planned SFC review exercise to inform future College curriculum and the role of wider educational partners in developing this in order to inform College OBCs provided at March 2021 meeting. Updates will be provided at Corporate Development Committee meetings on an ongoing basis.	Ongoing – Future Meeting.

Finance & General Purposes Committee: Actions from the Minutes

Date of Meeting	Min Ref	Matter for Action	Responsible Person	Action Taken	Timescale (where applicable)
19 Nov 2019	FPM292	**Operational Planning -** Vice Principal to keep the Committee apprised of progress in relation to Pentana.	D Alexander	Update provided as part of the Vie Principals Update Report. Further updates will be provided as required.	Complete 9 March 2021
27 May 2019 and 19 Nov 201	FPM257.2 226.1 and FPM2911	**Business Transformation Plan -** Committee to be kept informed of progress with discussion with SFC.	L Connolly	Updates will continue to be provided to the Corporate Development Committee and the Board of Management on College engagement with the SFC regarding implementation on the Business Transformation Plan during 2020-21.	Ongoing – Future Meetings

6

1 | P a g e

TITLE: **VICE PRINCIPAL UPDATE REPORT**

Background: This paper provides the Corporate Development Committee with updates in relation to the following matters:

- 2020-21 Scottish Funding Council (SFC) funding allocations
- The College voluntary severance scheme
- Indicative 2021-22 SFC College Sector Funding Allocations
- Ongoing engagement with the SFC
- National bargaining
- Human Resources
- Infrastructure
- Implementation of the Pentana system

Action: The Corporate Development Committee is invited to consider and note the report for information.

Lead: David Alexander, Vice Principal Operations

Status: Open

Vice Principal Update Report

1.0   Introduction

1.1   This paper provides the Corporate Development Committee with an overview of key updates relating to:

- 2020-21 Scottish Funding Council (SFC) funding allocations
- The College voluntary severance scheme
- Indicative 2021-22 SFC College Sector Funding Allocations
- Ongoing engagement with the SFC
- National bargaining
- Human Resources
- Infrastructure
- Implementation of the Pentana system

2.0   2020-21 SFC Funding Allocations

2.1   The SFC have issued the following circular announcements since the previous March 2021 meeting of the Corporate Development Committee:

- ***Circular SFC/AN/07/2021– Issued 3 March 2021***
  National Transition Training Fund (NTTF) and Young Person's Guarantee (YPG) for colleges in 2020-21
  The National Transition Training Fund (NTTF) aims to tackle the rise in unemployment in adults aged 25+ by offering short sharp training opportunities for people to learn in-demand skills. It will provide adults with tailored support to identify relevant training and employment opportunities, followed by funded training to match each individual's needs. This will be made up of a range of smaller initiatives working in the areas of the economy where there is the greatest need for additional skilled staff. The SFC announced £1.87million of additional 2020-21 funding (£1.227m core funding and £0.642m of associated student support funding) to enable colleges to deliver 4,283 of NTTF credit activity during 2020-21. West College Scotland received £202,024 of this allocation (£133,624 core funding; £68,400 student support funding) to deliver 456 additional credits.

  The Young Person's Guarantee (YPG) proposes that, within two years, every person aged 16 - 24 will have the opportunity, depending on their circumstances, to study; take up an apprenticeship, job or work experience; or participate in formal volunteering. The SFC announced £7.547million of additional 2020-21 funding (£5,227,506 core funding and £2,318,600 associated student funding) to support delivery of 19,920 YPG credits by the college sector within 2020-21.

West College Scotland received £1,021,195 (£675,445 core funding £345,750 associated student funding) of this allocation to fund delivery of 2,305 additional YPG credits.

The expectation is that activity under YPG and NTTF should be targeted at new students. However, the aim of the programme makes it possible to provide a 'Skills Boost' to current students or those who have completed a qualification/course and have limited opportunity for employment where there is evidence that this would improve their employability prospects. All courses should ideally commence in the 2020-21 financial year - by end of March 2021 - but must be completed in the current 2020-21 academic year - by the end of July 2021. Any underspend may be recovered by SFC and activity delivered under NTTF and YPG must be in excess of the Colleges' core SFC credit targets for 2020-21.

Circular SFC/AN/09/2021- Issued 24 March 2021
Announcement of an additional £15.3 million for colleges in 2020-21
This circular confirmed the allocation of an additional £15.3m to colleges in financial year 2020-21. This funding is to help address the major impact that COVID-19 has had on colleges and universities in terms of:

- Reduced income, including from commercial contracts and residencies, affecting research funding and putting jobs at risk.
- Additional costs, such as adjustments to campuses and facilities to allow for social distancing.
- General weakening of their financial sustainability.

   It will also support institutions to:

- Provide assistance to students to maximise the successful completion of their studies in 2020-21
- Minimise the level of deferrals into 2021-22
- More generally, enable institutions and staff to deliver the outcomes SFC are seeking from them during 2020-21.

West College Scotland received £1,302,654 (8.68%) of this sector 'Sustainability Funding' allocation.

2.1   *Agenda Item 6 (Management Accounts to 30 April 2021)* incorporates funding arising from these SFC circulars and the 'Sustainability Funding' announcement made since the previous Corporate Development Committee on 9 March 2021 as required.

3.0   College Voluntary Severance Scheme

3.1   The College 2020-21 budget assumed that a minimum of £500,000 in staffing efficiencies would require to be achieved – with at least part of this saving requiring to be achieved through voluntary severance (VS). The SFC Financial Forecast Return (FFR) of June 2020 guidance stated that Colleges should assume that up to 6 months of any VS costs would be supported by the SFC during 2020-21.

3.2   However, as previously advised to the Finance and General Purposes Committee and Board of Management, the SFC subsequently advised that they had no budget cover to support the provision of VS funding to West College Scotland during 2020-21. The College's own financial resource has therefore been used to fund voluntary severance costs arising during 2020-21 and this scenario is recognised within the College's financial forecast as at 30 April 2021 (*Agenda Item 6*).

3.3   To date the College has incurred £481,000 of voluntary severance costs 15.96 FTE (22 headcount) during 2020-21 to secure the required efficiency savings. These departures have been in accordance with the Board of Management approved voluntary severance scheme.

4.0   Indicative 2021-22 SFC College Sector Funding Allocations

4.1   Circular SFC/AN/11/2021 - *Indicative college funding allocations for 2021-22* was issued by SFC on 24 March 2021.   This circular announced SFC decisions on 2021-22 indicative funding allocations for colleges. SFC stated that they are aiming to achieve the following stated policy objectives through this funding distribution:

- To provide learning opportunities at a time of significant economic and social turmoil – and in these emergency years, to sustain a pipeline of educated and skilled people who will be critical to our recovery and to upskill the existing workforce.

- To ensure that students, who may be at risk of not completing their qualifications or failing to progress to further study or employment because of the practical or placement requirements in their courses during AY 2020-21, are supported to succeed.

- To support the financial sustainability and stability of colleges by providing a general uplift in teaching funding for AY 2021-22, alongside one-off funding for education and skills gaps in AY 2021-22.

- To protect and promote Foundation Apprenticeships, and for the first time deliver these opportunities through SFC's funding lines, working closely with Skills Development Scotland and local authorities.

- To provide sufficient student support funding to meet demand and the needs of deferred students

4.2 SFC has set a college revenue budget for AY 2021-22 of £721.8 million, which represents an increase of £70.2 million (10.8%) compared with 2020-21. This includes:

- A general uplift of £11.6 million (2.4%) for the core teaching grant, which includes a £0.4 million increase to the £12.9 million pension costs that were added into core teaching in 2020-21. As a result of this uplift the gross credit price will increase by 2.5%.

- £10 million for students whose studies have been deferred to complete their courses and move onto further study or employment. This additional funding has been allocated in proportion to colleges' existing allocations of core teaching grant. An additional 33,488 credits have been allocated to support deferred students, an increase of 1.9% at a sector level, and an increase of between 1.8% and 2.7% for individual colleges.

- £8.7 million for Foundation Apprenticeships. From 2021-22 SFC will take over the funding of Foundation Apprenticeships (FAs) delivered directly through Scotland's colleges. FAs that are delivered through local authorities or independent training providers will continue to be funded by Skills Development Scotland (SDS). SFC has allocated £8.7 million for AY 2021-22 which will fund the delivery of 3,118 starts (30,252 credits). This funding has been made available for 2021-22 to support the transition of FAs from SDS to SFC core funding.

- £5 million for Digital Learning. This funding is to support colleges' transition towards the provision of increased digital learning. This additional funding has been allocated in proportion to colleges' share of student activity (credit) targets. SFC will provide further guidance on the use of these funds, along with monitoring and reporting arrangements, at a later date.

- £4.4 million for Mental Health support, to enable colleges to provide additional mental health services to staff and students due to the impact of COVID-19. SFC will provide further guidance on the use of these funds, along with monitoring and reporting arrangements, at a later date.

4.3 Given that 2021-22 is the final year of the European Social Fund (ESF) programme for colleges, SFC adjusted the balance between core credits and ESF credits to ease the transition into 2022-23 when ESF funding will no longer be available. As a result of this rebalancing each college will have the same proportion of ESF credits in addition to their core credits and, therefore, the reduction in additional ESF credits in 2022-23 will be equal across the sector. 46,336 credits have been allocated for ESF activity.

4.4   Student support funding for 2021-22 has been set at £140.6 million, an increase of £2.6 million (1.9%) on what was announced last year.

4.5   The circular also confirmed that further 2021-22 funding is to be announced at a later date to provide access to free sanitary provision and to support the appointment of mental health counsellors.

4.6   SFC has set the budget for sector-wide capital maintenance in 2021-22 at £29.4 million, a reduction of £1.8 million (6.2%). The circular acknowledges that the college sector's backlog and lifecycle maintenance needs continue to far exceed the level of funding available. SFC's allocation method is similar to last year and is based on a c.58%/42% split of high priority backlog/lifecycle maintenance costs.

4.7   West College Scotland's indicative 2021-22 SFC funding allocations are summarised within **Appendix A** of this paper.

5.0   Ongoing Engagement with the SFC

5.1   The Finance and General Purposes meeting of 3 September 2019 and Board of Management meeting of 7 October 2019 approved actions, detailed within the '*Future Proofing our College'* business transformation plan, which required to be taken in order to deliver a sustainable financial operating position over the next five-year period.

5.2   The SFC committed to a change in the College business model from 2020-21, confirming a reduction in core credit activity of 5,000 for West College Scotland – from 157,855 to 152,855 - when compared with 2019-20. The SFC did not reduce the teaching funding associated with this credit activity - meaning an increase in £ per credit for West College Scotland which equates to 8.6% - from £255 in 2019-20 to £277 in 2020-21. This reflected discussions SFC had with the College to recognise a movement towards higher cost curriculum activity over the course of previous years. As a condition of this change, the College was advised it must reduce its level of third-party distance learning activity from 2020-21.

5.3   However, due to the ongoing impacts of the COVID-19 lockdown restrictions, the College has now been advised by the SFC that 2020-21 third party distance learning activity levels can remain at 2019-20 levels during without any associated change in funding for the year. A further meeting is scheduled to take place with SFC to discuss the curriculum delivery model and the levels of third-party distance learning that can be put in place for 2021-22. The Committee will be updated at a future meeting of any changes in the SFC position.

6.0   **National Bargaining**

6.1   On 18 March 2016 the Colleges Scotland Board approved the creation of an Employers' Association. This Association has representation from all colleges as employers and has full authority in relation to national bargaining but remains within the Colleges Scotland structure. The Employers Association nominated ten representatives to take forward national bargaining discussions with teaching and support trade unions through a National Joint Negotiating Committee (NJNC). The Vice Principal Operations and Director of Finance are two of those nominated representatives for 2020-21.

6.2   Formal agreement was previously reached with the EIS for a 2% cost of living pay award to cover the period 1 September 2020 to 31 August 2021. The College 2020-21 financial projections therefore take account of this. A similar pay offer was made to support staff trade unions for the 2020-21 period, and this has now been formally accepted.

6.3   The EIS had previously lodged a formal dispute with the Colleges Scotland Employers Association regarding concerns they had in relation to Instructor/Assessor roles replacing Lecturer posts at some colleges (not West College Scotland). The EIS balloted their members on this matter and there were five days of national industrial action which then followed during March and April 2021. However, the dispute was resolved at the end of April resulting in the further planned strike action being cancelled, and a ballot for further action 'short of strike' being withdrawn.

7.0   **Human Resources**

7.1   *West College Scotland Staff Survey*

The College staff survey seeking staff views on key areas of engagement and future ways of working closed on Monday 24 May with over 600 responses received – a response rate of over 50%. The next steps will involve exploring the results further through focus groups and the findings will inform future working practices. An update on the survey outcomes will be provided at the next meeting of the Corporate Development Committee.

7.2   *West College Scotland Staff Awards*

The College launched inaugural Staff Awards during May 2021 to recognise the significant contribution made by colleagues over the past 14 months during the pandemic. The judging panel - Dr Waiyin Hatton (Chair of the Board), Liz Connolly (Principal), Iain-Foster Smith (Assistant Principal, Student Life and Skills) and Natalie Smith (Director, Organisational Development & HR)) – are in the process of reviewing the 103 nominations received and the winners will be announced in the June edition of WestWorld.

8.0   Infrastructure

8.1   An update on key estates and information technology projects and developments is provided under *Agenda Item 8 (IT Strategy Annual Update); Agenda Item 9 (IT Strategy 2021-2025); and Agenda Item 14 (Information Technology Update).* This report seeks to highlight the position in relation to the College Outline Business Case (OBC) for Greenock.

8.2   Significant activity is continuing within the College and with partners to progress and conclude the Greenock OBC for submission to SFC, with key activity including:

- Working with the Design Team to progress and conclude the conceptual design for the new build at East India Dock.

- Meeting with the Inverclyde Council Planning Team. Early discussions on the concept design and high-level planning principles have taken place with Inverclyde Council to look at issues of scale and massing, and information requirements moving forward to support the detailed planning application processes.

- Meeting with Stuart McMillan MSP to discuss the new build campus. Mr. McMillan has publicly stated his support for a new College build during his next five year term of office.

- Meeting with SNP Group at Inverclyde Council (Cllrs Roberson and Curley) – who have also committed to supporting College plans and have publicly stated this.

- Meetings with Inverclyde Council, Riverside Inverclyde, Peel Ports and SFC to discuss project progress, land acquisition, planning matters, governance and finance.

- Engaging with the Beacon Arts Centre to explore partnership working.

- Meeting with Fife College to discuss their new build development by way of information sharing.

8.3   Ultimately it is expected the final draft Greenock OBC will be considered towards the end of June 2021, enabling the College further time to engage with wider partners over the summer period and secure support for the new build proposals in advance of SFC submission. The Greenock OBC will therefore be presented to the September 2021 meeting of the Corporate Development Committee for consideration and subsequently to the Board of Management for approval.

8.4   In terms of the next steps regarding progression of the Paisley estates OBC, the College awaits further information from the SFC on the curriculum review exercise that it was agreed would be undertaken in order to take this forward. A further meeting with SFC to discuss this is currently being scheduled and if this occurs in advance of the Corporate Development Committee meeting an additional update will be provided.

9.0   Implementation of the Pentana System

9.1   As previously reported to the Committee, Pentana is a management software solution being implemented and developed by the College. This system enables organisations to assign actions and monitor the delivery of plans using a centrally accessible Cloud based system in real time – with the intention being to enhance management information, corporate awareness and performance.

9.2   The College has been implementing the Pentana management system throughout the COVID-19 lockdown period and this is now operational, with the core focus of system use being to support reporting on and monitoring of College 2020-21 operational plans. The system has now also been extended to support the uploading of 2021-22 operational plans; monitoring of the College Strategic Risk Register; monitoring of the College Digital Strategy and review of the rolling audit action plan provided to the Board of Management Audit Committee.

9.3   Other areas of work are currently being progressed in partnership with our colleagues at West Dunbartonshire Council include:

- Development of the Regional Outcome Agreement reporting framework to facilitate the on-going linkages between College corporate strategies our operational activities.

- The development of a KPI reporting framework which can be tailored to each Directorate's requirements.

- The upload of College Policy, Procedure and Strategy review schedules to automate reminders for policy owners and track the various stages of approval for each document.

- The use of Dashboard reporting within Pentana, with an exemplar dashboard of student data expected to be shared with SMT during June.

9.4   Future projects scheduled for 2021 onwards will include:

- The upload of further Strategy documents and outcomes, including Equality, Diversity and Inclusion and Safeguarding.

- Further upload of College strategic documents and continual improvement in the linkage between the Corporate Plan, College Strategies, and operational planning objectives.

- The integration of the Pentana Feedback module is to be explored as a useful tool for the recording and monitoring of complaints and FOI requests.

9.4   Further updates on the implementation and development of the Pentana system will be provided to the Corporate Development Committee at future meetings.

10.0   Recommendation

10.1   The Corporate Development Committee is invited to consider and note the report for information.

2021-22 SFC Indicative Funding

SFC FUNDING FOR CORE OPERATIONS	2020/21 Final Allocation £	2021/22 Indicative Allocation £	2021/22 Final Allocation £	Final Movement 2020/21 V 2021/22 £	% Final Movement %
SFC Core Grant-in-Aid Allocation:					
Core including national bargaining	39,373,554	41,674,560	41,674,560	2,301,006	5.8%
Job Evaluation Funding	934,789	934,789	934,789	0	0.0%
General Cost Pressure Uplift	859,643	1,019,062	1,019,062	159,419	18.5%
Teachers pension cost increase	1,133,143	0	0	(1,133,143)	(100.0%)
	42,301,129	43,628,411	43,628,411	1,327,282	3.1%
Deferred Student places	0	880,806	880,806	880,806	100.0%
Foundation Apprenticeship (Note 1)	450,000	854,388	854,388	404,388	100.0%
Young Person Guarantee / National Transitional Funds	809,000	0	0	(809,000)	(100.0%)
Total Core SFC Grant-In-Aid	**43,560,129**	**45,363,605**	**45,363,605**	**1,803,476**	**4.1%**
ESF Activity Funding	**1,610,301**	**1,302,080**	**1,302,080**	**(308,221)**	**(19.1%)**
Total Funding to Support Core Operations	**45,170,430**	**46,665,685**	**46,665,685**	**1,495,255**	**3.3%**
Total Funds Arising from Net Depreciation	**1,639,000**	**1,639,000**	**1,639,000**	**0**	**0.0%**
	46,809,430	**48,304,685**	**48,304,685**	**1,495,255**	**3.2%**
Estates Lifecycle Maintenance	**1,193,000**	**1,118,000**	**1,118,000**	**(75,000)**	**(6.3%)**
Total SFC Funding to Support Operations	**48,002,430**	**49,422,685**	**49,422,685**	**1,420,255**	**3.0%**
Funding for Specific Purposes:					
Estates High Priority Maintenance	3,355,000	2,572,000	2,572,000	(783,000)	(23.3%)
Financial Sustainability Funding (£15.3m)	1,302,654	0	0	(1,302,654)	(100.0%)
Digital Capacity	0	457,706	457,706	457,706	100.0%
Counselling Support	122,000	122,000	122,000	0	100.0%
Mental Health Support	0	402,782	402,782	402,782	100.0%
Period Poverty	40,119	40,119	40,119	0	0.0%
Student Association	33,000	0	0	(33,000)	(100.0%)
Total Funding for Specific Purposes	**4,852,773**	**3,594,607**	**3,594,607**	**(1,258,166)**	**(25.9%)**
Overall Total SFC Income (Including Funding for Specific Purposes)	**52,855,203**	**53,017,292**	**53,017,292**	**162,089**	**0.3%**

Note (1): In 2020-21 Skills Development Scotland provided this funding and the College accounted for the funding under 'SDS income'. From 2021-22 the SFC will provided the funding and reporting for this activity.

SFC STUDENT SUPPORT FUNDING	2020/21 Final Allocation £	2021/22 Indicative Allocation £	2021/22 Final Allocation £	Final Movement 2020/21 V 2021/22 £	% Final Movement %
SFC Core Student Support Funding	13,822,121	14,082,219	14,082,219	260,098	1.9%
SFC Core Student Support Funding	*13,822,121*	*14,082,219*	*14,082,219*	*260,098*	*1.9%*
Winter Covid Allocation	265,000	0	0	(265,000)	(100.0%)
YPG/Skills Boost	251,000	0	0	(251,000)	(100.0%)
SFC In-Year Redistribution (Digital)	501,000	0	0	(501,000)	(100.0%)
Total Student Support Funding	*14,839,121*	*14,082,219*	*14,082,219*	*(756,902)*	*(5.1%)*

SFC Activity Target	2020/21 Credits	2021/22 Indicative Credits	2021/22 Final Credits		Final Movement 2020/21 V 2021/22	% Final Movement
Core Activity Target	152,855	153,980	153,980	94%	1,125	0.7%
ESF Funded Activity	6,264	4,605	4,605	3%	(1,659)	(26.5%)
	159,119	158,585	158,585		(534)	(.3%)
YPG / National Transitional Funds	2,760	0	0	0%	(2,760)	(100.0%)
Foundation Apprenticeships	0	2,888	2,888	2%	2,888	100.0%
Deferred Students	0	2,932	2,932	2%	2,932	100.0%
Total Credit Target	*161,879*	*164,405*	*164,405*		*2,526*	*1.6%*

TITLE: **MANAGEMENT ACCOUNTS TO 30 APRIL 2021**

Background: This paper presents the Management Accounts for the period to 30 April 2021. The Covid-19 pandemic has continued to have a material impact on ongoing business operations and the April 2021 financial forecast to 31 July 2021 is based upon current information available to the College.

Action: The Corporate Development Committee is requested to:

- Note the current 2020-21 adjusted operating position.
- Note the detailed impact that Covid-19 has had on the operations and financial position of the College.
- Note the cashflow position.
- Approve the Management Accounts for the period to 30 April 2021.

Lead: Alan Ritchie, Director of Finance

Status: Open

1.   Introduction

1.1   The Management Accounts presented are for the period to 30 April 2021 and contain the following information:

- An Executive Summary, which provides a summary of those matters which require to be drawn to the attention of the Corporate Development Committee and an overview of those factors with a potential to impact the accounts.

- The Statement of Comprehensive Income and Expenditure, which provides a summary of the financial position and shows a comparison of the approved 2020-21 budget with the full year forecast position to 31 July 2021. This statement also includes the audited 2019-20 College 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 cashflow analysis shows the actual position to date and the forecast to 31 July 2021.

- The student funding analysis provides a summary of the budgeted and forecast income and expenditure to 31 July 2021 arising from the processing of student bursary, childcare and discretionary claims. The only element of student support funding 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 financial graphs and performance indicators provide background information relating to income and expenditure and highlight the main indicators of financial sustainability.

- The aged debt analysis shows a summary of the age of the sales ledger. The emphasis continues to be the collection of debt owed to the College before it requires to be past to the College debt collection agency. This year has seen a slight delaying in collection of debt due to the impact of Covid-19 on student finances. The college bad debt provision continues to be monitored.

2.   Overview – Management Accounts as at 30 April 2021

2.1   On 9 March 2021, the Corporate Development Committee received the
Management Accounts for the 6-month period to 31 January 2021, which forecast
an adjusted operating surplus of £37,000 for the 2020-21 financial year, effectively a
break-even position. The Board of Management approved budget for 2020-21
indicated an adjusted operating surplus of £27,000

2.2   On 4 January 2021, the Scottish Government announced that mainland Scotland
required to enter a second lockdown period. The new restrictions required College
staff to work from home where possible and for College campuses to remain closed
to all but essential onsite activities. There was then a slight subsequent easing of
restrictions from the 26 March 2021 which allowed some limited essential activity
(no more than 5% of students) to return to campus. Based on this gradual easing of
restrictions the College has continued to reassess the financial forecast position
given the significant operational and financial impacts arising.

2.3   The Management Accounts as at 30 April 2021 therefore provide an update on the
variances which have arisen due to the impacts of the further Covid-19 lockdown
period and the continuation of restricted numbers of students and staff being
allowed to return to College campuses.

Adjusted Operating Position as at 31 July 2021

2.3   As a result of the closure of onsite operations due to the second Covid-19 lockdown
period the College was facing a position of financial deficit. However, during March
2021 the SFC announced that it would inject £15m into the college sector to assist
with financial sustainability. This funding, which was distributed based on 2020-21
initial core activity levels, resulted in West College Scotland receiving an additional
core grant allocation of £1.3m which has been included within the April 2021
management accounts. The College will not be expected to deliver any additional
teaching activity in 2020-21 in being provided with this sustainability funding.

2.4   It is forecast that receipt of this additional SFC sustainability funding will allow the
College to deliver a break-even operating surplus of £67,000 compared to the Board
approved budget surplus of £27,000

2.5   It should be noted that this forecast break even adjusted operating position is based on information available to the College at this time – and it is likely the forecast outturn position may be subject to some change as further information becomes available from the SFC and Scottish Government over the period to the end of the financial year.

2.6   The key areas of consideration which may impact the current forecast include:

- The April Management Accounts are based on the limited return to on-site activity which commenced in March 2021 continuing to the end of the year. However, should there be a further/future tightening of lockdown restrictions it will likely have a further negative impact upon the ability of the College to achieve the overall credit target and other income generating capability.

- There are several income streams – including those relating to ESF credit activity, Flexible Workforce Development Fund, Skills Development Scotland, commercial activity and tuition fees – where the position remains to be confirmed – and in these cases the College has continued to adopted a prudent approach within the April 2021 Management Accounts and only accounted for known income.

- The College reported to the December 2020 Board of Management that it anticipated an operational catering service deficit of (£384,000) by 31 July 2021. Based upon the forecast income level and the revised staff establishment the deficit for 2020-21 is expected to be (£386,000). The December 2020 Board of Management had approved up to £250,000 of voluntary severance payments from College funds to arrive at the (£384,000) deficit. The £250,000 limit was predicated upon several staff transferring to other positions within the College. Unfortunately, the transfers were not able to be implemented which has resulted in the College requiring to expend £291,000 on voluntary severance payments to ensure the forecasted deficit was achieved.

- Whilst provision has been made for additional staff teaching costs to be incurred to support students in completing their studies, the full cost of any additional activity will require to be kept under review. As the delivery pathway to current students completing their course becomes clearer the associated costs will also be easier to assess.

- Last year the adjusted operating position was adversely impacted by the non-cash provision that the College was required to make for support staff holidays that staff were unable to take due to ongoing lockdown restrictions at that time. Given the continuation of lockdown restrictions at the current time, it is expected that the College will require to increase the level of holiday pay provision as at 31 July 2021, thereby adversely affecting current break even adjusted operating position. However, as discussed last year, this is a technical adjustment that does not ultimately impact upon College finances or cashflow.

Impact of second national lockdown

2.7   As noted at 2.3 above, it is forecast that the additional £1.3m provided by SFC as financial sustainability funding due to the second national lockdown will enable the College to break even. The (£1.3m) net impact on the College 2020-21 financial forecast position due to the second covid lockdown period can be summarised as follows:

	£'000
INCOME	
1) Reduction in Flexible Workforce Development Funding as business defer training until later in the year	(437)
2) Reduction in SDS modern apprentice income due to closure of businesses and loss of tuition fee income	(520)
3) Reduction in commercial income due to lower levels of business interaction	(314)
4) Reduction in international fee income due to in country overseas activities being limited	(130)
5) Lower level of nursery income due to reduction in College on-site activities	(121)
6) Catering income reductions due to national lockdowns and limited on campus activities	(638)
7) Increased level of HMRC furlough support as scheme extended to cover all of the 2020-21 financial year.	465
8) Other income movements	74
Net reduction in income because of Covid-19	**(1,621)**
STAFF COSTS	
9) Voluntary severance paid to catering staff due to impact of lock down restrictions on operating model	(291)
Net increase in staff costs because of Covid-19	**(291)**

	£'000
NON-STAFF COSTS	
10) Reduction in estate costs due to cessation of on-site learning and teaching activities (utilities / rental costs)	158
11) Reduced support costs ranging across several areas including teaching department, postage, printing, travel and transport	287
12) Reduced level of catering costs due to closure of refectory service	205
Net decrease in non-staff costs because of Covid-19	**650**
Net decrease in adjusted operating position	**(1,262)**
Board approved budget adjusted operating surplus	**27**
Revised adjusted operating deficit	**(1,235)**
SFC Sustainability Funding	1,302
April 2021 forecasted adjusted operating position	**67**

2.9 It should be noted that whilst the above table outlines a reduction in on site consumable costs the College has increased the amount it is spending on providing IT devices to students through utilisation of student support funding which otherwise would not have been utilised due to a significant reduction in student funding claims.

Financial Accounting Position as at 31 July 2021

2.10 In approving the College budget for 2020-21, the key indicator of financial health that is used– in accordance with SFC and Audit Scotland guidance – is the adjusted operating position. As outlined above, the Board of Management approved budget for 2020-21 forecast an adjusted operating surplus of £27,000, effectively a break-even position. In accounting terms, this would have resulted in a financial accounting deficit of (£2,237,000) as at 31 July 2021 - after adjusting for depreciation and loan repayments. Given that the College adjusted operating position is now forecasting a slightly improved surplus position of £67,000 combined with the slight reduction in the depreciation charge for the year, this means there is also movement in the forecast relating to the overall financial accounting position – and the College is now forecasting an overall financial accounting deficit of (£2,143,000) as at 31 July 2021.

2.11   It should be noted that the overall financial deficit of (£2,143,000) currently forecast for 2020-21 is prior to:

- the impact of the annual pension valuation, the outcome of which will not be known until September 2021.

- any movement in the staff holiday pay provision (non-cash) which will be calculated as part of the year end work.

Cashflow Position

2.12   The availability of cash to support ongoing College operations is essential. The Management Accounts as at 30 April 2021 show that the College is continuing to maintain cashflow levels that enable this to be achieved – with it being estimated that the College will hold £5.3m (35 days) of cash as at 31 July 2021. It is important to note that the College cash position includes amounts relating to:

- £2.0m of SFC estates maintenance funding held for projects committed to but not yet paid for at the year end.

- £0.4m of SFC Flexible Workforce Development Fund. The College is currently forecasting that FWDF training due to be delivered between May and July 2021 will not take place and will require to be rescheduled as required to a later date. There is therefore a risk that the College could be asked to repay cash relating to this activity.

    If the cash amounts relating to these two areas was to be repaid to the SFC, the College underlying cash position would be £2.9m (18 cash days).

2.13   As outlined above, the College continues to have cash in place to support ongoing College operations and is forecasting to have a balance of 35 days in place – and an underlying balance of 18 days - as at 31 July 2021. The College will continue to ensure cashflow is monitored on an ongoing basis to identify, mitigate and manage any risk which may emerge.

3.   Conclusion

3.1   The full impact of Covid-19 om College operations and finances will continue to be kept under review over the period to the end of the financial year. However, with the additional SFC Sustainability Funding the College expects to be able to deliver a breakeven adjusted financial operating outturn for 2020-21.

3.2   The College will continue to:

- Monitor income and costs closely, to enable the College to continually estimate the 2020-21 financial outturn and cashflow position.

- Continue to engage with the SFC in relation to the financial challenges arising because of Covid-19.

3.4   The Corporate Development Committee is requested to:

- Note the current 2020-21 adjusted operating position.

- Note the detailed impact that Covid-19 has had on the operations and financial position of the College.

- Note the cashflow position.

- Approve the Management Accounts for the period to 30 April 2021.

West College Scotland

Financial Information Pack
2020-21

For the period to 30 April 2021

WEST COLLEGE SCOTLAND

Financial Information Pack 2020-21

WEST COLLEGE SCOTLAND

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 (VS) costs that require to be incurred.

In approving the 2020-21 budgeted surplus of £27,000 it was noted by the Board of Management that this could only be achieved if at least £0.5m of staff efficiencies were 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 may require to be achieved through VS. The budgeted College adjusted operating position for 2020-21 did not include any cost or income associated with a VS 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. SFC guidance on this matter, despite engagement by the College, remains that voluntary severance costs should be included as a cost in calculating the operating surplus / deficit of a College. To date, SFC has advised the College that no funding will be made available to directly assist with any College VS programme, despite their forecast guidance indicating that up to 50% of such incurred costs should be assumed to be paid by the SFC. This therefore means that currently the College requires to either increase income or find further savings in order to offset any VS costs if/as they arise in seeking to achieve an adjusted breakeven operating position.

The SFC guidance issued during the latter part of 2020 in relation to the Covid-19 pandemic required the College to close all on-site operations to all but essential activity from 4 January 2021. The impacts arising from this have remained under continuous review since the further lock down period and the College is currently estimating the negative impact of the second lockdown and continuing restrictions on numbers allowed to be on campus to be approximately £1.3m. The College has continually engaged with the SFC since the further lockdown period came into effect in January 2021 in order to discuss the financial implications arising from this - and as a result of this the SFC has announced in March 2021 that a one-off sustainability fund of £1.3m will be provided to the College (part of the overall £15m sustainability package announced by the SFC for the college sector). With this additional SFC funding the College is now forecasting an adjusted operating break even position of £67,000.

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. The Business Transformation Plan meant that there would be a reduction in the College activity target of 5,000 credits from 2020-21 onwards, with the College not experiencing any associated reduction in income, due to the resource intensive nature of many of the courses being provided - which represented an equivalent a 8.6% increase in funding. A condition of this agreement with SFC was that West College Scotland required to reduce the level of third party innovative learning activity being delivered, and being delivered out with the West region. However, given the impacts of further Covid-19 restrictions the SFC have now provided the College with a dispensation to deliver a higher level of third party innovative learning in 2020-21. See Section 4 for further information on 2020-21 SFC credit delivery.

3) Operational Savings

The table below shows the level of operational savings budgeted, delivered to date and forecasted for 2020-21. As can be seen the College is forecasting that it will achieve its core level of budgeted savings for 2020-21. This has been partially achieved through the use of voluntary severance which has resulted in an additional charge to the College profit and loss account of £481,000 for 2020-21. Within the current SFC approved voluntary severance scheme the College has released 15.96 FTE of staff (22 headcount) with an overall payback period of 0.76, which is under the SFC requirement for the payback period to be less than 1 year. This includes 11.2 FTE (14 headcount) of catering staff who have left the College after discussions on the shape of the future catering delivery model. This will enable the College to manage the in-year deficit for the catering operation in line with the paper presented to the December 2020 Board of Management. At this stage with the Government furlough scheme extended to the end of September 2021, it is anticipated that the catering deficit will be approximately £386k. The additional cost of the voluntary severance scheme has been funded through the staff savings made in year along with additional non-staff cost efficiencies recognised in year.

WEST COLLEGE SCOTLAND

EXECUTIVE SUMMARY

Operational Savings 2020-21

	Budget £'000	2020-21 Actual £'000	Forecast £'000
Staff cost voluntary severance savings		301	301
Cost of voluntary severance scheme	500	(481)	(481)
Staff cost efficiencies		495	660
Non-staff cost efficiencies	404	326	434
Total	**904**	**641**	**914**

The College continues to undertake a review of financial projections in an uncertain environment.

Student Support Funds

The College has received further discretionary student support funds from both the Scottish Funding Council (FE) and Student Awards Agency for Scotland (HE) in period to the end of January 2021. The College has distributed these funds in accordance with the relevant conditions of grant. Further details on the level of funding received can be found contained in the Student Funding Note on page 10

The major risks which may impact the current financial projections are noted within section 7 of the Executive Summary.

EXECUTIVE SUMMARY (Continued)

4) Student Credit Target

The 2020-21 budget included an overall reduction in WCS third party innovative learning delivery in accordance with the SFC condition of accepting the Business Transformation Plan. However, agreement has now been reached with the SFC that, due to continuing Covid-19 pandemic restrictions, the College can continue to deliver an increased level of third party innovative learning activity during 2020-21, with further discussions to take place as to whether this may continue during 2021-22.

As part of the Scottish Governments pandemic response plan the College was offered and accepted an additional 2,761 credits for delivery before 31 July 2021. These additional credits were offered under the Young Persons Guarantee and National Transitional Training Fund initiatives and are included within the overall 2020-21 activity target show within the table below.

	2019-20 Actual	2020-21 Budget	Forecast
Core activity target	140,633	142,855	128,855
Innovative Learning	17,700	10,000	24,000
ESF Developing Scotland's Workforce	6,264	5,838	5,838
Young Person Guarantee / National Transitional Funds	0	0	2,761
Total	**164,597**	**158,693**	**161,454**

5) 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:

	2019-20		2020-21		
	Pre Covid-19	Actual	Budget	Pre Covid-19	Forecast
	£'000	£'000	£'000	£'000	£'000
Financial accounts deficit as per SCI&E	(2,973)	(7,434)	(2,236)	(2,236)	(2,143)
Non-cash pension adjustments	0	3,455	0	0	0
Financial accounts deficit excluding pensions	(2,973)	(3,979)	(2,236)	(2,236)	(2,143)
Depreciation net of release of deferred capital grant	3,494	2,638	2,790	2,790	2,737
Loss on disposal of assets	24	25	0	0	0
Revenue funding allocated to loan repayments	(510)	(510)	(527)	(527)	(527)
Adjusted operating surplus / (deficit) for the year	**35**	**(1,826)**	**27**	**27**	**67**

As previously reported to the Corporate Development Committee, the January 2020-21 adjusted operating position of £37,000 included £486,000 of voluntary severance costs. The cost of the voluntary severance programme has been matched by savings in both staff and non-staff costs allowing the College to continue to forecast a small 2020-21 adjusted operating surplus of £37,000. The impact of the second national lockdown is now forecast to have a negative movement of £1.3m on the College adjusted operating position and which would have resulted in an adjusted operating deficit of £1.3m. However in March 2021 the SFC announced additional sustainability funding of £1.3m which will result in the College returning a break even adjusted operating surplus of £67,000 for the year to 31 July 2021.

6) 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 a full valuation of its land and buildings as at 31 July 2021, which will impact the depreciation charge for 2021-22 onwards.

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 April 2021 the College has £9.42m of cash at bank, which is equivalent to 62 days. The January 2021 Management Accounts cash forecast as at April 2021 was for the College balance to be £7.45m. The College has therefore seen an increase of £1.97m over the last quarter - £1.3m of the increase is due to receipt of SFC Financial Sustainability funding with a further £0.2m of SFC Young Person Guarantee Funding also being reeived. The remainder of the increase is due to the College increase in income receeived combined with the continuation of reduced costs.

The College is forecasting to have cash balance of £4.8m (31 days) as at 31 July 2021 an increase of £1.7m compared to the budget position of £3.1m (20 days). The movement is primarily related to funding which the College has been unable to apply due to Covid lockdown restrictions - Flexible Workforce Development Funding and Estate Maintenance Funding (committed but not spent at the year end).

A full analysis of the College cash flow can by found at page 7.

EXECUTIVE SUMMARY (Continued)

7) 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 2020-21.

The 2020-21 budget 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. The College has made an assessment of the impact of the second national lock down put in place from January 2021 and the gradual easing of restrictions with this estimated to have cost just over £1.2m. However, in March 2021 the SFC announced a £15m Sustainability Support package for the FE sector, of which WCS will receive £1.3m in additional funding. This additonal suppot will enable the College to return a break even adjusted operating position for 2020-21. This position is reliant upon the continued easing of lock down restrictions, the College being able to deliver its credit target, and there being no further impact from the support staff holiday pay provision.

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 £13,000. The College has made provision for potential repayment of subsequent years ESF funding through the 2019-20 accounts. As noted in the January accounts the sector had made represntaions to the SFC as to the requirement to provide certain evidence to support students participation in the ESF projects. In May 2021 the SFC has written to those Colleges involed in the ESF project and indicated that so long as the colleges have made all reasonable eforts to obtain the required evidence that the SFC will support the college ESF funding claims. This letter of support has removed the risk of funding being reclaimed in regard to evidentiary failures at a later date.

As none of the years since 2015-16 have as yet ben audited by the Manageing Authority, the College has taken a prudent approach towards future audits resulting in repayment of funds by providing for an element of each years funding up to 2020-21. By doing this the College is ensuring that future year investment in teaching and learning is not impacted by ESF fuding reclaims.

The current ESF programme is due to terminate in July 2022 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 the College assumes it will retain the same level of core funding as currently available through ESF sources. 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 with exact timescales to be confirmed but it is anticipated that the project will continue into 2022.

National Pay Negotiations

A pay deal has been reached with both teaching and support staff unions for the year to August 2021 and this is accounted for within the Management Accounts.

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. The new centre has been opened for staff and student use at the Paisley campus over the course of April 2021 with the subsequent withdrawal from the YMCA building scheduled to be finalised by October 2021 at the latest.

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE 2020-21
Year to 30 April 2021

	Year to date			Full Year Budget V Forecast			2019/20
	Budget £'000	Actual £'000	Variance (Adv)/Fav £'000	Budget £'000	Forecast £'000	Variance (Adv)/Fav £'000	Actual £'000
SFC Income	37,136	37,305	169	49,947	50,123	176	46,952
Tuition fees and education contracts							
SDS Income	552	605	53	820	1,205	385	599
Fees	4,636	4,261	(374)	5,178	4,264	(914)	5,106
	5,188	4,866	(322)	5,998	5,469	(529)	5,705
Other income							
Other Income Excl Interest	1,449	1,291	(159)	2,171	1,804	(367)	2,893
Interest Received	0	0	0	0	0	0	1
	1,449	1,291	(159)	2,171	1,804	(367)	2,894
Total Income	**43,773**	**43,461**	**(312)**	**58,116**	**57,397**	**(719)**	**55,550**
Total Salary Costs	**(32,405)**	**(32,557)**	**(153)**	**(43,039)**	**(43,348)**	**(309)**	**(42,282)**
Property Costs	(2,419)	(2,054)	364	(5,558)	(5,397)	162	(5,026)
Supplies and Services	(3,175)	(3,134)	41	(4,188)	(4,426)	(238)	(4,689)
Other Operating Costs	(2,390)	(1,456)	934	(3,533)	(2,388)	1,145	(3,190)
Finance Charges	(99)	(95)	4	(132)	(132)	0	(160)
Total Expenditure excluding Salaries	**(8,083)**	**(6,739)**	**1,343**	**(13,411)**	**(12,343)**	**1,069**	**(13,066)**
Total Expenditure	**(40,487)**	**(39,296)**	**1,191**	**(56,450)**	**(55,691)**	**760**	**(55,346)**
Deficit before accounting adjustments	**3,286**	**4,165**	**880**	**1,665**	**1,706**	**41**	**204**
Release of SFC DCG	791	791	(0)	1,055	1,055	(0)	1,153
Release of Non SFC DCG	138	138	0	184	184	0	184
Depreciation	(3,022)	(2,982)	40	(4,029)	(3,976)	53	(3,975)
Net Depreciation	(2,093)	(2,053)	40	(2,790)	(2,737)	53	(2,638)
Loss on disposal of Fixed Asset	0	0	0	0	0	0	(25)
Deficit after accounting adjustments	**1,193**	**2,112**	**919**	**(1,125)**	**(1,031)**	**94**	**(2,458)**
Cash budget for priorities	(834)	(834)	0	(1,112)	(1,112)	0	(1,130)
Financial accounts deficit	**359**	**1,278**	**919**	**(2,237)**	**(2,143)**	**94**	**(3,586)**
Revaluation reserve	1,980	1,980	1	2,640	2,640	0	2,814
Historical (Deficit)/Surplus	**2,339**	**3,259**	**921**	**403**	**496**	**94**	**(773)**

Detailed Variance Analysis between the 2020-21 Budget and Forecast

	Operational Variances (Adv)/Fav £'000	Covid-19 Variances (Adv)/Fav £'000	Total Variances (Adv)/Fav £'000
Board of Management approved 2020-21 deficit	**(2,237)**	**(2,208)**	**(2,237)**
Young Persons Guarantee Fund (YPG) / National Transitional Training Fund (NTTF) - additional SFC income linked to increased credits	808	0	808
FWDF income has been increased based on SFC October announcement of additional funding to the sector	203	0	203
Reduction in period poverty funding based upon SFC February 2021 funding notification	(52)	0	(52)
Additional funding for Student Association to encourage greater student engagement during remote learning	33	0	33
Funding to support the Greenock OBC	84	0	84
Reduction in ESF income to provide for potential clawback resulting from Managing Authority audit criteria	(480)		(480)
Increase in SFC income due to operational matters	*596*	*0*	*596*
FWDF reduction in income due impact of Covid-19 on employers ability to commit to training	0	(437)	(437)
Increase in core SFC funding announced by SFC in March 2021 - Sustainability Fund	0	1,302	1,302
Decrease in amount of childcare funding required to be paid out due to closure of external nurseries	0	(1,165)	(1,165)
Reduction in period poverty income matched to expenditure resulting from college closures	(120)	0	(120)
Decrease in SFC income due to impact of Covid-19	*(120)*	*(300)*	*(420)*
Total increase / (decrease) in SFC income in the year compared to budget	**476**	**(300)**	**176**
Increase in Foundation Apprenticeship based on current contracted student recruitment numbers being better than anticipated	230	0	230
Increased Development funding to include the AMFC contract - matched with costs within tools and equipment	205	0	205
Increase in tuition fees and educational contracts due to operational matters	*435*	*0*	*435*
SDS Modern Apprenticeships and SVQs - impacted by reduction in employer engagement due to the pandemic	0	(135)	(135)
HE fees have been reduced as a result of lower recruitment numbers than anticipated onto HE programmes	0	(385)	(385)
Development Funding - travel restriction impact on Erasmus project leading to reduced activity in this area	0	(50)	(50)
FE / HE fees - reduction in part time activity in latter part of the year due to impact of the pandemic	0	(37)	(37)
Commercial Income - the impact of the pandemic has resulted in cessation / delay in activity and subsequent loss of fees	0	(227)	(227)
International Income - reduction in activity due to global lockdown primarily in Malaysia	0	(130)	(130)
Decrease in tuition fees and educational contracts due to the impact of Covid-19	*0*	*(964)*	*(964)*
Total decrease in tuition / education contracts income in the year compared to budget	**435**	**(964)**	**(529)**
A reduced level of schools activity has resulted in lower recovery of consumable costs	(18)	0	(18)
Reduction in bookshop income directly matched with a reduction in costs	0	(25)	(25)
Increase in rental income	9	0	9
Decrease in other income due to operational matters	*(9)*	*(25)*	*(34)*
Due to delivery of teaching by blended learning the overall use of the College nursery facility has reduced	0	(121)	(121)
Furlough income has increased due to extension of the scheme to September 2021	0	465	465
Catering income has reduced due to impact of national lockdowns and limited on campus activity	0	(638)	(638)
No activity regarding the placement of staff resulting in reduction in salary recovery income	0	(10)	(10)
Reduction in support for learning income due to no exams this academic year	0	(20)	(20)
Reduction in other income associated with DYW matched to costs which are lower due to off campus working	0	(9)	(9)
Decrease in other income due to impact of Covid-19	*0*	*(333)*	*(333)*
Total decrease in other income in the year compared to budget	**(9)**	**(358)**	**(367)**
TOTAL (DECREASE) / INCREASE IN INCOME IN THE YEAR COMPARED TO BUDGET	**902**	**(1,621)**	**(719)**
Increased permanent staffing costs to support learning and teaching through the glogal pandemic	(129)	0	(129)
Restructure costs for the current voluntary severance programme which are fully funded by the College	(190)	0	(190)
Decrease in staff costs due to the voluntary severance programme and delay in staff replacement / holding of vacancies	301	0	301
Decrease in staffing costs due to operational matters	*(18)*	*0*	*(18)*
Increased restructure costs associated with restructure of catering operations as result of national lockdowns	0	(291)	(291)
Increase in staffing costs due to the impact of Covid-19	*0*	*(291)*	*(291)*
TOTAL INCREASE / (DECREASE) IN STAFF EXPENDITURE IN THE YEAR COMPARED TO BUDGET	**(18)**	**(291)**	**(309)**
Matched costs associated with Estates maintenance funding of Greenock OBC	(84)	0	(84)
Period poverty costs reduced to matched with income	50	0	50
Reduced cleaning costs resulting from withdrawal from YMCA building	37	0	37
Decrease in property expenditure due to operational matters	*3*	*0*	*3*
Reduction in utility costs as a result of reduced on-site activity	0	179	179
Increased Health & Safety costs	0	(20)	(20)
Decrease in property expenditure due to Covid-19	*0*	*159*	*159*
Total decrease in property expenditure in the year compared to budget	**3**	**159**	**162**

	Operational Variances (Adv)/Fav £'000	Covid-19 Variances (Adv)/Fav £'000	Total Variances (Adv)/Fav £'000
Increased cost associated with growth in innovative learning activity target	(317)	0	(317)
Increase in tools and equipment to include AMFC costs which is matched to income	(205)	0	(205)
Increase in tools and equipment as required by departments to replace old equipment	(95)	0	(95)
Increase in ICT expenditure to fund additional projects	(300)	0	(300)
Reduction in the bookshop expenditure directly matched to income	25	0	25
Other incidental movements	(71)	0	(71)
Increase in supplies and services due to operational matters	*(963)*	*0*	*(963)*
Reduced travel / marketing / transport / post / other costs as a result of restricted travel and remote working	0	195	195
Reduction in consumable costs due to continued delivery of teaching by remote learning	0	183	183
Reduction in print and stationery due to limited staff on campus	0	115	115
Reduction in consumable requirements within support areas due to remote working and move to blended learning	0	27	27
Reduction in catering costs due to national lockdowns and limited on-site activity	0	205	205
Decrease in supplies and services due to the impact of Covid-19	*0*	*725*	*725*
Total (increase) / decrease in supplies and services expenditure in the year compared to budget	**(963)**	**725**	**(238)**
Anticipated saving in staff development as a result of continued remote working	30	0	30
Other incidental savings	21	0	21
Decrease in other operating expenditure due to operational matters	*51*	*0*	*51*
Reduction in student / other expenses linked with reduction in development funding activity - Erasmus project	0	30	30
Decrease in amount of childcare funding required to be paid out due to closure of external nurseries	0	1,165	1,165
Additional HE student support funding contribution in relation to Covid-19 support	0	(100)	(100)
Decrease in other operating expenditure due to the impact of COVID-19	*0*	*1,095*	*1,095*
Total decrease in other operating costs in the year compared to budget	**51**	**1,095**	**1,145**
TOTAL (INCREASE) / DECREASE NON-STAFF EXPENDITURE IN THE YEAR COMPARED TO BUDGET	**(909)**	**1,979**	**1,069**
NET VARIANCE IN THE YEAR DUE TO OPERATIONAL AND COVID-19 IMPACTS	**(25)**	**67**	**41**
FORECAST DEFICIT BEFORE ACCOUNTING AND OTHER ADJUSTMENTS	**(2,261)**	**(2,142)**	**(2,196)**
Reduction in depreciation charge as result of year end adjustment to calculation method as advised by our auditors	53	0	53
FINANCIAL ACCOUNTS DEFICIT AFTER ACCOUNTING ADJUSTMENTS	**(2,208)**	**(2,143)**	**(2,143)**

COLLEGE BALANCE SHEET

	As at 31 July 2020 £'000	Movement £'000	As at 30 April 2021 £'000	Movement £'000	Forecast 31 July 2021 £'000
Fixed Assets					
Tangible Fixed Assets	97,798	(1,978)	95,820	16,034	111,854
Current Assets					
Stock	0	0	0	13	13
Trade Debtors	57	377	434	(344)	90
Other Debtors	23	470	493	(479)	14
Prepayments	334	(330)	4	292	296
Other Accrued Income	260	(9)	251	(43)	208
Scot. Funding Council Debtor	408	1,270	1,678	(276)	1,402
Scot. Funding Council Debtor: Support job evaluation	1,792	0	1,792	935	2,727
Cash at Bank and in Hand	6,995	2,424	9,419	(4,654)	4,765
	9,869	4,202	14,071	(4,556)	9,515
Creditors: Amounts Falling Due					
Within One Year					
Bank Loans/Other Loans	(422)	243	(179)	(71)	(250)
Finance lease	(96)	80	(16)	(56)	(72)
Trade Creditors	(567)	160	(407)	332	(75)
Other Creditors	(623)	574	(49)	(51)	(100)
Other Creditors: Support job evaluation	(1,792)	0	(1,792)	(935)	(2,727)
Accruals & Deferred Income	(4,319)	(569)	(4,888)	1,490	(3,398)
Tax & Social Security	0	0	0	0	0
Scot. Funding Council - Creditor	(2,232)	(1,430)	(3,662)	857	(2,805)
Deferred Capital Grant SFC	(1,055)	0	(1,055)	(45)	(1,100)
Deferred Capital Grant Non SFC	(184)	0	(184)	0	(184)
	(11,290)	(942)	(12,232)	1,521	(10,711)
Net Current (Liabilities)/Assets	**(1,421)**	**3,260**	**1,839**	**(3,035)**	**(1,196)**
Total Assets less Current Liabilities	**96,377**	**1,283**	**97,660**	**12,999**	**110,658**
Creditors: After One Year					
Bank Loan	(1,270)	69	(1,201)	180	(1,021)
Finance lease	(32)	(0)	(32)	(16)	(48)
Deferred Capital Grant SFC	(22,094)	(211)	(22,305)	310	(21,995)
Deferred Capital Grant Non SFC	(4,438)	138	(4,300)	45	(4,255)
	(27,834)	(4)	(27,838)	519	(27,319)
Net Assets Excluding Provisions	**68,543**	**1,279**	**69,822**	**13,517**	**83,339**
Provisions: Other	(56)	0	(56)	0	(56)
Provisions: Net Pension Liability	(43,113)	0	(43,113)	0	(43,113)
Net Assets Including Provisions	**25,374**	**1,279**	**26,653**	**13,517**	**40,170**
Restricted Reserves					
Pension Reserve	(43,113)	0	(43,113)	0	(43,113)
Unrestricted Reserves					
I&E Reserve	13,598	3,259	16,857	(2,764)	14,093
Revaluation Reserve	54,889	(1,980)	52,909	16,281	69,190
	68,487	1,279	69,766	13,517	83,283
	25,374	**1,279**	**26,653**	**13,517**	**40,170**

CASH FLOW FORECAST FOR THE YEAR ENDED 31 JULY 2021

	Quarter 1 ended Oct 20 Actual £'000	Quarter 2 ended Jan 21 Actual £'000	Quarter 3 ended Apr 21 Actual £'000	Quarter 4 ended Jul 21 F'Cast £'000
COLLEGE CASHFLOW				
SUMMARY POSITION				
College opening cash balance	**6,995**	**5,741**	**5,514**	**9,419**
Net (Outflow)/Inflow in period	(1,254)	(227)	3,905	(4,654)
Closing Bank Balance	**5,741**	**5,514**	**9,419**	**4,765**
Cash Days	38	36	62	31
Opening College Bank Balance	6,995	5,741	5,514	9,419
INCOME				
SFC Income				
Teaching Grant	10,000	8,500	11,644	10,223
Financial Sustainability Fund	-	-	1,303	-
NTTF Skills Boost	-	-	202	(68)
Young Persons Guarentee	-	-	-	675
FWDF - 19/20	-	184	-	-
FWDF - 20/21	-	-	235	-
FWDF - 20/21 Phase 2	-	-	-	100
Estates Maintenance	360	2,822	1,367	-
Greenock OBC	-	-	84	-
Digital Provision	-	221	-	-
Counsellors 2021	-	-	122	-
Tackling Child Poverty	-	-	60	-
Mental health and Well being	-	-	47	-
Period Poverty	-	-	38	-
Student Association	-	-	33	-
ESF Income 2019-20	408	-	-	-
ESF Income 2020-21	302	301	302	303
Other Income				
Other Operating Income	1,169	4,153	2,308	1,268
Inter College receipt from SSF	-	-	-	136
Total Income	**12,239**	**16,181**	**17,745**	**12,637**
EXPENDITURE				
Staff Costs	9,021	12,184	10,663	10,705
Restructuring costs	-	218	260	3
Non Staff Costs				
SFC Estate Maintenance	797	1,066	908	1,080
SFC Capital spend	767	235	-	-
Other Operating Costs	2,455	2,575	1,776	5,378
Loan/Lease Repayments	130	130	133	125
Inter College payment to SSF	323	-	100	-
Total Expenditure	**13,493**	**16,408**	**13,840**	**17,291**
Net (Outflow)/Inflow	**(1,254)**	**(227)**	**3,905**	**(4,654)**
Closing College Bank Balance	**5,741**	**5,514**	**9,419**	**4,765**
STUDENT SUPPORT FUNDS CASH				
Opening Student Funding Bank Balance	40	2,548	2,646	2,483
Income				
Student Funding - SFC FE	3,050	3,750	3,501	1,200
Student Funding - SAAS HE	-	80	325	-
Student Funding - SFC EMA	-	106	120	62
Intercompany SSF receipt from College	323	-	100	-
Total Income	**3,373**	**3,936**	**4,046**	**1,262**
Expenditure				
Student Funding - SFC FE	845	3,727	4,122	3,539
Student Funding - SAAS HE	-	-	-	-
Student Funding - SFC EMA	20	111	87	70
Intercompany SSF payment to College	-	-	-	136
Total Expenditure	**865**	**3,838**	**4,209**	**3,745**
Net (Outflow)/Inflow	**2,508**	**98**	**(163)**	**(2,483)**
Closing Student Support Bank Balance	**2,548**	**2,646**	**2,483**	**-**

2020-21 STUDENT SUPPORT FUNDS BUDGET AND FORECAST

	Bursary		FEDF		Childcare		Total		HE Funds	
	Budget £'000	F'Cast £'000	Budget £'000	F'Cast £'000	Budget £'000	F'Cast £'000	Budget £'000	F'Cast £'000	Budget £'000	F'Cast £'000
Income Analysis										
Brought forward funds	-	-	-	37	-	-	-	37	-	3
Allocation	11,403	11,917	677	924	1,742	981	13,822	13,822	304	304
In-year return of uncommitted funds - Note (1)	-	(3,183)	-	-	-	-	-	(3,183)	-	-
Additional Discretionary Allocation - Notes (2) / (3)	-	501	-	265	-	-	-	766	-	325
College Contribution - Note (4)	-	-	-	-	-	-	-	-	-	91
Total Income	**11,403**	**9,235**	**677**	**1,226**	**1,742**	**981**	**13,822**	**11,442**	**304**	**723**
Expenditure Analysis										
Taxis	60	15	-	-	-	-	60	15	-	-
Disability Needs	-	-	12	12	-	-	12	12	10	10
SEN	250	240	-	-	-	-	250	240	-	-
Disclosure	-	-	45	30	-	-	45	30	2	2
Childcare Nurseries - Internal	-	-	-	-	329	60	329	60	-	-
HE Childcare - External	-	-	-	-	393	311	393	311	-	-
FE Childcare - External	-	-	-	-	1,020	610	1,020	610	-	-
Student Maintenance & Travel	10,251	7,200	620	511	-	-	10,871	7,711	292	300
Covid-19 Winter Allocation	-	-	-	673	-	-	-	673	-	411
Cost of Course	842	880	-	-	-	-	842	880	-	-
Digital Spend	-	900	-	-	-	-	-	900	-	-
Total Expenditure	**11,403**	**9,235**	**677**	**1,226**	**1,742**	**981**	**13,822**	**11,442**	**304**	**723**

Note

1) SFC Bursary

The College had in January 2021 intended not to draw down £1.6m of funding due to the reduced expected requirement to provide support to students primarily for childcare costs. Since then the College has received additional Covid-19 support funds (as noted below) which has allowed the College to support both the digital and financial needs of the student body throguh the second national lockdown. In the subsequent period, the level of demand for childcare support, transport (taxi and mileage allowance) and maintenance support has further reduced resulting in a further £1.6m of funding no longer being required to be drawn down by 31 July 2021. It should be noted that all requests for student maintenance support to date have been met and will continue to be addressed.

2) FE Discretionary Funding

The College received two additional allocations of discretionary funding as noted below. These funds are being distributed in line with the condition of grant:
a) In year redistroibutuion of student support funds 2020-21 (£501,000) - this will be utilised to bridge the digital gap at the College; and
b) Winter Covid-19 discretionary funding (£265,000) - this will be utilised to support students who may not already be in receipt of support.

3) SAAS Discretionary Funding

The Student Awards Agency for Scotland (SAAS) announced in February 2021 additional support for HE students who are facing difficulties with accommodation costs as part of the impact of Covid-19

4) College Contribution to HE Discretionary

The monies distributed as additional support from the Winter Covid-19 fund exceeded the funds allocated by SAAS (see Note 3 above); discussions are currently ongoing with SAAS to determine if they can fund any of this overspend. Indications at this stage are that they cannot do so and that the cost will then fall to the College.

WEST COLLEGE SCOTLAND

Financial Graphs and Performance Indicators

SFC Income as % of Total Income

Salaries as % of Total Income

Other Income as % of Total Income

Non-Staff Expenditure Split
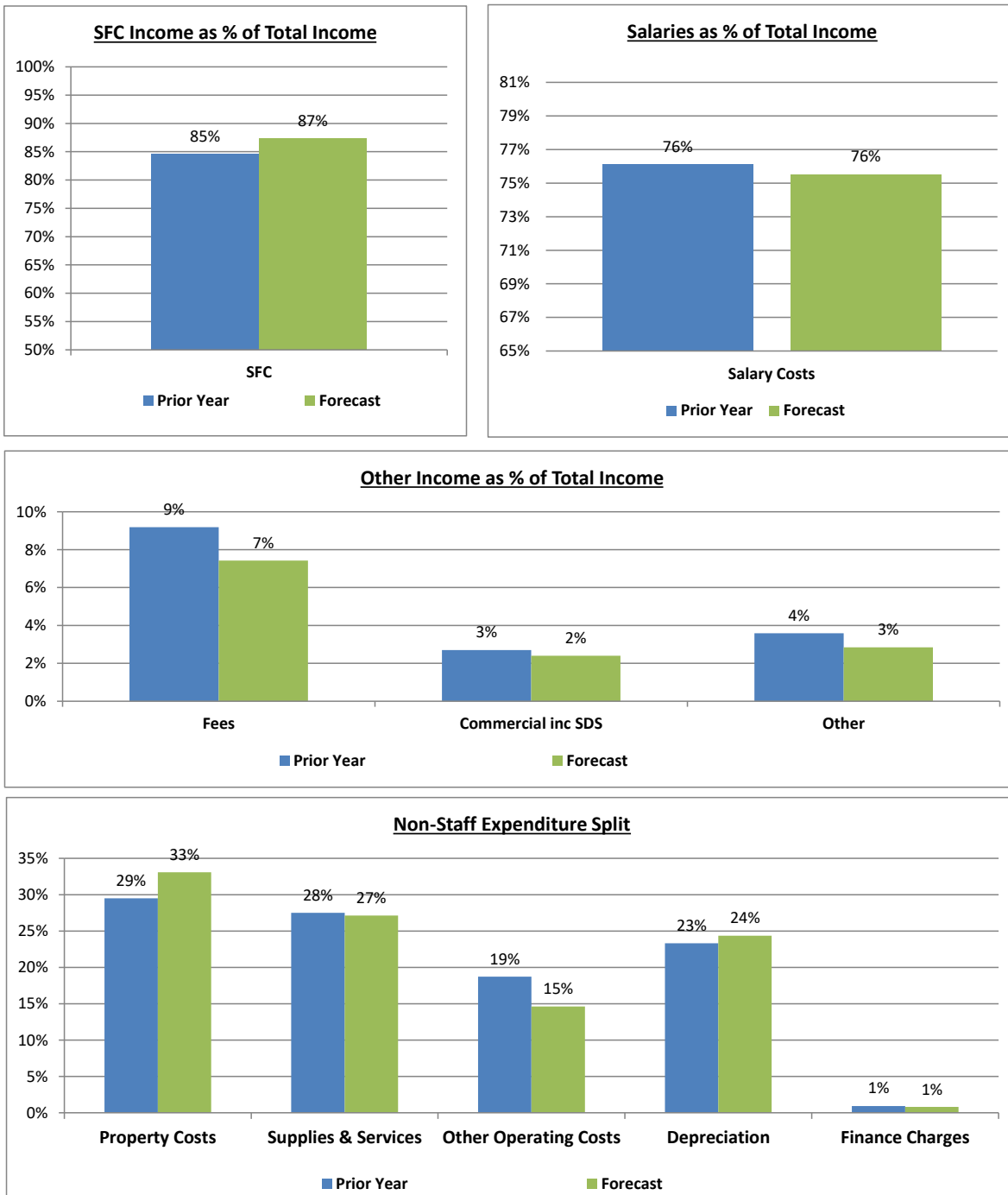
	As at 31 July 2020	Forecast 31 July 2021	Notes
Debtor Days	29	31	Due to the impact of Covid-19 the slower than normal recovery of course fees has slightly impacted the debtor days.
Creditor Days	34	5	The College aims to pay all invoices within the Scottish Governments stated time line of 30 days from date of invoice.
Staffing costs as % of income	76%	76%	

AGED DEBT ANALYSIS
As at 30 April 2021

Aged Debt: Apr 2021 compared to Apr 2020
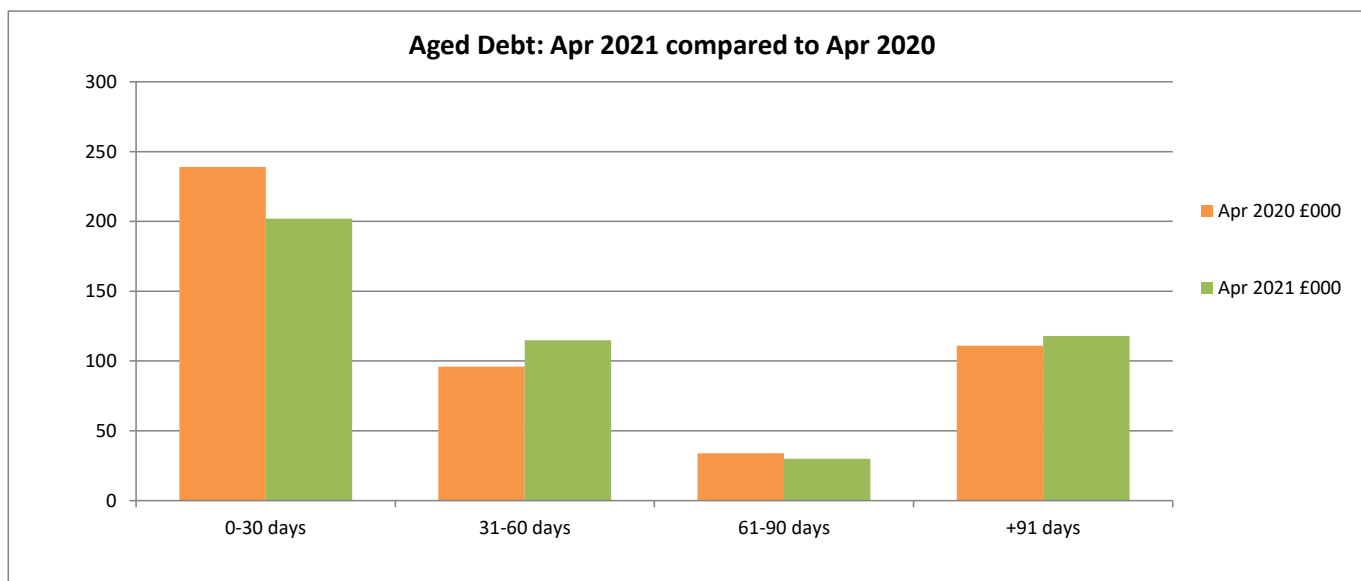
Period	Apr 2020 £000	Apr 2021 £000	Movement £000	Movement %	Comment
0-30 days	239	202	37	15%	
31-60 days	96	115	(19)	-20%	
61-90 days	34	30	4	12%	
+91 days	111	118	(7)	-6%	
Total Invoices Owed	**480**	**465**	**15**		
Bad Debt Provision	(48)	(31)	(17)		
Net Trade Debtor Balance	**432**	**434**	**(2)**		

The total invoices owed debt is comparable to this time last year, as the ongoing process of generating invoices proceeds in line with agreed timetables. However, it should be noted that it is taking longer to collect these debts than in 2020 as can be seen from the increase in debt aged 31-60 days. The College continues to follow the approved debt collecting process with invoices when they reach 90+ days being passed to the College debt collection agency. Students are taking longer to pay outstanding debts due in part to the impact of Covid-19 on their finances. The bad debt position of the College continues to be monitored.

TITLE: **2021-22 BUDGET AND MEDIUM-TERM FINANCIAL FORECAST**

Background: The purpose of this paper is to present the following to the Corporate Development Committee:

a) The 2021-22 College budget.

b) The 2021-22 Student Association budget.

c) The College financial forecast for the three years to 2023-24.

d) A note of the budgetary and forecast assumptions used.

e) A sensitivity analysis of the key assumptions used.

Action: The Corporate Development Committee is requested to consider the basis upon which the 2021-22 College budget and three-year financial forecast to 2023-24 have been created and recommend the following for Board of Management approval:

- The 2021-22 Student Association budget.

- The 2021-22 College budget.

Lead: David Alexander, Vice Principal Operations
Alan Ritchie, Director of Finance

Status: Open

1. **Introduction**

1.1 This paper presents the 2021-22 College budget and three-year financial forecast to 2023-24 for consideration and approval by the Corporate Development Committee and Board of Management. The budget and financial forecast are based upon the guidance and governance framework with which the College requires to comply, with this primarily being the:

- Financial Memorandum with the Scottish Funding Council (SFC).
- Financial Forecast Return (FFR) guidance issued by the SFC.
- Scottish Public Finance Manual (SPFM).

1.2 The College has yet to received:

a) The 2021-22 final SFC Grant in Aid allocations and therefore the 2021-22 budget is based upon the indicative Grant in Aid allocations issued by SFC on 24 March 2021. The SFC have indicated that notification of the final 2021-22 college sector funding allocations will be made in early June 2021 - no specific date has been set for publication. Should the final 2021-22 SFC funding guidance result in any significant amendments being required to the 2021-22 budget and three-year financial forecast this will be reported to the September 2021 Corporate Development Committee meeting.

b) SFC Financial Forecast Return (FFR) guidance. Last year the FFR guidance was guidance issued on 9 June 2020 with a return date of 30 June 2020. The guidance provides the college sector with baseline assumptions for use in preparing the following year budget and three-year financial forecast. In prior years the SFC FFR guidance has requested colleges provide a financial budget and forecast to cover a five-year period, however due to the uncertainty arising from Covid-19 the shorter three-year period was requested.

1.3 The College would normally look to apply the SFC assumptions to the 2021-22 budget and three-year forecast presented to the Board of Management. As this guidance has not yet been issued, the College has utilised what it believes to be a reasonable set of assumptions in compiling the 2021-22 budget and three-year forecast. In providing the 2021-22 budget and forecast to 2023-24 this paper:

- Sets out the financial strategy and objectives of the College.

- Provides a commentary on the College operating environment and impacts arising from this.

- Outlines the key assumptions used for financial planning purposes.

- Includes a three-year RAG analysis of the key sensitivities used in compiling the 2021-22 budget and three-year forecast to 2023-24.

- Provides a summary of the financial health of the College.

2. West College Scotland – Financial Strategy and Objectives

2.1 Colleges require 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 College Financial Strategy and associated financial objectives are in place to enable this to be achieved.

2.2 The College Financial Strategy enables assessment of the financial needs and resources required to support and meet organisational objectives and outcomes, and in doing so, plan for continued development where possible to enable success and sustainability. While the sector financial operating environment remains challenging, the 2021-22 budget and forecast to 2023-24 continue to adopt this strategic approach - and seek to achieve the required breakeven financial position on a continuous basis.

2.3 The College Financial Strategy aligns and integrates with other College strategies – including Curriculum; IT; Digital; People; Estates; and Procurement – to support achievement of their intended outcomes where possible. The College Financial Strategy ultimately supports achievement of the College Business Transformation Plan, Corporate Plan 2019-25, and Regional Outcome Agreement – and in developing the 2021-22 budget and forecast to 2023-24 the following financial objectives have been set:

1) Maintain a sound financial base (solvency and liquidity) based on the following:
- The College will work with SFC to maintain sufficient cashflow to support continuous College operations.
- The College will aim to achieve a break even adjusted operating position and in doing so meet annual obligations due for loans and leases.
- The College will annually expend all resource funding it receives, thereby generating a cash neutral position from operating activities.

2) Ensuring sound financial management by producing management accounts on a periodic basis.

3) *Maintaining confidence of funding bodies, suppliers and professional advisers by:*
- Providing financial and non-financial returns on time and in agreed formats.
- Working with auditors to provide returns which are certified, unqualified and submitted timeously.
- Adhering to the College's policy to pay all suppliers within 30 days of receipt of an invoice.

4) Continuing to raise awareness of financial issues by providing:
- Advice, guidance and training to staff, management and Board of Management members on funding, funding methodologies, budgeting and the College's Financial Regulations.
- Adequate information to ensure staff, management and Board of Management members are kept updated on the financial position of the College.

5) Improving the College estate and equipment by:
- Utilising SFC funding to maximise investment in maintenance, technology, digitalisation and equipment required to support teaching and learning programmes and College administration.
- Ensuring adequate procedures are in place to protect assets from loss, theft, neglect and fraudulent activity.

6) Supporting our students by providing:
- Advice and guidance for and accessibility to student support funding.
- A Student Association budget which enables an engaged and active student body.

2.4 These Financial Strategy objectives will continue to be progressed, monitored, and reported through the College operational planning process, provision of monthly management accounts and wider information to the Corporate Development Committee.

2.5 The College Financial Strategy approach and associated financial objectives are therefore intended to provide a robust basis for financial planning – and these underpin the 2021-22 budget and forecast to 2023-24 which are presented within the following sections of this report.

3.   2021-22 Budget

3.1 The Corporate Development Committee is invited to note that the 2021-22 budget for West College Scotland, attached as A*ppendix A*, has been produced on the basis outlined in the paragraphs below.

3.2   Adjusted Operating Position

3.2.1 The adjusted operating position is the measure of financial health and sustainability applied by the SFC. The basis of the 2021-22 budget that the Corporate Development Committee are being requested to approve, as detailed at *Appendix A,* is a deficit accounting budget (due to the expending of cash arising from net depreciation) - which when adjusted for technical and underlying movements agreed by Audit Scotland and the SFC, provides a small adjusted operating surplus of £23,000 – effectively a breakeven position.

3.2.2   It should be noted the 2020-21 FFR guidance issued by the SFC on 9 June 2020 contained the following statement:

> *SFC's Financial Memorandum with colleges and RSBs (Regional Strategic Bodies) requires institutions to plan and manage their activities to remain sustainable and financially viable. It is therefore critical that institutions take the necessary actions to balance their operating position, reflect these actions in their FFRs, and provide a full description of their financial plans in the FFR commentary. Colleges must prepare a balanced budget for 2020-21 and/or have a deliverable plan to reach a balanced budget over the forecast period.*

It is anticipated that a similar statement will be included within the 2021 guidance document. The 2021-22 College budget and forecast to 2023-24 outlines plans to achieve a breakeven adjusted operating position in each of the three years covered by the FFR, which will ensue that the College has complied with the SFC Financial Memorandum requirements and anticipated FFR guidance.

3.2.3   It should be noted that the financial operating environment of the College will remain challenging in seeking to achieve a breakeven position, with efficiencies required. The impact of Covid-19 on operations will require to be kept under continuous review, with further engagement being sought with the SFC should there be additional significant financial implications arising from the pandemic which are not currently anticipated.

3.2.4   The Corporate Development Committee and Board of Management should also note that the College continues to engage with the SFC regarding the impact of any voluntary severance (VS) costs in calculating the breakeven annual adjusted operating position should they arise in any financial year going forward – although no VS costs are budgeted for 2021-22.

3.2.5   The SFC position is that any VS costs funded by the College should not be excluded in calculating the annual adjusted operating position – and that these VS costs should be included within the College budget as operating expenditure. However, the College has outlined in previous representations to the SFC that the stated intention of the adjusted operating position is to remove any exceptional/one off items which do not form part of ongoing business operations in order that the underlying operational financial health can be determined and assessed – and given VS is an exceptional cost of restructuring to the College, such costs should therefore be deducted in calculating the adjusted operating position.

3.2.6   The 2020 FFR guidance stated that colleges should assume SFC will fund up to 6 months salary costs of any VS payments for modelling purposes. However, during 2020-21 this guidance was revised, and no funding was made available to cover VS costs incurred by the sector. It is anticipated that the SFC position of not funding VS costs will continue into 2021-22. The College has an SFC approved VS scheme in place to 31 July 2022, which allows for up to 12 months salary to be paid. Approval of any VS application would therefore mean the full cost would require to be funded from the College's own cash resource – and such a cost would not be excluded in calculating the annual adjusted operating position.

3.2.7   Thus seeking to address any adjusted operating deficit of this nature - which would arise due to one-off VS costs not being excluded - would effectively require the College to deliver further efficiencies which impact upon staff and frontline services in order to offset what is in effect a technical accounting adjustment. The College does not believe this would be appropriate and therefore continues to engage with the SFC to address what it sees as an irregular way to treat the costs of any voluntary severance programme in calculating the adjusted operating position going forward.

3.2.8   As outlined above, the 2021-22 budget presented to the Corporate Development Committee and Board of Management does not include any VS costs. However, the 2021-22 budget assumes the College will require to realise a minimum £0.5m in staff operational efficiencies and thee budget assumes this may be achieved through staff turnover and vacant posts arising.

3.2.9   It should be noted that according to the definition of financial sustainability and viability as outlined by the SFC and detailed in *Section 3.2.2, above*, delivering an underlying adjusted deficit in any one year would not be incompatible with the requirements of the Financial Memorandum.

3.2.10   Ultimately the 2021-22 College budget being proposed for approval assumes an adjusted breakeven position which does not include the need for any VS costs to be incurred.

3.3   Teaching Activity Levels

3.3.1   The College has a core target of 153,980 credits for 2021-22 – an increase of 1,125 credits when compared to the 2020-21 activity level of 152,855 credits. This increase in the core target has been countered by a reduction in the target for ESF credits from 6,264 to 4,605 a decrease of 1,659 credits. This decrease is due to the SFC smoothing out the potential future impact of the loss of the ESF programme from July 2022 across the sector.

3.3.2   However, some colleges that have been impacted by an increased level of ESF activity are challenging the SFC indicative funding allocation methodology. There is therefore the potential that the 2021-22 credit target split between core and ESF for West College Scotland may return to 2020-21 levels. Given the comparable levels of funding received per credit for core (£277.27) and ESF (£282.75) activity, if the College was to revert to the 2020-21 level of ESF activity it would gain a further £9k of funding. The College will update the Corporate Development Committee and Board of Management following receipt of the final funding allocation in late May 2021.

3.3.3   The continuing impact of the Covid-19 pandemic has meant that a cohort of 2020-21 students will require to return in 2021-22 to finalise their qualifications. The SFC has provide an additional credit allowance of 2,932 to ensure these deferred students are able to complete their education. The College is currently working with the SFC to ensure that the level of additional deferred student credit funding is sufficient to accommodate the number of such students who will require support in 2021-22. Should there be a greater number of students requiring support there is the potential that the College may require to fund these students from its own resources should the SFC be unable to supply further credit funding. This position be being kept under review with the SFC and Scottish Government.

3.3.4   There has also been a transfer of management responsibility regarding the provision of Foundation Apprentices, from Skills Development Scotland to the SFC. This has resulted in the College obtaining a further allocation of 2,888 credits which is equivalent to 241 new students. During 2020-21 the College supported 120 Foundation Apprentices, although aspires to grow the level of provision in this area. The 2021-22 budget has been prepared on a prudent basis with the expectation that the College will deliver a similar level of activity,120 students. At this stage the College is in discussion with the SFC as to the final student activity level associated funding.

3.3.5   An analysis of the 2021-22 SFC indicative funding is outlined within *Appendix B.*

3.4   Income

<u>*SFC Income*</u>

3.4.1   The SFC have not issued the final 2021-22 funding allocation, with this notification not anticipated until sometime in June 2021 – although it should be noted that no date for this has been specified by SFC.

3.4.2   SFC income has therefore been budgeted in line with the indicative 2021-22 Grant in Aid settlement circular received on 24 March 2021 and a full analysis is attached at *Appendix B*. SFC funding for 2021-22 totals £53,017,292 and the table below provides a reconciliation between the SFC income as per the 2021-22 budget in *Appendix A* and the SFC funding as noted in *Appendix B*:

	SFC 2021-22 Income Appendix A £'000	SFC Income Budget 2021-22 Appendix B £'000
Total SFC income	**54,646**	**53,017**
Childcare income excluded - funded separately but required to be disclosed in budget as income and expenditure	(1,877)	
Foundation Apprentices – to add back income not realised in the accounts	429	
Young Person Guarantee Funding - subject to confirmation - assumption made on budgeted income	(1,000)	
Period poverty - to be confirmed by Scottish Government	(60)	
Counsellors funding - to be confirmed by Scottish Government	(122)	
Flexible Workforce Development Funding - subject to confirmation - assumption made on budgeted income	(800)	
Net depreciation expenditure accounted for separately in the College budget		(1,639)
Assumed funding for Counselling Support not yet confirmed by SFC		(122)
Assumed funding for Period Poverty not yet confirmed by SFC		(40)
Reconciled SFC income total	**51,216**	**51,216**

The key points arising in relation to 2021-22 SFC funding are as follows:

- SFC core teaching funding for West College Scotland has increased in total by £1.3m – an uplift of 3.1%.

- Additional funding has been received for deferred student activity (£0.9m) and Foundation Apprentices (£0.9m).

- A funding allocation has been made by the SFC towards two elements of estates need – and for 2021-22 West College Scotland has received a total estates allocation of £3.69m (2020-21: £4.548m), a decrease of £0.858m (19%) when compared to 2020-21. This comprises of:

  o £2.572m (2020-21: £3.355m) to meet high priority backlog maintenance needs – an allocation based on the condition of the College estate - with this being a decrease of £0.783m (23.3%) when compared to 2020-21.

  o £1.118m (2020-21: £1.193m) to meet lifecycle maintenance requirements – an allocation based on the volume of credits delivered by the College – with this being a decrease of £0.075m (6.3%) when compared to 2020-21.

  It should be noted that although West College Scotland received the highest SFC 2021-22 funding of any individual institution in the sector for high priority backlog maintenance at £2.572m, this remains significantly lower than the average annual investment of £8.8m that condition surveys advise is required. This means that West College Scotland will continue to face ongoing challenges and choices in managing the estate.

- Confirmation is still awaited from the SFC in relation to funding for:

  o Young Person Guarantee Fund - A bid was submitted to the SFC on 26 April 2021 for £1.0m of provision. As yet the College has not received any indication from the SFC as to whether they will be supporting this level of provision. The College has planned on the basis that the bid will be accepted.

  o Flexible Workforce Development Funding - The College has assumed within the 2021-22 budget that the level of 2021-22 funding will be in line with 2020-21 and is planning accordingly.

  o Period poverty (2020-21: £40,000) and Support for Counselling initiatives (2020-21: £122,000)- The College has assumed within the 2021-22 budget that this will be in line with 2020-21.

- The level of student support funding allocation to the college for 2021-22 is £14.082m (2020-21: £13.822m) an increase of £0.26m (1.9%) when compared to 2020-21. This uplift is to meet inflationary cost increases. In accordance with financial reporting standards only childcare costs totalling £1.877m require to be included in the College income and expenditure account.

Skills Development Scotland (SDS) Income

3.4.3 SDS income, which includes funding for Modern and Foundation Apprentices, is expected to generate £0.55m, a decrease of (£0.2m) on the £0.75m received in 2020-21

3.4.4   The College expects to receive in 2021-22, £0.1m of funding towards the residual elements of the College SDS Foundation Apprentices (FA) programme. As noted in 3.3.4 above, the delivery of the FA programme from 2021-22 onwards will be funded through the SFC. This transfer of funding responsibility has resulted in a (£0.35m) reduction in SDS funding for the Foundation Apprentices programme with the FA income now accounted for through SFC income.

3.4.5   Modern Apprenticeships income is anticipated to return to pre Covid-19 levels during 2021-22 and the College has increased staffing in his area to accommodate the budget income of £0.45m – an increase of £0.15m on 2020-21.
Fees - Commercial and Tuition

3.4.6   Fees, which includes both FE/HE tuition and commercial income fees, are expected to generate £5.742m, an increase of £1.5m on 2020-21 levels. The College is anticipating a material increase in the amount of commercial income it will be able to generate in 2021-22. It expects that the overall level of commercial income to be comparable with the amount generated before the impact of the global pandemic i.e. 2018-19.

3.4.7   The College is anticipating it will attract and retain £0.2m of additional HE fees based upon the level of applications made to date. £0.6m of the increase is in relation to commercial income which is expected to return to pre Covid-19 levels of activity during 2021-22. The College expects to be able to realise an increase of £0.5m in the construction, electrical and plumbing federation contracts it holds as the level of apprentices in these areas is projected to increase. A further increase of £0.2m is expected regarding the international work that the College undertakes as the global lock down is lifted.

Other Income

3.4.8   Other Income includes funds arising from areas including nursery provision, catering, property rentals, development funding and staff secondments. The level of Other Income in 2021-22 is budgeted to be £2.446m – while this is expected to be £0.187m more than in the previous year, however, it should be noted that 2020-21 Other Income included £0.565m due to the College following SFC guidance and applying to the UK Government Job Support Scheme in order to furlough approximately 150 staff. As this UK Government support is due to terminate in September 2021, and the College will remove staff from furlough as activity recommences, it is assumed that no more that £0.02m will be received from the Job Support Scheme in 2021-22. Thus, if the UK Government Job Support Scheme funding is excluded, as it is a one-off source of funding, the College is expecting that core Other Income will increase by £0.734m in 2021-22.

3.4.9   The College nurseries are expected to be fully utilised during 2021-22, resulting in an increase in the income of £0.182m, recovered primarily for local authorities under the guaranteed childcare place scheme.

3.4.10 The College catering operation has been closed for the majority of 2020-21 and when it has been able to open, the limited number of staff and students on campus has meant that the income level in 2020-21 was less than £0.1m. The College is anticipating an upturn in the level of activity across all catering outlets as the College returns to on campus operations from August 2021. The model of operation is currently under review based on the staff levels remaining after the 2020-21 voluntary severance programme. Whilst it remains difficult to forecast the income generating capabilities of the service, based upon the staff available a budgeted income level of £0.577m is anticipated to be deliverable during 2021-22, an increase of £0.527m on 2020-21. This increase is subject to a gradual return to campuses in August 2021 and a lessening of the social distancing regulations. The £0.577m 2021-22 budgeted income is a prudent estimate of catering income when compared to £0.741m for 2019-20 and £1.045m in previous normal operating years.

3.4.11 Setting the budgeted income at £0.577m will result in a deficit of (£0.250m) – which is £0.100m more than the deficit of (£0.150m) incurred in the last full year of operation – however, it is felt to be prudent given the uncertainty surrounding the College position from August 2021 onwards. The College will ensure that the resultant 2020-21 catering budgeted deficit of (£0.250m) is kept under continuous review.

3.5   Employee Costs

3.5.1 Employee costs remain the most significant element of expenditure for the College and are budgeted to total £48.113m for 2021-22 – an increase of £3.83m (8.6%) when compared to the expected cost of £44.283m for 2020-21. The 2021-22 employee cost budget has been compiled using the following assumptions:

- Pay uplifts equivalent to the Scottish Governments Public sector Pay Policy 2021-22.

- No increases to employer national insurance nor pension contributions. Employer pension contribution rates are not due for review until April 2023 at the earliest. Employer contributions to staff pension schemes will total £6.7m – 14% of total 2021-22 employee cost expenditure.

- Cost of delivering additional support to 2020-21 students who require to return in 2021-22 to complete their qualifications has been included.

- Costs relating to the delivery of 2021-22 SFC initiatives in relation to Young Person Guarantee Funding / Counselling / Mental Health have been included.

- The College has committed to provided teaching staff who have not achieved TQFE status with remission time to allow them to undertake the required qualification.

- All staff establishment vacancies have been assumed to be filled.

- The College is anticipating achieving £0.5m of operational efficiencies during the year. As noted at 3.2.6 these efficiencies will be delivered through staff turnover and other means without the need to utilise voluntary severance. No cost has therefore been included within the budget to support a voluntary severance programme during 2021-22.

3.6   Non-Staff Costs

3.6.1   The College has attempted to maintain non-staff costs at a comparable level to the prior years budgeted position where possible. Key non-staff movements are as follows:

- Property costs - excluding the reduction of £0.444m in SFC estate maintenance expenditure which is matched to SFC income, are £0.2m higher than the 2020-21 forecasted provision. Increased utility, health and safety, waste, and business rate costs account for this movement.

- Supplies and Services costs – the 2021-22 budget is £0.666m higher than the 2020-21 forecast for the following reasons:

  - The College is continuing to sustain levels of core investment in ICT and digital development under Supplies and Services costs. The College has received an additional allocation of £0.458m from the SFC to increase its digital capacity during 2021-22 and this forms part of the IT budget.

  - The recommencement of the College catering operations as noted in 3.4.10 above has resulted in an increase in the level of catering expenditure of £0.354m compared to 2020-21 levels.

  - The College strategic move away from the use of third parties to delivery online learning has resulted in a decrease in the level of fees paid to these external providers.

  - Increases in departmental consumable and other teaching delivery budgets relating to a return to normal campus activity levels from August 2021 have been countered by a reduction in travel / subsistence budgets and printing costs.

- Other Operating costs - excluding SFC childcare costs of £1.877m (2020-21: £1.13m) which are matched to SFC income, are budgeted to be £1.442m, which is largely in line with the 2020-21 forecast of £1.388m. The increase in cost is largely attributable to the cost of supporting 25 teaching staff to achieve their TQFE qualifications in 2021-22. All other costs are being held at 2020-21 levels with no account being taken of inflationary pressure.

- <u>Finance Charges</u> – The reduced interest charges during 2021-22 are due to the College completing repayment of one of the two outstanding legacy bank loans.

3.7 Student Association Budget 2021-22

3.7.1 The Student Association budget for 2021-22 has been incorporated into the overall College budget for next year. The table below indicates the areas of expenditure the Student Association incurred during 2020-21 and the budget request for 2021-22.

	2020-21 Budget £'000	2020-21 Actual £'000	2021-22 Budget £'000
Staff Costs	55	41	56
Marketing and Promotion	5	0	5
Other Central Costs	5	0	5
Centrally controlled costs	**65**	**41**	**66**
Election Campaign	2	0	2
Student Social Events	10	0	10
Clubs, Societies and Library	6	0	6
T&S / Uniforms / Memberships / Other	8	1	8
Student Association controlled costs	**26**	**1**	**26**
Total Budget	**91**	**42**	**92**

3.7.2 It should be noted that the level of expenditure incurred by the Student Association in 2020-21 was impacted by Covid-19 and due to the restrictions on student numbers expenditure was curtailed in relation to clubs and social events. The work of the Student Association has continued despite the impact of Covid-19 with the Board of Management being provided with regular updates on the work undertaken by the Students Association during 2020-21.

3.7.3 The staff costs in 2020-21 were reduced as there were only two Vice Presidents elected during the year. For 2021-22 the number is expected to return to three.

3.7.4 The Corporate Development Committee and Board of Management are asked to approve the 2021-22 budget as detailed above for the Student Association.

3.8   Cash for Other Priorities (Funds arising from Net Depreciation)

3.8.1   The Corporate Development Committee and Board of Management have previously been made aware of the arrangement put in place between Colleges Scotland, the Scottish Government and the Scottish Funding Council (SFC) to allow the cash balance arising from net depreciation to be expended by the college sector within certain parameters.

3.8.2   The 2020-21 West College Scotland budget applied £1,639,000 of cash arising from net depreciation towards meeting the following College priorities:

- repayment of bank loans.
- funding of core College ICT expenditure.
- to meet the cost prior year staff pay increases.

3.8.3   The 2021-22 budget similarly proposes that the £1.639m of cash arising from net depreciation be applied for these purposes. It should be noted that as the College has finalised the repayment of one of the two outstanding loans in July 2021. The finalisation of that loan has therefore released a further £0.205m from loan repayments and this will be utilised to invest in the College estate/IT resources.

3.9   Full Asset Valuation

3.9.1   The 2021-22 budget is based upon the interim valuation of land and buildings undertaken with a reference date of 31 July 2021, with a full valuation scheduled for 31 July 2023. The interim valuation has resulted in an increase in the value of the College buildings of £18m based on the depreciated replacement methodology of valuation. This increase in building valuation has been reflected in the College balance sheet. The 2021 interim valuation also provided updated building insurance replacement costs which were used during the renewal of the College insurance portfolio for 2021-22.

3.9.2   The interim review was undertaken in April 2021, with a reference date of 31 July 2021, and resulted in an increase in the forecasted depreciation charge of £0.505m (2020-21 forecast: £3.976m; updated budget for 2021-22: £4.481m). This movement does not impact College cashflow or the adjusted operating position.

3.10   Arm's Length Foundation

3.10.1   The College has not budgeted for any donation being made to an arm's length Foundation and will keep this matter under review. Similarly, any bids for funding to an arm's length Foundation will also be kept under review with no additional income from this source being accounted for in the budget / forecast period.

4.   Financial Forecast to 2023-24 - Years 2 and 3

4.1   The financial plan at *Appendix A* also details the forecasted financial position of the College for 2022-23 and 2023-24. In previous years SFC FFR guidance has requested that this forecast be for a subsequent 4-year period thereby providing the SFC with a 5-year financial forecast. However, given the impact of Covid-19 and the volatility of any assumptions beyond 3 years the SFC had in 2020 requested that colleges only provide a budget for the following year and a further 2 years financial forecast. In the absence of any updated guidance from the SFC and as the impact of the global pandemic is still not fully understood, the College has continued to follow the prior guidance issued by the SFC. Should the final 2021-22 funding guidance issued by SFC result in any significant amendments being required to the 2021-22 budget and three-year financial forecast this will be reported to the September 2021 Corporate Development Committee meeting.

4.2   The following sections provide an overview of the financial forecast for 2022-23 and 2023-24.

4.3   Income

      SFC Teaching Activity and Income
4.3.1   Core SFC activity levels are assumed to be in line with 2021-22 for years 2 and 3 at a level of 158,585 credits.

4.3.2   Previously it had been assumed that at the end of the ESF programme in July 2022, the College would lose the associated credit activity and funding. Indications from the SFC are that they intend to maintain the same level of credit and funding post the end of the current ESF programme. Without specific guidance from the SFC on this topic the College has assumed that there will be no reduction in credit activity and funding levels in years 2 and 3.

4.3.3   To assume of a loss of ESF activity and funding (2021-22: £1.3m / 2.4% of SFC income) would result in a fundamental change in the College operating model. The ESF income This would require the implementation of a staff voluntary severance programme and the College would assume that this would be fully funded by the SFC. As the SFC is unable to confirm support for a voluntary severance programme the College has assumed a status quo position for years 2 and 3 until further guidance is made available from the SFC. The Corporate Development Committee and Board of Management will be updated when further guidance is made available from the SFC.

      SFC Income
4.3.4   The College has assumed no growth in SFC income to reflect the inflationary pressures likely to be faced in years 2 and 3. Further guidance from the SFC on the planning assumptions is awaited.

4.3.5   In regard to the Young Person Guarantee Fund (YPGF) and Foundation Apprenticeship (FA) programmes, the College has assumed a slight growth in the FA provision in year 2 with a similar level of YPGF over the two years. A cost base to support the provision of these programmes has been maintained across the two years of the forecast.

4.3.6   Estate maintenance funding has been maintained at the same level as that received in 2021-22. As previously noted, this level of funding falls significantly short of the investment required to maintain the College estate in the condition required to deliver effective learning and teaching. No impact of the current outline business cases for the development of the Greenock or Paisley campuses has been accounted for in the forecast period.

4.3.7   The forecast assumes that the SFC support for Digital (£0.5m) and Mental Health (£0.4m) are one-off funding streams and that they will not be continued beyond 2021-22.

SDS and Fees

4.3.8   SDS Income and Fees are assumed to maintain similar levels to 2021-22 over the course of the forecast period. Whilst the College would intend to grow activity in these areas until the impact of the global pandemic is fully understood, it is felt prudent to take this approach to match a similar level of activity to that generated pre the global pandemic (2018-19: £5.7m)

Other Income

4.3.9   Other Income is assumed to return to pre Covid-19 levels over the two-year period for all areas despite the challenging environment arising from the global pandemic apart from catering.

4.3.10   Catering income is being forecasted to grow over the period so that by the end of the forecast period the operating model delivers a (£0.150m) deficit compared to the (£0.250m) deficit in 2021-22. This is felt to be a prudent approach as the College will require a period to adjust the delivery model to accommodate both the number of staff and students who will be returning to campus activities.

4.4   Employee Costs

4.4.1   For employee costs, an annual salary uplift in line with the Scottish Government Public Sector Pay Policy 2021-22 has been assumed in 2022-23 and 2023-24. In line with the 2020-21 guidance from the SFC it is anticipated that these increased costs will be met from College resource rather than an increase in SFC Grant-in-Aid funding.

4.4.2   Year 2 of the forecast will be impacted by the removal of the staff costs associated with the delivery of 2021-22 deferral activity and the discontinuation of funding for Mental Health support (which is assumed to be funded for one year only).

4.4.3   The employee cost budget for Years 2 and 3:

- Does not include the anticipated costs and associated income relating to the settlement of the ongoing support staff job evaluation (SFC estimate this to be an annual cost of £935,000) – the quantum and timing of the implementation of the job evaluation scheme remain unclear and until such times as this is confirmed the income and corresponding expenditure have not been included in the budget.

- Assumes further staff efficiency savings of £0.960m (2022-23) and £0.948m (2023-24) will be secured to achieve a breakeven adjusted operating position. At this time no voluntary severance costs have been assumed in the budget to achieve these efficiencies, and as outlined earlier in this paper engagement is continuing with the SFC regarding this matter.

4.4.4   In order to meet the pay assumptions as noted in section 4.4.1, the College would require to generate further staff cost efficiencies in Years 2 and 3 to deliver a small adjusted operating surplus. Year 2 would require £0.960m of efficiencies followed by a further £0.948m of efficiencies in Year 3, a total of £1.908m over the two years or 2% of the annual College pay expenditure. The College would require to address this level of efficiencies through a voluntary severance scheme with SFC financial support. At this time there is no guidance available from the SFC as to whether this support will be made available. However, for forecasting purposes the College has noted the level of efficiencies required and assumed full SFC support towards any resultant voluntary severance cost and is awaiting further guidance.

4.5   Non-Staff Expenditure

Property Costs

4.5.1   Property costs are assumed to remain largely constant in terms of total levels of expenditure over the course of 2022-23 and 2023-24. While the pressure to invest in maintaining College property is anticipated to rise over the three-year period based upon outputs from the Estate Condition Survey, the Year 2 and Year 3 forecast assumes the College will receive similar levels of SFC estates funding as in 2021-22, and there are likely to be minimal savings arising from ongoing operations that will be available to improve the built environment.

4.5.2   It should be noted the College has loans that require to be serviced and as the amounts owed reduce over the three period of the forecast, so this affects the level of finance charges incurred. 2020-21 seen the legacy Clydesdale Bank loan repaid in full. The College has one legacy loan remaining with the Bank of Scotland which will be fully repaid by the end of 2025-26.

Supplies and Services

4.5.3   Year 2 assumes that the SFC Digital funding received in 2021-22 will not continue with the resultant decrease in the level of IT investment. Year 3 assumes a consistent level of expenditure compared to the previous year.

Other Operating Costs

4.5.4   The College has assumed that the additional cost of supporting teaching staff to achieve their TQFE qualification will continue through Years 2 and 3, with all other costs remaining consistent with previous levels of support. This investment is mainly in relation to staff remission time to allow the staff to complete the course combined with the cost of the university fees.

Finance Charges

4.5.5   These costs are forecast to reduce as the College nears the end of its one remaining legacy loan repayment schedule. This loan is due to be fully repaid by the end of 2025-26

Non-staff Efficiencies

4.5.6   In order to meet the pay assumptions as noted in section 4.4.1, the College will need to generate further non-staff efficiencies in Years 2 and 3 to deliver a break even adjusted operating position. Year 2 will require £0.24m of efficiencies followed by a further £0.162m of efficiencies in Year 3, a total of £0.402m over the two years or 1.5% of the total College non-pay expenditure.

Cash for Other Priorities (Net Depreciation)

4.5.6   The forecast assumes that in Years 2 and 3 the College will continue to utilise £1.639m of funds arising from net depreciation to meet core operational costs relating to historic annual staff pay increases, IT / estate investment and legacy loan financing.

5.   College Cash Position

5.1   As previously discussed with the Corporate Development Committee and the Board of Management, the cash balance is a critical to the College ability to fund ongoing operations.

5.2   Based on the 2021-22 budget and forecast to 2023-24, the College is forecasting a level of cash at the end of each year which will allow operations to be supported in a sustainable manner. The College is forecasting to reduce from the current 31 days of cash to a core cash holding of 23 days on average. The reduction from 2020-21 into 2021-22 is primarily due to the expenditure of estate maintenance funds on the Paisley Renfrew Building roof and Finnart Street windows and the completion of other 2020-21 estates projects.

5.3   It should be noted however that there are several factors which may impact upon the College cash balance and the days cash that the College holds:

- The Covid-19 global pandemic may still have an impact in 2021-22 on the level of teaching activity and the cost of running the College. Whilst the College believes it will achieve its credit target and that it has prudently budgeted for expected income and cost levels, there remains an element of uncertainty which may impact the College cash position.

- The termination of the sector ESF programme in July 2022 may result in a change in the overall College level of delivery and associated teaching activity. This may result in a level of staff reduction which the College will be requested to fund which would negatively impact upon the cash held by the College.

- The potential repayment of part of the 2020-21 Flexible Workforce Development Funding (FWDF) may be required (£0.4m) as the College has not undertaken the required activity to date to retain the funds.

- The College requires to realise £0.5m of staffing operational efficiencies as referred to in section 3.5.1 The forecast and cashflow have assumed that these efficiencies will be realised through ongoing operational savings (vacancy delay and turnover) without the requirement to use voluntary severance. Should the College require to fund any voluntary severance programme this would negatively impact the College cash balance.

5.4   The College faces several cash management challenges over the course of the next three years. However, the table below that if the College can deliver the forecasted break-even budget it will retain enough cash to operate in a sustainable manner over the three-year period.

College Cash Balance		Year 1	Year 2	Year 3
	2020-21	2021-22	2022-23	2023-24
	£'000	£'000	£'000	£'000
Year end forecasted cash balance	5,356	3,585	3,907	3,849
Days cash - budget and forecast	31	21	24	23

5.5   The College will continue to engage with the SFC to ensure that the cash management challenges are addressed in a timely manner.

6. **Sensitivity Analysis**

6.1 The Financial Plan document at *Appendix A* contains an analysis of the sensitivities relating to several of the major components of the College income and expenditure account. The analysis uses a RAG rating to highlight areas where the College believes there to be challenges to the delivery of the forecasted annual break-even positions. A 1% movement in each of the components is noted to allow the Committee members to understand the potential magnitude of any positive or negative variances.

6.2 The RAG analysis is categorised as follows:

- Green: Impact and/or movement is either considered to be immaterial or to be of no significant operational concern.
- Amber: Impact and/or movement is material and would require to be addressed.
- Red: Impact and/or movement is significant and likely to have a material effect on the adjusted operating position and/or operation of the College.

6.3 The most significant areas of sensitivity to highlight to the Committee are:

- The forecast for years 2 and 3 assumes a flat cash settlement in relation to SFC Grant in Aid income. Should core Grant in Aid funding be reduced by 1%, it would result in a £440,000 reduction in income, with the College requiring to make further efficiency savings to address this.

- The College has been involved in the current ESF programme since 2015-16, with this being the only year which has been fully audited by the Managing Authority. There is the risk that future years when audited may be subject to a reclaim of funding. The College believes it has fully complied with all audit requirements.

- The level of SFC maintenance funding has decreased in 2021-22 and still is below the required level to maintain College campuses to deliver 21st century teaching and learning. Should this level of funding be reduced by 10% (£0.37m) the College would have to review planned future projects and target those that maintain the buildings in a functional operational state.

- A 1% increase in staff costs would result in an additional cost of £0.470m. The SFC have made it clear that any movement in staff costs requires to be funded from College resource, which would result in further efficiencies requiring to be identified.

- The College has assumed no increase in employer national insurance contributions. However, should the Government increase these contributions by 1% it would cost the College a further £33,000 per year.

- The College net deprecation expenditure allocation has been fixed for several years now as has the application of this expenditure, which was agreed with the SFC. It should be noted the College does not expect the level or allocation of the funding to change over the 3 year period, however if the SFC were to review and change the level of funding and agreed categories of spending it would have a material impact upon the IT expenditure at the College.

7   Conclusion

7.1   The College financial operating environment will continue to prove challenging and there will be a requirement to identify further efficiencies going forward to ensure financial stability and sustainability. However, the College currently has sufficient cash in place to support ongoing operations, and the 2021-22 budget and forecast to 2023-24 outline that an adjusted breakeven operating position can be achieved – subject to no further unanticipated impacts arising from Covid-19 and clarification being received from the SFC regarding future funding assumptions including support for voluntary severance costs.

7.2   The Corporate Development Committee is requested to consider the basis upon which the 2021-22 College budget and three-year financial forecast to 2023-24 have been created and recommend the following for Board of Management approval:

- The 2021-22 Student Association budget.

- The 2021-22 College budget.

2021-22 BUDGET

AND

THREE YEAR FORECAST TO 2023-24

2021-22 BUDGET AND FINANCIAL FORECAST

	2018-19	2019-20	2020-21	Year 1 2021-22	Year 2 2022-23	Year 3 2023-24
	ACTUAL £'000	ACTUAL £'000	FORECAST £'000	BUDGET £'000	FORECAST £'000	FORECAST £'000
SFC Income	48,294	47,886	51,058	54,646	53,005	53,005
SDS Income	811	505	750	550	500	525
Fees	5,716	5,105	4,264	5,742	5,706	5,781
Other Income	2,737	2,988	2,259	2,446	2,491	2,570
Interest Received	1	1	0	0	0	0
Total Income	**57,559**	**56,485**	**58,331**	**63,384**	**61,702**	**61,881**
Staff Employment Expenditure	(40,963)	(43,233)	(43,836)	(48,135)	(48,051)	(48,043)
Exceptional Staffing Expenditure	(1,014)	(31)	(481)	-	-	-
Transferred Cost to Net Depreciation	644	644	644	644	644	644
Unfunded Pension Expenditure	(595)	(598)	(610)	(622)	(635)	(647)
Staff Cost Efficiencies	-	-	-	-	960	948
Total Employment Expenditure	**(41,928)**	**(43,218)**	**(44,283)**	**(48,113)**	**(47,081)**	**(47,099)**
Property Expenditure	(5,059)	(5,026)	(5,397)	(5,094)	(5,159)	(5,269)
Supplies and Services Expenditure	(4,937)	(4,687)	(4,426)	(5,092)	(4,656)	(4,665)
Other Operating Expenditure	(3,780)	(3,190)	(2,388)	(3,319)	(3,301)	(3,288)
Finance Charges	(186)	(160)	(132)	(103)	(82)	(60)
Non-Staff Expenditure Efficiencies	-	-	-	-	240	162
Total Non-Staff Expenditure	**(13,962)**	**(13,063)**	**(12,343)**	**(13,609)**	**(12,957)**	**(13,119)**
Total Expenditure	**(55,890)**	**(56,281)**	**(56,626)**	**(61,722)**	**(60,039)**	**(60,218)**
Operating Surplus /(deficit) before adjustments	**1,669**	**204**	**1,705**	**1,662**	**1,663**	**1,663**

2021-22 BUDGET AND FINANCIAL FORECAST

	2018-19	2019-20	2020-21	Year 1 2021-22	Year 2 2022-23	Year 3 2023-24
	ACTUAL £'000	ACTUAL £'000	FORECAST £'000	BUDGET £'000	FORECAST £'000	FORECAST £'000
Release of SFC Deferred Capital Grant	1,247	1,153	1,055	1,100	1,038	1,038
Release of Non SFC Deferred Capital Grant	184	184	184	184	184	184
Depreciation	(4,949)	(3,975)	(3,976)	(4,481)	(4,481)	(4,481)
Surplus / (Deficit) after asset related non cash adjustments	**(1,849)**	**(2,434)**	**(1,032)**	**(1,535)**	**(1,596)**	**(1,596)**
SFC Estates Maintenance Funding	0	0	0	0	0	0
Loss on disposal of Fixed Assets	(129)	(25)	0	0	0	0
FRS102 Pension Actuarial Adjustment	(2,834)	(3,455)	0	0	0	0
FRS102 Pension Charges / Holiday pay provision	(5)	(393)	0	0	0	0
Surplus / (Deficit) after accounting adjustments	**(4,817)**	**(6,307)**	**(1,032)**	**(1,535)**	**(1,596)**	**(1,596)**
Resource Expenditure - Support for staff costs	(644)	(644)	(644)	(644)	(644)	(644)
Resource Expenditure - ICT/ Estates	(500)	(486)	(468)	(500)	(500)	(500)
Resource Expenditure - Voluntary Severance	0	0	0	0	0	0
Resource Expenditure - Estate Maintenance	0	0	0	(173)	(153)	(130)
Surplus / (Deficit) after net depreciation spend	**(5,960)**	**(7,434)**	**(2,144)**	**(2,852)**	**(2,893)**	**(2,870)**

Adjusted Operating Position

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
(Deficit)/Surplus for the year	(5,960)	(7,434)	(2,144)	(2,852)	(2,893)	(2,870)
Depreciation net of release of capital grant	3,518	2,638	2,737	3,197	3,259	3,259
Loss on disposal	129	25	0	0	0	0
Non-cash Pension Adjustments	2,834	3,455	0	0	0	0
Loan repayments	(495)	(510)	(527)	(322)	(342)	(365)
Adjusted operating surplus / (deficit)	**26**	**(1,826)**	**66**	**23**	**24**	**24**

2021-22 BUDGET AND FINANCIAL FORECAST

	2018-19 ACTUAL £'000	2019-20 ACTUAL £'000	Year 0 2020-21 FORECAST £'000	Year 1 2021-22 BUDGET £'000	Year 2 2022-23 FORECAST £'000	Year 3 2023-24 FORECAST £'000
Cash for Other Priorities Expenditure						
Bank loan / lease capital repayments	(495)	(510)	(527)	(322)	(342)	(365)
Resource Expenditure - Student Support	0	0	0	0	0	0
Resource Expenditure - Voluntary Severance	0	0	0	0	0	0
Resource Expenditure - Estates and IT	(500)	(486)	(468)	(673)	(653)	(630)
Resource Expenditure - Staff costs	(644)	(644)	(644)	(644)	(644)	(644)
Total Net Depreciation Spend	**(1,639)**	**(1,640)**	**(1,639)**	**(1,639)**	**(1,639)**	**(1,639)**

2021-22 BUDGET AND FINANCIAL FORECAST

	2018-19	2019-20	Year 0 2020-21	Year 1 2021-22	Year 2 2022-23	Year 3 2023-24
	ACTUAL £'000	ACTUAL £'000	FORECAST £'000	BUDGET £'000	FORECAST £'000	FORECAST £'000
Cash Flow Statement						
Cash flow from operating activities						
Surplus / (deficit) for the year	(5,960)	(7,434)	(2,144)	(2,852)	(2,893)	(2,870)
Adjustment for non-cash items						
Depreciation	4,949	3,975	3,976	4,481	4,481	4,481
Loss / (gain) on sale of fixed assets	129	25	0	0	0	0
Decrease / (increase) in stock	1	13	(13)	0	0	0
Decrease / (increase) in debtors	(695)	(184)	(1,863)	61	402	3,662
Increase / (decrease) in creditors	1,089	1,785	(1,659)	(2,548)	(1,326)	(4,966)
Increase / (Decrease) in provisions	-	56	-	-	-	-
Net cost of pension provision	2,834	3,455	-	-	-	-
Total adjustment for non-cash items	**8,307**	**9,125**	**441**	**1,994**	**3,557**	**3,177**
Adjustment for investing or financing activities						
Investment income	(1)	(1)	0	0	0	0
Interest payable	186	160	132	103	82	60
Total adjustment for investing or financing activities	**185**	**159**	**132**	**103**	**82**	**60**
Net cash (out) / in flow from operating activities	**2,532**	**1,850**	**(1,571)**	**(755)**	**746**	**367**
Cash flow from investing activities						
Investment income	1	1	0	0	0	0
Proceeds from sale of assets	0	137	0	0	0	0
Total cash flows from investing activities	**1**	**138**	**0**	**0**	**0**	**0**
Cash flows from financing activities						
Interest paid	(186)	(160)	(132)	(103)	(82)	(60)
Repayments of amounts borrowed	(495)	(510)	(527)	(322)	(342)	(365)
Total cash flows from financing activities	**(681)**	**(670)**	**(659)**	**(425)**	**(424)**	**(425)**
(Decrease) / increase in cash in the year	**1,852**	**1,318**	**(2,230)**	**(1,180)**	**322**	**(58)**
Cash at beginning of the year	3,825	5,677	6,995	4,765	3,585	3,907
Cash at the end of the year	**5,677**	**6,995**	**4,765**	**3,585**	**3,907**	**3,849**
Days Cash	**37**	**45**	**31**	**21**	**24**	**23**

2021-22 BUDGET AND FINANCIAL FORECAST

	2018-19	2019-20	Year 0 2020-21	Year 1 2021-22	Year 2 2022-23	Year 3 2023-24
	ACTUAL £'000	ACTUAL £'000	FORECAST £'000	BUDGET £'000	FORECAST £'000	FORECAST £'000
BALANCE SHEET						
Fixed Assets	101,935	97,798	111,854	107,365	102,884	98,403
Current Assets						
Stock	13	0	13	13	13	13
Trade and other debtors	2,690	2,874	4,737	4,676	4,274	612
Cash	5,677	6,995	4,765	3,585	3,907	3,849
	8,380	9,869	9,515	8,274	8,194	4,474
Creditors due in less than 1 year	(8,257)	(11,290)	(10,711)	(9,405)	(9,251)	(5,514)
Net current (liabilities) / assets	**123**	**(1,421)**	**(1,196)**	**(1,131)**	**(1,057)**	**(1,040)**
Total assets less current liabilities	102,058	96,377	110,658	106,234	101,827	97,363
Creditors due in more than 1 year	(29,592)	(27,834)	(27,319)	(25,780)	(24,265)	(22,726)
Pension provision	(22,701)	(43,113)	(43,113)	(43,113)	(43,113)	(43,113)
Other provisions	0	(56)	(56)	(56)	(56)	0
Total net assets	**49,765**	**25,374**	**40,170**	**37,285**	**34,393**	**31,524**
Pension reserve	(22,701)	(43,113)	(43,113)	(43,113)	(43,113)	(43,113)
Income and expenditure reserve	14,763	13,598	14,093	14,312	14,518	14,747
Revaluation reserve	57,703	54,889	69,190	66,086	62,988	59,890
Total reserves	**49,765**	**25,374**	**40,170**	**37,285**	**34,393**	**31,524**

Sensitivity Analysis

Noted below is the impact upon the College adjusted operating position of a 1% movement in key areas of income and expenditure. This is intended to highlight those areas where a movement in the assumed level of income or expenditure may have a material impact upon the College adjusted operating position.

Green: Impact and/or movement is either considered to be immaterial or to be of no significant operational concern.
Amber: Impact and/or movement is material and would require to be addressed.
Red: Impact and/or movement is significant and likely to have a material effect on the adjusted operating position and/or operation of the College.

	2021-22 £'000	2022-23 £'000	2023-24 £'000
1 SFC income			
SFC core operational funding assumed to be flat cash but for future years maybe subject to reduction due to spending cuts.		£ 440	£ 440
ESF funding subject to audit / potential clawback based upon historical claims being challenges by SFC.	£ 13		
Estate maintenance funding confirmed for 2021-22. Impact of future funding reductions on maintenance programmes to be considered.		£ 37	£ 37
2 SDS Income			
SDS contracted income subject to recovery to pre Covid-19 levels and ability to service apprentice requirements.	£ 6	£ 5	£ 5
3 Fees			
HE fee level will be challenging to attain in current competitive environment.	£ 29	£ 29	£ 29
The uncertainty of the College commercial income streams to return to pre Covid-19 levels	£ 25	£ 28	£ 30
4 Other Income			
Inability to delivery other income including catering and nursery.	£ 24	£ 25	£ 26

		2021-22		2022-23		2023-24
5	**Staff Costs**					
	Increase in staff cost of living award beyond SFC FFR pay assumptions.	£ 477		£ 476		£ 476
	Increase in employer national insurance contributions	£ 33		£ 33		£ 34
6	**Property Costs**					
	Increased utility costs	£ 10		£ 10		£ 10
	Changes in level of SFC estate maintenance funding	■		£ 18		£ 18
7	**Supplies and Services**					
	IT costs continue to be funded through net depreciation resource which maybe subject to change in future years.	£ 18		£ 13		£ 13
	Ability of College to realise forecasted operational efficiencies.	£ -		£ 2		£ 2
	Resource Expenditure (Net Depreciation)					
	Funding arising from net depreciation continues to be utilised in order to met core operational costs including ICT and staffing. However should this fund of £1,639k not be available to the College the impact would be significant.	■		■		■

2021-22 SFC Indicative Funding

SFC FUNDING FOR CORE OPERATIONS	2020/21 Final Allocation £	2021/22 Indicative Allocation £	2021/22 Final Allocation £	Final Movement 2020/21 V 2021/22 £	% Final Movement %
SFC Core Grant-in-Aid Allocation:					
Core including national bargaining	39,373,554	41,674,560	41,674,560	2,301,006	5.8%
Job Evaluation Funding	934,789	934,789	934,789	0	0.0%
General Cost Pressure Uplift	859,643	1,019,062	1,019,062	159,419	18.5%
Teachers pension cost increase	1,133,143	0	0	(1,133,143)	(100.0%)
	42,301,129	43,628,411	43,628,411	1,327,282	3.1%
Deferred Student places	0	880,806	880,806	880,806	100.0%
Foundation Apprenticeship (Note 1)	450,000	854,388	854,388	404,388	100.0%
Young Person Guarantee / National Transitional Funds	809,000	0	0	(809,000)	(100.0%)
Total Core SFC Grant-In-Aid	**43,560,129**	**45,363,605**	**45,363,605**	**1,803,476**	**4.1%**
ESF Activity Funding	**1,610,301**	**1,302,080**	**1,302,080**	**(308,221)**	**(19.1%)**
Total Funding to Support Core Operations	**45,170,430**	**46,665,685**	**46,665,685**	**1,495,255**	**3.3%**
Total Funds Arising from Net Depreciation	**1,639,000**	**1,639,000**	**1,639,000**	**0**	**0.0%**
	46,809,430	48,304,685	48,304,685	1,495,255	3.2%
Estates Lifecycle Maintenance	**1,193,000**	**1,118,000**	**1,118,000**	**(75,000)**	**(6.3%)**
Total SFC Funding to Support Operations	**48,002,430**	**49,422,685**	**49,422,685**	**1,420,255**	**3.0%**
Funding for Specific Purposes:					
Estates High Priority Maintenance	3,355,000	2,572,000	2,572,000	(783,000)	(23.3%)
Financial Sustainability Funding (£15.3m)	1,302,654	0	0	(1,302,654)	(100.0%)
Digital Capacity	0	457,706	457,706	457,706	100.0%
Counselling Support	122,000	122,000	122,000	0	100.0%
Mental Health Support	0	402,782	402,782	402,782	100.0%
Period Poverty	40,119	40,119	40,119	0	0.0%
Student Association	33,000	0	0	(33,000)	(100.0%)
Total Funding for Specific Purposes	**4,852,773**	**3,594,607**	**3,594,607**	**(1,258,166)**	**(25.9%)**
Overall Total SFC Income ***(Including Funding for Specific Purposes)***	**52,855,203**	**53,017,292**	**53,017,292**	**162,089**	**0.3%**

Note (1): In 2020-21 Skills Development Scotland provided this funding and the College accounted for the funding under 'SDS income'. From 2021-22 the SFC will provided the funding and reporting for this activity.

SFC STUDENT SUPPORT FUNDING	2020/21 Final Allocation £	2021/22 Indicative Allocation £	2021/22 Final Allocation £	Final Movement 2020/21 V 2021/22 £	% Final Movement %
SFC Core Student Support Funding	13,822,121	14,082,219	14,082,219	260,098	1.9%
SFC Core Student Support Funding	*13,822,121*	*14,082,219*	*14,082,219*	*260,098*	*1.9%*
Winter Covid Allocation	265,000	0	0	(265,000)	(100.0%)
YPG/Skills Boost	251,000	0	0	(251,000)	(100.0%)
SFC In-Year Redistribution (Digital)	501,000	0	0	(501,000)	(100.0%)
Total Student Support Funding	*14,839,121*	*14,082,219*	*14,082,219*	*(756,902)*	*(5.1%)*

SFC Activity Target	2020/21 Credits	2021/22 Indicative Credits	2021/22 Final Credits		Final Movement 2020/21 V 2021/22	% Final Movement
Core Activity Target	152,855	153,980	153,980	94%	1,125	0.7%
ESF Funded Activity	6,264	4,605	4,605	3%	(1,659)	(26.5%)
	159,119	158,585	158,585		(534)	(.3%)
YPG / National Transitional Funds	2,760	0	0	0%	(2,760)	(100.0%)
Foundation Apprenticeships	0	2,888	2,888	2%	2,888	100.0%
Deferred Students	0	2,932	2,932	2%	2,932	100.0%
Total Credit Target	*161,879*	*164,405*	*164,405*		*2,526*	*1.6%*

TITLE: **IT STRATEGY 2016-2021 ANNUAL UPDATE**

Background: The West College Scotland IT Strategy 2016-2021 was recommended for approval at the Finance and General Purposes Committee meeting of 8 March 2016 and subsequently approved by the Board of Management on 21 March 2016. In approving the IT Strategy, it was agreed that an annual update on progress would be provided to the Finance and General Purposes Committee.

                      Following the recent Board of Management committee restructure, IT Strategy updates will now be provided to the Corporate Development Committee.

                      This report provides an update on the progress of the current IT Strategy through its final year of implementation and prior to the adoption of a new strategy.

Action: The Corporate Development Committee are requested to review and consider progress made in the five years since implementation of the College IT Strategy.

Lead: Martin Joyce – Director of Infrastructure

Status: Open

1.0   Background

1.1.   The West College Scotland IT Strategy 2016-2021 was approved by the Board of Management on 21 March 2016. This five-year IT Strategy set out objectives across 6 primary areas, with these intended to be achieved through delivery of 27 associated outcomes and indicators of success.

1.2.   In approving the College IT Strategy, it was agreed the Finance and General Purposes Committee would receive annual updates on implementation. This IT Strategy update follows the format of earlier years and includes:

- Section 2 - a summary of activity and progress to date against each of the IT strategic objectives and associated outcomes/indicators of success.

- Section 3 – a summary of key areas and considerations to take forward to the new IT Strategy to continue work in these areas, while also drawing on recent changes and trends across the IT landscape.

- Section 5 - a more detailed review, including a BRAG assessment, of the "*How do we get there?*" indicators of success that were agreed for monitoring progress against each objective within the IT Strategy.

1.3   In considering the progress made to date in progressing the College IT Strategy it should be noted that:

- The role of the IT Strategy is to provide a framework against the predominantly technical infrastructure and support that is necessary to deliver the College's wider digital needs and ambitions. The wider College Digital Strategy was published during the fourth year of the IT Strategy under a key priority of the College Corporate Plan, and this sets out wider strategic objectives beyond purely technical matters. Implementation of the Digital Strategy is one of the ongoing projects detailed within the '*Future Proofing our College'* business transformation plan that the College submitted to and agreed with the Scottish Funding Council (SFC). An established group is in place and working on the implementation of the College Digital Strategy.

- The IT Strategy as approved by the Board of Management on 21 March 2016 and is in its fifth and final year. The overall IT Strategy is will also therefore be reviewed and updated in 2021 and subject to a separate report.

- The College will remain in on-going dialogue with the SFC about strategic funding to support implementation and delivery of digital ambitions as part of a wider dialogue regarding levels of funding to the College.

- Since the last formal annual update, it should be noted that the IT team have been responding to an unprecedented level of changing requirements and service demand to meet the needs of the College in responding the Covid-19 pandemic.

2.0   IT Strategic Objectives - Update

2.1   The College IT Team currently has 46.41 staff FTE, handles on average approximately 9000 service desk calls a year and supports over 8,000 devices.

The staffing figure includes 12 students (4.8FTE) – with 4 students (1.6FTE) recruited to support the staff IT Helpdesk, and 8 students (3.2FTE) recruited to support the IT Student Helpdesk.

2.2   IT Sector budgets for the five years of the current Strategy have been as follows:

	16-17 £'000	17-18 £'000	18-19 £'000	19-20 £'000	20-21 £'000	
IT Revenue	1,485	1,215	1,136	1,131	1,117	Includes software licencing, supplier support, print services and telephony costs
IT Maintenance	500	590	500	486	468	General project funding
College Funded	**1,985**	**1,805**	**1,636**	**1,617**	**1,585**	
SFC Specific Investment Funding	0	0	0	425	220	Investment to address digital poverty
SFC Funded	**0**	**0**	**0**	**425**	**220**	

The total investment over the 5-year period of the 2016-21 IT Strategy has totalled £8.6m from College funds and a further £1.8m from the SFC towards the specific strategic objective of addressing digital poverty. A reduction in recent years of the required annual level of College IT revenue funding demonstrates the changing operating environment within the College as (pre-merger) systems and software have been consolidated to reduce overall operating costs, deliver efficiencies, and demonstrate effective management of resources.

It can also be seen from a review of the five-year period that the College's IT revenue and maintenance budgets have remained broadly consistent. This funding position is likely to become increasingly challenging going forward given the essential requirement to invest in IT to support new ways or working and learning in the post covid lockdown period.

The additional one-off SFC project budget allocations in 2019-20 and 2020-21 were used to purchase 2,500 Chromebooks, that were made available to be issued – under loan arrangements – to students who did not have access to a digital device for College course activities. The 2019-20 project allocation of £425,000 was met through application of

student support funds to meet student IT needs, with the £220,000 investment in 2020-21 being met through the receipt of a one-off allocation from SFC.

2.3   As can be seen from Section 5 of this report, the College believes progress has been made in relation to all 6 strategic objectives during the final year of IT Strategy implementation. Of the 27 associated outcomes/indicators of success it is assessed that:

- 17 of these are now complete (2020: 6) (Blue)
- 9 have progressed to the point anticipated (2020: 18) during final year of the Strategy (Green)
- There are no Amber or Red outcomes identified
- 1 outcome has not been progressed (2020: 1) and will not now be proceeding. (White)

2.4   Objective 1 - Infrastructure (Hardware and Software)
Set against the tripartite challenges of estate, finance and managing legacy infrastructure, the College considers that good progress has been made in relation to this objective. Annual IT Maintenance expenditure of approximately £500,000 has been prioritised in each of year of the Strategy to sustain resource and support the delivery of teaching and learning.

During year 5, against the continuing backdrop of the Covid-19 pandemic and numerous restrictions throughout the year:

- Service availability has been maintained and enhanced
- Over 2,500 Chromebooks and laptops have been purchased, with over 2,200 having been deployed to students to date
- Phase 1 of the staff laptop replacement programme of circa 450 devices has commenced
- An upgraded cross-College wireless infrastructure solution will be complete for the commencement of the new academic term in August 2021
- All staff and students have adopted use of Microsoft Teams
- A 'Digital Student ID Card' app for the *MyDay* platform has been developed
- New ICT infrastructure at the Inchinnan building in Paisley Campus has been delivered following the completion of all construction related activity
- Full migration of the legacy Skype for Business application to Microsoft Teams is underway for completion by the end of July 2021.
- The Technology & Innovation Team, formerly part of the Marketing Directorate, have been successfully integrated into the main overall IT structure

This continued progress during 2020-21 adds to the achievements that have spanned the previous years of the IT strategy implementation, including:

- All staff devices now operating on Windows 10
- Renewed software enterprise agreements

- Upgrade of Janet connections that provide the College's internet connectivity
- New firewalls deployed between the College internal networks and the internet
- Consolidated and centrally managed print services
- Deployment of Skype for Business
- Deployment of standardised telephony switchboard solution (Landis)
- MyDay student portal implementation
- Self-service Service Desk portal for staff to log and track jobs
- Development of an asset management solution
- Deployment (to date) of over 2,200 end user devices, including Chromebooks, laptops, tablets, Macs, and MacBook's
- Development of bespoke payroll transaction form solution
- Renewal of virtual server host hardware
- Supported several extensive Estates projects
- Migration of staff email to Office 365
- Consolidation of Office 365 resources under single tenancy and integration with Active Directory (AD)
- Renewal of several contracts
- Systems integrations – iTrent to AD for staff accounts, Unit-e to AD for student accounts, AD to TeQuios, Moodle, and Heritage
- Deployed specialised classroom setups – such as cyber labs and games labs

While progress has been made, it should be recognised that the level of investment required to maintain, sustain, and develop the IT infrastructure in a way which meets the College's current and future digital need and ambitions will become increasingly challenging.

The Board of Management have also recently approved the procurement of an additional 2,900 IT digital devices for distribution to students at a cost of £1.2m:

- 1100 Chromebooks
- 1000 Windows Laptops
- 700 Android Tablets
- 100 Apple MacBooks
- Accessory packs for above devices (Headsets, keyboards, mice, risers, and cases)

During 2018/19 the College advised SFC that an immediate investment of at least £2.5m and minimum annual recurring funding of £800,000 was required. However as advised at a subsequent Finance & General Purposes Committee meetings, the SFC decided to work with the College Development Network (CDN) to establish a Digital Ambitions (Digital Strategy) for the College sector as a whole rather than seek to progress this matter directly with West College Scotland. The Digital Ambitions document subsequently produced did not propose or provide the level of funding for IT investment required and the College will require to engage with the SFC further in relation to this going forward.

2.5   Objective 2 - Projects and Enhancements
The College considers that further progress has been made against this objective.

The College Operational Planning process is used to identify prioritised resource requests ensuring that IT maintenance spend has been targeted towards teaching and learning needs (including the significant investment in devices for issue to individual students), whilst projects and enhancements have been adjusted to respond to needs of remote teaching, learning, and working during the Covid-19 pandemic.

With the College's own Digital Strategy now published, an oversight group has been formed within the College, of which the Head of IT is a member, to support the further development of the College's digital approach and associated action plans.

The new College IT Strategy 2021–25 will be developed to ensure that it supports and takes cognisance of the College Digital Strategy, the national College sector Digital Ambitions document and the newly published Scottish Government '*Digital Scotland – How Scotland will Thrive in a Digital World'* strategy.

2.6   Objective 3 - Structure and Service Delivery
The College considers progress has been made in this area:

- The IT operating structure has been adjusted following the retirement of the Director of IT. The former IT Directorate now forms a Sector within the Infrastructure Directorate, and a Head of IT has been recruited to lead the Sector reporting into the new Director of Infrastructure who took up post in late August 2020.

- Service Desk operations, including call handling arrangements, operate using software that has been live since October 2017 and therefore the approach is operationally embedded.

- A new Student IT Helpdesk has been successfully deployed through the pandemic period to assist in the deployment of new equipment and resolve technical queries.

Together these arrangements have been successful in focusing resource and allocating workload. Reports providing updates on service delivery are provided to the College Senior Management Team and Digital Strategy Group. Further refinement of service desk information will be progressed going forward to support the Digital Strategy action plan and understanding of any trends arising and will also be used to identify staff training needs.

The College's Continuing Professional Development Review [CPDR] activities continue to support and enable further development of the digital and service skills within the IT teams. Eight staff from the IT Sector successfully completed the College's Leadership Development Programme.

2.7   Objective 4 - Planning and Risk

The College considers progress has been made in delivering this objective.

For 2020-21, revenue and maintenance spending will be delivered within budget while meeting priority needs.

IT continuity plan remains in place and, along with the established intranet communication model, support IT incident response.

During Year 5 of the Strategy the IT team:
- Continued to develop and deliver the IT Department operational plan, which provides the basis for delivery of the IT Strategy on an annual basis
- Supported further development of the College's business continuity plans
- continued to review and develop the College's Cyber Incident Response Plans in response to the Scottish Government Cyber Action Plan
- Led the process by which the College is responding to Scottish Government Cyber Resilience Framework

Operational risk is captured by the College operational planning process and is recognised within IT policy and procedure documents and in our approaches to cyber resilience and cyber security.

Strategic risk is regularly assessed by the College Senior Management Team and considered at all Board of Management and Corporate Development Committee meetings.

Currently the key IT risks and their associated rating within the College Strategic Risk register are as follows:

Risk Reference	Risk	Risk Rating (post mitigation)
WCS 02	Failure to secure adequate estates maintenance/capital funding for future investment or refurbishment of IT and physical infrastructure.	20
WCS 06	Failure to maintain or acquire and use IT systems and infrastructure to support the digital ambitions of the College.	12
WCS 16	Inadequate business continuity / cyber resilience planning leading to material interruptions to service delivery.	12

While a range of mitigations are in place for these risks, the need for significant investment in the College ICT infrastructure remains an area where support to address this is required from the SFC but is otherwise undertaken on a priority basis.

Additional resource is being deployed to support a range of activities across Cyber Essential Plus re-accreditation, the Scottish Government Cyber Resiliency Framework, Business Resilience and Continuity planning, Strategic Risk Management, Assurance and Audit (external and internal), Operational and People Planning within the IT team as well as a new 5-year IT strategy to assist in forward planning and risk mitigation.

2.8   Objective 5 - Policy and Process
The College considers effective progress had been made against this objective

The '*IT Password Policy* and *IT Acceptable Use Policy'* having been reviewed, updated, and approved by the College Senior Management team during the Strategy period. Steering and working groups continue to inform awareness and embed best practice as and when required.

Beyond the documentation prepared to respond to internal audit action points, ongoing refinements in IT policy and procedure in the remaining period of the Strategy will continue to support the goal of steering user understanding and behaviour around IT resource and security. This will link where required, to other areas of activity, such as Cyber Essentials Plus accreditation, the Cyber Resiliency Framework and team training / skills to reflect emerging security threats,

2.9   Objective 6 - Collaboration and Partnership
The College considers further progress has been made against this objective.

The IT Management Team has continued to be involved in the Scottish College's Information Leads group [SCIL], the Joint Information Systems Committee (JISC) 'Tech2Tech' stakeholder forum, and various Cyber forums. The College IT team will continue to seek involvement in and leadership of other groups where this enables the opportunity to inform and benefit from best practice and gain an understanding of the wider operating environment.

A core element of the Scottish Government approach to strengthening cyber resilience is through information sharing and collaboration. From this the College benefits from access to shared information and best practice resource on cyber toolsets, threat awareness and incident response.

The incorporation of the Technology & Innovation (T&I) team as part of the wider IT team, has allowed additional collaboration efforts to be extended to other partners such as Skills Development Scotland, West Dunbartonshire Council, and other external partners.

3.0   New IT Strategy – Key Areas and Considerations to Take Forward

3.1   For the new IT Strategy 2021-25, the following are key aims to carry forward or initiate for continuation of investment in the service:

- Retirement of legacy telephony infrastructure and equipment and complete migration to Microsoft Teams, including ability to host hybrid meetings or curricular activities (part in-person, part virtual attendance)
- Concluding the deployment of Windows 10 and Office 365 to remaining classroom areas.
- Identify and retire surplus IT equipment.
- Continue renewal of laptop equipment used by College teaching staff.
- Annual Cyber Essentials Plus re-accreditation.
- Progress activities in response to the evolving requirements of the Scottish Government's Public Sector Cyber Resilience Framework.
- Continued engagement with SFC on modelling IT infrastructure funding need within the sector, with a view to investment at WCS.
- Engage with the Quality directorate and Student Association to better refine and understand feedback on use, availability, and functionality of IT resource
- Ensuring teaching and learning IT needs are prioritised within available resource parameters.
- Provide support for, and contribute to, College wide projects, including:
  o Implementation of a College Customer Relationship Management System
  o Supporting estates projects, including new campus developments in Greenock and Paisley
  o Developing bespoke solutions in response to identified process enhancement requirements across the College.
  o Use the business information generated by the Helpdesk System to better inform targeted training requirements within staff cohorts
  o Extend the use of the Student IT Helpdesk system of 'students helping students'
- Respond to advised College direction and emerging requirements around *using data* – by research, test, and adoption of solutions, such as *PowerBI.*
- Development of the workforce development need(s) associated with delivery of the College Digital Strategy.
- Support development and delivery of the College Digital Strategy with the Digital Strategy Group.
- Work more closely with curricular colleagues to support emerging IT needs, such as in cloud computing and Azure, VR/AR technologies etc.
- Continuing development of asset management functionality for all hardware and software including student support systems.
- Support and lead on any IT activities which may be necessary to progress the Outline Business Cases for new campuses at Greenock and Paisley.

4.0   Conclusion

4.1   As outlined above, the College has made good progress in achieving IT Strategy outcomes during 2020-21 and over the 5-year period between 2016-2021. The College will now look to build on these strong foundations going forward in progressing the 2021-2025 IT Strategy and will continue to engage with the SFC to seek appropriate level of funding to support this.

4.2   The Corporate Development Committee are requested to:

- Review and consider progress made during the five years of the College IT Strategy implementation; and

- Review and consider the key outcomes outlined to carry forward as a priority for the new IT Strategy.

Section 5 - Review of IT Strategic Objectives

Date of Review – May 2021

Analysis	
B	Actions are complete. Outcome achieved.
G	Progress achieved and anticipated with final year of the Strategy
A	Some progress achieved during final year of the Strategy with further work required
R	Progress anticipated or required however not achieved to date
L	Actions no longer being progressed

IT Strategic Objective 1 - Infrastructure (Hardware and Software)

The College will 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.

Indicators of Success	Progress at May 2021	Status
• The IT infrastructure will support the resources required by the College to undertake its delivery portfolio within teaching and learning.	All staff are now operating with a Windows 10 device, and plans are in place to replace or retire the remainder of classroom equipment unable to support Windows 10. The College has invested in a stock of Chromebooks, Windows laptops, Android tablets and other device to issue to students who are experiencing effects of 'digital poverty'. By Academic year 21/22, these will number approximately 6,000 in total. Discussions also progressing around repurposing of existing Classroom-In-A-Box (CIABs) laptops and tablets A new cross-College wireless infrastructure solution has been procured, installation is in progress, and completion of installation is anticipated before the end of current Academic Year 20/21. While the level of progress achieved is sufficient with the resource available, the challenge is that the resource available is not sufficient to support the College's digital ambitions in the future and with this the required levels of investment. The College continues to lead strategic dialogue with the SFC which is aimed at securing the level of resource required to support College's digital need and ambitions.	G

Indicators of Success	Progress at May 2021	Status
• The College will have taken full advantage of the software and associated resources available to us under our major enterprise license agreements.	Microsoft Campus and Adobe Creative Cloud enterprise agreements were both re-procured over summer 2018. This provides the College with continuity in enterprise teaching and learning software into latter half of 2021, beyond the end of this strategy period. Discussions have commenced with respect to the further renewal of these agreements.	B
• Our JANET connection, providing College Internet access, will be upgraded and aligned to post merger requirement and operations.	2017 Complete - The Janet (Joint Academic Network) circuits have been upgraded and replacement Firewalls procured and installed.	B
• Thin client solutions will be more in evidence across the classroom desktop estate.	Technical and Financial considerations are making the goal of extending the existing thin client estate more challenging. Migration to thin client technology requires significant up-front investment although this currently continues to mature with the adoption of cloud technologies and SaaS offerings.

Given this, and the fact that the need for personalised hardware is now emerging at greater levels across the College curriculum, the expansion of thin client solutions is currently under review.

The College will continue to develop the use of cloud services – such as Azure Labs – rather than invest further in on-campus resources. | L |
| • Feedback from students and the wider learning community will reflect an improvement in the software and hardware available to support teaching and learning. | While individual campus and student feedback may occasionally reflect generalised frustrations around student access and use of IT resources, overall, this remains extremely positive including the deployment of over 2,200 devices through the pandemic period.

Seeking more detailed feedback by way of Quality led focus group(s) will be the next option to localise information for remedial action, training or | G |

Indicators of Success	Progress at May 2021	Status
	organisational communication. Improvements to self-service (i.e., password reset) continue to be deployed where appropriate.	
• Print service will exist as a single solution delivered by a competitively procured supplier.	2017 Complete - RICOH were appointed via a competitive procurement process and replacement equipment and software has been installed and configured to design.	B
• A successful deployment of Skype for Business will have enhanced cross-campus collaboration and communications.	The redesign and upgrade of the technical infrastructure was reported as complete in previous update reports. All staff are now enabled for Skype for Business and additionally, Microsoft Teams for curricular and staff teams.	B
• User wireless access and server cloud resource will be key established elements within a hybrid IT infrastructure.	Office 365 is fully operational for student and staff email. OneDrive is available to all staff and students for personal and shared storage.

Use of Microsoft Teams has been rapidly adopted for teaching & learning, and support activities during times when College buildings were closed. Systems have been updated, and testing performed to prepare for the migration of all functionality remaining on Skype for Business, to Teams.

The three campus wireless solutions were constrained by vendor limitations, and work has commenced on installing a new cross-College solution | G |
| • By providing teaching and support resources online, the College will reduce the need to be the provider of the endpoint equipment in all situations. | *MyDay* cloud software is now integrated into student life – providing centralised access to all the information that students need in one intuitive place. A bespoke 'Digital Student ID Card' app has been developed for this platform.

Use of Microsoft Teams is now heavily integrated into College teaching & learning, and support activities. | B |

Indicators of Success	Progress at May 2021	Status
	Performance, audit, and risk management tool – Pentana – has now been implemented. All AY20-21 Operational Plans, the Digital Strategy, Strategic Risk Register, and Rolling Audit Action Plan, have been uploaded, and will now be managed and updated through this new solution annually.	
• IT will be a core element of estates redevelopment activities.	As part of the Infrastructure Directorate, IT continue to contribute on Estates led development projects for existing campuses. Collaboration is based on established protocols for inter-team working on internal change projects. Work has been completed to support the Estates team in the redevelopment of the Inchinnan Centre for Performing Arts building at the Paisley Campus. This will allow for the movement of activities from the CPA building at New Street in Paisley to the main Campus.	B

IT Strategic Objective 2 - Projects and Enhancements

The College will deliver the approved and prioritised IT infrastructure sustainability and enhancement programs.

Indicators of success	Progress at May 2021	Status
• The College will recognise and deliver prioritised technology change to specification and within approved budget.	2019-20 maintenance spend concluded within budget. 2020-21 spending plans are developing on track and also within budget. Plans for both years were adjusted to respond to needs of remote teaching, learning, and working during the Covid-19 pandemic.	G
• Stakeholder understanding, and engagement will streamline delivery of the resource request and business improvement processes.	For 2020-21, the Operational Planning process informed IT maintenance funding allocation. Spend is prioritised around curriculum delivery and continues to reflect curricular / departmental priority and budget availability. The IT team have provided support for, and contributed to, College wide business improvement projects, such as, the implementation of the iTrent 'Electric Theme', Continuous Professional Development (CPD) Activity Reporting, and upgrades to the Moodle Platform for West Dunbartonshire Council.	B
• An effective and involved College Technology Committee will be informing and publicising IT delivery across teaching and learning and support activities.	2018 Complete - Following a Senior Management review of committee and group operation within the College, the recommendation to disband the Technology Committee was implemented late in year two of the Strategy. The College has now put in place a dedicated group to take forward the new Digital Strategy.	B
IT change will be enabled and supported from a recognised project delivery methodology that is embedded through staff engagement with the Corporate Professional Development Review process.	IT staff have participated in CPD activities throughout the period of the IT Strategy, including every holder of leadership posts (Team Leaders, Managers, and Head) in the IT Sector, having been on the *WCS Leadership Program*	B

IT Strategic Objective 3 - Structure and Service Delivery

The College will maintain and develop a flexible operating IT structure that delivers a high quality and responsive service.

Indicators of success	Progress at May 2021	Status
• IT services will deliver performance against a collection of agreed indicators of success that are set and reviewed during the annual Operations Management cycle and deemed appropriate to the College environment.	Three key Service Indicators are included within the 2020-21 IT Operational Plan. Records show volume and turnaround are within target. The College has introduced a Student IT Helpdesk - named the *Tech Team* – to provide a dedicated IT support service to students, including the physical deployment of devices. Refinement of service desk information – including that relating to the Student IT Tech Team - will be progressed further to support the Digital Strategy action plan and understanding of any trends arising.	G
• IT staff will introduce a recognised service delivery methodology and will design cross-campus operations to deliver improvements to the user base.	The CPDR meeting cycle for IT staff continues. Prioritised development is agreed with OD and HR. IT management staff have completed the College's Leadership Development Programme.	B
• Available service desk and infrastructure monitoring software will provide effective operational support.	2018 Complete - New Service Desk software *[FreeStyle Support Portal]* was released to users on 31 October 2017. The solution provides: • A self-service web portal - enabling users to log and track job requests; • Revised and improved back-end workflow management –enabling effective job distribution; and • The production of reliable management information via SQL database reporting.	B

Indicators of success	Progress at May 2021	Status
	Introduction of the software was supported by a programme of intranet communications and changes to the telephone and email handling arrangements available to users. Infrastructure monitoring is in place and providing information and tools to support operations.	

IT Strategic Objective 4 - Planning and Risk

The College will establish and maintain asset information, develop the planning processes and maintain audit activities to deliver a sustainability model for the required IT estate.

Indicators of success	Progress at May 2021	Status
• Annual IT spending will be delivered within budget, achieving outcomes as required.	2019-20 revenue and maintenance spending were to budget. 2020-21 revenue spends to date are on track and within budget. Maintenance work is ongoing.	G
• IT asset information will be complete and maintained and will be informing sustainability reviews and selections.	2018 Complete - The IT asset management software is operational. The physical audit and uploading of core IT asset data is complete. Update processes are defined. This will now be maintained on an ongoing operational basis.	B
• Contingency plans will be subject to annual review and maintained to reflect the changing College environment and IT infrastructure.	The IT contingency plan was reviewed in summer 2018. IT management are fully involved in Business Contingency planning and execution. Development of a College Cyber Incident Response Plan forms part of the response to the Scottish Government cyber resiliency plan.	G
• Flexible and adaptive IT resource request planning will deliver prioritised change and support the College's response to a fluctuating budget environment.	The 2019-20, IT Maintenance spending was focused to service infrastructure requirements and curriculum resource requests identified via the Operational Planning and curriculum review processes and prioritised in agreement with curriculum Associate Principals/Directors. For 2020-21 allocations have been set aside to service infrastructure requirements, the Skype to Teams migration activities, renewal of staff laptops, and other curriculum resource requests identified.	G
• Operational risk assessment and options appraisal techniques will be embedded and positively impacting operational effectiveness.	The strategic risk register includes three specific IT risks. These remain under review in progressing Scottish Government requirements in relation to Cyber action planning and in meeting College infrastructure needs.	

Indicators of success	Progress at May 2021	Status
G	The College is in the process of re-accreditation of Cyber Essentials Plus for a third year Operational risk is captured and managed during the annual planning process and is now recorded in IT procedural documents.	**G**

IT Strategic Objective 5 - Policy and Process

The College will 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

Indicators of success	Progress at May 2021	Status
• IT operations and stakeholder behaviours will be governed by a set of policy and guideline documentation that is agreed, understood and is maintained through consultation and review.	The following policies have been renewed during the period of the IT Strategy: • IT Password Policy • IT Acceptable Use Policy	B
• Operational processes and behaviours will be fully established and embedded and determined by culture, policy and stakeholder feedback.	Audit recommendations have shaped IT support operations. Survey feedback, including direct engagement with the Student Association, continues to inform IT operations. The College's Behaviours Framework has helped shape operational development and to support the adoption of Microsoft Teams more recently in response to the Covid-19 pandemic	B
• Non-personal and non-commercially sensitive organisational data will be more readily available.	The GDPR / Data Protection steering and working groups, with IT participation, have completed their work in co-ordinating College response(s) to the legislation.	B

IT Strategic Objective 6 - Collaboration and Partnership

The College will 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

Indicators of success	Progress at May 2021	Status
• The College will be an established and recognised IT contributor within the sector and with other connected public sector organisations.	College IT management remains fully involved with the following forums: • Scottish College's Information Leads (SCIL) – a community of practice for senior IT staff in the sector • Jisc 'Tech2Tech' Stakeholder forum – a group of senior IT staff in the sector • Public Sector Leaders Cyber Forum – group addressing '*Managing Cyber Risk as Business Risk'*	B
• IT infrastructure operations will be enhanced by solutions delivered from identified and beneficial sharing or collaboration opportunities.	Collaboration with New College Lanarkshire supported the selection and implementation of the new *Myday* Student Portal software, which has now been fully deployed. Collaboration across the College sector in information and resource sharing is supporting delivery against the Cyber Resilience agenda set by Scottish Government.	B

Title: **INFORMATION TECHNOLOGY (IT) STRATEGY 2021 – 2025**

Background: This report comprises the new West College Scotland IT Strategy for the period 2021 – 2025.

Lead: Martin Joyce - Director of Infrastructure

Action: The Corporate Development Committee are requested to review the 2021-2025 IT Strategy and recommend that the Board of Management approve this at the meeting of 14 June 2021.

Status: Open

1.0   Introduction

1.1   This report provides the Corporate Development Committee with details on the proposed Information Technology Strategy 2021-25.

2.0   Background

2.1   In the final annual update of the previous IT Strategy (2016-2021) provided to the Corporate Development Committee (June 2021), the College reported that it considered that significant progress had been achieved and realised against many of the stated objectives. The update report also detailed key areas and considerations that will continue to be taken forward under the new IT Strategy.

This IT Strategy document for the period 2021-2025 is intended to lend itself to supporting the significant dynamic trends and unforeseen change that is likely to occur across the technology landscape as well as in curriculum delivery over the 5-years following the covid pandemic.

3.0   Covid-19 Pandemic

3.1   One entirely unforeseen event at the outset of the previous IT Strategy 2016-21 was the Covid-19 pandemic, which brought about rapid, significant, disruptive – and transformational - change in the way staff and students at the College were required to work, teach, and learn.

3.2   The closure of College campus locations saw students and staff working from home and forced, amongst other things, the rapid adoption of Microsoft Teams to allow everyone to stay connected and interact online. Learning and working from 'at home' or remote settings required everyone to access a digital device which involved another piece of work that had to be done at pace – that is, the issuing laptops to staff who did not at that point have a College issued device. Some activities also required staff to able to connect to the College network to access internal systems or data – and again, provision of this service had to be rapidly expedited as remote access to the College network had previously only been provided to certain staff in otherwise limited specific circumstances. The continuing development of these systems will be a core focus for the IT Strategy over the next period.

3.3   In 2020, the College purchased more than 2,500 Chromebooks to provide students - who were affected by digital poverty and did not have access to a device – with the resources they required to participate in course activities. Since then, over 2,200 loan devices (2,000 Chromebooks and 200 Windows laptops) have been issued to students.

3.4   The Board of Management have also recently approved the procurement of an additional 2,900 IT digital devices for distribution to students at a cost of £1.2m and these orders have now been placed. These will be issued during the 2021-22 academic year in addition to any of the loan devices recovered as they are no longer required by students to whom they were originally issued.

3.5   Alternative ways of providing resources – and the potential for adoption of cloud solutions such as Azure labs – were explored and implemented. On-site resources were deployed to support blended learning and hybrid working, allowing for a mix between on-campus and off-campus participation, and this will continue to be another key area of focus over the next period.

4.0   Conclusion

4.1   The College has achieved significant progress and outcomes during the period of the 2016-2021 IT Strategy. The new 2021-2025 IT Strategy now seeks to build on these strong foundations in setting out how the College will support staff and student to work, tech and learn.

4.2   The Corporate Development Committee are requested to review the 2021-2025 IT Strategy and recommend that the Board of Management approve this at the meeting of 14 June 2021.

West College Scotland

Information Technology Strategy 2021 – 25

June 2021

0.9 (Final Draft for Approval pending CDC comments)

1.0 Final for Publication (June 2021)

Contents

1.0   Introduction

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

As one of Scotland's largest Regional Colleges, we provide education and training to over 20,000 students. The College manages total funds of £70m, employs over 1,200 staff and as one of the Region's largest employers, is uniquely placed to help shape the West region's educational landscape and contribute to its social and economic development.

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

The College wishes to exploit its scale and capacity to maximise its impact as a leader and influencer across the region and the wider College sector. While students and our staff are at the heart of what we do, we want to attract business at home and from abroad, and we seek to build a reputation which is recognised for being innovative, enterprising, and modern.

Changes in technology, changes in demographics, digitisation, automation, industry 4.0 all have the potential to reshape the landscape in which we operate. This can disrupt the scale and nature of skills demand and the types of jobs that may be available and that will help to reshape the economy. At West College Scotland, the use of Information Technology is essential in the modern digital world that enables us to excel in the provision of educational services and support operations., and that:

- Is driven by curricular learning and teaching need.
- Will support innovation in teaching and learning.
- Provides online access to established and emerging learner and support processes.
- Ensures existing hardware and software assets are utilised to their maximum potential.
- Embraces mobile and flexible working models.
- Recognises the benefits of collaborative working and shared service delivery.
- Ensures adherence to legislative, policy and cyber resiliency requirements.
- Supports a mobile, flexible, and hybrid-cloud infrastructure.
- Provides required levels of IT service delivery, security, and standards.
- Is agile and adaptive, enabling the right digital tools and solutions in any setting.
- Uses data and business intelligence to support informed management decisions.

The IT Strategy is intended to enable the provision of resources and services for the benefit for all West College Scotland users - students, staff, and other stakeholders - ensuring that these resources are available, effective, and efficient to meet requirements. In addition, the College IT facilities will be secure and resilient, but also flexible, accessible, and responsive to meet the needs of those who use them and the ever-changing landscape of opportunities that the use of technology can deliver. This will be done not just in a way that supports fit-for-purpose standards and full utilisation of College resources, but also provides the scope for, innovation, development, and the adoption of a dynamic approach to all that we do.

2.0 Background and Operating Context

2.1 Information Technology Strategy (2021-25)

This Strategy supports the continuation and enhancement of practises developed during the previous Strategy and lessons learned (to date) through the Covid-19 pandemic. It recognises that in adopting changes that have arisen in our operating environment over the recent period in particular - as a permanent shift in approach, can bring significant benefits to the College. Taking this methodology further, the Strategy aims to provide for further innovation in College operations and curriculum activity, all of which will be undertaken in conjunction with curricular colleagues to support changes in teaching and learning pedagogy and improving outcomes.

The objectives detailed in this document are intended to be broad and flexible, to allow for the dynamic trends and unforeseen change that the period of the Strategy may witness. Specific and measurable targets will flow out of this document and be presented annually in the IT Operational plans and in annual update reports to the appropriate Board of Management Committee

2.2 College Strategic Priorities

Our vision of 'Collective Ambition' to be a vibrant and dynamic College – providing excellent education, training opportunities and services for our students, customers and communities' will be achieved by implementing the College's four Strategic Priorities.

Personalisation: Delivering the skills solutions that employers seek and the learning outcomes students want in a way that suits their individual needs.

Collaboration: Building the immersive relationships to create new learning pathways and delivery partnerships that best support our students, communities, and businesses.

Agile and Adaptive: Developing the specialist delivery capabilities to respond to shifts in demand and seize new opportunities quickly.

Digital: Ensuring that the College has the capacity and capabilities to keep pace with technological advancements to deliver for students and employers
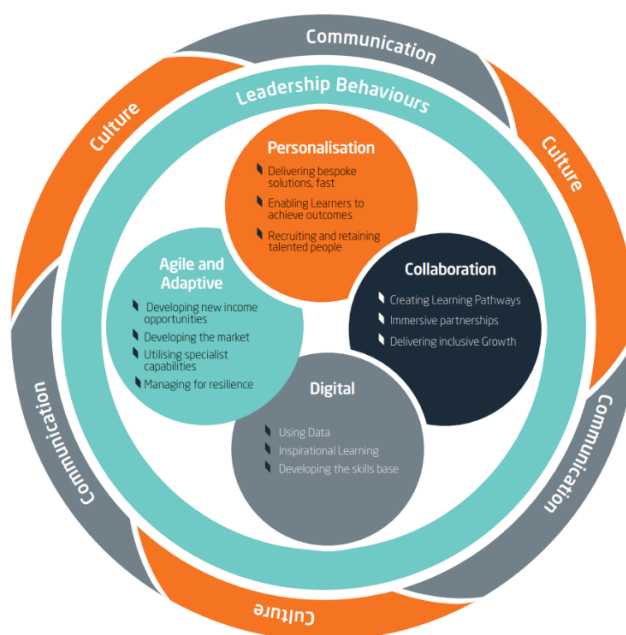
2.3   Contextual Information

This IT Strategy recognises and aims to compliment other current national, College sector, and West College Scotland strategies, to create a hierarchy from the strategic to the operational levels. As can be seen, this positions the College IT Strategy 2021-25 at the more operational range within this context.

↑	Digital Scotland – 'A Changing Nation'
Strategic	Colleges Scotland – 'Our Digital Ambition for Scotland's Colleges'
	West College Scotland – 'Collective Ambition'
Operational	West College Scotland - 'Digital Strategy'
↓	**West College Scotland - 'IT Strategy 2021-25'**
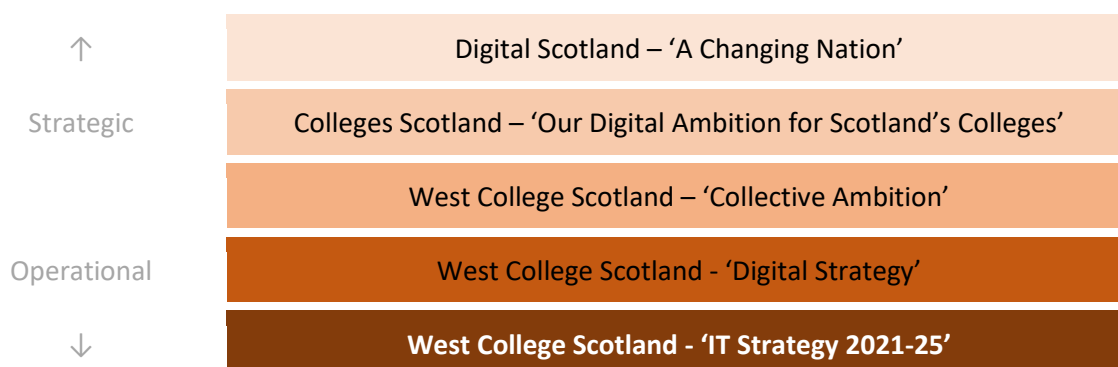
2.4   Background Papers

- Digital Scotland – A Changing Nation: How Scotland Will Thrive in a Digital World (Mar 2021)
- Colleges Scotland - Our Digital Ambition for Scotland's Colleges (Sep 2020)
- West College Scotland 'Collective Ambition Pride and Passion, Inspirational and Innovative' Strategy (2019 – 2025)
- West College Scotland Digital Strategy (Nov 2020)
- West College Demographic Information (May 2020) 'Our College, Our Region'

3.0   Technology Drivers and External Trends

Technology changes and trends both in terms of what is available, and what is being adopted in the College sector, require observation and response, and the College will endeavour to lead in these areas where appropriate. Evolving solutions such as Virtual and Augmented Reality and Artificial Intelligence provide exciting opportunities to enhance the way we operate and provide learning activities. But also, ensuring the College is fully utilising current resources and solutions such as Microsoft Teams and One Drive cloud storage, can allow the College to improve Business Processes and be more efficient.

Ambitions relating to the evolution of the 'digital world' have been at the forefront of IT strategies for several years, and this is set to continue as we settle into a 'new normal' of blended learning and hybrid working. Expectations are that everyone interacting with College resources – staff, students, partners, and other College users – have access to a digital device allocated solely to them, and that resources can be accessed from anywhere, at any time, and from any device.

As a direct consequence of the Covid-19 pandemic and throughout 2020-21 and 2021-22, the College will have invested over £2m in procuring over 6,000 digital devices (Chromebooks, Windows Laptops, tablets, and other devices) for issue to students to support blended learning and to tackle issues around digital poverty. The on-going management of these resources, their distribution, recovery, and replacement, for new students in future years, will also need to be fully considered to ensure continuity and longevity. Physical changes will also be required to campus locations to ensure they remain fit for purpose in any 'new normal' blended learning environments.

Increased adoption of cloud resources will continue to be a cornerstone for this demand for flexible access to resources. And this driver for change will see the College utilise both user side resources such as cloud software and storage, as well as infrastructure side resources such as platforms, servers, and services.

Changes in legislation have an impact on how the College's IT resources and services require to evolve. In recent years we have witnessed legislation changes such as GDPR. For the next few years, a significant area that will require focus, is how various European Union legislation is to be applied or adapted for a United Kingdom that has left the EU.

Scottish Government requirements also need to be encompassed in what we do. One of the areas that will require significant application of time and resources in the coming years is the continuation of work on the Scottish Government's Cyber Resiliency Framework as well as Cyber Essentials Plus accreditation annually.

Finally, as the College has set out an ambitious proposal to deliver new campuses in Greenock and in Paisley, it is essential that these facilities are designed from the outset to support and enable to continuing rapid change and evolution of digital services, in the widest possible context, and in a flexible and cost-effective manner, through the application of the principles established in Appendix A.

4.0 Strategic Aims & Objectives

4.1 IT Strategy 2021-25

The College IT Strategy aims are placed to compliment the aims of; the College's Digital Strategy, Colleges Scotland's Digital Ambitions publication, and other documents as set out above, by targeting objectives in the following areas:

1 - Enhancing the Student Experience

- We understand the importance of using current and emerging technologies in teaching and learning; and will strive to provide up-to-date resources for these activities.

2 - Enhancing Educational IT Services

- We recognise the value in embedding technologies that aid and enhance College services; and will target improvements in every area of the College.

3 - Enhancing IT Service Excellence

- We will ensure the IT Services are readily available, effective, and efficient; and that they are provided in the most secure manner.

4 - Enhancing IT Platform Excellence

- We will develop IT Platforms and solutions that can support the College's digital ambitions and are flexible to accommodate future change.

4.2   Correlation to Other Strategies

The primary aims and objectives, as set out as part of the IT Strategy 2021-25, we believe also meet and support the primary aims and objectives which are set out in both the Colleges Scotland Strategy and the West College Scotland Digital Strategy, without duplication or explicitly mapping across on a one-to-one basis, and which are defined as follows:

Colleges Scotland:
1. Strategy and Direction
2. Network Infrastructure, Systems and Data
3. Learning, Teaching and Assessment
4. Capability
5. Partnership, Collaboration and Engagement

West College Scotland Digital Strategy:
1. Digital Delivery
2. Digital Capability
3. Digital Intelligence
4. Digital Infrastructure
5. Digital Resources
6. Digital Partnerships

4.3   Defining the Strategic Aims and Objectives

Within each of the Strategic Aims identified, a variety of Objectives exist, and coupled with the Targeted Outcomes, will form the basis of measurement to identify what success will look like during each annual reporting cycle. These will also be linked to the actual '*Action Examples'* identified which will be replaced by the annual Operational Plans established by the IT Team in Section 5.0.

1 - Enhancing the Student Experience *We understand the importance of using current and emerging technologies in teaching and learning; and will strive to provide up-to-date resources for these activities*	
Objectives	**Action Examples**
We will ensure that students are adequately equipped to fully engage with course activities.	Procure digital devices loan resource for students, addressing Digital Poverty.
We will support student use of IT resources available to them which have not been provided by the College.	Provide an infrastructure and services that support a bring-you-own-device (BYOD) model.
We will have resources that accommodate the inclusion of immersive learning techniques.	Establish requirements and deploy provisions for alternative technologies such as, Virtual Reality (VR), Augmented Reality (AR), and 'Green Screens'.
We will collaborate across the College to explore potential developments of innovative teaching methods.	Identify opportunities for emerging and currently unused technologies such as, Artificial intelligence (AI), and telescopic cameras.
We will support the continuation of blended and remote learning models.	Develop teaching environments that allow for a mix of physical and virtual attendance.
We will have classroom-based IT resources that are current and fit for purpose.	Renew or update aging and obsolete resources, including the conclusion of the move to Windows 10 and Office 365.
We will equip teaching staff with IT resources that are current and fit for purpose.	Renewal of laptop equipment used by College's teaching staff.
We will increase the flexibility and availability of access to IT resources.	Identify potential usage of cloud resources as an alternative to current provisions, such as web-based software, application virtualisation, and virtual IT labs.

Targeted Outcomes
Our students have access to the equipment required for their studies. We support Innovation and engaging teaching activities. We value collaborative working with colleagues. We will increasingly accommodate personalisation. We can accommodate flexible approaches to learning locations. We have suitable on-site, mobile, and cloud resources.

2 - Enhancing Educational IT Services
We recognise the value in embedding technologies that aid and enhance College services; and will target improvements in every area of the College

Objectives	Action Examples
We will use data to report on performance and allow for informed decision making.	Develop business intelligence and reporting solutions, such as PowerBI.
We will have integrated and automated systems and processes.	Identify opportunities for; further integrations using SQL Server Integration Services (SSIS), and automation using Power Automate.
We will increase the accessibility and availability of core College systems and solutions.	Migration of business systems to be hosted on cloud resources.
We will use available technologies to enhance processes and increase efficiency.	Identify opportunities for use of technologies that will free up resources, such as use of Artificial intelligence (AI) and bots.
We will collaborate across the College to explore potential developments in business processes.	Introduce solutions such as a Customer Relationship Database (CRM) and a cross department helpdesk system.
We will support the continuation of hybrid and remote working models.	Develop meeting environments that allow for a mix of physical and virtual attendance.

Targeted Outcomes

We will take informed decisions based on a current understanding of the technology landscape.
We have efficient and effective systems and processes.
We have solutions available to support business processes.
We can accommodate flexible approaches to working locations.

3 - Enhancing IT Service Excellence
'We will ensure the IT Services are readily available, effective, and efficient; and that they are provided in the most secure manner

Objectives	Action Examples
We will be responsive to service analysis and feedback.	Engage with the Quality Department and Student Association regarding feedback on use, availability, and functionality of IT resource.
We will use service data to inform colleagues on opportunities in their area.	Analyse Service Desk trends, to inform targeted training requirements within staff cohorts.
We will build upon the success of the student helpdesk, to deliver effective IT support services directly to all College students.	Extend the use of the Student IT Helpdesk system of "students helping students".
We will ensure that the security of College IT systems and services adhere to and are tested against recognised standards.	Continue year-on-year renewal of Cyber Essentials Plus certification, develop an action plan for the Cyber Resilience Framework, and introduce regular pen testing.
We will increase the security and resilience of College IT systems and services.	Introduce additional, and enhance existing, security and resilience measures, such as Multi-Factor Authentication (MFA), an off-site backup solution, and a Cyber Incident Plan.
We will expand our centralised IT systems administration and management solutions.	Expand the use of Microsoft Endpoint Manager to centrally support devices being introduced in the College, such as Android tablets.
We will manage College resources effectively and maintain accurate and complete records of College IT assets.	Introduce a dedicated staff role to co-ordinate and administer processes regarding the College's provisions of IT resources used by staff and students.
We will develop IT staff skills and knowledge in response to evolving technologies.	Engagement of IT staff in College CPD opportunities and keeping abreast of technology changes.
We will collaborate across, the College, the FE sector, and our external partners, in the pursuit of resource and service improvements.	Build upon relationship with Scottish Power in provision of recycled hardware.

Targeted Outcomes

We are informed about service performance and feedback on opportunities for improvements.
Our students have access to effective support services.
We have secure and resilient IT systems.
We have a systematic and adaptive approach to resource management.
We will invest in training and development to remain current with developments in technology.
We value collaborative working with colleagues and partners.

4 - Enhancing IT Platform Excellence
We will develop IT Platforms and solutions that can support the College's digital ambitions and are flexible to accommodate future change

Objectives	Action Examples
We will provide IT platforms that are current and fit for purpose.	Consolidate or retire obsolete and legacy systems and solutions, such as former telephony, and surplus equipment.
We will invest in an IT infrastructure that supports the College's digital ambitions.	Renew or upgrade aging infrastructure, server, and storage physical resources.
We will make the most of existing resources.	Repurpose current classroom-in-a-box (CIAB) provision, to fit better with current delivery models.
We will support activities in relation to new campus developments.	Provide details and advice on IT infrastructure requirements for new campuses.
We will increase utilisation of resources already available to the College.	Establish a program of activities to migrate user data stored on the College network into cloud storage provisions.
We will increase our adoption of cloud resources.	Identify potential infrastructure usage of cloud resources as an alternative to current provisions.
We will implement innovative use of technologies that will benefit College operations.	Explore how the evolution of the Internet of Things (IoT) can be utilised in the College.
We will set out to acquire additional investment in resource provisions.	Engage with the Scottish Funding Council (SFC) on IT infrastructure funding

Targeted Outcomes

We have appropriate platforms and solutions that underpin the organisation.
We will endeavour to maximise the benefits we gain from investment in our systems.
We will support delivery of new campus developments to ensure excellent IT facilities.
We have flexible and adaptive resources.
We work in an establishment with sector leading use of technology.
We will maximise the use of our available funding to deliver business needs.

5.0   Programmes and Projects

In the objectives detailed above, common threads (extracted from the Action Examples) can be seen, which can then be presented as indicative programmes of work to demonstrate the operational task progress that may be followed as we implement the identified actions.

The tables that follow should be read as an *indicative* approach to work progress, with the actual specific and measurable (SMART) plans being presented initially in annual IT operational plans and subsequently within the annual updates reported to the Corporate Development Committee demonstrating how they have helped support and deliver the Strategic Aims and Objectives

Key: 1 - Enhancing the Student Experience ●
2- Enhancing Educational IT Services ●
3 - Enhancing IT Service Excellence ●
4 - Enhancing IT Platform Excellence ●

	Year 1	Year 2	Year 3 and beyond	Benefit
Equipment and on-site resources	Procure digital devices loan resource for students. ●	Top-up digital devices loan resource ●	Top-up digital devices loan resource ●	
	Audit infrastructure and services support of BYOD (Bring Your Own Device) ●	Renew/upgrade infrastructure, server, and storage resources. ●	Renew/upgrade infrastructure, server, and storage resources. ●	
	Teaching staff laptop renewal ●	Classroom PC renewals ●	Classroom PC renewals ●	
	Recruit Resource Administrator and align role with current processes. ●	Consolidate software records. ●	Audit and expand hardware records. ●	
	Retire legacy telephony & HR systems. ●	Retire classroom 'teacher PCs'. Recover staff PCs where staff now have laptops. ●	Consolidate or retire remaining obsolete and legacy systems. ●	Appropriate and effective IT resources
	Repurpose current classroom-in-a-box (CIAB) resources. ●	Repurpose replaced Teaching staff laptops. ●	Repurpose recovered staff PCs. ●	
	Engage with SFC on funding ●	Liaise with Scottish Power on potential for further recycled hardware ●	Liaise with other external bodies on potential for recycled hardware. ●	
			Support IT infrastructure requirements planning for new campuses. ●	

Innovation in the use of Technology	Establish curriculum requirements for VR, AR, and 'Green Screens' and identify pilot use. 🟢	Procure and deploy initial VR, AR, and 'Green Screens' resource for pilots. 🟢	Assess feedback from pilots, and Procure and deploy VR, AR, and 'Green Screens' resources for further rollout. 🟢	Innovative and engaging teaching activities, and operations
	Establish curriculum requirements emerging and currently unused technologies and identify pilot use. 🟢	Procure and deploy equipment resource for pilots. 🟢	Assess feedback from pilots, and resources for further rollout. 🟢	
		Establish support requirements emerging and currently unused technologies and identify pilot use. 🔴	Procure and deploy equipment resource for pilots. 🔴	

Use of Data, and Business Processes & Systems	Identify potential uses for PowerBI, agree pilots, and build reports and dashboards. 🔴	Assess pilot feedback and adjust reports and dashboards. 🔴	Rollout use of reports & dashboards built in PowerBI and identify more potential uses. 🔴	Well informed and efficient processes
		Identify systems integration and automation requirements, build solutions, and release for user acceptability testing (UAT) 🔴	Assess initial feedback, adjust solutions as necessary, and release for wider use. 🔴	
	Introduce new helpdesk solution to IT Service Desk and Student IT Helpdesk 🔴	Assess feedback from initial IT teams use and adjust solutions, as necessary. Identify Estates and Innovative Learning use, build functionality required, and release. 🔴	Assess feedback from Estates and Innovative Learning teams use and adjust solutions, as necessary. Identify further departmental requirements. 🔴	
	Analyse Service Desk trends, and report on targeted training requirements. 🔵	Release survey to obtain feedback on use, availability, and functionality of IT resource. 🔵	Embedded regular analysis and feedback in BAU Business as Usual). 🔵	

Cyber Security and Resilience	BAU annual Cyber Essentials Plus re-certification 🔵	BAU annual Cyber Essentials Plus re-certification 🔵	BAU annual Cyber Essentials Plus re-certification 🔵	Reduced cyber security risks
	Initial self-assessment against Cyber Resilience Framework, establish regular reporting, and build action plan. 🔵	Actions required to improve scoring against Cyber Resilience Framework Introduce regular pen testing. 🔵	BAU with rolling action plan and reporting cycle 🔵	
	Pilot use of Multi-Factor Authentication (MFA) 🔵	Roll out Multi-Factor Authentication (MFA) 🔵	Identify further uses for Multi-Factor Authentication (MFA) 🔵	
	Audit backup requirements. Research off-site backup solutions 🔵	Introduce off-site backup solution. 🔵		
	Review IT Team structure 🔵	Implement IT Team structure changes 🔵		

Cloud Resources, and Off-site Activities	Develop meeting environments for a mix of physical and virtual attendance. ●	Develop teaching environments for a mix of physical and virtual attendance. ●	Rollout hybrid environment setups identified. ● ●	Flexible, adaptive, and easily accessible resources
	Identify curriculum IT resource requirements that may benefit from cloud resources use, and explore options ●	Create/procure cloud resources – for example, web-based software, application virtualisation, virtual IT labs - release for initial user acceptability testing (UAT) ●	Assess initial feedback, adjust solutions as necessary, and release for wider use ●	
		Identify options for migrating business systems to the cloud. ●	Plan for business systems to the cloud ●	
	Migrate user 'personal data' to One Drive. ●	Migrate network share data to online SharePoint. ●	Migrate Staff Intranet from on-prem to online SharePoint. ●	
		Identify options for migrating IT infrastructure to the cloud. ●	Migrate IT infrastructure elements to the cloud ●	

6.0   Performance Management, Reporting and Governance

6.1   Performance Management

Specific SMART targets will be set out in yearly Operational Plans, having been generally derived and extrapolated from the objectives set out in this strategy in Section 4.0, and considering any additional influencing factors present at that time. Performance will be measured against the targets detailed in Operational Plans, through recording of updates and progress through the Pentana system.

6.2   IT Management Team

The IT management team is responsible for:

- Instilling within the wider IT team the values and beliefs set out in this Strategy.
- For interpreting it at an operational level.
- For creating an appropriate departmental culture.
- For effectively using the skills and competencies of our staff.
- For taking an executive role in the strategy implementation.

6.3   Senior Management Team

As part of the Infrastructure Directorate, Senior Management Team (SMT) support and management is critical to delivering the IT strategy, particularly within the areas of cross-college collaboration, funding, control of technical diversity, security, and compliance.

6.4   Reporting

The West College Scotland *Digital Strategy Group* will monitor and review progress of the IT Strategy. Feedback will be provided in relation to any aspects which touch upon or influence the IT Strategy to ensure it remains responsive to end user and curricular needs. This will communicate progress and make recommendations for change to the Senior Management Team and the Corporate Development Committee where appropriate.

6.5   Governance

SMT will receive regular reports on the overall status of IT operations in parallel with the reporting on the overall Digital Strategy.

The Corporate Development Committee will receive regular monitoring reports in accordance with its meeting cycle. An annual update on progress in relation to the IT Strategy 2021-25 will also be provided.

7.0   People Planning

The College has a People Strategy in place with established policies and procedures to support this in relation to Staff Development, Training and CPDR (Continuing Professional Development Review) procedures which the IT Team will continue to access as required by the College HR and Organisational Development teams.

It is recognised however, that in the fields of cyber security, resiliency, and business continuity, that the threat landscape is both changing rapidly and extremely dynamic and therefore requires constant vigilance and an ever-evolving skillset to ensure that the College remains well positioned to address new and emerging threats. College IT structure, operations and resource will therefore be kept under continuous review to ensure the service is in the best position to meet these challenges.

The provision of specific IT training is also recognised in this strategic plan, with several key objectives:

- The Strategic plan will determine the corporate IT direction of travel, and within the five-year lifetime of the IT Strategy, emerging technologies will be identified, and any training need associated with these will be recognised and considered.
- Training will be co-ordinated to ensure that skills and expertise gained will not be underutilised and therefore meets current and emerging business need, aligning with the emerging programmes, projects and objectives identified through the life of this strategy.
- An appropriate budget will be utilised to ensure training can be provided where required and in advance of need.
- The provision of free training by suppliers during the implementation or upgrading of any new system will be taken up whenever possible.
- Training will be undertaken to agreed levels of expertise in any system, whether general, intermediate, or advanced, with certification as appropriate.
- Mentoring opportunities within the team, both formally and informally, will be explored, particularly in relation to the Student IT Tech team.
- Individual training need will be identified as part of the CPDR process.

8.0 Summary

The IT Strategy is published to provide a 'road map' of intended direction and objectives over a 5-year period in relation the provision, operation, and development of West College Scotland's IT Strategy, resources, and services.

In preparing this IT Strategy, the College has reflected upon progress achieved through implementation of the previous IT Strategy, the impact of the Covid-19 pandemic and the ever-increasing reliance on technology to inform all that we do and a push towards the delivery of personalised services for both students and staff. This Strategy complements and integrates with all other College strategies and ensures the drivers and principles that shape overall service provision are always at the fore.

We will also ensure that appropriate staffing resources are in place, are continually developed, and will adapt to meet the ever-evolving requirements to fulfil the Strategy aims and objectives.

Appendix A

Principles that Support IT Decision Making

The following well established principles form the foundations for the IT Strategy 2021-2025. The College will review and update these annually where required so that new services and projects are evaluated against a relevant set of principles that reflect current technology trends and drivers.

Designed to Support the Needs of Students, Lecturers, Staff and Partners

The explicit purpose is to provide systems and services that are, ultimately, personalised and aligned to the needs of users - students, lecturers or other staff who support teaching and learning as well as partners and stakeholders. The implications are:

- Ensure, by using as many mechanisms as possible, that there is an understanding what our customers want, and that feedback is gathered on whether the services meet their needs.
- Be open to new ideas and willing to support innovation in all aspects of our services.
- Be flexible in the approach to service delivery and accommodate diversity where necessary.

Easy to Use, Easy to Access and Easy to Learn

Any system provided, either via third parties or developed in-house, should provide a great user experience. When selecting and designing systems:

- Test thoroughly for ease of use to ensure a consistent experience regardless of device or operating system.
- Involve system users throughout projects, with a focus on design and functionality from an early stage.
- Increasingly design self-service into our portfolio so that users can access commodity services like storage, password resets or cloud compute power without IT team intervention.
- Consolidate systems where appropriate to remove underlying complexity, costs and further simplify maintenance and investment propositions.

Resilient

As dependency on IT increases it is essential that all services have a suitable level of resilience.

- Ensure all teams work closely together so that there is an understanding of the dependencies between different systems and services, particularly across curricular, areas to avoid fragmentation or duplication.
- Build on the investment that has been made in our monitoring capability to spot and fix issues before they affect services.
- Design appropriate levels of resilience into all our services from the outset recognising that this may be more expensive.
- Use cloud services where appropriate to achieve the maximum possible resilience.

Secure

Ensuring that the information held is kept secure is key to keeping the College running, avoiding reputational risk and ensuring that we can continue to host information in areas that handle sensitive or personal data. This means that we must:

- Ensure that all systems, services, and devices are secured to an appropriate level and that data is assessed for risk and managed accordingly.
- Segregate our systems and network to reduce the impact of an intrusion and follow best practice in system design to secure all systems.
- Provide suitable training to all College staff handling sensitive personal/commercial data or developing systems that handle such data through the established College Data Protection Group, GPDR and DPO
- Maintain legal compliance in all areas of Information Security, including Data Protection and develop policies and procedures, using the recommendations of ISO 27001/2 (Information Security Management Systems) as a baseline.

Energy Efficient

The College has challenging carbon reduction targets to meet, and IT equipment contributes approximately 20% of carbon production across the College. We must therefore:

- Work closely with the Sustainability and Estates colleagues to ensure compliance with carbon reduction activities and take advantage of schemes aimed at reducing our carbon footprint.
- Recycle all old equipment and provide services for easy recycling to other areas of the College.
- Reduce the energy footprint of the IT estate by consolidating workloads where appropriate, offering virtualised servers to replace old hardware and by considering energy use in all procurement activities.

Agile and Easy to Maintain

Technology changes rapidly and the pace of change is accelerating. Users' needs can also change rapidly either because of changes in the external environment, (i.e., new legislation), or due to internal changes of business processes. The College must, therefore, have systems that can be quickly and easily adapted and have a short development cycle, ensuring that system maintenance effort is kept to a minimum, maximising staff time availability for work that adds value to the end users.

- Iterative development combined with comprehensive business analysis is the standard approach to system developments, avoiding drawn out projects that deliver little or no value.
- Continually review the technology and techniques used to deliver services, recognising that rapid change is inevitable and therefore we must keep pace and not rely on existing technologies to always be relevant.
- Architect and engineer systems so that they can be easily expanded or changed. This means designing for maximum flexibility in both the technology and the processes it supports using methodologies that allow for rapid reaction to changing circumstances.
- Wherever possible, use a 'standards based' approach which will help to make systems easier to integrate and interoperable.
- Ensure we are aware of trends and changes in technology, regularly reviewing systems and processes to ensure they remain fit for purpose.

Cost Effective

Budgets remain under pressure and the need to ensure the investments made in technology are as cost effective as possible is recognised. We must therefore:

- Work closely with Procurement to ensure best practice when making purchases including accessing relevant frameworks and national deals that the College can leverage.
- Ensure advantages of economies of scale in procurement are implemented.
- Ensure consideration of the total cost of ownership, which includes maintenance, energy, staff costs, licensing, external consultancy and consumables for any new service or technology purchased or provided.
- Monitor expenditure closely to ensure a deep understanding of costs and where opportunities for cost reduction exist.
- Negotiate robustly with suppliers when contracts are renewed to ensure the best price.

TITLE: **GOVERNANCE COMPLIANCE AND ROA OUTCOMES**

Background: The Corporate Development Committee remit includes the requirement:

'To ensure adherence to statutory requirements related to the College's financial affairs and compliance with the Financial Memorandum, the Scottish Public Finance Manual (SPFM) and related guidance'

The objective of this report is to provide assurance to the Corporate Development Committee that in fulfilment of this remit the College is operating in compliance with:

- The Financial Memorandum with SFC.
- The Scottish Public Finance Manual.
- The Code of Good Governance.

There is also a need for the Committee to demonstrate that it has, through the Schedule of Business, met its requirements in relation to the relevant areas of the 2020-21 Regional Outcome Agreement and confirm this to the Board of Management.

Action: The Corporate Development Committee is requested to consider the:

- assurance provided in relation to governance compliance.
- progress that has been made in relation to those ROA areas for which the Corporate Development Committee has responsibility to provide an update to the Board of Management.

Lead: Alan Ritchie, Director of Finance

Status: Open

1.   Financial Memorandum with the SFC

1.1   Under the terms of the Further and Higher Education (Scotland) Act 2005 the Scottish Funding Council (SFC) may attach terms and conditions to the payment of grant made to institutions. It is a term and condition of grant payments from the SFC that the institution's governing body and its designated officers comply with the requirements set out in the Financial Memorandum (FM).

1.2   The current FM with the SFC was revised and issued in December 2014 and has not been subject to any further change since that time (Appendix A). This review has therefore been carried out against the conditions set by the December 2014 version. Noted below are the key areas of the FM and how the College is complying.

Condition	College Response
SFC's governance requirements of the institution - SFC requires the governing body to comply with the principles of good governance set out in the Code of Good Governance for Scotland's Colleges. The SFC also require the governing body to ensure that:	
Public funds are used in accordance with relevant legislation, the requirements of the FM and only for the purpose(s) for which they were given. Strategic, capital or other grant funding must only be used for the purpose for which it is provided by the SFC.	SFC funding and College compliance with the terms and conditions of this are reviewed by external audit and internal auditors. SFC also requires information to be submitted periodically during the year to demonstrate the College is complying with terms and conditions of grant funding e.g. monthly cash flow, financial forecast returns and high priority maintenance funding. Any funding not used in accordance with grant conditions would be reported to the College Board of Management.

Subject to review by the external auditors as part of their year end work there are no reported occurrences of non-compliance during the 2020-21 year. |
| Subject to any legal requirement to observe confidentiality, the institution will be open and transparent with the SFC and other stakeholders, and will give, or be prepared to give, a public justification of its decisions in relation to the use of public funds. | The College and its Board of Management ensure that decisions in relation to public funds are documented in a transparent manner with meeting agendas, minutes and papers available through the College website. |

Condition	College Response
The institution strives to achieve value-for-money and is economical, efficient and effective in its use of public funding.	The College has Financial and Procurement Strategies in place to support the required value for money condition. The College Value for Money Policy was approved by the Audit Committee in March 2020. A report on Value for Money was presented to the Joint Audit and Finance and General Purposes Committee in November 2020 as part of the year end reporting arrangements. A similar report will be presented to the Joint Audit and Corporate Development Committee meeting in November 2021 for consideration.
There is effective planning and delivery of the institution's activities in accordance with its mission and its Regional Outcome Agreement as agreed with SFC.	The College draft Regional Outcome Agreement (ROA) to cover the period 2020-21 was finalised following the SFC 2020-21 final funding announcement on 9 June 2020. The annual process would then have seen formal agreement of the ROA by 31 July 2020. The College received correspondence from the SFC on 29 May 2020 concluding that the SFC would not ask governing bodies to sign off the 2020-21 ROAs in the usual way, would not publish the 2020-21 ROAs on its website and would attach the allocation of core funding in 2020-21 to refocused sector commitments and activity which would provide them with reassurance on use of designated funding. The College proceeded on the basis that the key outcomes, detailed within the final draft 2020-21 ROA, would remain, and required to be delivered. On 1 December 2020, the SFC published Guidance for Interim Outcome Agreements for Colleges and Universities AY 2020-21. The Guidance outlined the steps required to ensure an Agreement was in place between the SFC and each institution during the emergency period. The Board of Management considered and approved the 2019-20 Self-Evaluation Report and Interim Regional Outcome Agreement 2020-21 at its 1 February 2021 meeting.

Condition	College Response
The institution plans and manages its activities to remain sustainable and financially viable. An institution is being managed on a sustainable basis if, year on year, it generates sufficient income to cover its costs and allow for maintenance of and investment in its infrastructure (physical, human and intellectual) at a level which enables it to maintain adaptive capacity necessary to meet future demands.	The Board of Management on 15 June 2020 approved the 2020-21 Budget and 5-Year Financial Forecast. The 9 March 2021 Corporate Development Committee received a report on the 31 January 2021 Management accounts which include the forecast position for the year to 31 July 2021. As a result of the closure of onsite operations due to the second Covid-19 lockdown period the College was, prior to the announcement in March 2021 of additional SFC Sustainability Funding, forecasting an adjusted operating deficit of £1.2m. However, on the 24 March 2021, the College received an additional core grant allocation of £1.3m from SFC to assist with financial sustainability challenges arising from the impact of the Covid-19 lockdown during 2020-21. It is currently forecast that the receipt of this additional SFC sustainability funding will now enable the College to deliver a break-even operating surplus of £37,000 compared to the Board approved budget surplus of £27,000. It should be noted that this forecasted break even adjusted operating position is based on information available to the College at this time – and it is likely the forecast outturn position may be subject to some change as further information becomes available from the SFC and Scottish Government during the coming period as Covid=19 lockdown restrictions are expected to ease.
The institution has a sound system of internal management and control, including an Audit Committee, an effective internal audit service, and adequate procedures to prevent fraud or bribery.	Assurance in this area is provided by: • Annual report of internal and external auditors - these have indicated no concerns in any of the stated internal management and control areas. • Audit Committee annual review of the internal auditors in May 2020, which has assessed the 2019-20 service provided as being effective. The next review is due to be undertaken as part

Condition	College Response
	of the May 2021 Audit Committee meeting.
	• Audit Committee annual review of the external auditors in December 2020, which has assessed the 2019-20 service provided as being effective. The next review is due to be undertaken as part of the December 2021 Audit Committee meeting.
	• One instance of potential IT fraud was reported during 2020-21. The fraud was reported to the SFC, internal and external auditors and to Police as required. The College response to this incident was the subject of an internal audit review during April 2021. The internal audit review has confirmed that the response to this matter has been managed as required and appropriately reported to the College Audit Committee and Board of Management.
	• Specific procedures approved by the Audit Committee are in place to assist in preventing fraud and bribery including training for staff in high risk areas such as finance. These are kept under review and updated if/as required on an ongoing basis, with the College Fraud and Corruption Policy due for consideration by the Audit Committee in November 2021.
The institution has an effective policy of risk management and risk management arrangements.	The College has an approved Risk Management Strategy and risk management is a standing item at Senior Management Team, Board of Management and Board of Management Committee meetings. Risk management is integral element of the College governance framework.

Following a significant piece of work by the Board of Management to review the risk management process, risk appetite of the College and the Risk Management Strategy, |

Condition	College Response
	a revised Risk Management Strategy was approved by the December 2020 Board meeting. The Board also agreed to revise the format of the College Strategic Risk Register to allow for improved presentation of the content. The Risk Register has now been fully transferred to the College Pentana management system which enables users to access the risk register in real time and to update the mitigating controls on an ongoing basis.
The institution has regular, timely, accurate and adequate information to monitor performance and account for the use of public funds. Such information will be made available to the SFC on request, as necessary, for the exercise of its functions and to gain assurance	Regular reports are provided to Board Committees and to the Board of Management in a timely manner in relation to performance and use of public funds. The College Management Accounts pack, which includes a commentary and areas of risk, are a standing item for consideration and approval at each Corporate Development Committee. The Management Accounts are also reported to the Board of Management following each review of the Corporate Development Committee. Information is also made available to SFC on an on-going basis and as required.
The institution is engaged actively in continuously enhancing the quality of its activities and involves students and other stakeholders in these processes	The College has a dedicated Education Scotland Inspector who works closely with the College Educational Leadership Team in providing an external overview of quality systems and processes. For session 2020-21 external scrutiny activity was undertaken in March 2021 as part of a sector wide review of the impact of Covid on the quality of the student experience, particularly in relation to the impact of remote learning. This report will be available later in 2020-21. The College Education Scotland Inspector has been proactive in meeting with College teams and co- delivering enhancement workshops for teaching staff. Currently the College's external quality assurance framework is outlined in *'How Good is Our College*?'. A new version of the College

Condition	College Response
	sector quality framework is expected in June 2021 which will set out the arrangements for assuring quality for the next 3-5 years.
	The College has strengthened the role of the Student Association (SA) with the appointment of a Student Association Liaison Officer. The SA are actively involved in national NUS work with a new SA constitution developed in partnership and which will be effective from August 2021.
Public sector pay policy	
The institution must have regard to public sector pay policy set by the Scottish Ministers.	The College has regard to Public Sector Pay Policy through representation on the College's Scotland Employers' Association and associated National Pay Bargaining mechanism. The College Board of Management Remuneration Committee also takes this into account in considering levels of pay for those members of staff who are out with the scope of national bargaining. Public sector pay policy is built into any financial modelling undertaken by the College.
Tuition fees	
Where applicable, the institution must charge student tuition fees at the levels set by the Scottish Ministers under either the Student Fees (Specification) (Scotland) Order 2006 or the Student Fees (Specification) (Scotland) Order 2011, whichever is applicable.	The College follows this guidance.
Student activity	
Where appropriate, the institution must provide data returns requested by the SFC by the deadlines and to the standards specified.	The College continues to comply with requests for data from the SFC within the deadlines required. The College met the required Further Education Statistics return deadlines for 2019-20 and continues to meet the return dates for 2020-21.

Unqualified audit opinions were received regarding the College 2019-20 SFC student activity audit and the 2019-20 financial statements and these returns were provided to the SFC in accordance with required deadlines. |

Condition	College Response
Student support guidance	
Where appropriate, the institution must follow SFC's Student Support Guidance.	The College complies with all SFC and Student Award Agency for Scotland (SAAS) student support guidance. Unqualified audit opinions received in 2019-20 regarding all student support funds with no audit recommendations arising.
European Social Funds	
Where the institution is in receipt of European Social Fund funding, it must follow SFC ESF guidance.	The College will follow SFC ESF guidance as required. Clarification has been sought from the SFC as to the application of evidence gathering requirements during the national lock down periods. Guidance is awaited from the Managing Authority.
Audit and accounting	
The governing body must appoint an Audit Committee and ensure the establishment and maintenance of effective arrangements for the provision of internal and external audit. For incorporated colleges and Regional Boards, Audit Scotland will appoint external auditors.	• The College has an Audit Committee in place. The Audit Committee remit was reviewed in September 2020 and the effectiveness of the Committee is reviewed annually. The next review of Committee effectiveness will take place at the May 2021 meeting. • The effectiveness of the internal audit function will be reviewed at the May 2021 Committee meeting, and external auditor effectiveness was reviewed during the December 2020 Audit Committee meeting. • The College's current external auditors, Mazars, were appointed by Audit Scotland for 5 years commencing with the 2016-17 audit and this tenure was due to conclude with completion of the 2020-21 audit. However, Covid-19 has resulted in significant disruption for public bodies and to auditors of the public sector.

Condition	College Response
	The Auditor General for Scotland therefore confirmed a one-year extension through to the audit of the 2021-22 year so public bodies will retain continuity under their current auditor throughout this period. • Following conclusion of a tender exercise in March 2020, the Audit Committee and Board of Management agreed to appoint Wylie & Bisset as internal auditors for an initial three-year period to 31 July 2023, with the option to extend this for a further two years to 31 July 2025
The Audit Committee must produce an annual report to the governing body of the institution.	An annual report is produced by the Audit Committee and presented to the Board of Management each year. The Committee presented its last Annual Report to the December 2020 Board of Management.
Accounts direction	
The institution must follow the SFC's current Accounts Direction in the preparation of its annual financial statements.	The College follows the annual SFC Accounts Direction and this compliance is subject to review by the external auditors. The annual SFC accounts direction is also provided to the College Corporate Development and Audit Committees for review on an annual basis.
Internal audit	
The institution must have in place an effective internal audit service. The operation and conduct of the internal audit service must conform to the professional standards of the Chartered Institute of Internal Auditors. For incorporated colleges and Regional Boards, the operation and conduct of internal audit must comply with Public Sector Internal Audit Standards and, where relevant, the Scottish Public Finance Manual.	The College has in place a system which enables the Audit Committee to annually review the effectiveness of the internal audit service. The 2020 review by the Audit Committee confirmed that the internal auditors were operating effectively. The 2021 review of internal audit effectiveness was considered by the Audit Committee on 20 May 2021 and this also concluded that the internal auditors were operating effectively.
The institution must inform SFC when an internal auditor is appointed and must inform SFC immediately if the internal auditor is removed or departs before the end of their term of office.	The SFC was informed in April 2020 of the appointment of Wylie & Bisset as the College internal auditors from 1 August 2020.

Condition	College Response
The internal audit service must provide the governing body and senior management of the institution with an objective assessment of adequacy and effectiveness of risk management, internal control, governance, and value-for-money.	The internal audit plan is designed to provide the coverage required in order that the auditors can comment upon the adequacy and effectiveness of risk management, internal control, governance, and value-for- money. An Annual Internal Audit Report is received by the Audit Committee each year.
The internal audit service must extend its' review over all the financial and other management control systems, identified by the audit needs assessment process. It must cover all activities in which the institution has a financial interest, including those not funded by SFC.	The College internal audit plan is reviewed annually, considering any movements in the audit needs assessment, based on reports received during the year, the College assurance map and the College Strategic Risk Register. An annual internal plan is presented to the Audit Committee for review and approval. The internal audit plan provides coverage of all financial control systems and activities in which the College has a financial interest, including those not funded by the SFC.
The head of internal audit must produce an annual report for the governing body on its activities during the year. The report must include an opinion on the adequacy and effectiveness of the institution's risk management, internal control, and governance. The report must be presented to the institution's Audit Committee and a copy sent to SFC.	The Annual Internal Audit Report is produced each year with the next one due to be received by the September 2021 Audit Committee meeting as part of the scheduled business. The Committee receives an update report at each meeting as to the status of the internal audit work. A copy of the Annual Internal Audit Report is provided to College Audit Committee and to the SFC as part of the financial year end reporting process.
Value for money	
The institution must have a strategy for reviewing systematically management's arrangements for securing value for money.	In 2018 the Audit Committee approved a College Value for Money Policy and receives an annual update on the implementation of this Policy. The annual update and revised Value for Money Policy will be considered at the September 2021 Audit Committee meeting.

Condition	College Response
	The College Procurement Strategy also covers Value for Money and best practice regarding purchasing of goods and services and an annual report on outcomes is presented to the Corporate Development Committee.
As part of its internal audit arrangements, the institution must obtain a comprehensive appraisal of management's arrangements for achieving value for money.	Internal audit reviews that are undertaken assess arrangements in place for achieving Value for Money. The College also has in place a Value for Money Policy which was approved by the Audit Committee.
External Audit	
The external auditor must be entitled to receive all notices of and other communications relating to any meeting of the governing body which any member of the governing body is entitled to receive. They must also be entitled to attend any such meeting and to be heard at any meeting which they attend, on any part of the business which concerns them as auditors.	Arrangements are in place to ensure that external auditors receive such forms of communication and can attend any governing body meetings as required.
The external auditor must also be entitled to attend the meeting of the governing body or other appropriate committee at which the institution's annual report and financial statements are presented.	The external auditors attend and present their Audit Report on the Financial Statement to the joint Audit / Corporate Development Committee meeting at which the annual financial statements are approved.
The external auditor is expected to attend, as a minimum, any meetings of the Audit Committee where relevant matters are being considered, such as planned audit coverage, the audit report on the financial statements and the audit management letter. It is the responsibility of the secretary to the audit committee to notify the external auditor of such meetings.	The external auditors receive all agendas and minutes of Audit / Corporate Development Committees and attend the Audit Committee as required. The external auditors attend the annual joint Audit / Corporate Development Committee meeting which approves the financial statements.

2   Scottish Public Finance Manual (SPFM)

2.1   A major element to ensure compliance with the Scottish Public Finance Manual (SPFM) is that the College maintains an up to date set of Financial Regulations.

2.2   The College Financial Regulations are reviewed annually to ensure they remain updated to in relation to legislation and any other changes in best practice. The 8 September 2020 Finance and General Purposes Committee meeting reviewed the most recent changes proposed to the Financial Regulations. The 5 October 2020 Board of Management meeting approved the updated College Financial Regulations, and these were uploaded to the College intranet. A subsequent review was undertaken by the 9 March 2021 Corporate Development Committee, primarily to account for the change in the Board of Management committee structure. The 22 March 2021 Board of Management meeting subsequently approved these further revised College Financial Regulations which were then uploaded to the College intranet.

2.3   The internal auditors last reviewed the Financial Regulations as part of the 2016-17 internal audit plan. The internal audit plan is based on a five-year cycle of reviews with the next review of Financial Regulations planned to be undertaken as part of the 2021-22 audit plan.

2.4   There has been a limited number of revisions to the Scottish Public Finance Manual during the past year - with the changes since August 2020 - along with the impact upon the College Financial Regulations - summarised below:

- o   March 2021:
    - ▪   Subsidy control
        - •   The section on EC State Aid rules has been replaced by a new section headed Subsidy control. This is to reflect that The EU State aid regime was effectively revoked from UK law from 1 January 2021. This guidance applies to all public authorities who grant subsidies and are responsible for ensuring they understand the UK's commitments and comply with the obligations in relation to awarding subsidies from 1 January 2021.
        - •   *Impact: None as this does not apply to the operations of the College.*

    - ▪   Certificates of assurance
        - •   This section of the SPFM relates to the assurance framework and the signing of the governance statements provided by Accountable Officers as part of the annual accounts process. The certificates of assurance guidance relates specifically to constituent parts of the Scottish Administration i.e. the core Scottish Government (SG), the Crown Office and Procurator Fiscal Service, SG Executive Agencies and non-ministerial departments.

- This section of the SPFM does not apply to colleges as the College Principal is required annually to sign a 'Certificate of assurance to the Accountable Officer if the Scottish Funding Council'.
    - o The last certificate for the year to March 2020 was signed and submitted by the Principal on 6 June 2020. This certificate disclosed a purchase ledger fraud which had occurred in that period.
    - o The certificate requires the Principal to confirm that they have undertaken a review of the internal control arrangements in the college and obtained required assurances. Based on that review the Principal confirms that controls in the college have been and are working well and there are no other significant matters arising which would require to be raised specifically in the governance statement.
- *Impact: None as this does not apply to the operations of the College and is subject to a separate reporting arrangement.*

2.5   The above changes which have been made to the SPFM during the year have been limited in nature, and the College is of the view that the recently updated Financial Regulations remain compliant with these. The College continues to monitor any revisions made to the SPFM and will annually update the Financial Regulations as required.

2.6   As noted above the College is required to submit an annual assurance statement to the SFC. This statement is received from all Colleges and allows the SFC Chief Executive to sign a similar assurance statement to the Scottish Government. The College is awaiting receipt of the April 2020 to March 2021 Assurance Statement from the SFC for signature.

2.7   Noted below are the key areas of the SPFM as referenced in the Financial Memorandum between the College and the SFC and how the College is complying with these:

Scottish Public Finance Manual	
Condition	**College Response**

5. The institution must follow the requirements of the Scottish Public Finance Manual, except where any special actions or derogations have been agreed with the Scottish Ministers.	• In 2016-17 the internal auditors reviewed the College Financial Regulations and confirmed that they comply with the requirements of the SPFM. The College has continued to present the Board of Management and Board of Management Finance and General Purposes and Corporate Development Committee meetings with updated versions of College Financial Regulations at least annually to reflect any required amendments. The draft internal audit plan for 2021-22 includes a review of the current College Financial Regulations.
	
	• The College undertakes an annual review of the Financial Regulations and presents any proposed changes to the Board of Management for approval. The Board of Management approved the current Financial Regulations in March 2021.
	
	• During 2020-21 the internal auditors have also carried out reviews of College financial related matters including:
	    • Fraud Awareness
	    • Overall Financial Controls
	The audit level of assurance in both areas was strong.
	
	• No issues have been identified during 2020-21 which would indicate that that College is not complying with the requirements of the SPFM.

7. In cases where the SPFM requires bodies to notify or request prior approval from the Scottish Government, the institution must, in the first instance, contact SFC.	Where prior approval is necessary the College will comply with this requirement.

Scottish Public Finance Manual	
Condition	**College Response**
Cash management and banking	
12. The institution may extend existing banking arrangements provided they are not extended beyond Financial Year 2016-17. Any extension beyond Financial Year 2016-17 requires the agreement of the Scottish Ministers.	The College transferred as required to the Scottish Government banking contract from August 2017 and has continued to operate in accordance with this requirement.
13. The institution can operate bank overdraft facilities to assist it in managing the timing of income and expenditure through its bank account. Overdrafts should not be used as a means of increasing borrowing.	The College does not have in place an overdraft arrangement with its bank nor does it currently require such an arrangement.
Contingent commitments	
14. The institution must seek SFC's prior written consent if it intends to lend or give a guarantee, indemnity or letter of comfort. The value of the guarantee should be equal to the total contingent liability over the term of the guarantee. In all cases, the institution must take steps to restrict the contingent liability to a minimum and should undertake a careful appraisal of the risks before accepting any contingent liability.	No such letters have been issued, however, should this be required the College will seek the required written consent. College Financial Regulations include this requirement.
15. The institution should also provide assurance that, in the event of the contingent liability arising, it can be met from within the institution's own resource, or that appropriate insurance cover has been arranged.	No such event has arisen to date however it should occur such assurance will be provided by the College.
Delegated financial limits and annual reporting requirements	
17. The institution's specific delegated financial limits are set out in the FM. The institution must obtain SFC's prior written approval before entering into any undertaking to incur any expenditure that falls out with these delegations.	The College Financial Regulations incorporate the delegated limits set out by the SFC FM.

Scottish Public Finance Manual	
Condition	College Response
18. Prior SFC approval must always be obtained before incurring expenditure for any purpose that is, or might be considered, novel, contentious or repercussive or which has or could have significant future cost implications.	The College will ensure prior SFC approval is sought in the event any such expenditure is likely to arise.
20. In addition, any frauds that are detected must be reported to SFC as and when they occur.	The College has had one instance of potential fraud during 2020-21 relating to an IT matter. This was reported to the SFC as required and the College response to the fraud is the subject of an internal audit review. The results of the review will be reported to the May 2021 Audit Committee.
21. The institution must establish appropriate documented internal delegated authority arrangements consistent with the Delegated Authority section of the SPFM and the FM.	The College Financial Regulations incorporate these delegated limits.
Donation of surplus funds to arms-length foundations	
23. The institution may donate any surplus on its income and expenditure account as at 31 March each year to its arms-length foundation (ALF). The donation must take place in the financial year in which it arises and is subject to sufficient cash and resource cover being available.	The College made no donation to an ALF as at 31 March 2021. Should any donation be considered going forward then there will be compliance with the appropriate governance processes.

Condition	Response
Duties to provide information on certain expenditure as required by The Public Services Reform (Scotland) Act 2010	
24. As soon as is reasonably practicable after the end of each financial year, the institution must publish a statement of any expenditure that it has incurred during that financial year on or in connection with the matters described below. • Public relations, • Overseas travel, • Hospitality and entertainment, • External consultancy.	The College has been formally notified by the SFC that this is no longer a requirement after discussions with the Scottish Government.
25. As soon as is reasonably practicable after the end of each financial year, the institution must publish a statement specifying the amount, date, payee and subject-matter of any payment, relating to any of the matters listed above, made during that financial year which has a value in excess of £25,000.	As above (24).
Early departures of staff	
_26._ The institution must follow the requirements of the SPFM in determining settlement agreements, severance, early retirement and redundancy arrangements and payments. In addition, the institution must have regard to the principles of good practice in managing early departures of staff contained in Audit Scotland's May 2013 report: _Managing early departures from the Scottish public sector._	The College follows the requirements in relation to these areas and complied in seeking SFC approval for the current College Voluntary Severance scheme which was agreed by the College Board of Management and covers the period to 31 July 2022. Any matters arising in relation to such guidance are considered by the Corporate Development Committee.
27. In line with the requirements of the SPFM, the institution's severance scheme must be approved by SFC. Provided a severance payment is within the parameters of a scheme, which has been approved by the SFC, there will be no need for the institution to seek approval to the individual payment from SFC.	Please refer to note (26) above.
28. However, special severance payments in excess of £1,000 must be approved by SFC, except where provision for such payments has been included in a severance scheme approved by SFC.	Where a special severance payment is more than £1,000 prior approval will be sought by the College from the SFC.

Condition	Response
External business and management consultancy contracts	
29. Any external consultancy contracts with a value of more than £100,000 must be approved in advance by the SFC.	The College does not have a consultancy contract in place at this level of value. Should there be an intention to award such a contract then the necessary SFC approval will be sought.
Impairments, provisions and write-offs	
30. Assets must be recorded in the Balance Sheet at Depreciated Replacement Cost (DRC) for Land and Buildings and at Historic Cost less depreciation for Equipment in accordance with the Financial Reporting Manual (FReM). Where an asset, including investments, suffers impairment, it is important that the prospective impairment and background is communicated to the SFC at the earliest possible point in the financial year to determine the budget implications. Any significant movement in existing provisions or the creation of new provisions must be discussed with the SFC.	In line with the College Fixed Asset policy the fixed assets of the College were subject to an interim valuation under the DRC methodology as at 31 July 2021.

As part of year-end work all assets are reviewed for major impairments and SFC informed in timely manner as required. |
Insurance	
33. The Scottish Ministers have agreed a derogation whereby institutions can extend their current commercial insurance arrangements for three years to 31 July 2024.	The College currently holds a full insurance portfolio and has procured insurance services for the three-year period to 31 July 2022 with the option to extend for a further year to 31 July 2023 under an APUC framework agreement.
Investments	
34. The institution must not make any investments of a speculative nature without the prior written approval of SFC.	The College has not taken out any speculative investments. Prior SFC approval will be sought for any speculative investments if required.
Procurement and payment	
35. The institution's procurement processes must reflect the relevant guidance provided by the Advanced Procurement for Universities and Colleges (APUC), and relevant policy and advice issued by the Scottish Procurement Directorate. Procurement must be undertaken	The College is required to participate in the Procurement and Commercial Improvement Plan (PCIP) Lite assessment with APUC. This assessment focusses on the policies and procedures driving procurement performance and the results

Condition	Response
by appropriately trained and authorised staff and treated as a key component of achieving the institution's objectives consistent with the principles of Best Value, the highest professional standards and any legal requirement.	they deliver. The College's PCIP assessment for the period 2016 to 2019 was completed by APUC in October 2019 and a rating of 76% was awarded, which is gold level – the highest level. The next College PCIP review by APUC is due to be completed by December 2022. College procurement processes follow the relevant guidance, policies and advice provided by APUC and an approved College Procurement Strategy is in place. The College employs appropriately trained and authorised Procurement staff.
36. Any proposal to award a contract without competition (non-competitive action) must be approved in advance by SFC. Specific delegated authority is given to award a contract without competition for £25,000 or less without advance approval.	The College has during the year requested authorisation from the SFC to extend the print contract for an 18-month period in order to assess the impacts arising from the covid-19 lockdown period on the operating environment prior to the undertaking of any new tender. As this was a non-competitive action over £25,000 in value. Approval was granted by the SFC.

3   Code of Good Governance

3.1   The College continues to follow the Code of Good Governance.

3.2   In accordance with Paragraph D.23 of The Code of Good Governance for Scotland's Colleges, "*the board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally facilitated evaluation of its effectiveness at least every three years. The board must send its self-evaluation (including an externally facilitated evaluation) and board development plan (including progress on previous year's plan) to its funding body and publish them online*".

3.3   It was agreed at the 1 February 2021 Board meeting that, for the annual internal Board effectiveness review 2021, the same survey that was used in 2018 and 2019 should be issued to all Board members again. The survey was issued on 1 March 2021 with a closing date of 19 March 2021.

3.4   The results from the survey, together with the outputs from the Chair and Board members 1:1 discussion held in 2020, will inform the 2021 Board of Management Development Action Plan.

3.5   A session for Board members was held on Monday 26 April 2021 to discuss the survey results and analysis report and agree the formulation of a 2021 Board of Management Development Action Plan.

3.6   The Board Internal Effectiveness Review Report and its Development Action Plan for 2021 will be presented for approval to the Board at its meeting scheduled for 14 June 2021. Once approved, it will be submitted to the SFC before the end of June 2021 and will also be published on the College website.

3.7   The Board last undertook an externally facilitated evaluation of its effectiveness in late 2019 with the feedback report being approved at the Board meeting held in February 2020

4   Regional Outcome Agreement (ROA)

4.1   The Board of Management has agreed that each Board Committee should monitor progress on areas of the Regional Outcome Agreement it is responsible for and provide a final report to the Board.

4.2   The Finance and General Purposes Committee meeting of 8 September 2020 and the Asset and Infrastructure Committee meeting of 16 September 2020 considered those areas of the Regional Outcome Agreement which fell within their remits and agreed the monitoring processes in relation to these to provide an update report on progress to the Board of Management.

Finance and General Purposes Committee ROA Objective

4.3   ROA guidance provided in previous years discontinued the inclusion of financial measures from the review process. However, under the ROA outcomes associated with *The System*, colleges are required to comply with the terms of the Financial Memorandum with SFC, to meet the principles of good governance as set out in the Code of Good Governance and '*demonstrate the highest standards of…financial accountability*.' The West College Scotland 2020-21 ROA as currently structured recognises that this will specifically be achieved through a:

- Financial Strategy which encompasses a medium-term outlook and analysis of key financial sensitivities and risks, and which assesses resource and cash levels required to fund College operations and strategies and deliver outcomes sustainably.

- Procurement Strategy which seeks to simplify, standardise, and streamline procedures, achieve efficiencies, and generate College and community benefits.

Asset and Infrastructure Committee ROA Objective

4.4   In seeking to deliver Outcome 1 (The Learner) - '*To provide the best student experience*' – the College has committed within the 2020-21 ROA to:

- deliver a comprehensive Carbon Management Plan, which seeks to achieve a continuing reduction in carbon dioxide emissions to contribute to the delivery of Climate Change (Scotland) Act 2009 targets.

- progress the Paisley and Greenock outline business cases with the SFC, with a view to securing investment for the preferred option allied with continued investment in the Clydebank Campus.

- continue a dialogue with the SFC to secure higher levels of in-year estate maintenance investment, in order to provide the necessary infrastructure, learning, teaching and working environments to meet 21st century need on an ongoing basis.

- implement an IT Strategy that ensures College operations and digital ambitions are supported by appropriate technology and infrastructure. The ROA recognises that the need for IT investment remains significant and College ability to invest in the technology infrastructure is becoming increasingly challenging given the annual level of resource available – and this will therefore require to be the subject of ongoing dialogue with the SFC.

4.5 The remit of the newly constituted Corporate Development Committee includes responsibility for each of the ROA areas outlined above and the Schedule of Business (agenda item 21) which is presented at each Committee meeting, confirmed that these have been considered throughout 2020-21.

4.6 During the year the Corporate Development Committee has been provided with several reports which provide assurance regarding achievement of these ROA outcomes, including:

- An updated Schedule of Business which details the Committee remit and how this has been fulfilled.

- The approval of the 2020-21 budget and consideration of the 3-year financial forecast which highlighted the risks to the delivery of approved budgets.

- Management accounts which review the College financial position against that budget and update the risks associated with its delivery.

- Review of the College Strategic Risk Register, and key risks as identified within the management accounts.

- Annual review on compliance with the Code of Good Governance, SFC Financial Memorandum, Scottish Public Finance Manual and ROA outcomes.

- An update on the College Procurement Strategy and approval of the 2019-20 Procurement Annual Report – including the detailed procurement action plan for 2020-21.

- An updated IT Strategy 2021-2026 will be presented to the Committee for consideration at the June 2021 meeting.

- An IT Strategy progress update, of which a key achievement during 2020-21 was reaccreditation of the College's cyber essentials plus accreditation, with the College continuing to engage with further developments in relation to the Scottish Government cyber resilience framework.

- Updates on progress relating to the Paisley and Greenock outline business cases with the SFC. Investment was secured from SFC during 2020-21 to undertake an update Greenock OBC with this expected to be concluded during summer 2021 for consideration at the September 2021 Corporate Development Committee meetings. Discussions remain ongoing with the SFC regarding the next steps in relation to the Paisley OBC.

- Regular updates in relation to College engagement with the SFC to address the funding challenges faced by the College included within the Estates & Sustainability and Information Technology update papers.

- An update report at 8 December 2020 meeting of the Asset and Infrastructure Committee on the Colleges progress against its Carbon Management Plan (target reduction of 10% reduction by July 2021; actual to 31 July 2020: 23%).

4.7   The Corporate Development Committee is therefore asked to consider the progress that has been made in relation to the above areas of the ROA for which it has responsibility to provide an update report to the Board of Management June meeting.

5   Conclusion

5.1   This report seeks to provide assurance to the Corporate Development Committee that in fulfilment of its' remit the College is operating in compliance with:

- The Financial Memorandum with SFC.
- The Scottish Public Finance Manual.
- The Code of Good Governance.

5.2   In addition, there is a need for the Committee to demonstrate that it has met its requirements in relation to the relevant areas of the Regional Outcome Agreement and confirm this to the Board of Management.

5.3   The Corporate Development Committee is requested to consider the:

- assurance provided in relation to governance compliance.

- progress that has been made in relation to those ROA areas for which the Corporate Development Committee has responsibility to provide an update to the Board of Management.

Financial Memorandum with Fundable Bodies in the College Sector

Contents

FINANCIAL MEMORANDUM

Introduction

Purpose of this document

1. This Financial Memorandum (FM) sets out the formal relationship between the Scottish Further and Higher Education Funding Council (SFC) and fundable bodies[1] in the college sector, and the requirements with which fundable bodies must comply as a term and condition of grant from SFC.

2. The FM also makes it a term and condition of grant from SFC that Regional Colleges and Regional Boards comply with the requirements of the Scottish Public Finance Manual (SPFM) and sets out the special actions and derogations, which have been agreed with the Scottish Ministers.

Scope of this document

3. This FM applies to Regional Colleges and other colleges[2], Regional Boards and other Regional Strategic Bodies which receive payment of grant from SFC.

Definition

4. In this document the term 'institution' is used in place of 'fundable body in the college sector'. The term 'chief executive officer' refers to an institution's Principal or equivalent officer.

Compliance with the Financial Memorandum

5. The responsibility for ensuring that the institution complies with this FM rests with the governing body of the institution. Questions about the interpretation of the FM may be raised with officers of SFC at any time.

6. Where the institution's interpretation of the FM differs from that of SFC, the SFC will seek, wherever possible, to reach agreement in a spirit of partnership with the institution. However, the SFC's interpretation of this FM shall be final.

Effective date

7. This FM shall take effect from 1 December 2014.

Structure of this document

8. The FM is in four parts:

---

[1] As defined by the Further and Higher Education Act (Scotland) 2005, as amended by the Post-16 Education Act (Scotland) 2013.
[2] In this context, a college is a fundable post-16 education body that is not a higher education institution.

Part 1: defines the relationship between SFC and the institution and the responsibilities of each for the proper stewardship of public funds	*Parts 1 and 2 apply to Ayrshire College, Borders College, Dumfries and Galloway College, Dundee and Angus College, Edinburgh College, Fife College, Forth Valley College of Further and Higher Education, Newbattle Abbey College, New College Lanarkshire, North East Scotland College, Sabhal Mòr Ostaig, West College Scotland, West Lothian College, Regional Board for Glasgow Colleges, and the University of the Highlands and Islands*
Part 2: contains the general requirements that apply to all institutions	
Part 3 (A): contains additional requirements for Regional Strategic Bodies	*Part 3 (A) applies to Regional Board for Glasgow Colleges, New College Lanarkshire, and the University of the Highlands and Islands.*
Part 3 (B): contains additional requirements for Regional Colleges and Regional Boards	*Part 3 (B) applies to Ayrshire College, Borders College, Dumfries and Galloway College, Dundee and Angus College, Edinburgh College, Fife College, Forth Valley College of Further and Higher Education, New College Lanarkshire, North East Scotland College, West College Scotland, West Lothian College, and Regional Board for Glasgow Colleges.*
Part 4: contains additional requirements non-assigned, non-incorporated colleges	*Part 4 applies to Newbattle Abbey College and Sabhal Mòr Ostaig.*

Part 1: The relationship between SFC and the institution

Responsibilities of the Scottish Funding Council

1. SFC is the national, strategic body with responsibility for funding further and higher education, research and other activities in Scotland's colleges, universities and other higher education institutions. Its funding decisions support the Scottish Government's national priorities.

2. SFC is a Non-Departmental Public Body (NDPB) of the Scottish Government and undertakes its functions under the terms of the Further and Higher Education (Scotland) Act 2005 (the 2005 Act), as amended, including by the Post-16 Education (Scotland) Act 2013. In particular, SFC may make grants, loans or other payments to the governing bodies of colleges and Regional Strategic Bodies for the provision of further education, higher education, research and related activities.

3. The legislation also confers certain duties and responsibilities on SFC, including securing coherent, high quality further and higher learning provision, and the undertaking of research.

4. Under the terms of the 2005 Act, SFC may attach terms and conditions to the payment of grant made to institutions. It is a term and condition of grant payment from SFC that the institution's governing body and its designated officers comply with the requirements set out in this FM.

Accountability

5. SFC is accountable to the Scottish Ministers for the use of public funds provided to it under the terms of the relevant legislation.

6. The Chief Executive of SFC has also been appointed Accountable Officer under the terms of the Public Finance and Accountability (Scotland) Act 2000 and is responsible and accountable to the Scottish Parliament for ensuring that funds provided to SFC are used for the purposes for which they have been given, and in ways that comply with the conditions attached to them. The Accountable Officer has a personal responsibility for the propriety and regularity of the public finances provided to SFC, and for ensuring that funding is used economically, efficiently and effectively.

Assurance

7. In order to meet his or her responsibilities, the Chief Executive of SFC must be satisfied that the governing body of the institution meets the requirements of this FM as a condition of receiving grant funding from SFC. SFC will therefore

seek financial management and other information from the institution but, as far as possible, will rely on data and information that the institution has produced to meet its own needs. If further information is required, SFC will make a specific request in the context of its commitment to efficient regulation.

8. Where SFC has concerns or insufficient information to provide the assurance required, it will, in the first instance, seek to resolve matters with the chief executive officer of the institution. Where this has not proved possible, or in the case of significant concerns, SFC's Accountable Officer will inform the chair of the governing body and the institution's chief executive officer in writing – and without delay – and will specify what action is required to address these concerns.

9. Where circumstances warrant it, SFC's Accountable Officer may suspend the payment of any or all grants to the institution. SFC may also use its powers to attend and address a meeting of the governing body.

What the institution can expect of SFC

10. SFC will conduct its affairs to high standards of corporate governance and public administration. It will maintain a complaints procedure and a separate appeals process for funding decisions.

11. SFC will act reasonably on the basis of the fullest available evidence and objective analysis. Subject to any legal requirement to observe confidentiality, it will be open and transparent with the institution, and with other stakeholders, and will give or be prepared to give a public justification of its decisions.

12. SFC recognises that the institution is an autonomous body. SFC will not substitute its judgements for those which are properly at the discretion of the institution. In particular, SFC will seek to maximise the discretion of the institution to use grants provided to it by SFC.

13. In discharging its responsibilities, SFC will seek to make regulation efficient and effective.

14. SFC will seek at all times to work in a spirit of partnership with the institution, including maintaining regular dialogue with the institution and, where appropriate, its representative bodies. The aim of that partnership will be to help the institution deliver its strategic priorities through the agreement of an Outcome Agreement with SFC, and ensure that SFC can deliver its priorities and undertake its statutory and other functions. SFC recognises that the institution may also undertake activities, and have to comply with legislation and regulation, which may fall outside the scope of this partnership.

15. SFC will allocate and pay grant to the institution in accordance with current published policies and procedures. The institution will be consulted in advance and given reasonable notice of any significant change to these policies and procedures and of significant changes in overall funding levels.

SFC's governance requirements of the institution

16. The SFC must be able to rely on the whole system of governance, management and conduct of the institution to safeguard all funds of the institution deriving from the Scottish Ministers and achieve the purposes for which those funds are provided.

17. SFC requires the governing body to comply with the principles of good governance set out in the Code of Good Governance for Scotland's Colleges. SFC also requires the governing body to ensure that:

- Public funds are used in accordance with relevant legislation, the requirements of this FM and only for the purpose(s) for which they were given. Strategic, Capital or other grant funding must only be used for the purpose for which it is provided by SFC
- Subject to any legal requirement to observe confidentiality, the institution will be open and transparent with the SFC and other stakeholders, and will give, or be prepared to give, a public justification of its decisions in relation to the use of public funds
- The institution strives to achieve value-for-money and is economical, efficient and effective in its use of public funding
- There is effective planning and delivery of the institution's activities in accordance with its mission and its Outcome Agreement agreed with SFC
- The institution plans and manages its activities to remain sustainable and financially viable. An institution is being managed on a sustainable basis if, year on year, it generates sufficient income to cover its costs and allow for maintenance of and investment in its infrastructure (physical, human and intellectual) at a level which enables it to maintain adaptive capacity necessary to meet future demands
- The institution has a sound system of internal management and control, including an audit committee, an effective internal audit service, and adequate procedures to prevent fraud or bribery
- The institution has an effective policy of risk management and risk management arrangements
- The institution has regular, timely, accurate and adequate information to monitor performance and account for the use of public funds. Such information will be made available to SFC on request, as necessary, for the exercise of its functions and to gain assurance

- The institution is engaged actively in continuously enhancing the quality of its activities and involves students and other stakeholders in these processes

18. As well as being accountable directly to the governing body for the proper conduct of the institution's affairs, the chief executive officer is also accountable directly to SFC's Accountable Officer for the institution's proper use of funds deriving from the Scottish Ministers and its compliance with the requirements of this Financial Memorandum.

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

Revisions to the Financial Memorandum

20. SFC will make changes to the requirements in this FM only after consulting institutions or their representative bodies.

Part 2: General requirements

1.   Unless otherwise stated, the following general requirements apply to the institution.

Financial Memorandum

2.   It is a term and condition of grant payment from SFC that the governing body of the institution and its designated officers comply with the requirements set out in this FM.

Post-16 Education Body criteria

3.   In undertaking its functions, the governing body of the institution must keep under review and have in place satisfactory provision in relation to the list of matters set out in section 7 (2) of the 2005 Act, as amended by the Post-16 Education (Scotland) Act 2013.   This requirement does not apply to Regional Boards as these are not Post-16 Education Bodies.

Outcome Agreement

4.   The institution must deliver its Outcome Agreement with SFC.

Payment of SFC Strategic, Capital or other Grants

5.   Where the SFC makes a payment to the institution of a Strategic, Capital or other grant, the institution will be required to comply with any additional requirements attached to the grant, as well as with this FM.

Changes to grant payments

6.   If the Scottish Ministers revise their payment of grant to SFC, then SFC reserves the right to make in-year adjustments to its payment of grant to the institution. In this case, SFC and the institution may renegotiate the institution's Outcome Agreement.

Repayment of grant

7.   If the institution fails to comply with the requirements of this FM, and any other specific terms and conditions attached to the payment of grant from SFC, it may be required to repay SFC any sums received from it and may be required to pay interest in respect of any period during which a sum due to SFC in accordance with this or any other condition remains unpaid.

8.   If, in the reasonable opinion of SFC, any provision set out in this FM is not observed by the institution, SFC will be entitled, in respect of the payment of grant from SFC:

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

Public sector pay policy

9. The institution must have regard to public sector pay policy set by the Scottish Ministers.

Tuition fees

10. Where applicable, the institution must charge student tuition fees at the levels set by the Scottish Ministers under either the Student Fees (Specification) (Scotland) Order 2006 or the Student Fees (Specification) (Scotland) Order 2011, whichever is applicable.[3] However:

- the tuition fee levels set by the Scottish Ministers under the Student Fees (Specification) (Scotland) Order 2006 do not apply to students who do not have a relevant connection with the United Kingdom and Islands or are not excepted students within the meaning of the Education (Fees and Awards) (Scotland) Regulations 2007; and
- The tuition fee levels set by the Scottish Ministers under the Student Fees (Specification) (Scotland) Order 2011 do not apply to students who do not have a relevant connection with Scotland or are not excepted students within the meaning of the Education (Fees) (Scotland) Regulations 2011, but any tuition fees charged to students from the rest of the United Kingdom must not exceed £9,000 per year[4].

---

[3] The level of tuition fees in 2014-15 for full-time undergraduate first degree students is £1,820. The same fee applies for PGDE and PGDipCE courses. A higher medical fee £2,895 applies only to continuing students. For full-time higher education courses at sub-degree level, a fee of £1,285 should be charged.

[4] At the moment, this £9,000 limit is not set by legislation but will be once an order is made under section 9D of the Further and Higher Education (Scotland) Act 2005 (as inserted by the Post-16 Education (Scotland) Act 2013.).

Disposal of exchequer funded assets

11. In disposing of exchequer funded assets, the institution must follow the guidance in the relevant procedure notes on the SFC website as amended from time-to-time.

Student activity

12. Where appropriate, the institution must provide data returns requested by the SFC by the deadlines and to the standards specified. Our Student Activity Data Guidance for Colleges can be found on the SFC website.

Student support guidance

13. Where appropriate, the institution must follow SFC's Student Support Guidance.

European Social Funds

14. Where the institution is in receipt of European Social Fund funding, it must follow SFC's ESF guidance.

Audit and accounting

15. The governing body must appoint an audit committee and ensure the establishment and maintenance of effective arrangements for the provision of internal and external audit. For incorporated colleges and Regional Boards, Audit Scotland will appoint external auditors.

16. The Audit Committee must produce an annual report to the governing body of the institution.

Accounts direction

17. The institution must follow the SFC's current Accounts Direction in the preparation of its annual financial statements.

Internal audit

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

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

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

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

22. The head of internal audit must produce an annual report for the governing body on its activities during the year. The report must include an opinion on the adequacy and effectiveness of the institution's risk management, internal control, and governance. The report must be presented to the institution's audit committee and a copy sent to SFC.

Value for money

23. The institution must have a strategy for reviewing systematically management's arrangements for securing value for money.

24. As part of its internal audit arrangements, the institution must obtain a comprehensive appraisal of management's arrangements for achieving value for money.

External Audit

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

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

27. The external auditor is expected to attend, as a minimum, any meetings of the audit committee where relevant matters are being considered, such as planned

audit coverage, the audit report on the financial statements and the audit management letter. It is the responsibility of the secretary to the audit committee to notify the external auditor of such meetings.

28.   The external auditors, notwithstanding responsibilities to their clients, are expected to co-operate fully with any enquiries or routine monitoring that the SFC undertakes.

29.   The institution must not in any way limit SFC's access to the institution's external auditors.

Part 3: Additional Requirements for Regional Strategic Bodies, Regional Colleges, and Regional Boards

Part 3 (A): Additional requirements for Regional Strategic Bodies

1.   The following additional requirements apply to Regional Strategic Bodies only:

- Regional Board for Glasgow Colleges (known as the Glasgow Colleges Regional Board)
- New College Lanarkshire (known as the Lanarkshire Board)
- University of the Highlands and Islands.

Financial Memoranda

2.   The institution must put in place a financial memorandum with each of its assigned colleges, which sets out the formal relationship between the Regional Strategic Body and the assigned college, and which contains the terms and conditions for the use of grant to the assigned college. The financial memoranda should be agreed in advance with SFC's Accountable Officer.

Scottish Public Finance Manual

3.   The institution must ensure that its assigned incorporated colleges follow the requirements of the SPFM except where any special actions or derogations have been agreed with the Scottish Ministers.

Part 3 (B): Additional requirements for Regional Colleges and Regional Boards

4.   The following additional requirements apply to Regional Colleges and Regional Boards:

- Ayrshire College
- Borders College
- Dumfries and Galloway College
- Dundee and Angus College
- Edinburgh College
- Fife College
- Forth Valley College of Further and Higher Education
- North East Scotland College
- West College Scotland
- West Lothian College
- New College Lanarkshire.
- Regional Board for Glasgow Colleges

Scottish Public Finance Manual

5. The institution must follow the requirements of the <u>Scottish Public Finance Manual</u>, except where any special actions or derogations have been agreed with the Scottish Ministers.

6. The derogations and actions in the following paragraphs have been agreed with the Scottish Ministers and must be read in conjunction with the SPFM. Where reference is made to the SPFM, please refer to the relevant section for the detailed requirements.

7. In cases where the SPFM requires bodies to notify or request prior approval from the Scottish Government, the institution must, in the first instance, contact SFC.

Borrowing

8. All borrowing by incorporated colleges will require the approval of the Scottish Ministers. Requests to borrow must be submitted to the SFC in the first instance.

9. Under the terms of Schedule 2B to the Further and Higher Education (Scotland) Act 2005, inserted by the Post-16 Education (Scotland) Act 2013, Regional Boards may not borrow money.

Cash management and banking

10. Grant payment will not be made in advance of need, as determined by the level of unrestricted cash reserves and planned expenditure. Unrestricted cash reserves held during the course of the year should be kept to the minimum level consistent with the efficient operation of the institution and the level of funds required to meet any relevant liabilities at the year-end. Grant-in-aid not drawn down by the end of the financial year shall lapse. Grant-in-aid shall not be paid into any restricted reserve held by the institution. Transfers to arms-length-foundations are permitted.

11. Banking arrangements should ensure they offer best value and comply with the <u>Banking</u> section of the SPFM. The Scottish Ministers have approved a derogation which delays the move to the Government Banking Service (GBS) to 2016-17 at the earliest.

12. The institution may extend existing banking arrangements provided they are not extended beyond Financial Year 2016-17. Any extension beyond Financial Year 2016-17 requires the agreement of the Scottish Ministers.

13. The institution can operate bank overdraft facilities to assist it in managing the timing of income and expenditure through its bank account. Overdrafts should not be used as a means of increasing borrowing.

Contingent commitments

14. The institution must seek SFC's prior written consent if it intends to lend or give a guarantee, indemnity or letter of comfort. The value of the guarantee should be equal to the total contingent liability over the term of the guarantee. In all cases, the institution must take steps to restrict the contingent liability to a minimum and should undertake a careful appraisal of the risks before accepting any contingent liability.

15. The institution should also provide assurance that, in the event of the contingent liability arising, it can be met from within the institution's own resource, or that appropriate insurance cover has been arranged.

16. However, SFC's written consent is not required for such arrangements if the indemnity is of a standard type contained in contracts and agreements for 'day-to-day' procurement of goods and services in the normal course of business.

Delegated financial limits and annual reporting requirements

17. The institution's specific delegated financial limits are set out in **Appendix A**. The institution must obtain SFC's prior written approval before entering into any undertaking to incur any expenditure that falls outwith these delegations.

18. Prior SFC approval must always be obtained before incurring expenditure for any purpose that is, or might be considered, novel, contentious or repercussive or which has or could have significant future cost implications.

19. What might be regarded as novel or contentious inevitably involves a degree of judgement. Novel would include proposed expenditure or financial arrangements of a sort not undertaken previously or which is not standard practice. Contentious would include proposed expenditure or financial arrangements where there was any doubt as to its regularity – for example, its compliance with relevant legislation or guidance – or its propriety – for example, compliance with the standards expected of publicly funded bodies or their officials. Proposed expenditure or financial arrangements that might be considered to be sensitive politically would also be regarded as contentious.

20. In addition, any frauds that are detected must be reported to SFC as and when they occur.

21. The institution must establish appropriate documented internal delegated authority arrangements consistent with the Delegated Authority section of the SPFM and this FM.

22. **Appendix A** also sets out the levels for certain categories of expenditure above which the institution should report annually to SFC. The report should describe the number of instances and total cost, by category of expenditure.

Donation of surplus funds to arms-length foundations

23. The institution may donate any surplus on its income and expenditure account as at 31 March each year to its arms-length foundation. The donation must take place in the financial year in which it arises, and is subject to sufficient cash and resource cover being available.

Duties to provide information on certain expenditure as required by The Public Services Reform (Scotland) Act 2010

24. As soon as is reasonably practicable after the end of each financial year, the institution must publish a statement of any expenditure that it has incurred during that financial year on or in connection with the matters described below.

   - Public relations,
   - Overseas travel,
   - Hospitality and entertainment,
   - External consultancy.

25. As soon as is reasonably practicable after the end of each financial year, the institution must publish a statement specifying the amount, date, payee and subject-matter of any payment, relating to any of the matters listed above, made during that financial year which has a value in excess of £25,000.

Early departures of staff

26. The institution must follow the requirements of the SPFM in determining settlement agreements, severance, early retirement and redundancy arrangements and payments. In addition, the institution must have regard to the principles of good practice in managing early departures of staff contained in Audit Scotland's May 2013 report: *Managing early departures from the Scottish public sector.*

27. In line with the requirements of the SPFM, the institution's severance scheme must be approved by SFC. Provided a severance payment is within the parameters of a scheme, which has been approved by the SFC, there will be no need for the institution to seek approval to the individual payment from SFC.

28. However, special severance payments in excess of £1,000 must be approved by SFC, except where provision for such payments has been included in a severance scheme approved by SFC. (See Appendix A)

External business and management consultancy contracts

29. Any external consultancy contracts with a value of more than £100,000 must be approved in advance by the SFC.

Impairments, provisions and write-offs

30. Assets must be recorded in the Balance Sheet at Depreciated Replacement Cost for Land and Buildings and at Historic Cost less depreciation for Equipment in accordance with the Financial Reporting Manual (FReM). Where an asset, including investments, suffers impairment, it is important that the prospective impairment and background is communicated to the SFC at the earliest possible point in the financial year to determine the budget implications. Any significant movement in existing provisions or the creation of new provisions must be discussed with the SFC.

31. Write-off of bad debt and/or losses score against resource Departmental Expenditure Limits (DEL).

Income generation

32. The institution will be able to retain all commercial income, gifts, bequests or donations received. These funds will be in addition to any grant or funding the institution receives from the SFC.

Insurance

33. The Scottish Ministers have agreed a derogation whereby institutions can extend their current commercial insurance arrangements for three years to 31 July 2018.

Investments

34. The institution must not make any investments of a speculative nature without the prior written approval of SFC.

Procurement and payment

35. The institution's procurement processes must reflect the relevant guidance contained in the Advanced Procurement for Universities and Colleges, and relevant policy and advice issued by the Scottish Procurement Directorate. Procurement must be undertaken by appropriately trained and authorised staff and treated as a key component of achieving the institution's objectives consistent with the principles of Best Value, the highest professional standards and any legal requirement.

36. Any proposal to award a contract without competition (non-competitive action) must be approved in advance by SFC. Specific delegated authority is given to award a contract without competition for £25,000 or less without advance approval. (See Appendix A)

Delegated financial limits and annual reporting requirements for Regional Colleges and Regional Boards

Delegated financial limits

External Business and management consultancies	£100,000
Special severance payments	£1,000
Operating leases-non property	£250,000
Procurement non-competitive action	£25,000

Annual reporting requirements

Extra contractual payments	£5,000
Compensation payments	£5,000
Ex-gratia payments	£1,000
Claims waived or abandoned	£3,000
Write-off of bad debt	£3,000
Losses	£3,000
Overseas student irrecoverable loss	£6,000
Fraud loss	£5,000

Part 4: Additional requirements for non-assigned, non-incorporated colleges

1. The following additional requirements apply to non-assigned, non-incorporated colleges:

   - Newbattle Abbey College
   - Sabhal Mòr Ostaig.

Insurance

2. The institution is responsible for taking out and paying for adequate insurance in respect of its assets and activities.

Granting of security

3. As a result of a condition in SFC's Framework Document with the Scottish Government, the institution must seek SFC's prior written consent if it intends to offer as security for a loan any land or property which has been provided, improved, or maintained with the aid of grant.

Capital finance

4. As a condition of SFC's Framework Document with the Scottish Government, SFC is required to "make provision for the monitoring and control of borrowing by institutions to protect the public investment in institutions and to maintain accountability for the use of exchequer funds". In order that SFC can discharge this requirement, it has in place a threshold for capital finance above which the institution requires SFC's consent to undertake any new borrowing.

5. The governing body of the institution, in line with the Code of Good Governance for Scotland's Colleges, must, as a matter of course, satisfy itself that all of the following requirements on capital finance are met:

   - The institution can demonstrate its ability to repay the finance, and to pay interest thereon, without recourse to requesting additional grant from SFC
   - The institution can demonstrate that its ability to maintain financial and academic viability will not be impaired as a result
   - The institution can demonstrate the value to be generated by the transaction, whether it involves refinancing, or purchase of any new investment or assets, the acquisition of which is to be financed by the borrowing
   - The institution can demonstrate that any such new investment or asset acquisition is in accordance with the institution's strategic plan and, where appropriate, its estate strategy

6. For the purposes of this document, 'capital finance' includes borrowing, finance and operating leases, and other schemes, such as private finance initiative projects, non-profit distribution projects, loan support projects and revolving credit facilities where borrowing is the substance of the transaction, in line with relevant accounting standards.

When the Council's formal consent is required in respect of capital finance arrangements

7. The institution must obtain prior written consent from SFC before it undertakes a level of capital finance where the annualised costs of all capital finance (being the sum of the servicing and capital repayment costs of each loan or other arrangements spread evenly over the period of the relevant loan or arrangement) would exceed 4% of

   - Total income as reported in the latest audited financial statements; or
   - The estimated amount of total income for the current year, if that is lower.

8. In assessing total capital finance commitments, the institution must ignore low-value financial commitments, provided that the combined annualised servicing costs of such financial commitments do not exceed 0.5% of total income.

9. A revolving credit facility should be considered in the same way as an overdraft facility; for example, in terms of the institution's maximum exposure over the term of the facility. An even annual cost of capital finance is assumed, unless the institution can demonstrate otherwise. The institution is required to provide the annualised cost of the capital finance calculation with any request to SFC for borrowing consent.

10. The institution must also seek consent from SFC before raising capital finance on the security of assets in which the Scottish Ministers have an interest. For the purposes of this document, such an interest exists where the institution has used funds provided by the Scottish Ministers to acquire an interest in or to develop any land, building or other asset, and where those funds were provided subject to a condition which has the effect of requiring the institution to obtain Scottish Ministers' consent before raising capital finance on the security of those assets.

11. The Scottish Ministers have directed that SFC will exercise their functions in relation to any such interests.

12. In seeking SFC's approval, the institution must demonstrate to SFC, in writing, its compliance with the requirements set out above.

Contingent commitments

13. The institution must seek SFC's prior written consent if it intends to lend or give a guarantee, indemnity or letter of comfort. The value of the guarantee should be equal to the total contingent liability over the term of the guarantee. In all cases, the institution must take steps to restrict the contingent liability to a minimum and should undertake a careful appraisal of the risks before accepting any contingent liability.

14. The institution should also provide assurance that, in the event of the contingent liability arising, it can be met from within the institution's own resource, or that appropriate insurance cover has been arranged.

15. However, SFC's written consent is not required for such arrangements if:

   - An actual or effective value is less than 4% of total income as reported in the latest audited financial statements or of the estimated amount of total income for the current year if that is lower; or
   - the indemnity is of a standard type contained in contracts and agreements for 'day-to-day' procurement of goods and services in the normal course of business.

Severance payments

16. The institution must adhere to the following principles when taking decisions about severance payments, including settlement agreements:

   - The actions of those taking decisions about severance payments, and those potentially in receipt of such payments, must be governed by the standards of personal conduct set out by the Committee on Standards in Public Life (the Nolan Principles)
   - The governing body must take account of SFC's expectation of the institution in this FM regarding the use of public funds.

17. Based on the principles above, the following requirements must be met:

   - Institutions must have in place a clear policy on severance payments
   - Severance packages must be consistent with the institution's policy and take into account contractual entitlements, for example, salary and period of notice, and any applicable statutory employment entitlements. This means that, when entering into employment contracts, care must be taken not to expose the institution to excessive potential liabilities
   - The institution's policy must include a formal statement of the types of severance arrangements that should be approved by the Remuneration Committee or equivalent and approved formally by the governing body. These must include any severance package that is proposed for a member

of the senior management team, in recognition of the particular level of accountability that is attached to senior management positions, and also any severance package that would exceed a maximum threshold agreed by the governing body
- Where a severance package exceeds the maximum threshold agreed by the governing body, the institution must consult with SFC's Accountable Officer prior to approving the proposed severance package
- The remuneration committee or equivalent, when overseeing and approving severance arrangements for staff, must ensure that all decisions are recorded
- Negotiations about severance packages and payments must be informed, on both sides, by legal advice where appropriate
- When a severance arises following poor performance on the part of an individual, any payment must be proportionate and there should be no perception that poor performance is being rewarded
- Final year salaries must not be inflated simply to boost pension benefits
- Notice of termination of appointments must not be delayed in order to generate entitlement to payments in lieu of notice

18. The institution must ensure its internal auditor includes a regular review of systems for the determination and payment of severance settlements in their strategic audit plan.

19. The institution must seek the view of its external auditor if it plans to make what it considers to be any novel or potentially contentious severance payments, including those that exceed the maximum threshold agreed by the governing body.

20. The institution's external auditor must review severance settlements. Such a review will normally take place after settlements have been agreed (normally as part of their financial statements audit) and should be carried out by senior audit staff because of the complexity and sensitivity of the issues. If final settlements do not materially conform to the terms of this FM, auditors must report the facts to the institution in their management letter, and inform members of the governing body. The auditors must also recommend that the institution informs the SFC immediately.

21. Where there are settlement agreements, and it is felt that a confidentiality clause is necessary, this must not prevent the public interest being served and must be consistent with the institution's whistleblowing policy.

TITLE: ███████████████████████████████

███████████████

██████████ ███████████████████████████████

███████████████████████████████

███████████████████████████████

████████████████████

████████████████████████████████

████████████████████████████████

██████████████████████████

████████████████████████████████

█████████████████████████████

█████████████████████████████

██████████████████████

██████ ████████████████████████████████

█████████████████████████████

█████████████████████████████

█████████████

- ███████████████
- ████████████████████

████████████████████████████████

██████████████████████

████████████████████████████████

█████████████████████████████

████████████████████

Lead: Alan Ritchie, Director of Finance

Status: **Restricted**

TITLE: ██████████████████████████████

██████████ ████████████████████████████████████
██
███
██████████████████████████████

████ ███████████████████████████████████████

    ■ ███████████████████████████████████
      ███████████████████████████████████
      ████████████████
    ■ ██
      ███████████████████
        ■ ████████████████████████████████
        ■ █████████████████████████████████████
          ██████████████████████████████████
          █████████████████████████████
          ███████████████████████████████
          ████████

Lead: Martin Joyce, Director of Infrastructure

Status: **Restricted**

TITLE: ██████████████████████████████

██████████ ████████████████████████████████████
██
██████████████████

████ ████████████████████████████████

██ ████████████████████████████████████
████████████████████████████████████
████████

██ ██████████████████████████████████████
████████████████████████

██ ████████████████████████████████

██ ████████████████████████████████████
████████████████████████████████████
████████████████████████████████████
████████████████████████████████████
████████████

Lead: Martin Joyce, Director of Infrastructure

Status: **Restricted**

TITLE: **REVIEW OF 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 update on the development of the College Risk Management Strategy.
- the current College Strategic Risk Register for the consideration of the Corporate Development Committee.

Action: The Corporate Development Committee is requested to:

- note the update on the development of the College Risk Management Strategy.

- 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.
  - Whether any new risks should be considered for inclusion.

Lead: Alan Ritchie, Director of Finance

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. It is an integral part of the College's internal control and corporate governance arrangements. The current College [Risk Management Strategy](#) was approved by the Board of Management in December 2020 and is updated annually to reflect required changes.

2.   Development of the College Risk Management Framework

2.1   The College Strategic Risk Register has now been fully migrated to the Pentana Management System with all members of the Senior Management Team (SMT) having access to the online register. Each risk has been assigned to a member of the Executive who is responsible for maintaining the overall risk. All mitigating controls have been assigned to a member of the SMT, who are responsible for maintaining the control and ensuring it is operating as intended.

Operational Planning and Risk

2.2   The College is currently reviewing the draft Sector/Departmental Operational Plans for 2021 and beyond. The Sectors/Departments have been requested to identify if any of their planned activities are likely to either impact upon the current strategic risks or if the activities are likely to create a new strategic risk. The Senior Management Team will consider the output from the Operational Plans during the summer of 2021 and make any required amendments to the Strategic Risk Register for consideration by the Board of Management over the course of the first committee meeting cycle of 2021-22.

2.3   In addition, Sectors/Departments will be requested to identify where their planned activities could be considered as a mitigating control to any of the strategic risks currently faced by the College.

Assurance Framework

2.4   The College is in the process of finalising an Assurance Map which will enhance the overall organisational assurance framework. The Assurance Map starts with the strategic risks faced by the College and then provides, under the three lines of defence, the assurance documents appropriate to that risk.

2.5   In this way the Board of Management can obtain further assurance that the College is continuing to address the risks faced by the College.

3.   College Strategic Risk Register Update and Considerations

3.1   The College Strategic Risk Register was approved at the March 2021 Board of Management meeting. A copy of the register is attached at *Appendix A*.

3.2   The SMT has continued to review the Strategic Risk Register with the latest full review being undertaken on 27 April 2021.

3.3   In carrying out the review process, the following removals, additions and amendments have been made to the Strategic Risk Register:

3.3.1   **Amendments to Risks**

- **SFC Funding and Funding Methodology (1)**
  The proximity of this risk has been amended from immediate to medium term because the College is aware of its funding and the methodology used to provide this funding for the next year. The SFC review of the shape of any future funding models has recently begun in earnest with the results not expected for some months yet.

  The overall risk scoring has not been amended and remains the highest ranked risk faced by the College. The volatile nature of SFC funding remains a significant concern with the 25% drop in SFC estate maintenance funding for 2021-22 underlining the unpredictable nature of the resources made available to the College at short notice.

- **Estate Strategy (2)**
  The proximity of this risk has been amended from long term to medium term because the lack of substantial investment in the College estate is now becoming critical. Each year which passes without any clear commitment to invest funds in either Greenock or Paisley campuses means that the issues identified in College condition surveys since 2015 are becoming more acute as explained during the 21 April 2021 Estate Review session with Board members.

- **Estate and IT Investment (3)**
  The risk description was amended to include the wording '*short and medium term*' estate maintenance / capital funding to highlight the impact that the delay in advancing the Outline Business Cases and / or securing improved / comparable annual estate maintenance funding is likely to have on the College in the near future.

  The post mitigation risk score was amended:
    - From   16 - probability 4 (likely) x impact 4 (Catastrophic)
    - To   20 - probability 5 (Very likely) x impact 4 (Catastrophic)

  Given the immediacy of the decisions that require to be made by the Scottish Government / Scottish Funding Council in relation to the funding of future College campus developments the likelihood score was amended from 4 to 5.

3.3.2   Overall Mitigating Controls

The mitigating controls across all risks have been reviewed by the responsible member of the Senior Management Team and where appropriate controls have either been inserted, updated, or removed.

4   Conclusion

4.1   The Corporate Development Committee is requested to:

- note the update on the development of the College Risk Management Strategy.

- review the current Strategic Risk Register and in doing so consider:
  o   The risks included in the register.
  o   The revised risk rating both pre and post mitigation.
  o   Whether any other risks should be considered for removal.
  o   Whether any new risks should be considered for inclusion.

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

Probability		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
Impact		Negligible	Marginal	Critical	Catastrophic

Risk Score: the overall risk level.

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

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

Trend: after controls and mitigating actions are considered

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

Risk Appetite

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

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

Top 5 Strategic Risks
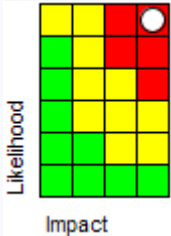
Risk No.	Risk Title	Risk Description	Proximity	Prior Net Score	Current Net Score	Trend since last report
01 WCS01	SFC Funding and Funding Methodology	Inability to clearly forecast the volatility and impact of SFC funding and funding methodology changes in relation to core-grant-in-aid, credit activity model; reduction in European funding; student support funding and estates maintenance.	Medium-term	24	24	▬
02 WCS03	Estate Strategy	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.	Medium-term	20	20	▬
03 WCS02	Estate and IT Investment	Failure to secure adequate short to medium term estates maintenance / capital funding for future investment or refurbishment of IT and physical infrastructure resulting in increased maintenance costs or loss of students due to failing facilities.	Medium-term	20	20	⬆
04 WCS07	Impact upon Business Continuity Planning of Covid-19 pandemic	A material interruption to the service delivery of the College caused by inadequate business continuity planning, resulting in failure to delivery learning and teaching and achievement of required funding outcomes.	Medium-term	24	15	▬
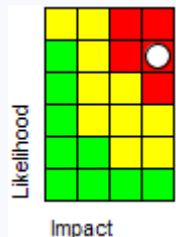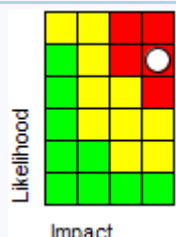
05 WCS11	Alternative Income Growth	An inability to generate consistent levels of alternative income or to grow alternative income streams due to impact of external factors impacting College delivery plans results in loss of income and failure to deliver College ROA objectives.	Longer-term	18	15	
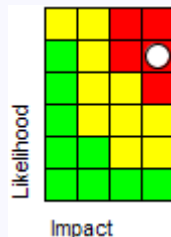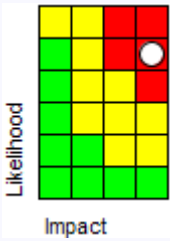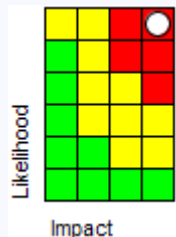
Risk Code & Title	01 WCS01	SFC Funding and Funding Methodology
Risk Summary		Inability to clearly forecast the volatility and impact of SFC funding and funding methodology changes in relation to core-grant-in-aid, credit activity model; reduction in European funding; student support funding and estates maintenance.
Risk Category		Finance
Risk Appetite		Minimalist
Proximity		Medium-term
Probability & Impact		6 4
Gross Risk Score		24
Internal Controls		Detail of 2020-21 SFC core funding for teaching, estate and student funding confirmed. Indicative funding for 2021-22 received for main elements of SFC provision and Board of Management updated. Ongoing engagement with SFC on funding for estate investment and support for voluntary severance programme.
		College 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. Further discussions to take place with the SFC regarding the curriculum delivery model required for 2021-22 in order to meet Transformation Plan requirements.
		Estates Strategy 2016-2026 includes objective to improve / rationalise the College estate utilising estate maintenance funding. Annual Estate Strategy update provided to the relevant Board Committee which includes progress towards achievement of objectives. The Estates Strategy is currently being refreshed and the current plan is that an update will be provided to the Corporate Development Committee later in 2021, assuming lockdown restrictions ease and enable engagement with staff and students to take place.
		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.
		Active College representation and involvement in external SFC review groups - funding methodology, CDN Finance network; credit review; access and inclusion; rural and remoteness premium and student funding.
		During 2020 the College undertook a review of the possible impacts of Brexit on College operations. This review was discussed at senior management level and with relevant Board Committees. At this

	early stage the Brexit transition has not immediately impacted on College funding, however this will require to be kept under review as EU funding streams will expire over the coming period and alternative funding and the nature of it remains to be confirmed by Government.
	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 and review developments especially in relation to students / staff and access to exchange programme funding.
	The SFC FFR planning assumption (June 2020) for the end of ESF in July 2022 is for a reduction in credit activity with a continuation of current funding levels. The College continues to engage with the SFC on future funding arrangements post 31 July 2022 to ensure that these assumptions remain valid.
	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. 2020-21 forecast is monitored by SMT and quarterly by the Board of Management through provision of management accounts.
Probability & Impact Scores	6 4
Net Risk Score	24
Trend	▬
Managed By	Vice Principal Operations; Vice Principal Educational Leadership
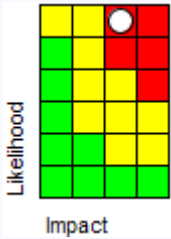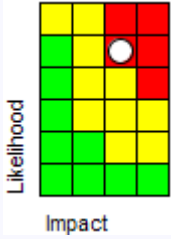
Risk Code & Title	02 WCS03 **Estate Strategy**
Risk Summary	Failure to deliver Estate Strategy 2016-2026 objectives due to business cases for development of estate being delayed, with this having a resultant negative impact on the ability of the College to recruit students, retain staff and address legislative requirements.
Risk Category	Infrastructure
Risk Appetite	Open
Proximity	Medium-term
Probability & Impact	5 4
Gross Risk Score	20
Internal Controls	Board approved Estate Strategy 2016-2026, with the relevant Board Committee receiving an annual implementation update which highlights the need for required estate investment for consideration by SFC and Scottish Government on an ongoing basis. The Estate Strategy is currently being refreshed and the current plan is that an update will be provided to the Corporate Development Committee later in 2021, assuming lockdown restrictions ease and enable engagement with staff and students to take place.
	Outline Business Cases for Paisley and Greenock estate submitted to the SFC. Update on progress made in relation to OBCs made to each Corporate Development Committee meeting including engagement with SFC and local councils. The College has now received funding from the SFC to undertake a refresh of the Greenock OBC during 2021. During February 2021 SFC have also provided the College with a draft scope and timeline for a curriculum review exercise to be undertaken with partners, with this being stated as a requirement by SFC to progress the Paisley OBC further – the scope is currently under review.
	Update report provided to each meeting of the Corporate Development Committee which indicates how the College has prioritised the use of SFC estate maintenance funding to address the College 2019 Estate Condition Survey results. (Reviewed 22.03.21)
	Corporate Development Committee receive an Update Report at each meeting on College engagement with stakeholders including SFC, Scottish Futures Trust, local councils and other key stakeholders.
Probability & Impact Scores	5 4
Net Risk Score	20
Trend	▬
Managed By	Vice Principal Operations

Risk Code & Title	03 WCS02	**Estate and IT Investment**
Risk Summary	Failure to secure adequate short to medium term estates maintenance / capital funding for future investment or refurbishment of IT and physical infrastructure resulting in increased maintenance costs or loss of students due to failing facilities.	
Risk Category	Infrastructure	
Risk Appetite	Open	
Proximity	Medium-term	
Probability & Impact	5 4	
Gross Risk Score	20	
Internal Controls	Corporate Development Committee receive reports on levels of SFC estate maintenance funding and planned level of expenditure compared to need, and how the College is prioritising the use of the amount allocated to it on a rolling annual basis. (Reviewed 22.03.21)	
	The College regularly engages both formally and informally with both Renfrewshire and Inverclyde Councils and wider partners to discuss opportunities for development of College facilities. Update report on progress provided to Corporate Development Committee at each meeting.	
	The College completed an estate condition survey in 2019 to provide up to date information of the investment required to bring the estate to Condition B status and to maintain it at this level. A presentation on the 2019 results was made to March 2020 A&I Committee and the detail of this provided to the Board of Management. SFC have received a copy of the condition survey report and 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 2020 A&I Committee along with the next steps.	
	Outline Business Cases for Paisley and Greenock submitted to the SFC following Board of Management approval. College has agreed in principle with the SFC to proceed with wider curriculum horizon scanning exercise to allow the College to provide holistic approach to curriculum delivery across the regions it serves. The College has now received funding from the SFC to undertake a refresh of the Greenock OBC during 2021. During February 2021 SFC have also provided the College with a draft scope and timeline for a curriculum review exercise to be undertaken with partners, with this being stated as a requirement by SFC to progress the Paisley OBC further – the scope is currently under review.	
	College Estate Strategy 2016-2026 submitted to SFC highlighted significant need of investment in College. Annual update report on implementation and progress provided to Corporate Development Committee. SFC formally updated at least twice a year on estate challenges faced by the College.	

Probability & Impact Scores	5 4	
Net Risk Score	20	
Trend	⬆	
Managed By	Vice Principal Operations	
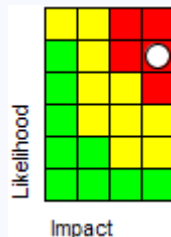
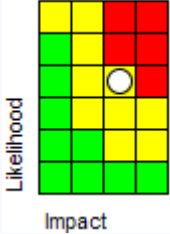|	
Risk Code & Title	04 WCS07 Impact upon Business Continuity Planning of Covid-19 pandemic
Risk Summary	A material interruption to the service delivery of the College caused by inadequate business continuity planning, resulting in failure to delivery learning and teaching and achievement of required funding outcomes.
Risk Category	Reputational/External
Risk Appetite	Open
Proximity	Medium-term
Probability & Impact	6 4
Gross Risk Score	24
Internal Controls	**Business Continuity Planning documents are available on the Intranet** and available to all staff. College Incident Management Plan reviewed annually with the next updated scheduled to take place by the end of June 2021. Quarterly scenario testing involving teaching and support staff facilitated by external professional risk manager from Zurich Municipal to be restarted from August 2021. IT Cyber Response Plan currently being updated based on Scottish Government guidance document.
	Under normal circumstances business continuity scenario planning sessions are undertaken on a quarterly basis with involvement from both teaching and support staff. These sessions are externally facilitated by Zurich Municipal risk staff and the sessions and lessons learned shared with staff via the Business Continuity section of the intranet. The impact of Covid-19 has seen the creation of a College Covid-19 Response Group along with an operational Mobilisation Group. Both groups include members from teaching and support staff, unions and student representatives. The work of these groups has superseded the quarterly scenario sessions for 2020-21.
	College Mobilisation Group continues to operate to oversee operational issues related to Covid-19. Group is chaired by the Director of Infrastructure and has representatives from staff, unions and Student Association. The Group meets weekly and reports to an Executive Group led by the Principal who oversees the overall College Covid-19 response. (Reviewed 22.03.21)
	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.
	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.
	The College has complied with the third lockdown requirement as from 26 December 2020. Actions taken in response to the lockdown include: - continued development of online materials across all areas of learning and teaching; - continued dispersal of IT equipment to support students where there is an identified need; - engagement with SFC and awarding bodies to assess the impact of the deferral of teaching activity on student achievement of qualifications; and

	– on-going monitoring of supply chains based upon risk analysis supplied by APUC.
	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.
	The College has a strategic approach to health and wellbeing provision, in order to structure our holistic approach to health promotion we have developed the PROSPER framework. The PROSPER framework has been formed to be the backbone of our Employee and Student Health and Wellbeing Strategies launched in December 2019. The PROSPER framework is at the core of everything that we do as a College and we are confident that we have a sustainable and strategic approach which recognises different dimensions of health promotion. The College has a wealth of health improvement initiatives in place and through the Healthy Lives Working Group continue to have a proactive response linked to the operating environment. The group reports to both the Equality, Diversity and Inclusion Committee and Health & Safety Committees. Student Health and Wellbeing strategy:https://www.westcollegescotland.ac.uk/media/213570/student-health-wellbeing-strategy.pdf Student Intranet pages for HWL: http://student.westcollegescotland.ac.uk/index.php/advice/corona-virus/ Staff Health and Wellbeing strategy: https://intranet.westcollegescotland.ac.uk/reference/reference/Health%20and%20Wellbeing%20Strategy.pdf#search=prosper
Probability & Impact Scores	5 3
Net Risk Score	15
Trend	▬
Managed By	Vice Principal Operations
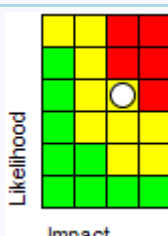
Risk Code & Title	05 WCS11	**Alternative Income Growth**
Risk Summary	An inability to generate consistent levels of alternative income or to grow alternative income streams due to impact of external factors impacting College delivery plans results in loss of income and failure to deliver College ROA objectives.	
Risk Category	Competitive Environment	
Risk Appetite	Open	
Proximity	Longer-term	
Probability & Impact	6 3	
Gross Risk Score	18	
Internal Controls	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 is subject to review by HR and Corporate Development Committee.	
	2020-21 alternative income budget and forecast agreed and monitored by the HR and Corporate Development Committee.	
	Operation planning combined with Curriculum Development Planning procedure used to identify potential opportunities for income growth.	
	The College has a detailed one-year budget and three-year financial plan in place in accordance with Audit Scotland requirements. The budget and annual forecast is reviewed monthly and updated based upon the latest intelligence. The updates are incorporated into the monthly Management Accounts which are reviewed by the Senior Management Team before being presented to the Corporate Development Committee.	
	Commercial Development and Credit Group meet twice a month to review budget / create forecast and address challenges of delivering alternative income.	
	Update report provided to HR and Corporate Development Committee on partnership working with local employers and stakeholders.	
	Adaption of course portfolio to meet student / employer needs.	
Probability & Impact Scores	5 3	
Net Risk Score	15	
Trend	▬	
Managed By	Vice Principal Educational Leadership	
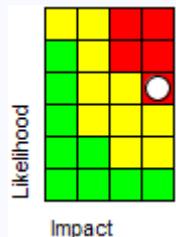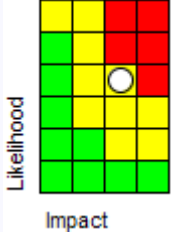
Risk Code & Title	06 WCS04	SFC Regional Outcome Agreement
Risk Summary	Failure to deliver SFC Regional Outcome Agreement targets at a time of limited resource, competition and challenging economic environment due to Covid-19, results in future credit and/or funding adjustments.	
Risk Category	Learning and Teaching	
Risk Appetite	Open	
Proximity	Longer-term	
Probability & Impact	5 4	
Gross Risk Score	20	

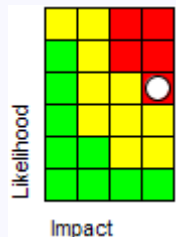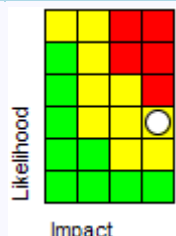|	
Internal Controls	During 2020 the College undertook a review of the possible impacts of Brexit on College operations. This review was discussed at senior management level and with relevant Board Committees. At this early stage the Brexit transition has not immediately impacted on College funding, however this will require to be kept under review as EU funding streams will expire over the coming period and alternative funding and the nature of it remains to be confirmed by Government.
	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 and review developments especially in relation to students / staff and access to exchange programme funding.
	The SFC FFR planning assumption (June 2020) for the end of ESF in July 2022 is for a reduction in credit activity with a continuation of current funding levels. The College continues to engage with the SFC on future funding arrangements post 31 July 2022 to ensure that these assumptions remain valid.
	Effective ROA monitoring and reporting procedures in place, including operational planning process, and monitoring through the Board of Management and all Committees.
	Regular contact and review meetings with local authorities and schools to access attainment funding in support of College activities.
	Detailed curriculum development planning and review process which was subject to positive review by internal audit.
	Blended approach to delivery of teaching and learning including online learning allowing College to address changes in recruitment and delivery.
	Curriculum offering is reviewed to ensure employer and student needs are met and appropriate courses delivered.
	2020-21 Interim ROA finalised following receipt of revised SFC guidance on monitoring of 2020-21 outcomes given impact of Covid-19. Board of Management approved Interim 2020-21 ROA at February 2021 meeting and document submitted to SFC. Changes to ROA have been reported to Board of Management and individual Committees made aware of ROA objectives relevant to their remit.
	College Marketing Plan ensures that the College is seen as the place to come to be educated. Internal communication plans subject to internal audit review with limited number of recommendations for

	improvement. External communications plan will be subject to an internal audit review as part of 2020-21 audit plan.
Probability & Impact Scores	4 3
Net Risk Score	12
Trend	▬
Managed By	Chief Executive and Principal

Risk Code & Title	07 WCS05	**National Pay Bargaining**
Risk Summary	Impact and outcome of National Pay Bargaining for both teaching and support staff has an adverse effect on either efficiency of delivery or budget.	
Risk Category	Staffing and HR	
Risk Appetite	Open	
Proximity	Medium-term	
Probability & Impact	6 3	
Gross Risk Score	18	
Internal Controls	The College is represented at a senior level on the national Employers Association and at the staff National Joint Negotiating Committees (NJNC). Update reports provided to both the Senior Management Team and Board of Management Committees on material issues being addressed by the sector.	
	Financial assessment / planning scenarios on the impact of support staff job evaluation included within the 2020-21 budget and three-year forecast. Updates received from the Employers Association discussed with auditors to ensure treatment of impact is consistent with the wider sector. Senior staff participate in national bargaining groups and therefore College is informed of potential future impacts.	
	The College **Business Continuity Plan intranet section** contains full information of the Policies and Practices undertaken by the organisation to address threats to the continuation of business as normal. As part of these considerations the impact of industrial action has been considered and specific action plans are in place to address any direct impacts.	
	Local trade union consultation and negotiating committees for support and teaching staff continuing to meet on a regular basis to maintain positive College industrial relations.	
	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.	
Probability & Impact Scores	4 3	
Net Risk Score	12	
Trend	▬	
Managed By	Chief Executive and Principal	
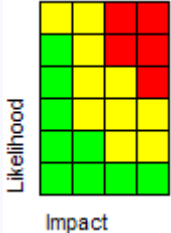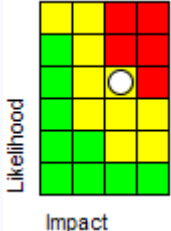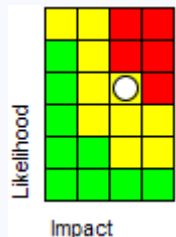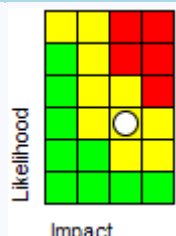
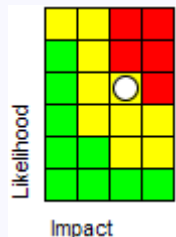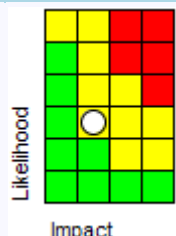| Risk Code & Title	08 WCS06 Digital Ambitions and IT Systems	
Risk Summary	Failure to adequately maintain or acquire and use IT systems and infrastructure effectively results in a failure to deliver / support the digital ambitions of the College.	
Risk Category	Digital	
Risk Appetite	Hungry	
Proximity	Medium-term	
Probability & Impact	4 4	
Gross Risk Score	16	
Internal Controls	IT Strategy, Policies / Procedures and system access processes in place. The Corporate Development Committee to review progress achieved in delivering the IT Strategy on an annual basis.	
	Staff and student feedback and evaluation procedures in place. Action planning in place to address issues raised through feedback mechanisms.	
	IT Contingency Planning in place with regular reviews and updates undertaken. Linked to Business Continuity Planning and Cyber Resiliency.	
	College is renewing Cyber Essentials Plus accreditation as required. Work commencing on updating the Scottish Government Cyber Resiliency Framework.	
	The College Digital Strategy sets out our digital ambitions for the College, presented and approved by the Board of Management. Update reports are provided to Learning, Teaching and Quality Committee with regular updates provided to SMT and monthly Digital Strategy Core Group Meetings. The WCS Digital Strategy Core Group provide a basis for College digital developments and a basis for seeking required levels of Scottish Government and SFC funding to support this.	
	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.	
	The College involvement in the national digital group has concluded for phase 1 generating a National Digital Ambition for Scotland's Colleges and a Route Map. In addition, one-off SFC funding of £221k in late 2020 utilised to fund purchase of IT devices for students. The National Digital SLWG phase 2 will recommence February 2021.	
	Data from major IT systems reviewed on ongoing basis to ensure that information upon which strategic decisions are based is robust and up to date.	
	Systems are in place for early identification and monitoring of provision deemed to be at risk of non-completion. Enhanced internal quality assurance on qualifications progress has been in place for the whole session 2020-21. This incorporates monthly *BRAG* rating and selected Internal Quality Assurance panels which monitor the correct application of awarding body guidance against qualifications, and will provide early flags for student groups where deferral of their qualification into 2021-22 may be deemed necessary.	

	'At risk' groups are identified through course evaluation processes at curriculum level and involves scrutiny of student's outcomes for all protected characteristics and special interest groups. Monitoring of progress against targets for improvement has been strengthened during 2020-21 with the introduction of a curriculum level ROA sub report. This enables performance benchmarking at College and national level and facilitates sharing of good practice and outcomes across our teaching areas.
	The College student feedback mechanisms incorporate the mandatory SFC survey, internal thematic surveys and focused discussions with special interest groups. For example, a recent survey with care experienced students was conducted via Teams discussions and the responses influence the strategy for support for this year and for future cohorts.
Probability & Impact Scores	4 3
Net Risk Score	12
Trend	▬
Managed By	Vice Principal Operations

Risk Code & Title	09 WCS15 College Transformation Plan	
Risk Summary	Failure to deliver the financial and/or non-financial objectives outlined in the College Transformation Plan "Future Proofing Our College".	
Risk Category	Governance	
Risk Appetite	Cautious	
Proximity	Longer-term	
Probability & Impact	4	4
Gross Risk Score	16	
Internal Controls	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.	
	Board of Management have approved the Plan and financial objectives are monitored through the F&GP Committee. Board of Management monitor overall plan achievement.	
Probability & Impact Scores	3	4
Net Risk Score	12	
Trend	▬	
Managed By	Chief Executive and Principal	

Risk Code & Title	10 WCS16 **Cyber Resilience**
Risk Summary	The College fails to properly prepare for either an internal or external cyber-attack due to poor procedures or system failures resulting in a loss of data, funding and/or stakeholder trust.
Risk Category	Digital
Risk Appetite	Cautious
Proximity	Immediate
Probability & Impact	
Gross Risk Score	
Internal Controls	IT Strategy, Policies / Procedures and system access processes in place. The Corporate Development Committee to review progress achieved in delivering the IT Strategy on an annual basis.
	IT Contingency Planning in place with regular reviews and updates undertaken. Linked to Business Continuity Planning and Cyber Resiliency.
	College is renewing Cyber Essentials Plus accreditation as required. Work commencing on updating the Scottish Government Cyber Resiliency Framework.
	Data from major IT systems reviewed on ongoing basis to ensure that information upon which strategic decisions are based is robust and up to date.
	The College is currently working towards the completion of the Scottish Government Cyber Resiliency Toolkit. The toolkit will assist the College in addressing the cyber risks faced by the College. The toolkit is split into 9 areas of focus (Preparation, Identification, Reporting, Analyse and Investigate, Containment, Eradicate, Recovery, Reporting, Lessons Identified). Once complete it will generate an action plan of work to be taken to helps the College implement the Scottish Public Sector Action Plan on Cyber Resilience. (Reviewed 22.03.21)
Probability & Impact Scores	4 3
Net Risk Score	12
Trend	▬
Managed By	Vice Principal Operations

Risk Code & Title	11 WCS09 Staff Relations	
Risk Summary	Inability to maintain positive staff relations due to internal or external factors resulting in loss of staff trust, less efficient delivery and potential industrial action.	
Risk Category	Staffing and HR	
Risk Appetite	Open	
Proximity	Longer-term	
Probability & Impact	4 3	
Gross Risk Score	12	
Internal Controls	Approved Workforce Plan in place and implementation reviewed by the HR and Corporate Development Committee.	
	Clear procedures for communication and engagement with Trade Unions and College staff verified by 2018-19 internal audit on internal communications.	
	Staff engagement sessions and staff surveys undertaken on regular basis allowing matters to be raised and issues to be addressed early.	
	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.	
Probability & Impact Scores	3 3	
Net Risk Score	9	
Trend	▬	
Managed By	Chief Executive and Principal	

Risk Code & Title	12 WCS10	**Workforce Planning**
Risk Summary	Failure to embed Workforce Plan resulting in lack of appropriate resources and skills being developed to achieve College strategic objectives and outcomes	
Risk Category	Staffing and HR	
Risk Appetite	Open	
Proximity	Longer-term	
Probability & Impact	4 3	
Gross Risk Score	12	
Internal Controls	Board of Management approved College Workforce Plan in place and annual update report provided to HR and Corporate Development Committee.	
	Detailed teaching resource planning through use of curriculum mapping tool (CMAP)	
	Resourcing of support staff structures reviewed on an ongoing basis by Executive Management Team to ensure alignment with operational and strategic priorities.	
	ITrent HR and payroll software developed to provide staff data and reports including a College establishment report.	
	Professional Development Policies are aligned to strategic priorities.	
	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.	
	Results from staff skills survey being used to allow the College to identify and address future skills gaps.	
Probability & Impact Scores	3 2	
Net Risk Score	6	
Trend	▬	
Managed By	Chief Executive and Principal	

Risk Code & Title	13 WCS14	**Estates Investment Works**
Risk Summary	Normal business activities are unduly affected due to the complexity of sequencing estates investment works	
Risk Category	Learning and Teaching	
Risk Appetite	Open	
Proximity	Longer-term	
Probability & Impact	2	4
Gross Risk Score	8	
Internal Controls	Detailed resource planning involving all relevant parties at key stages to address any issues in advance of project start date. (Reviewed 22.03.21)	
	Staff resource increased though recruitment of additional Project Manager to address the significant increase in level of expenditure and complexity of projects being undertaken. (Reviewed 22.01.21)	
	Embedded project / estate team with knowledge base that allows issues to be proactively identified and addressed. (Reviewed 22.03.21)	
	Continued use of external professional advisors (where required) to provide oversight and critical review of proposed activities / plans. (Reviewed 22.03.21)	
Probability & Impact Scores	2	2
Net Risk Score	4	
Trend	▬	
Managed By	Vice Principal Operations	

TITLE: **ESTATES AND SUSTAINABILITY 2020-21 UPDATE**

Background: This report provides the Corporate Development Committee with an
                    update in relation to estates developments, projects, and funding.

Action: The Corporate Development Committee are requested to review and note
                    this report for information.

Lead: Martin Joyce - Director of Infrastructure

Status: Open

Date: 01 June 2021

1.0   Introduction

1.1   This report provides the Corporate Development Committee with an update in relation to estates developments, projects and funding and encompasses the following:

- Wider Estates Developments:
    - o   Clydebank District Heating System
    - o   NHS Golden Jubilee Hospital, Clydebank
- Catering update
- Estate project and budget updates
- Leasing agreements
- College Estate Strategy update
- Sustainability

1.2   Currently comprising 119 staff (87.74FTE) covering all campus locations, the College Estates Department is arranged across a variety of functional service areas:

- Catering
- Cleaning Services
- Estates Property Maintenance
- Estates Projects

1.3   The Estates Department received a budget of £4.556m for 2020-21 from the SFC, with £3.356m of this being utilised to deliver high priority maintenance projects and £1.2m required to meet operational estates running costs.

2.0   Wider Estates Developments
The following sections provide an update on wider estates developments:

2.1   Clydebank District Heating System

The Director of Finance and Director of Infrastructure continue to engage with West Dunbartonshire Council (WDC) and their representatives in relation to the Clydebank District Heating system.

Significant work remains to clarify the potential costs - both one off capital and recurring revenue costs - and the benefits and carbon reduction savings of a connection to the College Clydebank Campus. While WDC have provided estimated figures, for example a £1.1m indicative capital connection cost, these have not been validated by the College and the Council have further indicated that these may change once they have concluded their own financial year-end for 2020-21.

A further update will be provided at a future Committee meeting.

2.2   Clyde Mission Fund

The Clyde Mission Fund is providing £10 million of funding in 2020-21 to support capital projects that deliver economic stimulus and jobs and contribute to one or more of the Scottish Government's five National Outcomes that underpin the Clyde Mission:

- To have a globally competitive, entrepreneurial, inclusive, and sustainable economy
- To tackle poverty by sharing opportunities, wealth, and power more equally
- To value, enjoy, protect, and enhance our environment
- To live in communities that are inclusive, empowered, resilient and safe
- To have thriving and innovative businesses, with quality jobs and fair work for everyone

The Clyde Mission Fund is open to public sector, private sector and third sector or community organisations. Funding will be targeted at projects within the footprint of the Mission (broadly 500 metres either side of the river from Clyde Gateway through to Gourock/Dunoon) though projects which fall within natural communities which are partially within the footprint and/or can demonstrate a strong link to the purpose of the Mission will also be considered

On the working assumption that funding the capital cost of connection to the District Heating System would be unlikely to be funded by the SFC, a submission was lodged to the Clyde Mission Fund, seeking £1.1m of funding, which it is anticipated would cover the one-off capital connection costs, a figure which is based on the indicative costs provided by WDC. There is no guarantee however that the bid will be successful, either in whole or in part and to date no response has been received.

A further update will be provided at a future Committee meeting.

2.3   NHS Golden Jubilee, Clydebank

The most recent Hospital Expansion Programme Board took place on 4 May 2021.

Phase 1
Now fully operational, the Main Contractor's After Care team are now fully embedded as part of the 2-year Defects Liability Period. The Final Account figure has also been agreed, bringing in the project slightly under the agreed Final Business Case figure of £15.1m

Phase 2
This phase will deliver additional theatres for orthopaedic surgery, a day case/day surgery admission unit, supporting accommodation, an outpatient/pre-operative assessment area and diagnostic space. Since the previous update provided to the Corporate Development Committee:

- Construction work continues with the substructure, under-building, and primary superstructure
- The NHS Assurance Review process commenced on 03 March 2021
- Scottish Government approved the Final Business Case (FBC) on 16 March 2021
- A soft landings approach is to be adopted which will include *Lessons Learned* from Phase 1

The College will continue to liaise with the scheme Project Director and Main Contractor to progress community benefits for College students and to support the Hospital's workforce strategy through curriculum provision where possible.

A further update will be provided at a future Committee meeting.

3.0 **Catering Update**

Given that on campus student numbers remain at a maximum of 5%, a reduced catering service is now operational on each of the three main campuses, with the staff being rotated on and off furlough. It is anticipated this provision will continue until the end of the summer period. The level and nature of the service provision is being monitored on a continuous basis to match any increases in demand as the number of students on campus increases, however at this time income remains at extremely reduced levels.

The main kitchen and refectory at Paisley remain inoperable due to the recent fire and remedial works which are necessary have been finished (with a target completion date of August 2021), although the deep clean specialist Belfor, have now completed their works. Catering provision will be primarily delivered from the Taste Café in Renfrew North until the main refectory can be brought back into use.

A further update will be provided at a future Committee meeting.

4.0 **Estates Project and Budget Updates**

The following section provides an update in relation to estates projects currently being progressed.

4.1 The Inchinnan Building, Paisley Campus

As previously intimated, Practical Completion of the Inchinnan Building, to create a new base for Performing Arts activities, was achieved on Wednesday 10 February 2021.

All relocation activities were generally completed as planned by late April 2021, and since it is currently not practical to able to undertake a site visit of the completed facility, a short video has been created, which can be viewed online here:

→ Inchinnan Walk Through Video Presentation

The final account for the main construction works is currently being negotiated but will be contained within the budget of £1.4m. In addition, a Dilapidation Survey is to be undertaken on the New Street property to agree the hand back condition with YMCA. Any required works will be undertaken through the summer period and £75,000 has been set aside to cover this eventuality.

4.2 **SFC High Priority Maintenance Funding**

Financial Year 2019-20
The College has previously reported to the Corporate Development Committee that £3.1m of High Priority Maintenance Funding was received from SFC for 2019-20. In December 2020, it was reported that of the £3.1m of funding, £2.0m had been expended with the majority of this being in relation to the remaining £1.1m in relation to the CPA project. As this project is now complete (and the College is forecasting that the final account for this project will be in line with the £1.4m budget), all 2019-20 project funding has therefore been fully expended as required by the SFC.

Financial Year 2020-21
Lifecycle Maintenance Funding
The level of lifecycle estate maintenance funding provided by the SFC for 2020-21 is £1.2m.
As the College requires to utilise the full amount to meet operational estates maintenance running costs and bank interest cover this funding is fully committed.

High Priority Maintenance Funding Expenditure and Commitments

Category	Description	Budget Expenditure		Expenditure to Date		Expenditure Remaining
		£'000		£'000		£'000
1	Refurbishment of building exteriors	1,730		179		1,551
2	Estate Maintenance to keep interiors in current condition	788		428		360
3	Refurbishment of teaching spaces	80		60		20
4	Refurbishment of lighting, heating, and general facilities	225		19		206
5	Fire detection and prevention works	100		75		25
6	Asbestos management	30		12		18
7	Other and smaller project works	387		28		359
8	Support costs and impact of Covid-19	100		104		-4
	Total	**3,441**		**905**		**2,536**

4.3 Projects to replace the roof covering at the refectory terrace in Clydebank and the additional fire doors in the Renfrew Building and the Waterfront campus have now been completed.

4.4 <u>Category 1</u>

<u>Finnart Street, Greenock - Workshop Roof Covering Replacement</u>
<u>Estimated 2020-21 spend - £250,000</u>
A feasibility report was prepared, indicating that a £1.5m of investment was required to replace the roof covering. However, during the feasibility study it was also identified that the roof deck (which has suffered visible deflection) comprised reinforced autoclaved aerated concrete slabs (RAAC) which has necessitated further investigation works.

Specialist consultants have now undertaken an examination and initial monitoring and their report indicates that:
- The reinforced autoclaved aerated concrete slabs (RAAC), have a design life of 30 years. The roof at Finnart Street is over 50 years old.
- The roof slab has deflected because of its own self-weight, causing extensive ponding on the surface.
- The deflections and the general condition of the roof should be monitored every 6 months.
- Localised spalling of the roof slab has occurred internally previously, but this is not considered to be of significance.

- Repair works on the roof coverings should be restricted, to minimise point loadings on the roof.
- The roof slab should be replaced within 5 years. (SFC have been notified on this requirement which will also be highlighted in the OBC update submission).

On receipt of this advice from the structural engineer, the planned proposal to replace the roof covering has been cancelled. Localised repair work will only be undertaken when any water penetration disrupts curriculum delivery.

Finnart Street, Greenock - Tower Window Replacement
Estimated 2020-21 spend - £500,000
A feasibility report has now been received which indicates the requirement for £500,000 of investment to partially replaces windows on the 4th – 7th floors of the Newton Street gable elevation.   Fee invitations are currently being prepared for consultants to develop the technical specification and invite tenders for the works.

This item is subject to a parallel report to the June 2021 Corporate Development Committee.

Oakshaw Building, Paisley - Replacement of Workshop Windows
Estimated 2020-21 spend - £50,000
Following the appointment of consultants to undertake the feasibility study, initial indications are that the sum of £220,000 is required for replacement of the windows.

Based upon the consultant's advice the college proposes to initiate a rolling programme of window replacement, commencing with those areas that have been upgraded in recent years.
The first phase will be to replace the windows in the Joinery machine shop and Bricklaying workshops.

Renfrew and Oakshaw Buildings, Paisley – Replacement of Roof Coverings and Rendering of Façade
Estimated 2020-21 spend - £1.278m
The consultant team has been appointed (following a competitive tendering exercise) for this project which has aggregated two individual projects into a single contract for efficiency of scale and cost savings. Detailed design works are underway with Main Works Tenders to be issued in June with an expected site commencement in September 2021.

As the total budget for this project is £1.2m and to comply with the College Financial Regulations, contracts at this level require to be approved by the Board of Management. A separate paper has therefore been provided at this meeting requesting that the Corporate Development Committee recommend Board of Management approval for delegated authority to award this contract over the summer period.

Abercorn Building, Paisley – Roof Repairs
Estimated 2020-21 spend - £25,000.
A detailed planning application and Listed Building Consent has been submitted to Renfrewshire Council for the planned roof repairs to this Grade C listed building, in conjunction with the tenants Milne Craig. Historic Scotland have advised that Listed Building Consent is not required, and negotiations continue with the local Planning Authority.

4.5   Category 2
        The remaining works are programmed for the summer period, in accordance with standard operational planning and when staff and student numbers on campus are lower. These generally comprise multiple small-scale projects across every building, including redecoration and addressing individual minor works condition survey related items and funds are largely directed and expended at the discretion of the individual Campus Estates Managers.

4.6   Category 3
        With only £20,000 left to expend, the low volume of remaining works are programmed for the summer period, in accordance with standard operational planning and when staff and student numbers on campus are lower. These generally comprise multiple small-scale projects across a variety of teaching spaces based on specific curricular need.

4.7   Category 4
        Relating primarily to mechanical and electrical issues – the last major programme of work this year is planned in Greenock Finnart Street and is currently out to tender with an award imminent. (See also Category 6).

4.8   Category 5
        Works have predominantly comprised replacement fire doors and upgraded fire alarm systems within the Renfrew building, Paisley and Waterfront Campus, Greenock and are largely complete.

4.9   Category 6
        Asbestos works are managed as required and based on specific need in either the Paisley or Greenock campuses only. For example, a pre-tender Asbestos survey was taken in advance of a tender being issued to upgrade mechanical & electrical infrastructure as part of our Health & Safety and CDM (The Construction (Design and Management) Regulations 2015) obligations.

4.10   Category 7
        This category relates primarily to release of retention for previously completed projects as well as contingency in relation to emergency (i.e., recent Paisley campus fire) or other unplanned expenditure.

4.11   Category 8
        These costs relate directly to essential works undertaken as part of the College Covid-19 response.

4.12   Future Activities
        Works are progressing in relation to the planned high priority estate works for financial year 2021-22 alongside the other operational planning activities. The level of lifecycle estate maintenance funding provided by the SFC for 2021-22 is £1.118m and for High Priority Maintenance it is £2.572m. Paper 7 from the June 2021 Corporate Development Committee provides further detailed narrative.

        Consideration is being given to:
        • Commence first phase of roof repairs to Abercorn Building, Paisley (in conjunction with the tenant Milne Craig)
        • Commence Phase 2 of Oakshaw building roof works, Paisley
        • Continue boiler and pipework replacement programme, Clydebank
        • Undertake changes to ICE and Oakshaw Buildings Paisley, to suit curricular requirements
        • Continue works to mechanical and electrical infrastructure at Finnart Street, Greenock
        • Investment in catering facilities and to support flexible working
        • Continue to address condition related issues at each campus per Condition Survey data

5.0   Leasing Agreements

The following matters are currently being progressed in relation to lease agreements:

5.1   <u>YMCA, New Street, Paisley</u>
As previously intimated, notice has been served on the YMCA stating the College's intention to vacate the New Street property by September 2021 with all activities having now relocated to the new Inchinnan Building, The College continues to seek engagement to discuss the extent, nature and cost of any repairs/dilapidations and this process remains ongoing. As a response is still awaited from our landlord, the YMCA, there has been no material change to this item since the last report.

5.2   <u>West Dunbartonshire Council</u>
The Board of Management approved the terms of a leasing arrangement between the College and West Dunbartonshire Leisure for the use of the Sports Centre in Clydebank. Due to the current restrictions and lockdown, it has still not been possible to conclude this agreement. The College will endeavour to do so as soon as possible once restrictions have been lifted. As a response is still awaited from our landlord, West Dunbartonshire Council, there has been no material change to this item since the last report.

5.3   <u>Renfrewshire Leisure</u>
The College was advised, informally and at very short notice, that the Renfrew Leisure Centre, located in Paisley, would be utilised as a Covid-19 Mass Vaccination Centre for a period potentially of up to a year.

The preferred option was to relocate the Social Sciences and Sport Department to an alternative Renfrewshire Leisure facility called On-X in Linwood, and this has been successfully progressed by the Department supported by colleagues from the Estates and IT teams and the College commenced using On-X on 19 April 2021.

As the Estates team were keen formalise the College's use of these facilities, contact was made on several occasions with our landlord Renfrewshire Leisure. As no response has been forthcoming, the matter was escalated to the Principal of the College and the Chief Executive of Renfrewshire Leisure.

6.0   College Estate Strategy Update

6.1   An updated College Estate Strategy is currently being progressed; however, it is likely to be later in 2021 before this can be presented to the Committee for consideration as the College is unable to engage with staff and students on this currently due to ongoing lockdown restrictions.

6.2   A College estates update was provided to the Board of Management on 21 April 2021, setting out some of the key challenges and issues affecting the operational estate, as well as an update on the current Outline Business Cases for Greenock and Paisley.

6.2   The annual update on the current Estate Strategy will be presented to the September 2021 Corporate Development Committee.

7.0   Sustainability Update

7.1   The College has continued to engage with EAUC in relation to the renewal of its Sustainability Strategy and Carbon Management Plan for the period 2021 - 2025, based upon the 'Climate Action Roadmap for FE Colleges' including the commitment to be a net zero organisation by 2040. It is intended to bring updated copies of both documents to the September Committee meeting.

7.2   Other work which has been undertaken since the last Committee meeting included:
  - Several staff are to undertake Carbon Literacy Training in May as part of the EAUC programme.
  - Liaising with organisations and local councils on reusing office furniture including items from the YMCA building which is soon to be vacated.
  - Energy Performance Audit organised for the Clydebank campus in May which will include the provision of an updated Energy Performance Certificate and recommendations. The Paisley and Greenock campus audits to be organised in the coming months.
  - Continuing programme of engagement with staff and students via the College Sustainability web portal, issue of the twice-yearly Sustainability Newsletter with key dates and events.
  - Action planning for when the College returns to 'normal' operations.
  - The preparation of a Green Gown Award application for the IKEA LAGCOM Project undertaken by the College photography, graphic design, interiors, and architecture students.

7.3   The College will be attending the EAUC smaller institutions working group to meet in May to discuss:
  - The requirement to have a Deposit Return Scheme (DRS) in place for premises selling drinks by 1 July 2022
  - The removal of single use plastic beverage containers from catering services as well as looking to replace other disposable items such as plastic cutlery and containers in line with the CDN climate change commitment. The original deadline for the removal of plastic beverage containers was August 2020, however Covid-19 has delayed the implementation of this work.

8.0   Conclusion

8.1   This report provides the Corporate Development Committee with an update in relation to estate developments, projects, and funding.

8.2   The Corporate Development Committee are requested to review and note this report for information.

1 | P a g e

TITLE: **INFORMATION TECHNOLOGY UPDATE**

Background: This report provides the Corporate Development Committee with an
                  update in relation to IT developments, projects, and funding.

Action: The Corporate Development Committee are requested to review and note
                  this report for information.

Lead: Martin Joyce - Director of Infrastructure

Status: Open

1.0   Introduction

1.1   This report provides the Corporate Development Committee with updates on Information Technology (IT) funding, developments and projects encompassing the following areas:

- Service developments
- Support for teaching and learning
- Infrastructure developments
- Security and resilience
- IT Project and associated budget updates
- College IT Strategy

1.2   Comprising 57 staff and 46.41FTE, including 12 students (4.8FTE), covering all campus locations, the IT Department is currently arranged into two functional service areas:

- Solutions and Development

- Service and Infrastructure

2.0   Service Development Updates

The following sections provide an overall update on current IT service developments:

2.1   The College Student IT Helpdesk became operational in October 2020 to provide dedicated IT support to students and enabled the recruitment of 8 additional students (3.2FTE) to provide this support. This resource has been essential in supporting the roll out of and support for over 2,000 IT devices that have distributed to students during the Covid-19 restriction period.

2.2   As the protocol for the return and refurbishment of IT devices is currently being established in the lead up to summer 2021, along with a rollout programme for the 2021-22 session, it is likely that Student IT contracts will be extended through the summer months to assist in the process.

2.3   With such a significant overall increase in the availability of student IT devices – with around 6,000 expected to be available from 2021-22 - consideration is being given to additional resource to support the issue, retrieval, refurbishment, and replenishment of these throughout the course of this and subsequent years

A proposal is currently being developed to extend the use of the current 'Heritage Cirqa' (library management system) to cover the distribution and recovery of all loaned student IT devices in conjunction with the Unit-e Student Record system, and phase 1 of these works, which will move the current Heritage Cirqa 'on premises' solution to the cloud has recently been instructed.

2.4   The IT Team continues to work with curriculum colleagues to identify and address specific IT requirements in advance of a substantive return of staff and student to campus, in part to support on-going initiatives around digital delivery of teaching.

3.0   Support for Teaching and Learning

3.1   <u>Student Digital Resources - Chromebooks / Windows/ Other Devices</u>

In August 2020, the College purchased 2,521 Chromebook devices with deliveries taking place in September, October, and November respectively, and as of the end of May 2021,

2,000 Chromebooks and 200 Windows laptops have been distributed to students as well as a number of MacBooks and tablet devices.

The Board of Management also recently approved the procurement of an additional 2,900 IT digital devices for distribution to students at a cost of £1.2m. Orders have now been placed for the following to support student digital delivery, following this recent approval by the Board:

- 1100 Chromebooks
- 1000 Windows Laptops
- 700 Android Tablets
- 100 Apple MacBooks
- Accessory packs for above devices (Headsets, keyboards, mice, risers, and cases)

An additional £460,000 of funding has also been provided by SFC in 2021-22 to further support digital requirement and the college sector is awaiting confirmation of the conditions for funding in assessing how best to deploy these funds.

3.2   It is therefore anticipated that the College commitment to addressing digital poverty and enabling remote/digital access to learning and will bring the number of IT devices (Chromebooks, laptops, tablets) available to students to approximately 6,000 from summer 2021 (and which for clarity excludes the additional £460,000 also budgeted). Communications are being developed with the Marketing Team to promote the availability of IT devices in 2021-22. Within the Performance and Skills team, the Student Experience team have also been undertaking during the current academic year, a student survey seeking feedback on the device deployment which took place during 2020-21.

An update will be brought to a future CDC once the analysis of the survey has been completed.

3.3   It should be noted that at the present time, there is a worldwide semiconductor shortage which is severely impacting and constraining supply chains, across a range of sectors. This includes the supply of digital devices and electronic equipment which is contributing to the long lead times (typically 3-4 months) being experienced for deliveries of laptops, an issue exacerbated by the massive shift internationally to remote learning and working throughout the Covid-19 pandemic.

3.4   Staff Digital Resources

Work has commenced on issuing upgraded and replacement laptops for approximately 1,000 teaching and support staff across the College. 70 priority devices have already been deployed to staff, with delivery of a further 400 devices expected in June 2021. The balance of the planned total provision of staff devices will be undertaken in the next financial year, from August 2021. Completion of the deployment is difficult to predict as significant delays are being experienced due to chip shortages however the project will be progressed as promptly as possible.

3.5   Further projects and activities currently being progressed to support teaching and learning include:

- Continuous Professional Development (CPD) Activity Reporting
- Development of an on-line e-Portfolio platform for Skills Development Scotland
- Moodle Platform upgrades for West Dunbartonshire Council
- Completion of Campus wide Wi-Fi and infrastructure improvements
- Completion of all IT works required for the new Inchinnan building in Paisley

- Replacement Helpdesk System
- Pilot deployment of tablet computers to Estates staff (Paisley campus)
- Continuing support of Safe Return to Campus, Lateral Flow Testing and other H&S systems during the current and emerging Covid-19 restrictions.
- Roll-out of new Student Device Distribution and Recovery policies.

4.0   Infrastructure Development Updates

The following section provides an update in relation to key infrastructure development work currently being progressed by the IT Department.

4.1   Microsoft Teams

The College transitioned quickly to the adoption of MS Teams for educational and operational purposes during the Covid-19 pandemic.

As reported in previous updates to the committee, one key objective is to retire the current telephony system 'Skype for Business' by July 2021 with all functionality migrated to MS Teams.

During the Easter break, all staff telephony was successfully migrated over from Skype for Business to MS Teams. The current reception switchboard telephony retains a dependency on Skype for Business functionality, and once this has been addressed all Skype server infrastructure and software will be fully retired. This is expected to be completed by July 2021.

The IT Team is also currently assessing changes to existing internal hardware solutions (within meeting rooms) to facilitate blended Teams meetings on Campus, permitting a mix of in-person and virtual attendance, and on the working assumption that Covid-19 restrictions continue to ease in parallel with flexible working practices being developed with the Head of Organisational Development and Human Resources.

4.2   Wireless/Wi-Fi

The College procured wireless network equipment to replace and enhance provision across all campus locations, with investment in this project totalling £160,000 over 2019/20 and 2020/21, which is funded from the main IT budget. New Wi-Fi is also being installed in the Inchinnan building on the Paisley Campus to provide a total of 300+ Wireless Access Points (WAP).

The installation of the new wireless equipment is nearing completion, with only a small number of structured network cable installations required at our Paisley campus to allow for remaining equipment to be installed. Work has been completed at all our other sites including our outreach centres, and in the Inchinnan building.

5.0   Security and Resilience

Several security and resilience initiatives remain under way:

5.1   Cyber Essential Plus

The College's current Cyber Essentials Plus (CE+) certification requires an annual process of assessment to renew this certification. Cyber Essentials accreditation is now in two parts.

The first part - Cyber Essentials - was successfully achieved 16 April 2021. The focus now moves to the second part which provides renewal of the Cyber Essentials 'Plus' certification,

within the mandated 3-month timescale and the Team continue to respond to requests for information to progress the 'Plus' certification as quickly as possible.

5.2   Scottish Government Cyber Resiliency Framework

A cross-College working group, chaired by the Director of Infrastructure, has been put in place to progress implementation of this Framework. While this is not a mandatory obligation at this time, it has been highlighted that this is likely to become a mandatory annual process and included as part of a future update to the '*Scottish Public Finance Manual*'.

The working group have completed an initial review of the College position in relation to the 630+ controls on the Framework to enable a level of self-assessment to be determined.

Completion of the controls by the working group has allowed for the results to be entered into a 'self-assessment tool' and the generation of an overview of the position of the college with regards to three "progression stage" levels – Baseline, Target, and Advanced – of compliance. The output from the Tool can be seen in the following graphical representation:
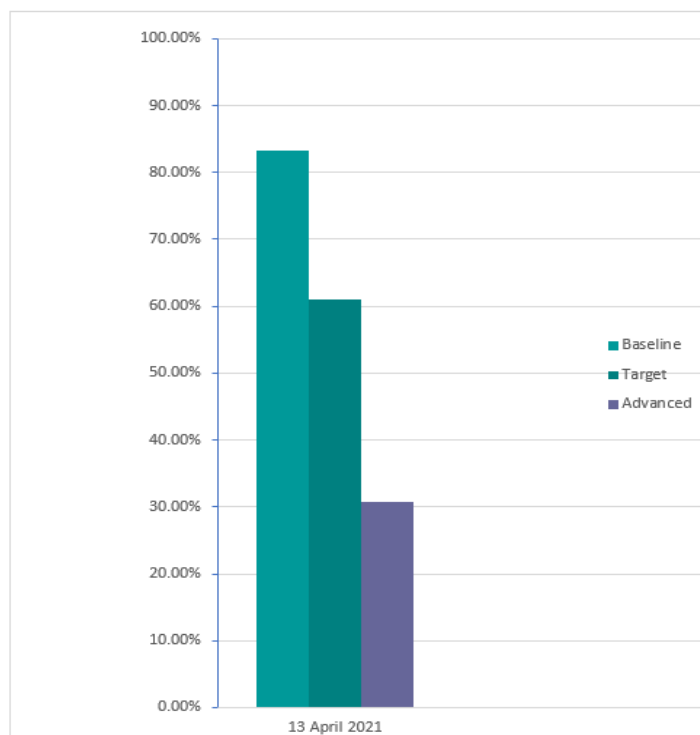
The initial score of 83% in the 'Baseline' stage is a very strong score and provides significant assurance around our Baseline preparedness. It has nonetheless also highlighted areas where we need to clarify responsibilities, document, and formalise incident response policies and processes and cross-check our measures against National Cyber Security Centre (NCSC) standards. These issues will all be progressed and addressed through the next stages of activity in parallel with any other required outcomes identified as part of the internal or external audits currently underway as noted in 5.3, 5.4 and 5.5 below.

For the 'Target' stage, again the 60% score indicates a very strong initial outcome, but also demonstrates there is room for improvement with regards to increasing regular vulnerability testing and monitoring, formalising policies and processes, enhancing security training & skills, and reviewing backup and contingency measures. For information, since the initial scoring exercise, a policy to undertake Penetration Testing at six-monthly intervals, instead of annually, has been introduced and the new IT Strategy 2021-25 seeks to address issues of

training and skills.

While the 30% scoring at the 'Advanced' stage reveals areas of strength particularly around, data protection & GDPR, and organisational risk management, the guidance in the Cyber Resilience Framework documentation advises that "*For the majority of public sector organisations, the most appropriate progression stage to aim for is expected to be the* **Target Stage** *– in effect, this will become the new "baseline" for the Scottish public sector."* and therefore the focus for the College will be addressing the Baseline and Target areas at this time.

As a work in progress, the working group will now progress to building a plan of action to put the measures in place required to achieve full Target level compliance.

Further updates will be brought to the Corporate Development Committee.

5.3   An external assurance audit of IT security is due to be undertaken at each campus and which will commence on 10 May 2021, taking a week to complete. This work is being carried out by an external agency, TrustedIA, who were recommended through the College Insurer's Zurich and Sedgwick following the January cyber incident.

This will be subject to a separate report to Corporate Development Committee in due course.

5.4   An internal audit review was also undertaken by the College internal auditor's Wylie Bisset in response to the IT Cyber incident experienced in January 2021. This report will be considered in the first instance by the Board of Management Audit Committee on 25 May and the full report will then be provided to the September 2021 meeting of the Corporate Development Committee. It should be noted that in summarising the overall review Wylie Bissett have concluded a '**Strong'** level of assurance, noting that:

"*We can provide a strong level of assurance over the College's handling of the IT ransomware attack. We can also confirm that the College correctly activated its Fraud Response Plan, and the agreed process was appropriately followed in respect of the IT ransomware attack. We have raised no recommendations from our review.*"

5.5   A final draft of the College operational '*Cyber Incident Response Plan'* (CIRP) is also being prepared in close consultation with our Insurers Zurich as part of our Business Continuity planning processes and to formalise incident response policies. This Plan is based on best practice template and playbook documents issued by Sottish Government, specifically adjusted to reflect the operating environment of the College and will be reviewed annually and/or after an incident has occurred.

5.6   A meeting took place on 18 May 2021 with the Police Scotland Cyber Prevent Team which has signposted the College to further useful Cyber Incident training and awareness resources, prepared by the NCSC (National Cybercrime Security Centre) and SBRC (Scottish Business Resilience Centre).

There was a particular recommendation that the College consider joining the Cyber Security Information Sharing Partnership (CiSP), which while part of the NCSC, is a joint industry and government initiative set up to allow UK organisations to share cyber threat information in a secure and confidential environment.

The benefits of CiSP have been noted as:
- engagement with industry and government counterparts in a secure environment
- early warning of cyber threats
- ability to learn from experiences, mistakes, successes of other users and seek advice
- an improved ability to protect their company network

- access to free network monitoring reports tailored to your organisations' requirements

Membership, which is free, must be sponsored by an appropriate Governmental body, and Police Scotland will facilitate this for the College.

6.0   IT Project Finance Updates

6.1   For Financial Year 2020-21, the IT team are delivering the following main project activities, which are funded from an available budget of £468,000:

Allocation	Amount Allocated	Expenditure to date	Details
User Device Renewals	£250,000	£223,500	Purchase of 470 Laptops for teaching staff. Work has already commenced on the delivery of the first 70 priority devices with 400 on order.
Infrastructure	£138,000	£70,500	Network, Wi-Fi, Storage, Cloud Resources
Teaching and Learning Equipment	£50,000	£6,200	TV installs, Laptop to Chromebook conversions, Data devices for students
Resource Enhancements	£25,000	£14,400	Skype to Teams migration, Recoveries
Security Enhancements	£5,000	£0	Multi Factor Authentication
TOTAL	**£468,000**	**£314,600**	(67.2% Expenditure to Date)

(£275,800 reported as 'Expenditure to Date' in March 2021).

6.2   The Head of IT met with the Educational Leadership Team (ELT) on 23rd April to discuss a variety of IT requests from across the curriculum and agree on how to proceed. The outcome of this meeting has prioritised classroom-based hardware that will further support blended learning and video streaming of physical activities taking place in the classroom environment, and cloud software that can be accessed from anywhere. This agreed expenditure will complete the spending of the *Teaching and Learning Equipment* allocation shown above, and the hardware and software will be available for the curriculum for the start of the 2021-22 Academic Year.

7.0   Proposed College IT Strategy 2021-25

7.1   The proposed new College IT Strategy to cover the period 2021 – 2025, and which reconciles to the period covered by the current IT Strategy 2016-21, has been developed and will be presented as a separate report to the same June 2021 Corporate Development Committee.

8.0   Conclusion

8.1   This report provides the Corporate Development Committee with an update in relation to IT developments, projects, and funding.

8.2   The Corporate Development Committee are requested to review and note this report for information.

TITLE: **EXTERNAL AUDIT ENGAGEMENT STRATEGY 2020-21**

Background: The purpose of this report is to present the Mazars LLP (external auditor)
                    Audit Strategy Memorandum and fee proposal for the review of the 2020-21
                    financial statements. This Audit Strategy Memorandum and fee proposal were
                    approved by the Audit Committee on 20 May 2021.

                    The Audit Engagement Strategy provides the Corporate Development
                    Committee with an overview of the external auditor's preliminary audit
                    planning procedures and approach in relation to the financial statements of
                    the College for the year ended 31 July 2021. The Strategy provides an
                    overview of significant risks and key judgement areas in Section 4 (pages 8 to
                    11).

                    Section 5 of the Strategy notes the four wider scope areas upon which the
                    auditors require to make a judgement:

                    •   financial sustainability
                    •   financial management
                    •   governance and transparency
                    •   value for money

                    Mazars, in Section 6, have set their fee for the audit at £32,500 (2019-20:
                    £31,000). This fee is within the fee range set by Audit Scotland with the
                    increase being attributed to the additional work requiring to be undertaken to
                    address the increased risks noted in section 4 along with the pension and
                    property valuation exercises which require to be validated.

Action: The Corporate Development Committee is requested to note the content of
                    the 2020-21 Audit Engagement Strategy and the proposed audit fee.

Lead: Alan Ritchie, Director of Finance

Status: Open

Audit Strategy Memorandum
West College Scotland
Year ending 31 July 2021

Contents

The Board of Management
West College Scotland
Paisley Campus
Renfrew Road
Paisley
PA3 4DR

21 May 2021

Dear Members,

Audit Strategy Memorandum – Year ending 31 July 2021

We are pleased to present our Audit Strategy Memorandum for West College Scotland for the year ending 31 July 2021.

The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, Section 7 of this document also summarises our considerations and conclusions on our independence as auditors.

We consider two-way communication with you to be key to a successful audit and important in:

• reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;

• sharing information to assist each of us to fulfil our respective responsibilities;

• providing you with constructive observations arising from the audit process; and

• ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing West College Scotland which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

This document, which has been prepared following our initial planning discussions with management, is the basis for discussion of our audit approach, and any questions or input you may have on our approach or role as auditor.

Client service is extremely important to us and we strive to continuously provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on 0738 724 2052.

Yours faithfully

Lucy Nutley

Lucy Nutley

For and on behalf of Mazars LLP

Engagement and responsibilities summary

Overview of engagement

We are appointed by the Auditor General for Scotland to perform the external audit of West College Scotland for the year to 31 July 2021. This is our fifth year of appointment. During 2020, our contract with Audit Scotland was extended for a further year, meaning this is our penultimate year of appointment.

Responsibilities

Our responsibilities, principally derived from the Code of Audit Practice ('the Code') issued by Audit Scotland, are outlined below.

Audit opinion	We are responsible for forming and expressing an opinion on the financial statements. The Audit Committee is responsible for the assessment of the College's ability to continue as a going concern. As auditors, we are required to consider the appropriateness of the use of the going concern assumption in the preparation of the financial statements and the adequacy of the disclosures made.
Regularity opinion	We are required to form and express an opinion on whether the College has, in all material respects, incurred expenditure and income in accordance with any applicable enactments and guidance issued by the Scottish Ministers.
Opinion on other matters	We are required to express an opinion on whether the audited part of the Remuneration and Staff Report, and the Governance Report have been properly prepared in line with relevant legislation and directions. We also express an opinion on whether the Performance Report is consistent with the audited financial statements.
Wider scope work	The Code requires us to conclude and make a judgement on the four dimensions of wider scope work. The four dimensions are Financial Sustainability, Financial Management, Governance and Transparency, and Value for Money.

Our audit does not relieve the Board of Management, as those charged with governance, or management of their responsibilities. The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However our audit should not be relied upon to identify all such misstatements.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance as to their knowledge of instances of fraud, the risk of fraud and their views on management controls that mitigate the fraud risks.

Our audit engagement team and experience

A committed, accessible team

Lucy Nutley
Director
lucy.nutley@mazars.co.uk
0738 724 2052

Lucy is the Engagement Lead for the audit and will be the key point of contact for the Audit Committee. She will have overall responsibility for delivering a high quality audit to the College. Lucy will be responsible for the opinions given on the financial statements and will liaise with the Director of Finance and Head of Finance and Student Funding. She will attend Audit Committee meetings, and where appropriate, Board meetings.

Joanne Buchanan
Audit Senior Manager
joanne.buchanan@mazars.co.uk
0779 403 1384

Joanne will manage and coordinate the audit and be the key point of contact for the Head of Finance and Student Funding and Principal Accountant, as well as liaising with Internal Audit. Joanne will oversee completion of audit work to a high standard and attend Audit Committees as appropriate.

.

Rachel Russell
Audit Assistant Manager
rachel.russell@mazars.co.uk
0758 060 1373

Rachel will be responsible for leading the onsite work, reviewing the work of more junior members of the team and performing the audit work in more specialised areas.

Audit scope, approach and timeline

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those affected by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.
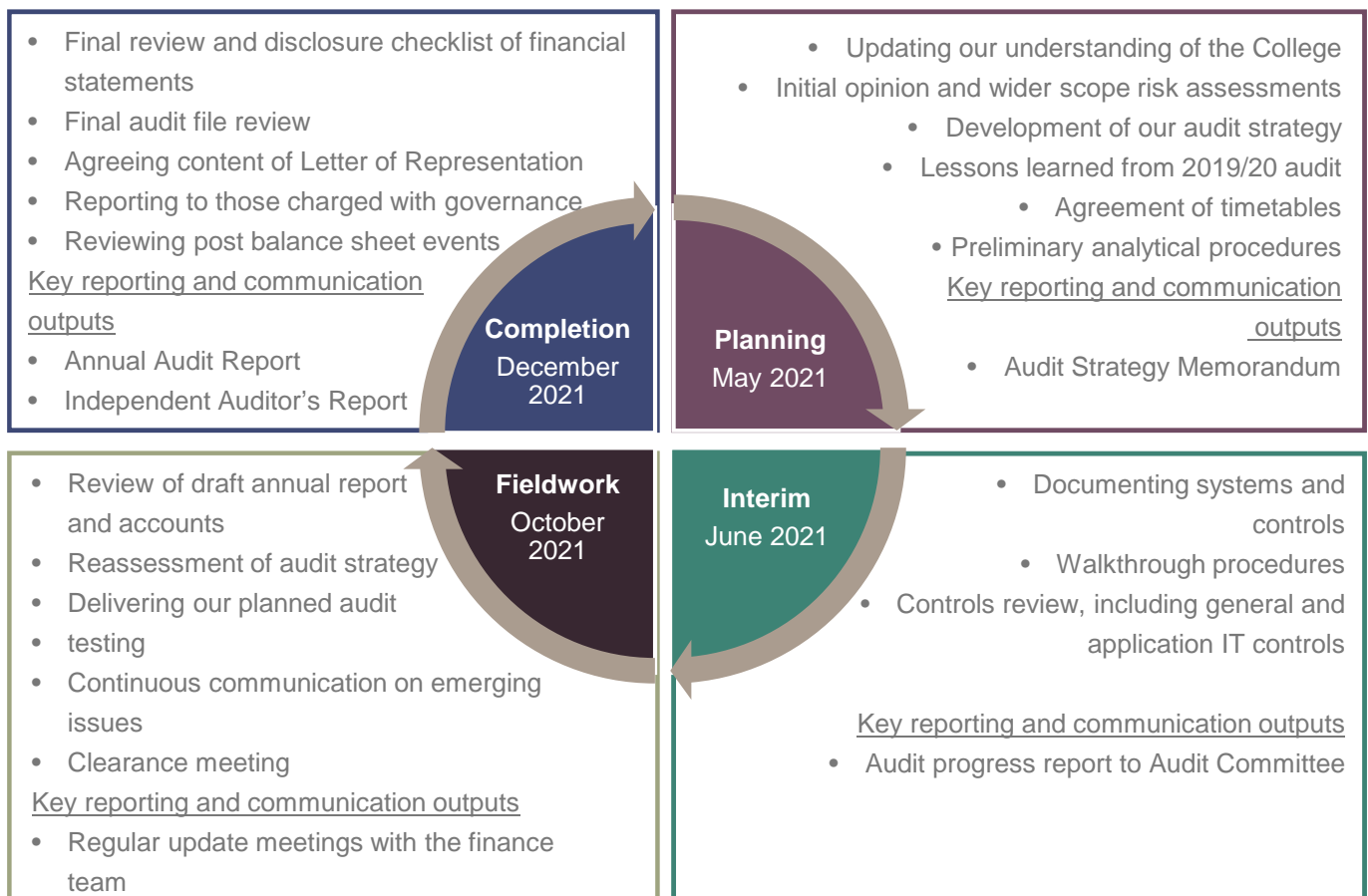
Audit approach

Our audit approach is a risk-based approach primarily driven by the risks we consider to result in a higher risk of material misstatement of the financial statements. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment.

If we conclude that appropriately designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of details (of classes of transactions, account balances, and disclosures) and substantive analytical procedures. Irrespective of the assessed risks of material misstatement, which take into account our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transactions, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram below outlines the procedures we perform at the different stages of the audit.

Completion
December 2021

- Final review and disclosure checklist of financial statements
- Final audit file review
- Agreeing content of Letter of Representation
- Reporting to those charged with governance
- Reviewing post balance sheet events

Key reporting and communication outputs
- Annual Audit Report
- Independent Auditor's Report

Planning
May 2021

- Updating our understanding of the College
- Initial opinion and wider scope risk assessments
- Development of our audit strategy
- Lessons learned from 2019/20 audit
- Agreement of timetables
- Preliminary analytical procedures

Key reporting and communication outputs
- Audit Strategy Memorandum

Fieldwork
October 2021

- Review of draft annual report and accounts
- Reassessment of audit strategy
- Delivering our planned audit
- testing
- Continuous communication on emerging issues
- Clearance meeting

Key reporting and communication outputs
- Regular update meetings with the finance team

Interim
June 2021

- Documenting systems and controls
- Walkthrough procedures
- Controls review, including general and application IT controls

Key reporting and communication outputs
- Audit progress report to Audit Committee

Audit scope, approach and timeline (continued)

Reliance on internal audit

Where possible we will seek to utilise the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures.

Where we intend to rely on the work on internal audit, we will evaluate the work performed by your internal audit team and perform our own audit procedures to determine its adequacy for our audit.

Management's and our experts

Management makes use of experts in specific areas when preparing the College's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Items of account	Management's expert	Planned audit approach
Defined benefit pension liability and associated accounting entries and disclosures required by FRS 102.	Actuary – Hymans Robertson	We will consider the reasonableness of the actuarial assumptions made, referring to our in-house pension scheme experts.
Land and buildings valuation	Rydens	We will consider the reasonableness of the valuers' output, challenging assumptions made, referring to in-house specialists and relevant reporting on regional and national trends in property values.

Reporting to Audit Scotland

During the year we will continue to make returns to Audit Scotland as they collect data to establish the impact on the further education sector and feed into any national reporting as required.

National Fraud Initiative

West College Scotland took part in the NFI exercise for the third time in 2020/21. All matches have been reviewed by the College with no identified instances of fraud detected and no issues noted. The work that the College has undertaken will be reviewed as part of the interim audit in June 2021.

Adding value

We aim to add value to West College Scotland through our external audit work by being constructive and forward looking, by identifying areas for improvement and be recommending and encouraging good practice. In doing so, we intend to help the College promote improved standards of governance, more effective use of resources and better management and decision making.

The 2020/21 audit will be in line with the previous year and carried out remotely. The audit team and the College will build upon the experiences of the prior year to increase the effectiveness of the audit process.

Significant risks and key judgement areas

Following the risk assessment approach discussed in section 3 of this document, we have identified relevant risks to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard, as defined below:

Significant risk | A significant risk is an identified and assessed risk of material misstatement that, in the auditor's judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity's controls, including control activities relevant to that risk.

Enhanced risk | An enhanced risk is an area of higher assessed risk of material misstatement at audit assertion level other than a significant risk. Enhanced risks incorporate but may not be limited to:

- key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and

- other audit assertion risks arising from significant events or transactions that occurred during the period.

Standard risk | This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.

The summary risk assessment, illustrated in the audit risk continuum below, highlights those risks which we deem to be significant and other enhanced risks. We have summarised our audit response to these risks on the next page.
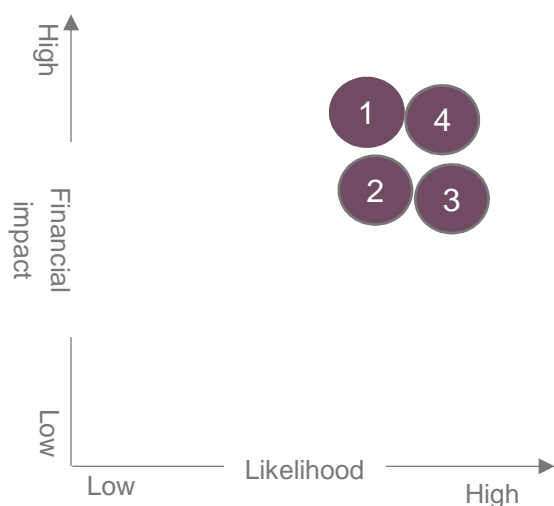
Risk	
1	Management override of control
2	Revenue recognition
3	Expenditure recognition
4	Valuation of land and buildings

Significant risks and key judgement areas (continued)

We provide more detail on the identified risks and our testing approach with respect to significant risks in the table below. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to the Audit Committee.

Significant risks

	Description of risk	Planned response
1	**Management override of controls** 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 there is a risk of material misstatement due to fraud on all audits.	We will address this risk through performing audit work over: • Accounting estimates impacting 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
2	**Revenue recognition** 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-core grant income and other non-grant income generated by the College. The risk has been rebutted in relation to the core grant income received by the College, given the highly regulated nature of this income, and therefore the low inherent risk associated with it. Given the unconventional academic year in 2020-21 arising from COVID-19 we consider that there is a risk that revenue could be impacted as a result of deferred students and reduced commercial funding. Provisions against income should be carefully considered, using forward looking data where appropriate and steps taken to ensure that revenue is recorded in the correct period where appropriate.	We will address 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 the year end to ensure they have been recognised in the right year; • the judgements made by management in determining when non-grant income is recognised; • for major grant income, obtaining counterparty confirmation; and • expected credit loss provisions applied to receivables at the year end, considering the appropriateness of judgements made by management.

Significant risks and key judgement areas (continued)

Significant risks (continued)

	Description of risk	Planned response
3.	**Expenditure recognition** 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.	We will address the risk through performing audit work over: • 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 correct year; • testing material year end payables, accruals and provisions; and • reviewing judgements about whether the criteria for recognising provisions are satisfied
4	**Valuation of land and buildings** The College holds land and buildings with a net book value of £98m as at 31 July 2020. 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, land & buildings are due to receive an interim valuation at 31 July 2021. The College policy meets the requirement 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 assets at the reporting date. Given the significance of the value of fixed assets held, a misstatement in the valuation could be material to the financial statements.	We will undertake a range of substantive procedures including: • examining the professional qualifications of the valuer; • challenging and substantiate the assumptions and the appropriateness of the date of the valuation used by your value in completing the valuations; • ensuring that valuations and impairments have been completed on the correct basis for each item and that movements are in line with expectation; and • assessing whether the report produced by the valuer has been correctly reflected in the accounts.

Significant risks and key judgement areas (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.

Description of risk	Planned response
Valuation of pension liabilities 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 scheme 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 a net liability is recognised in the accounts. Given the scale of the liability recognised in the accounts, a misstatement in the reported position could be material to the financial statements.	We will consider the College's arrangements, including the existence of any relevant controls, for making estimates in relation to pension entries within the financial statements. We will also 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.
Grouped assets accounting policy During 2020-21 digital funding was made available to the College for the purchase of equipment to provide to students to enable and support remote learning that was required as a consequence of Covid-19. The College is required to account for this as capital funding as a term of the funding. Any assets acquired using this funding, although distributed to students, are considered the property of the College and will be capitalised under a grouped asset accounting policy.	We will consider the College's grouped asset accounting policy and whether this is consistent with the requirements of the digital funding provided. Enquiry will be made with management as to how the College has satisfied itself that it has appropriate processes in place around the stewardship of the associated assets and what consideration of impairment has been made.

Wider scope work

Our approach to wider scope work

The Code requires us to conclude and make a judgement on the four dimensions of wider scope work. These are:

- financial sustainability;
- financial management;
- governance and transparency; and
- value for money.

We set out on the following page the work that we intend to perform to reach these judgements:

Wider scope work (Continued)

Dimension	Description	Our planned approach
Financial sustainability	Extending our work on the going concern assumption in the financial statements looking forward two to five years from the reporting date, reviewing and assessing the College's arrangements for financial planning and affordable and sustainable service delivery.	We intend to consider: • the financial planning system in place for short, medium and long term periods • the adequacy and accuracy of financial reporting arrangements • the reasonableness of affordability assumptions made in financial planning • the extent to which the financial planning assumptions have been updated and affected by the COVID-19 pandemic
Governance and transparency	The Governance Statement sets out the internal control arrangements and governance framework in place for the year under review.	We intend to consider: • the effectiveness of internal control arrangements • the appropriateness of disclosures made in the Governance Statement • whether the disclosure requirements of the Accounts Direction and the Code of Good Governance for Scotland's Colleges have been met • where governance arrangements were modified in response to the COVID-19 pandemic, that they are working effectively
Financial management	Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.	We intend to consider: • the monitoring of the effectiveness of internal control arrangements • the response to the COVID-19 pandemic and whether this has involved changes to the governance of the College • whether the College's budgetary control system is timely and accurate • whether and how the College has assessed their financial capacity and skills
Value for money	Value for money concerns using resources effectively and continually improving services.	We intend to consider: • the College's evidence of providing value for money • the focus on improving value for money and the pace of change at the College.

Wider scope work (Continued)

Identified significant risks to our wider scope work

We have also considered, as part of our planning, whether there are significant risks that would impact on any of the four areas of our wider scope work that require special audit consideration. At the planning stage we have identified one significant risk, under the governance and transparency heading as detailed below. Should our assessment of risk, or our planned approach to address the risk change during the course of the audit, we will report this to the Audit Committee.

Description of significant risk	Planned response
Our 2019/20 Annual Audit Report noted that West College Scotland had identified a shortfall in funding of £5m from 2019/20 to 2021/22. A Business Transformation Plan has been prepared by the College and submitted to SFC which identifies the efficiency savings and longer term cost saving measures the College plans to implement to achieve the required costs savings. In 2019/20, the College had identified that it may need to make staff cost efficiencies of £1.9m over the next three-year period against an annual cost of £46m. 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. 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 is in the process of updating the business cases to reflect current working arrangements and changed requirements for operational space. 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.	We intend to consider: • the forecast financial position in the five year financial plans submitted to the SFC; • the financial and resource implications of any voluntary severance scheme run by the College; • alternative plans being considered by the College to ensure a balanced budget is achieved; • 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 and performance.

Fees for audit and other services

Fees for audit and other services
Our fees for the audit of the financial statements and for any other services are outlined in the tables below.

We set out below the work that we intend to perform to reach these judgements:

Service	2020/21 proposed fee £	2019/20 final fee £
Auditor remuneration	29,230*	27,840
Pooled costs	1,600	1,540
Contribution to Audit Scotland costs	1,670	1,620
Total Fee	**32,500**	**31,000**

The fees outlined above are provided on the basis that we will receive a high-quality set of draft financial statements, supported by good working papers. Should we be required to perform significant levels of additional audit work, or face significant delay in our audit, we will discuss the impact of this on our proposed fee with management.

The proposed fees reflect the increased level of work to be undertaken in the year with regards to the property valuation and defined benefit pension valuation. The additional fee will be reported to the Audit Committee once approved by Audit Scotland and agreed with the College.

Our commitment to independence

We are committed to independence and are required by the Financial Reporting Council to confirm to you at least annually, in writing, that we comply with the Financial Reporting Council's Ethical Standard. In addition, we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

• all partners and staff are required to complete an annual independence declaration;

• all new partners and staff are required to complete an independence confirmation and also complete computer-based ethical training;

• rotation policies covering audit engagement partners and other key members of the audit team;

• use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this document, that the engagement team and others in the firm as appropriate, and Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Lucy Nutley in the first instance.

Prior to the provision of any non-audit services, Lucy Nutley will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence.

Any emerging independence threats and associated identified safeguards will be communicated in our Annual Audit Report

Materiality and misstatements

Definitions

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.

Summary of initial materiality thresholds

Threshold	Initial threshold £'000
Overall materiality	1,280
Performance materiality	1,020
Trivial threshold for errors to be reported to the Audit Committee	35

Overall Materiality

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

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.

Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Materiality and misstatements (Continued)

We consider that gross expenditure remains the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark. We will identify a figure for materiality but identify separate levels for procedures design to detect individual errors, and also a level above which all identified errors will be reported to the Audit Committee.

We expect to set a materiality threshold at 2% of gross expenditure (£1,280,000).

After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is set at an appropriate level.

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 the level we use to calculate our sample sizes, and is our acceptable difference in any substantive analytical procedures. 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 risk level. Our initial assessment of performance materiality is based on low inherent risk, meaning that we have applied 80% of overall materiality as performance materiality.

Specific Materiality
We assess specific materiality if there is one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the users of the financial statements. Specific materiality focuses on the qualitative nature, as well as the size, of an item. It recognises that, in some circumstances, it may take a much smaller misstatement to influence the user of the financial statements.

We are required to provide an opinion as to whether the audited part of the Remuneration and Staff Report has been properly prepared. Given the sensitivity of the disclosures made in the Remuneration and Staff Report, we have assessed a specific materiality for this work at £500, being the level that would impact rounding for figures shown to the nearest £'000.

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. Based on our preliminary assessment of overall materiality, our proposed triviality threshold is £35,000 based on 3% of overall materiality.

Key communication points

ISA (UK) 260 'Communication with Those Charged with Governance', ISA (UK) 265 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' and other ISAs (UK) specifically require us to communicate the following:

Required communication	Audit Strategy Memorandum	Audit Completion Report
Our responsibilities in relation to the audit of the financial statements and our wider responsibilities	✓	
Planned scope and timing of the audit	✓	
Significant audit risks and areas of management judgement	✓	
Our commitment to independence	✓	✓
Responsibilities for preventing and detecting errors	✓	
Materiality and misstatements	✓	✓
Fees for audit and other services	✓	
Significant deficiencies in internal control		✓
Significant findings from the audit		✓
Significant matters discussed with management		✓
Our conclusions on the significant audit risks and areas of management judgement		✓
Summary of misstatements		✓
Management representation letter		✓
Our proposed draft audit report		✓

TITLE: **EQUALITY, DIVERSITY AND INCLUSION MAINSTREAMING REPORT 2021**

Background: Section 149 of the Equality Act 2010 places a general duty (known as the Public Sector Equality Duty) on public authorities to have due regard to eliminating discrimination, harassment and victimisation; advancing equality of opportunity; and fostering good relations between persons who share a protected characteristic and those who do not. The legislation requires the College to publish a report every two years on the progress it has made.

The Board of Management meeting of 22 March 2021 delegated authority to the Corporate Development Committee to approve the 2021 College Equality Report. The College Equality Report 2021 was circulated to members of the Corporate Development Committee by email during April and approved for finalisation and publication by the required deadline of 30 April 2021.

Action: The Corporate Development Committee are requested to note the publication of the 2021 College Equality Report for publication. It can be found on the WCS website. https://www.westcollegescotland.ac.uk/media/214132/equality-diversity-and-inclusion-statutory-report-2021.pdf
The Equality Outcomes 2021 - 2023 can be also be found on the WCS website. https://www.westcollegescotland.ac.uk/media/214131/west-college-scotland-equality-outcomes-21-23.pdf

Lead: Natalie Smith, Director, Organisational Development & HR

Status: Open

TITLE: **OVERVIEW OF COLLEGE PENSION ARRANGEMENTS**

Background: This paper provides the Corporate Development Committee with an annual overview of the pension schemes currently in operation within the College.

Action: The Committee is asked to consider and note the report.

Lead: Natalie Smith, Director Organisational Development & HR

Status: Open

1. Introduction

1.1 The remit of the Committee includes the following:

'To consider and advise the Board of Management on key strategic financial and management matters including pension arrangements.'

1.2 This paper provides the Corporate Development Committee with an overview of the College pension arrangements.

2. Background

2.1 West College Scotland has two pension schemes in operation:

- The Strathclyde Local Government Pension Scheme (LGPS), which provides pension arrangements for support staff members.

- The Scottish Public Pensions Agency (SPPA) scheme, which is accessible to teaching staff.

2.2 Table 1 below shows the level of each scheme membership over the last three years as at 31 March.

Table 1: Level of pension scheme membership as at 31 March (headcount)

As at 31 March	Number of Pension Scheme Members	Number of College Staff Eligible to Join	Uptake %
LGPS			
2020-21	**449**	**584**	**76.9%**
2019-20	490	624	78.5%
2018-19	482	629	76.6%
SPPA			
2020-21	**526**	**571**	**92.1%**
2019-20	558	598	93.3%
2018-19	541	600	90.2%
Total			
2020-21	**975**	**1,155**	**84.4%**
2019-20	1,048	1,222	85.8%
2018-19	1,023	1,229	83.2%

As can be seen from Table 1 above:

LGPS
- The average up take for the scheme over the last three years has been approximately 77.4%.
- The number of staff opting to take up membership has decreased by 41 to 449. This represents a total of 449 of 584 eligible staff (76.9%) who have opted to take up LGPS membership, a decrease of 1.6% from 31 March 2020. This is because as at 31 March 2021 there were 40 less staff employed by the College in posts that afford them eligibility to join the LGPS than on 31 March 2020 and there are more 'new starts' who opt out of the pension fund than 'leavers' who weren't in the pension fund, decreasing the number of members.

SPPA
- The average up take for the scheme over the last three years has been 91.9%.
- The number of staff opting to take up membership has decreased by 32 from 558 to 526. This represents a total of 526 of 571 eligible staff (92.1%) who have opted to take up SPPA membership. This is because as at 31 March 2021 there were 27 less staff employed by the College in posts that afford them eligibility to join the SPPA than 31 March 2020 and there are more 'new starts' who opt out of the pension fund than 'leavers' who weren't in the pension fund, decreasing the number of members.

2.3   The pattern over the last year has therefore been one of a slight decrease in the overall levels of pension membership within the College with this decreasing by 73 across both the LGPS and SPPA schemes. The College has 84.4% of its eligible staff enrolled with a pension scheme, a downwards movement of 1.4% compared to the previous year. This decrease is due to members leaving employment by WCS and some new employees opting out of the pension scheme.

3. **Pension Scheme Costs – An Overview**

3.1   Table 2, below, shows the level of employer pension contributions made by the College over the last three years for the year ending 31 March.

Table 2: Level of College employer pension contributions to 31 March

As at 31 March	Number of Pension Scheme Members	Pension Contributions £'000
LGPS		
2020-21	**449**	**2.07**
2019-20	490	2.10
2018-19	482	2.06
SPPA		
2020-21	**526**	**4.39**
2019-20	558	4.20
2018-19	541	3.13
Total		
2020-21	**975**	**6.46**
2019-20	1,048	6.30
2018-19	1,023	5.19

SPPA

3.2   The SPPA employer contribution rate continued at 23.0% for the period April 2020 to March 2021. This rate was last changed in September 2019 with the next review of the employers' contribution rate scheduled for 31 March 2023.

3.3   Based on the current level of membership the cost for the College 2020-21 financial year to 31 July 2021 is forecast to be £4.4m for SPPA employer's pension contribution costs.

3.4   Based upon the employer's contribution rate remaining static until March 2023 and the expected level of College membership, the 2021-22 financial year budget for SPPA contributions will be set at £4.5m to meet the cost of employer pension contributions.

LGPS

3.5   The employer contribution rate remained at 19.3% and based upon the last actuarial valuation this rate will be applicable to at least 31 March 2024.

3.6   Based on the current level of membership the cost for the College 2020-21 financial year to 31 July 2021 is forecast to be £2.1m for LGPS employer's pension contribution costs.

3.7   Based upon the employer's contribution rate remaining static, the 2021-22 budget for LGPS contributions would be set at £2.2m to meet the cost of employer pension contributions.

Summary

3.8 Thus, in summary, for the 2020-21 financial year to 31 July 2021, it is expected that the College will incur £6.5m in relation to employer pension contributions (SPPA £4.4m; LGPS £2.1m) - this represents 14.5% of the forecast College salary expenditure for 2020-21 (2019-20: 14%).

3.9 For the 2021-22 financial year, it is expected that budgeted employer pension contributions for the College will be approximately £6.7m (SPPA £4.5; LGPS £2.2m) based on current membership levels and employer contribution rates.

Unfunded Pension Provision

3.10 In addition to the ongoing annual cost of employer pension contributions to the SPPA and LGPS, the College requires to meet the cost of an unfunded pension liabilities in relation to 184 former employees (2019-20: 184). This legacy arrangement costs the College £0.6m per annum and continues until the death of the pensioner or their spouse.

LGPS Annual Valuation

3.11 For the LGPS pension scheme, the College is also required to undertake an annual valuation in accordance with the requirements of FRS 102. This is an accounting standard used to assess the balance sheet impact and pension costs associated with the operation of occupational pension schemes. For defined benefit arrangements the balance sheet asset or liability for the College is calculated as the surplus or deficit of the scheme assessed in accordance with appropriate accounting assumptions. The pension cost is a combination of the cost to the College of providing benefits built up over the past year and an interest charge applied to the liabilities built up in the past, offset by a credit in respect of the expected return on the scheme assets. It is worth remembering that the assumptions used for valuation purposes are no more than assumptions.

3.14 For the 2019-20 financial year, the College was required to recognise a pension cost of £3.0m (2018-19: £2.5m) in relation to the LGPS scheme. A further valuation will be undertaken for the 2020-21 financial statements.

The Court of Appeal Ruling on 'protection' – the McCloud Judgement

3.15 In 2015 the government made changes to reform most public service pension schemes. These reforms did not apply to members within 10 years of their normal pension age on the 31 March 2012, who remained in their legacy schemes with 'transitional protection'.

3.16 The Court of Appeal later found this to be discriminatory against younger members in the judicial and firefighters' schemes – the government accepted that this discrimination existed in all schemes where transitional protection was introduced. It is sometimes referred to as the McCloud judgment. The period this discrimination will apply is between 1 April 2015 and 31 March 2022, and this is called the remedy period.

3.17 The UK Government published a consultation in July 2020 to look at how best to do this. The consultation set out two ways of asking affected members to make a choice:
- in the near future – this is called the Immediate Choice Exercise
- when they retire - this is called the Deferred Choice Underpin

3.18 The UK Government published a consultation response in February 2021 and has now decided to implement a 'deferred choice underpin' which was the approach preferred by most of the respondents to the consultation. This means that when a staff members benefits become payable, they will be asked if they want to receive legacy scheme or reformed scheme pension benefits for their service between 1 April 2015 and 1 April 2022. The staff member will be provided with information at the time to help inform their decision. The UK Government has announced that:
- There will be no negative impact upon members benefits because of the court rulings.
- Given the complexity of the situation any changes to employer contribution rates resulting from the 2020 valuation will be delayed from April 2023 to April 2024.

3.19 It is anticipated that the UK Government will publish a new set of draft Directions outlining the policy detail for the 2020 valuations in due course. This will set out the process for schemes to follow to issue results for the 2020 valuations. The College will await this further guidance.

4.   Conclusion

4.1 The Corporate Development Committee is asked to consider and note the report.

TITLE: **INTERNAL AUDIT REPORTS**

Background: As part of the 2020-21 Internal Audit Plan, Wylie & Bisset have conducted several internal audit assignments which have a bearing on the remit of the Corporate Development Committee. Since the previous Corporate Development Committee, the Audit Committee have considered the following reports:

- Overall Financial Controls
- Absence Management and Reporting
- External Communications
- Fraud Response Review

The Audit Committee have noted the content of the reports and approved the recommendations for inclusion and follow up review in the Rolling Audit Action Plan (RRAP).

The four attached internal audit reports are presented to the Corporate Development Committee for consideration.

Action: The Corporate Development Committee is requested to consider and note the contents of the internal audit reports.

Lead: Alan Ritchie, Director of Finance

Status: Open

1.   **Introduction**

1.1   As part of the internal audit programme for 2020-21 Wylie & Bisset conducted the following reviews:

- Overall Financial Controls
- Absence Management and Reporting
- External Communications
- Fraud Response Review

The internal audit reports arising from these reviews were considered by the Audit Committee on 11 March 2021 and are now provided at this meeting for consideration as they cover areas which are within the remit of the Corporate Development Committee.

1.2   The format of each internal audit report is:
- Executive Summary – provides information on the purpose, scope and background to the review.
- Conclusion – the audit report indicates the level of assurance that the audit work has been able to justify.

The levels of assurance that the internal auditors provide within their reports cover the following range:

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, no or only minor recommendations identified.
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made.
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately.
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately.

- Recommendations – the report may contain management recommendations for the College to implement. The recommendations are graded as noted below:

Assurance	Classification
High	Major weakness that we consider needs to be brought to the attention of the Audit Committee and addressed by senior management of the College as a matter of urgency.
Medium	Significant issue or weakness which should be addressed by the College as soon as possible.
Low	Minor issue or weakness reported where management may wish to consider our recommendation.

1.3   A summary of the level of assurance provided and the recommendations that were made in each internal audit review is noted below:

Report	Assurance Level	High	Medium	Low
Overall Financial Controls	Strong		0	0	0
Absence Management and Reporting	Strong		0	0	0
External Communications	Weak		1	3	1
Fraud Response Review	Strong		0	0	0

1.4   The 5 recommendations noted above have been included in the Rolling Audit Action Plan (RAAP) which is maintained on the Pentana Management System. The Audit Committee monitor progress made in responding to and following up on internal audit actions which arise at each meeting through review of the RAAP. will be kept updated on the progress made by the College to address the recommendations made by the internal auditor.   The 1 high level recommendation contained in the '*External Communication Report*' related to the requirement of the College to create a Marketing and Communication Strategy. This action will be addressed by the new Director of Communication, Policy and Engagement who is due to commence work with the College on 12 July 2021.

2.   Recommendation

2.1   The Corporate Development Committee is requested to consider and note the contents of the internal audit reports.

West College Scotland

Internal Audit 2020-21

Overall Financial Controls
January 2021

Overall Conclusion
Strong

The matters raised in this report came to our attention during the course of our audit and are not necessarily a comprehensive statement of all weaknesses that exist or all improvements that might be made.

This report has been prepared solely for West College Scotland's individual use and should not be quoted in whole or in part without prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any third party.

We emphasise that the responsibility for a sound system of internal control rests with management and work performed by internal audit should not be relied upon to identify all system weaknesses that may exist. Neither should internal audit be relied upon to identify all circumstances of fraud or irregularity should there be any although our audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Every sound system of control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas that are considered to be of greatest risk and significance.

Overview

Purpose of review

This review considered the overall financial controls in place at the College to ensure these were adequate, performing as expected and were being adhered to by staff. We also considered whether there were any gaps in these financial controls which could give rise to instances of potential fraud or theft. We also ensured that the required financial processes are being followed consistently.

This assignment is part of the 2020/21 Annual Internal Audit Plan.

Scope of review

Our objectives for this review were to ensure:

➢ Efficient and effective procedures and controls are in place for key finance processes.

➢ Adequate segregation of duties were in place.

➢ There is adequate management oversight of finance processes.

Limitation of scope

There were no limitations of scope.

Background Information

The College has a set of Financial Regulations which are very closely aligned to CIPFA's Model Set of Financial Regulations. These were last reviewed, updated as necessary and approved by the Board of Management during September 2020. The Financial Regulations include a history of amendments which details review dates and any amendments made to the information contained in the Financial Regulations.

The College operates to a set of Financial Regulations which are reviewed at least annually and approved by the Board of Management. From principles of the Financial Regulations, a Finance Operations Manual has been created which sets out the operating procedures for the Finance Team. Any changes made to the Financial Regulations and/or other policies and procedures of the College are notified to staff via the College intranet.

The main systems the College uses for processing financial transactions are:
- BluQube4 (BQ4) - the main finance system.
- UNIT-e - student database. Details of student enrolments is extracted from UNIT-e to BQ4, where sales invoicing, credit control and debt management is undertaken.
- BACs payment system.
- Bankline for payments.
- Purchase ordering system – BQ4 and Pecos. A workflow is in place for purchase orders. This has embedded authorisation limits and procurement routes to help ensure that the correct staff members oversee and approve the orders.

The College uses workflows for transaction processing, which enables authorisation limits and escalation processes to be embedded. The College use online forms, as part of the remote working arrangements, for cash advances, cash reimbursements and petty cash requests.

The Vice Principal Operations is responsible for the strategic financial management and direction of the College with the Director of Finance managing and controlling the day-to-day financial administration. The Director of Finance is assisted in his role by the Head of Finance and Student Funding.

The Head of Finance and Student Funding manages four distinct areas of activity within the finance function:
- Management Accounts – Managed by a Principal Accountant supported by 3 management accountants.
- Finance Operations – Managed by a Finance Manager who is supported by a Finance Officer, 6 Finance Assistants, 2 Credit Controllers and 2 Treasury Assistants.
- Procurement – Managed by a Procurement Manager who is supported by 2 Procurement Assistants.
- Student Funding – Managed by a Student Funding Manager who is supported by 2 Team Leaders and 5 Student Funding Assistants.

Management Accountants Team

Are responsible for:

- Month end management accounts preparation and monitoring. Quarterly sets of Management Accounts are submitted to the Board of Management for approval.
- Budget preparation and monitoring including the forecasting of current year activity and expenditure levels.
- Year-end statutory accounts preparation.
- Processing journals.
- Processing any adjustments to the budgets and monthly accounts.
- Cash flow budget and forecast monitoring including preparation of monthly returns to the SFC.
- Monthly meeting with budget holders.
- Preparation of Committee reports.
- Preparation of ad hoc financial reports and submissions to SFC.

Finance Operations including treasury function

This team ensures accurate day-to-day transactional processing in line with Board of Management approved Financial Regulations including the operation of:

- Purchase ledger
- Sales ledger
- Credit control
- BACs and Bankline payments
- Banking and petty cash
- Credit cards - processing of transactions for the College Credit card and reconciliation of all credit card transactions
- Fixed asset register
- Month and year end reconciliations of bank accounts, sales and purchase ledger control accounts, petty cash, bursary creditor and other trade debtors.

Within this team the purchase ledger, sales ledger, credit control and treasury (bank and cash) staff have tasks specific to their role. They only have the required access level to the finance system required by their role i.e., only Purchase Ledger staff set up new suppliers, set up or update

the associated bank details, process purchase orders, process purchase invoices and pay the relevant supplier. The same applies to the other functions.

Processing and Segregation of Duties

<u>Purchase Ledger</u>

- Budget holders are responsible for the purchases for their area. Nominated staff within their function create purchase orders (PO) within the finance system which starts a workflow for authorisation. These authorisation levels are in place in line with Finance Regulations to ensure that only those authorised to approve the required expenditure are capable of doing so.
- Budgetary control is in place, whereby agreed budget holder expenditure limits are allocated against only those lines of expenditure approved by the Board of Management and to the limits agreed.
- The College has authorisation limits in place within the finance system which require additional authorisation if the value is outwith the budget holders' authorisation limit; these limits are set out in the Financial Regulations.
- Once an invoice is received by the purchase ledger team, the invoice is matched to the corresponding PO and posted to the finance system and this triggers an email message to the budget holder informing them that they require to confirm receipt of the goods/services on the finance system. If the goods/services have not been received, then the budget holder should inform the finance staff of this.
- Once the goods/services have been confirmed as received, the invoice is now ready for payment.
- A suppliers' payment run is generated twice a month; the purchase ledger team run the report on the finance system that creates this based on all approved invoices from the last payment run to date, and which are due for payment based on the College payment terms.
- The authorisation workflow for the suppliers' payment run requires review firstly by the Finance Officer and then approval by the Finance Manager.
- Once fully authorised, a formatted supplier payment report is submitted to the treasury team for processing to the bank by way of BACS.
- A remittance advice is sent to the supplier via email notifying them of the payment due to them.
- International supplier payments follow the same process.
- The College operates a two-stage authorisation process for suppliers BACs payments. That is the person processing the payment cannot be the person approving the payment; this segregation of duties is established as part of the BACs facility software.

Within the finance system the authorisation of core process transactions is done digitally, prior to the document being able to be moved onto the next stage.

The purchase order approval limits are as follows. These are embedded within the finance system:

Expenditure Value	Authoriser
£0 to £250	Budget Holder/delegated Budget Holder
£251 to £10,000	Principal Accountant
£10,001 to £50,000	Director of Finance/Head of Finance and Student Funding
£50,001 to £250,000	Vice Principal Operations/Principal
£250,001 to £500,000	Corporate Development Committee
Over £500,000	Board of Management

Sales Ledger - Students' Tuition Fees

- At enrolment the student is set up on the UNIT-e system (College student records system) with the appropriate fee code.
- Student invoice information is derived from the UNIT-e.
- The sales ledger team will download a class report from the UNIT-e system to check all students and fee information is correct.
- Once the required checks have been completed, the sales ledger team will export a .csv file of the fees due from the UNIT-e system to the Symmetry system which enables invoices to be generated in BQ4.
- Invoices due are sent to students/employers via email.
- The receipt of tuition fee income is paid directly into the College's bank account.
- The treasury team daily provide the sales ledger team with extracts of the bank statement showing the debtor receipts.
- The sales ledger staff will review these and allocate the payments to the appropriate debtor account to match it against the invoices that has been raised.
- If no invoice has been raised for the amount received, the treasury team will post this to a holding account until the invoice is processed within the finance system. This holding account is reviewed and reconciled on a monthly basis to ensure that all receipts are processed in a timely manner.

Sales Ledger – Non-Tuition Fees

- A sales invoice request is completed by the relevant department.
- Once authorised this is passed to the sales ledger team who will raise an invoice on the finance system.
- The invoice is emailed to the customer.
- The reconciliation of payments follows the same process as noted above for student invoices.

Within the Sales Ledger function, sits the credit control staff who are responsible for chasing debtors for payment of sales invoices. The credit control staff do not generate sales invoices, their role is to chase the outstanding debt. A credit control cycle of reminders and follow ups, which are generated by the finance system, will be carried out by the credit control staff. If a debt remains unpaid it will be passed on to College appointed debt collection agency for escalation.

Banking and Cash

- All payments are processed by the treasury team.
- This involves a two-stage processing and authorisation process to provide the required segregation of duties.
- The treasury team are responsible for processing bursary, supplier, and non-purchase ledger payments, allocating non-sales ledger receipts, credit card payments, cash advances and petty cash reimbursements.
- All BACS and payment requests are validated by the Finance Manager before processing.
- A bank statement is downloaded daily, and extracts shared within the finance team for appropriate allocation of receipts. Any anomalies are highlighted to Finance Manager.
- All bank accounts are reconciled monthly and approved by the Finance Manager.

As part of the management accounts preparation, the Finance Manager will review the bank reconciliations to ensure that these are being undertaken in a timely manner and that reconciling items are being dealt with. The monthly reconciliations are then reviewed by the Principal Accountant for accuracy. This acts as another level of checking and segregation.

Credit Cards
The College operates seven credit cards allowing for purchases where the normal purchase order process is not possible:

- Principal and Chief Executive   - £2,500 credit limit
- Vice Principal Operations   - £2,500 credit limit
- Vice Principal Educational Leadership   - £2,500 credit limit
- Director of Finance   - £2,500 credit limit
- Assistant Principal Enterprise and Skills   - £2,500 credit limit
- College held by finance team   - £10,000 credit limit
- Human Resources   - £2,000 credit limit

Holders of credit cards require to use the cards for College purchases only and within the authorised purchase limits. Proof of purchases/receipts are provided to finance who undertake a monthly reconciliation exercise of all credit cards.

The College virtual card acts as a corporate card with the details held by treasury staff. A purchase order must be raised before the corporate card is used to ensure that there is sufficient budget cover for the proposed expenditure. Once the purchase order is approved, the Finance Officer notifies the treasury team who will process the payment. All credit card receipts must be passed to the treasury team once the transaction has been completed. The credit card statements are reconciled monthly by the Purchase Ledger team and reviewed monthly by the Finance Manager and quarterly by the Head of Finance and Student Funding.

Since Covid-19, the College's credit cards have not been used as much due to travel and face to face meeting restrictions.

There is a separate documented procedure document for the use of the College credit cards. This is available to all staff via the College intranet.

Fixed Assets
The College has not received capital expenditure (CAPEX) funding from the Scottish Funding Council (SFC) in a number of years, as such it has not carried out any capital works in recent years. To date there have been no additions made to the College fixed asset register during 2020/21.

The security arrangements which are in place within the College are CCTV coverage and room doors being locked when not in use. The high values items of fixed assets tend to be buildings, heavy equipment or items which are fixed to the fabric of the building, as such these are not easy to remove.

Work Undertaken

The work undertaken during this review included:

➢ Obtaining and reviewing the Financial Regulations and associated procedures in place within the College to confirm that these are complete, appropriately reviewed, and comply with good practice and any regulatory requirements.

➢ Discussions with relevant finance staff to ascertain the current financial control arrangements. We assessed whether these were adequate and fit for purpose.

➢ We conducted walkthrough testing of key financial areas - cash and bank; purchasing and payments; receipt of income; payment of payroll; use of College credit cards; recognition and depreciation of fixed assets.

➢ We sample tested key controls in place for the above financial areas to verify the effectiveness of each control. These were:

- Bank reconciliations (August 2020- November 2020).
- Petty Cash (10 sampled).
- Purchases (10 sampled).
- Payroll payment (August 2020 - November 2020).
- Receipt of Income (10 sampled).
- Credit Cards (10 sampled).

➢ Reviewing and evaluating segregation of duties in place and confirming that these cover all finance processes.

➢ Reviewing the level of financial reporting in place and considering whether the reporting arrangements were robust and fit for purpose.

➢ Reviewing month end processes to confirm that there was a clear process in place which is being adhered to.

➢ We sample tested month end reconciliations and procedures to ensure completeness and that these were appropriately reviewed.

➢ We reviewed security arrangements around fixed assets.

Conclusion

Overall conclusion

Overall Conclusion: Strong

We can provide a strong level of assurance over the financial controls in place within the College. We can conclude that these are adequate and performing as expected with no gaps which could give rise to instances of potential fraud or theft.

Summary of recommendations

Grading of recommendations				
	High	**Medium**	**Low**	**Total**
Overall Financial Controls	0	0	0	0

As can be seen from the above table we have raised no recommendations from our review.

Areas of good practice

The following is a list of areas where the College is operating effectively and following good practice.	
1.	The College prepare a monthly Financial Information Pack that includes: • Executive Summary; • Statement of Comprehensive Income and Expenditure; • Detailed Variance Analysis; • College Balance Sheet; • Cash Flow; • Student Support Funds Budget and Forecast; • Financial Graphs and Performance Indicators; and • Aged Debt Analysis. The Financial Information Pack provide a detailed synopsis of the financial performance of the College.
2.	From our review we can confirm that the College has strong segregation of duties between the functions within its Finance Team.
3.	The College has a robust set of Financial Regulations which provides guidance on the overarching principles of the financial processes in place within the College. These Financial Regulations follow CIPFA's Model Set of Financial Regulations and contain all sections we would expect to find in Financial Regulations. The Financial Regulations are reviewed every year with the last review having taken place in September 2020 and the next one due in September 2021. If there are any significant changes to the College's processes or changes in legislation within the year, the Financial Regulations will be reviewed and updated as appropriate. Once reviewed these are presented to the Board of Management for consideration and approval.

	The following is a list of areas where the College is operating effectively and following good practice.
4.	We discussed and documented each process with the Principal Accountant and the Finance Manager to establish the processes and controls in place for: • Bank Reconciliation; • Purchases; • Fixed Assets; • Payroll; • Income; and • Credit Cards. From this we found no inherent issues surrounding the College's processes and found that key personnel were complying with internal procedures.
5.	From our review we can confirm that the level of integration of the key systems is adequate to enable the financial information to be processed in an efficient manner.
6.	We completed Transaction Testing for the following aspects of the College's finance functions: • Bank reconciliations (August 2020- November 2020); • Petty Cash (10 sampled); • Purchases (10 sampled); • Payroll payment (August 2020 - November 2020); • Receipt of Income (10 sampled); and • Credit Cards (10 sampled). We found no inherent issues where all items sampled were appropriately processed and authorised.

	The following is a list of areas where the College is operating effectively and following good practice.
7.	The College's Financial Regulations are supported by the following policies: • Fraud & Corruption Policy. • Anti-Bribery & Corruption Policy. • Acceptance of Gifts & Hospitality Policy. • Register of Interest - SMT & Staff Policy. • Fee Policy. • Fee Waiver Policy. The Finance Manager has also produced the following process guides: • College credit card orders. • Cash advances and reimbursements. • Finance Operations Manual From our review of these we are satisfied that these are robust and contain the sections/elements we would expect to find in such documents.
8.	The Finance Team have a Finance Operations Manual which provides guidance on the process to be followed by the Finance Team in respect of purchase ledger, sales ledger, credit cards and treasury management (banking and cash). These are for the Finance Teams use only and is prepared by the Finance Manager and reviewed and approved by the Head of Finance, and Student Funding. A full review and update of the Finance Operations Manual is undertaken on an annual basis, with periodic updates taking place as and when any changes are made to the financial processes.

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the most recently finished internal audit year.

Overall Financial Controls

Benchmarking				
	High	**Medium**	**Low**	**Total**
Average number of recommendations in similar audits	0	1	1	2
Number of recommendations at West College Scotland	0	0	0	0

From the table above it can be seen that the College has a lower number of recommendations compared to those colleges it has been benchmarked against.

The table below details the actual dates for our fieldwork and the reporting on the audit area under review. The timescales set out below will enable us to present our final report at the next Audit Committee meeting.

Audit stage	Date
Fieldwork start	11 January 2021
Closing meeting	15 January 2021
Draft report issued	26 January 2021
Receipt of management responses	12 February 2021
Final report issued	15 February 2021
Audit Committee	11 March 2021
Number of audit days	6 days

4 KEY PERSONNEL

We detail below our staff who will undertake the review together with the Organisation staff we spoke to during our review.

Wylie & Bisset LLP			
Partner	Graham Gillespie	Partner	graham.gillespie@wyliebisset.com
Senior Manager	Stephen Pringle	Senior Internal Audit Manager	stephen.pringle@wyliebisset.com
Supervisor	Audrey Cowan	Internal Audit Supervisor	audrey.cowan@wyliebisset.com
Auditor	Neil Hamilton	Internal Auditor	neil.hamilton@wyliebisset.com

West College Scotland			
Key Contact	Alan Ritchie	Director of Finance	Alan.Ritchie@wcs.ac.uk
Key Contact	Vivienne Mulholland	Head of Finance, Procurement and Student Funding	Vivienne.Mulholland@wcs.ac.uk
Key Contact	Jigna Bhatt	Finance Manager	Jigna.Bhatt@wcs.ac.uk
Key Contact	Kirsty Hill	Principal Accountant	Kirsty.Hill@wcs.ac.uk

Wylie & Bisset appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.

APPENDICES

For each area of review, we assign a level of assurance in accordance with the following classification:

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, no or only minor recommendations identified.
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made.
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately.
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately.

A   GRADING STRUCTURE

For each recommendation we assign a grading either as High, Medium, or Low priority depending on the degree of risk assessed as outlined below:

Grading	Classification
High	Major weakness that we consider needs to be brought to the attention of the Audit Committee and addressed by senior management of the College as a matter of urgency.
Medium	Significant issue or weakness which should be addressed by the College as soon as possible.
Low	Minor issue or weakness reported where management may wish to consider our recommendation.

Purpose of review

This review will consider the overall financial controls in place at the College to ensure these are adequate, performing as expected and are being adhered to by staff. We will also consider whether there are any gaps in these financial controls which could give rise to instances of potential fraud or theft. We will also ensure that the required financial processes are being followed consistently.

This work will inform the basis for any future financial controls review deemed to be required.

The Assignment is part of Annual Audit Plan 2020/21.

Scope of review

Our objectives for this review are to ensure:

➢ Efficient and effective procedures and controls are in place for key finance processes.

➢ Adequate segregation of duties is in place.

➢ There is adequate management oversight of finance processes.

Limitation of scope

There is no limitation of scope.

Audit approach

Our approach to the review will be:

➢ Obtain and review the Financial Regulations and Procedures in place within the College to confirm that these are complete, appropriately reviewed, and comply with good practice and any regulatory requirements.

➢ Discussions with relevant finance staff to ascertain the current financial control arrangements. We shall assess whether these are adequate and fit for purpose.

➢ Conduct walkthrough testing of key financial areas - cash and bank; purchasing and payments; receipt of income; payment of payroll; use of College credit cards; recognition and depreciation of fixed assets.

➢ Sample testing key controls in place for the above financial areas to verify the effectiveness of each control.

➢ Review and evaluate segregation of duties in place and confirm that these cover all finance processes.

➢ Review the level of financial reporting in place and consider whether the reporting arrangements are robust and fit for purpose.

➢ Review month end processes to confirm that there is a clear process in place which is being adhered to.

➢ Sample test month end reconciliations and procedures to ensure completeness and appropriately reviewed.

➢ Review security arrangements around fixed assets.

Potential key risks

The potential key risks associated with the area under review are:

➢   Ineffective or inefficient procedures and controls may be in place for key finance processes.

➢   Inadequate segregation of duties may compromise the control environment in relation to key finance processes.

➢   Inadequate management oversight of financial processes compromises control effectiveness.

West College Scotland

Internal Audit 2020-21

HR: Sickness and Absence Reporting
January 2021

Overall Conclusion
Strong

The matters raised in this report came to our attention during the course of our audit and are not necessarily a comprehensive statement of all weaknesses that exist or all improvements that might be made.

This report has been prepared solely for West College Scotland's individual use and should not be quoted in whole or in part without prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any third party.

We emphasise that the responsibility for a sound system of internal control rests with management and work performed by internal audit should not be relied upon to identify all system weaknesses that may exist. Neither should internal audit be relied upon to identify all circumstances of fraud or irregularity should there be any although our audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Every sound system of control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas that are considered to be of greatest risk and significance.

Overview

Purpose of review

The purpose of this assignment was to review the methods in place at the College for sickness and absence reporting. We reviewed the procedures and the monitoring arrangements in place. We also reviewed the monitoring of targets and the actions taken by the College to improve staff sickness absence.

This review forms part of our 2020/21 Annual Internal Audit Plan.

Scope of review

Our objectives for this review were to ensure:

➢ The College has policies and procedures in place for sickness and absence monitoring, reporting and management.

➢ The College appropriately monitors staff sickness and absence.

➢ Appropriate actions are taken to minimise staff sickness and absence.

➢ Roles and responsibilities in respect of sickness and absence monitoring, reporting and management are clearly defined and appropriate.

➢ The College has appropriate reporting in place regarding sickness and absence monitoring and management.

➢ Sickness absences are processed and monitored consistently and in line with the College's procedure.

Limitation of scope

There are no limitations of scope.

Background Information

The College has developed a robust Attendance Management Procedure which provides a framework to manage and minimise sickness absence levels, whilst also providing appropriate support to those who are absent for legitimate reasons.

It is the responsibility of College employees to ensure that they are aware of, understand, and comply with the Attendance Management Procedure. If an employee fails to comply with the Procedure this may result in an unauthorised absence, deduction from salary or possible disciplinary action.

As well as the *'Attendance Management Procedure'*, the College has produced a *'Stress at Work Procedure'* and *'Mental Health and Wellbeing Policy'*. This outlines to staff the support and materials available to them should they be suffering from stress, both work and non-work related, and support for those who are struggling with mental health issues.

The College maintains a Summary of Absence Log that is used to detail the reasons for staff sickness absence, as well as a breakdown of absences by department. This log allows the HR Team to highlight any staff absence trends. It also allows the HR Team to carry out trend analysis to try and reduce staff absence. An example of the trend analysis carried out by the HR Team is that they noted within the HR Report 2018, the significant increase in non-work-related stress which had risen to 13.92%from 10.93%. The College tackled this by encouraging staff to contact Occupational Health for help and introduced an external Employee Assistance Service which provided a 24/7 helpline with counselling support and advice. At the time of our audit, non-work-related stress accounts for 4.7% of absences at the College for the rolling 12-month period to November 2020.

The College have recently purchased an absence reporting suite from its HR/payroll system provider (iTrent). This reporting suite will allow the College to filter and analyse absence data and produce automated reports directly from iTrent that details absence data from different departments and sub departments. The reporting suite will remove the need to manually manipulate sickness absence data thereby improving its accuracy and reducing the time taken to provide it to managers. The reporting suite also provides a platform for the College to create reports which can be easily accessed online by managers thereby improving the delivery of absence data which is currently emailed to managers. A College working group meeting took place on the 18 January 2021 to discuss the build and implementation of the new reporting suite. A project plan has been developed following this meeting which will be monitored by the Director of Organisational Development and HR.

The College provides an Occupational Health service. The role of the Occupational Health Service is:

➢ To assist the College to keep employees healthy at work;

➢ Help protect employees from health hazards and to advise the College on an employee's fitness to attend work;

➢ Provide advice on reasonable adjustments which may assist an employee back to work or to remain in work; and

➢ Assist the College to rehabilitate injured or sick employees back into the workplace.

The College also has an Employee Counselling service that allows staff to contact a trained professional to discuss, face-to-face or online, the problems they are facing in their personal life and what can be done to help mitigate against this.

Overview of College Absence Procedure

An employee who is unable to go to work must telephone their line manager as soon as possible, ideally at least one hour before the commencement of the working day.

If a sickness absence persists for more than three days, the employee must contact their line manager on the fourth day of absence and indicate whether the absence is likely to continue.

Once the employee returns to work, they will be required to complete a self-certificate to disclose the reasons for their absence. This must then be passed onto their line manager for an authorising signature. The employee must attend a Return to Work Meeting with their line manager upon their return from their absence.

If the employee's sickness absence is longer than seven days, they will be required to submit a "fit note" from either their GP or hospital that covers the period of absence to the HR Department.

Long term sickness absence is an absence amounting to more than 4 weeks. The Head of Sector or Support Staff Manager will maintain regular contact with employees who are absent. This is intended to help the College remain informed about the staff members condition and ascertain whether further cover will be necessary in terms of staffing.

At the end of each month the HR Managers compile the sickness absence data into a Summary Departmental Report which is emailed to the relevant Heads / Managers for review. The HR Managers will then meet with Heads / Managers to discuss the Absence Report and to decide on appropriate remedial actions to address any concerns contained within the report. These actions will either be specific to an individual member of staff i.e. a referral to the College Occupational Health provider, considerations of actions recommended by Occupational Health, or wider departmental actions i.e. team courses or referrals. The overall rolling College sickness absence rates are reported to the Board of Management on an annual basis, along with any intended actions to address absence rate, through the annual HR Report.

Below is a table detailing sickness absence levels from January 2017 to December 2020 indicating the percentage of available working time lost due to sickness absence:

	Jan %	Feb %	Mar %	Apr %	May %	Jun %	July %	Aug %	Sept %	Oct %	Nov %	Dec %	Average Per Month %
2017	5.2	5.1	5.0	5.0	4.9	5.0	5.1	5.1	5.2	5.3	4.6	5.0	5.0
2018	5.1	5.2	5.3	5.5	5.5	5.6	5.6	5.3	5.3	5.3	5.2	5.2	5.3
2019	5.2	5.2	4.9	4.8	4.8	4.8	4.7	4.8	5.1	5.2	5.1	5.3	5.0
2020	5.2	5.4	5.7	5.0	5.0	4.8	4.8	4.4	4.3	4.0	4.0	3.9%	4.7

As can be seen from the table above, the College has seen a decreasing annual average sickness absence rate since 2018 when the annual average was 5.3% compared to the annual average in 2020 of 4.7%. The College was aware of an increasing level of sickness absence in the latter part of 2019 with the monthly average increasing to over 5% from September 2019 onwards. This increase was being monitored on an ongoing basis and plans, including monitoring of long-term absences, were in place at the start of 2020 to address the increase, at which point the Covid-19 pandemic impacted the operations of the College. The figures in 2020 have been impacted by the Covid-19 pandemic and subsequent national lockdown from March 2020 onwards. The reasons for the reduction in sickness absence rates continues to be monitored by the College and with the introduction of the improved reporting suite it is intended that more targeted action will be taken to address the increasing rate of absence seen prior to the Covid-19 pandemic.

The College uses data from XpertHR (an external independent provider of HR benchmarking data) as an indication of how the organisation is performing with regards to sickness absence management. The average public sector annual sickness absence rate provided by XpertHR for 2019

was 3.8% and this is used as a Key Performance Indicator for the College. Although the College are currently experiencing sickness absence levels of 4.7% for 2020 that are above the 3.8% public sector average, the College have noted there is a downward trend in the annual sickness absence statistics. From the audit work undertaken by Wylie & Bisset in other clients, an average sickness absence rate of 4% was recorded.

Work Undertaken

Our work for this review included the following:

➢ Discussions with key staff to review the current sickness and absence reporting arrangements within the College. We assessed these to confirm that they are robust and fit for purpose.

➢ Obtaining and reviewing the policy and procedure for absence management to ensure appropriateness and robustness. We also considered how staff are made aware of the policy and procedures.

➢ Discussions with staff to review the monitoring in place of staff sickness and absences. We assessed this to confirm that it is robust, fit for purpose and being adhered to by staff.

➢ Establishing the actions taken to try to minimise staff sickness and absences. We evaluated any actions taken.

➢ Obtaining and reviewing any sickness absence reporting undertaken by the College. We assessed the content of the report, how often these are produced and who receives these reports. We also assessed any absence management reports presented to the Senior Management Team, the Board, and the relevant Committees.

➢ Conducting sample testing of 10 staff sickness absences to ensure the appropriate procedures have been followed.

Conclusion

Overall conclusion

Overall Conclusion: Strong
We can provide a strong level of assurance over the sickness absence management arrangements in place at the College and that these are embedded throughout the whole College.

Summary of recommendations

Grading of recommendations				
	High	**Medium**	**Low**	**Total**
HR: Sickness and Absence Reporting	0	0	0	0

As can be seen from the above table there were no recommendations.

Areas of good practice

The following is a list of areas where the College is operating effectively and following good practice.	
1.	We reviewed the sickness absences of 10 staff members from the College to ensure that the absences had been processed consistently with the Absence Management Procedure. We found that each of our sample had been appropriately recorded on both the College's iTrent system and Absence Summary Log.
2.	The College uses an external consultant (PAM Assist) to provide an extensive online information portal combined with a 365 days a year 24/7 telephone helpline which provides structured telephone counselling and UK-wide face-to-face counselling and therapy. Details of how to access the resources are available to all staff within the College's Mental Health Policy and Stress at Work Procedure, both of which can be found on the College intranet.
3.	The HR Managers of West College Scotland maintain monthly summaries of sickness absences for teaching and support staff. This is then used to produce the sickness absence section of the annual HR Report that is presented to the Board of Management.
4.	Roles and responsibilities for sickness absence management are clearly outlined within the Attendance Management Procedure. From our discussions with College staff, we found that staff members are fully aware of their roles and responsibilities and the College's procedures relating to absence management.
5.	The College aim to tackle any potentially preventable sickness absences at the earliest point possible. Managers are required to complete Absence Management Training and there is an emphasis on managers being key in reducing absence at the College. Managers are encouraged to monitor any sickness absences within their department and ensure that staff members are aware of the counselling and other support mechanisms that are available to them.

The following is a list of areas where the College is operating effectively and following good practice.	
6.	Staff sickness absence is closely monitored within the College through the provision of monthly sickness absence reports to College Heads / Managers. The College HR Team are responsible for monitoring staff sickness absence and ensuring that absences have been appropriately recorded on the HR system (iTrent) and on the College payroll system. The HR Managers discuss the monthly reports with the relevant Head / Manager and undertake any required action planning to address the recorded absences.
7.	The College's HR Department carry out trend analysis for staff absences to address any issues before they become a major problem. This trend analysis is used to create the College's Health and Wellbeing Strategy for its staff.
8.	The College has robust policies and procedures in place for absence monitoring and management. These include: ➢ Attendance Management Procedure; ➢ Mental Health and Wellbeing Procedure; and ➢ Stress at Work Procedure. The policies and procedures are available to all staff members on the College intranet for guidance.

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the most recently finished internal audit year.

HR: Sickness and Absence Reporting

Benchmarking				
	High	**Medium**	**Low**	**Total**
Average number of recommendations in similar audits	0	1	0	1
Number of recommendations at West College Scotland	0	0	0	0

From the table above it can be seen that the College has a lower number of recommendations compared to those colleges it has been benchmarked against.

The table below details the actual dates for our fieldwork and the reporting on the audit area under review. The timescales set out below will enable us to present our final report at the next Audit Committee meeting.

Audit stage	Date
Fieldwork start	11 January 2021
Closing meeting	14 January 2021
Draft report issued	26 January 2021
Receipt of management responses	22 February 2021
Final report issued	23 February 2021
Audit Committee	11 March 2021
Number of audit days	5 days

We detail below our staff who will undertake the review together with the College staff we spoke to during our review.

Wylie & Bisset LLP			
Partner	Graham Gillespie	Partner	graham.gillespie@wyliebisset.com
Senior Manager	Stephen Pringle	Senior Internal Audit Manager	stephen.pringle@wyliebisset.com
Senior	Audrey Cowan	Internal Audit Supervisor	audrey.cowan@wyliebisset.com
Auditor	Neil Hamilton	Internal Auditor	neil.hamilton@wyliebisset.com

West College Scotland			
Key Contact	David Gunn	Director of Organisational Development and HR	David Gunn David.Gunn@wcs.ac.uk
Wylie & Bisset appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.			

APPENDICES

For each area of review, we assign a level of assurance in accordance with the following classification:

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, no or only minor recommendations identified.
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made.
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately.
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately.

For each recommendation we assign a grading either as High, Medium, or Low priority depending on the degree of risk assessed as outlined below:

Grading	Classification
High	Major weakness that we consider needs to be brought to the attention of the Audit Committee and addressed by Senior Management of the College as a matter of urgency.
Medium	Significant issue or weakness which should be addressed by the College as soon as possible.
Low	Minor issue or weakness reported where management may wish to consider our recommendation.

Purpose of review

The purpose of this assignment is to review the methods in place at the College for sickness and absence reporting. We will review the procedures and the monitoring arrangements in place. We will also review the monitoring of targets and the actions taken by the College to improve staff absence.

This review forms part of our 2020/21 Annual Internal Audit Plan.

Scope of review

Our objectives for this review are to ensure:

➢ The College has policies and procedures in place for sickness and absence monitoring, reporting and management.

➢ The College appropriately monitors staff sickness and absence.

➢ Appropriate actions are taken to minimise staff sickness and absence.

➢ Roles and responsibilities in respect of sickness and absence monitoring, reporting and management are clearly defined and appropriate.

➢ The College has appropriate reporting in place regarding sickness and absence monitoring and management.

➢ Sickness absences are processed and monitored consistently and in line with the College's procedure.

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

Limitation of scope

There are no limitations of scope.

Audit approach

Our approach to the review will be:

➢ Discussion with key staff to discuss the current sickness and absence reporting arrangements within the College. We shall assess these to confirm that they are robust and fit for purpose.

➢ Obtaining and reviewing the policy and procedure for sickness absence management to ensure appropriateness and robustness. We shall also consider how staff are made aware of the policy and procedures.

➢ Discussion with staff to discuss the monitoring in place of staff sickness absences. We shall assess this to confirm that it is robust, fit for purpose and being adhered to by staff.

➢ Establishing the actions taken to try to minimise staff sickness absences. We shall evaluate any actions taken.

➢ Obtaining and reviewing any sickness absence reporting undertaken by the College. We shall assess the content of the report, how often these are produced and who receives these reports. We shall assess any absence management reports presented to the Senior Management, Board, and relevant Committees.

➢ Conducting sample testing of staff sickness absences to ensure the appropriate procedures have been followed.

Potential key risks

The potential key risks associated with the area under review are:

➢ The College does not have policies and procedures in place for sickness and absence reporting, monitoring and management which could result in absences within the College not being appropriately monitored and/or reported.

➢ The College does not appropriately monitor staff sickness and absence which could lead to additional staffing costs.

➢ The Colleges does not take appropriate action to minimise staff sickness and absence, which could result in higher than budgets staffing costs due to cost associated with absence cover.

➢ Roles and responsibilities in respect of sickness and absence monitoring, reporting and management are not clearly defined resulting in sickness and absences not being appropriately controlled and reported.

➢ The Colleges does not have appropriate reporting in place regarding sickness and absence monitoring and management which could lead to poor decisions being made in terms of staffing.

➢ Absences are not processed or monitored consistently and are not in line with the College's procedure which could lead to inaccuracies in sickness and absence reporting.

West College Scotland

Internal Audit 2020-21

External Communications
April 2021

Overall Conclusion
Weak

The matters raised in this report came to our attention during the course of our audit and are not necessarily a comprehensive statement of all weaknesses that exist or all improvements that might be made.

This report has been prepared solely for West College Scotland's individual use and should not be quoted in whole or in part without prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any third party.

We emphasise that the responsibility for a sound system of internal control rests with management and work performed by internal audit should not be relied upon to identify all system weaknesses that may exist. Neither should internal audit be relied upon to identify all circumstances of fraud or irregularity should there be any although our audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Every sound system of control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas that are considered to be of greatest risk and significance.

Overview

Purpose of review

The purpose of this review was to ensure there was sufficient website analytical information in place at the College. We reviewed the website traffic and the reporting arrangements in place at the College to assess whether the arrangements in place are sufficient. We also considered accessibility to meet current EU directives.

This review forms part of our 2020/21 Annual Internal Audit Plan.

Scope of review

Our objectives for this review were to ensure:

➢ The College's website is fit for purpose and provides the necessary information for students, staff, and other stakeholders in a clear and user-friendly format.

➢ Roles and responsibilities are clearly defined for the College website, including content, design, and upload.

➢ There is sufficient data available about the College's website to enable analysis of website traffic, who is using the website and what it is being used for, to help inform future decisions on the development of the College's website.

➢ The College seeks and acts on feedback received from users of the website to continually improve the service.

➢ There is an appropriate level of reporting to Senior Management and the Board/Committees regarding the College's website.

➢ The College's website is compliant with the EU directives regarding accessibility.

Limitation of scope

There were no limitations of scope.

Background Information

Roles and Responsibilities

In May 2020, when the Director, Communications, Policy & Planning position became vacant, an interim arrangement was put in place whereby the Principal has taken on the responsibility for overseeing the activities of the Department. This arrangement will remain in place until the new Director of Communication, Policy and Engagement is recruited, which is currently anticipated to be in June 2021. At that point the Vice Principal Operations will assume responsibility for the Department.

All the Marketing Team have a log on for the website, although there are four main users, namely:

- Three Marketing & PR Executives – Content and creative
- One Marketing & PR Administrator – Course content

Currently the College's website is maintained inhouse on a hosted platform run by Umbraco. This is a hosting site only; it is the Marketing Department staff who maintain the content and update of the website.

The following Marketing Department staff have an input to the maintenance of the website:

- The Marketing & PR Executives for certain aspects of content.
- The Marketing & PR Administrator for uploading and keeping the course content up to date.
- Graphic/Web Designers - graphic design services for the College website and intranets.

The Marketing pages within the College intranet give clear details of who is responsible for the website and what their role is in respect of this.

Only the Marketing Team have access to the back office of the website, which allows them to update and upload content on the website. It is only the Marketing Team who have access to the Umbraco hosting platform. No other members of staff have a username and password to enable them to update the content of the website or to upload documents to the website.

The College does not have a Marketing & Communications Strategy. **We have raised a recommendation around the preparation of such a strategy. See section 2, recommendation 1 for further details**.

Content

The Quality and Professional Standards Department review the content of the website to ensure that this is up to date and reflects the current version of documents etc. Any discrepancies are notified to the Marketing Department for them to rectify.

Course Content
Each year the College undertakes a portfolio course review, which shows the courses that ran during the previous year. This is considered and updated by the Vice Principal Educational Leadership, Heads of Sectors and Curriculum Quality Leaders. This process is used to assess what courses should be rolled over without any changes and those courses where changes are needed. The revised course listing requires to be approved by the relevant Head of Sector prior to the Marketing & PR Administrator making the changes on the website.

For most of the courses this is an automatic process, where the course is rolled over from one year to the next. For the full-time courses where this happens the dates are automatically updated to reflect the relevant academic year dates. For part-time courses, the Marketing & PR Administrator must update these manually, where necessary.

For completely new courses, there is a course template form which requires to be completed by the relevant Head of Sector/Curriculum Quality Leader. This contains all the details required to include the course on the website.

Once the course becomes full or it is past the start date this will be removed from the website to ensure that applicants are not applying to a course which they will not be accepted for.

We have raised a recommendation around the content of the website. See section 2 recommendation 5. See also observation 2 for further details.

Analytical Data

The Marketing Team do not monitor website usage. The Marketing Team were provided with training several years ago on how to download reports from the website, however they do not use the available reports. For some advertising campaigns in the past, they downloaded the analytical reports after the campaign has ended to see if there was any increase in the website hits and to try to determine if this was as a result of the marketing campaign.

A few years ago, the Team looked at the words being searched most frequently. This was done via an external consultant who provided advice on which words people tended to search for the most. The intention was to review the course titles and website to ensure that they took account of the most frequently used search words.

Other than the above, the Marketing Team do not monitor the website hits or produce and use the analytical data that is available to them. **We have raised a recommendation around the use of analytical data – see section 2, recommendation 3 for further details**.

Table (1) shows that the number of users and sessions have reduced this year compared to last year. This is an area where greater monitoring of the website traffic could highlight that there may possibly be a decrease in student applications. By being alert to this sort of movement earlier, the College may be able to target any promotion of its courses to counter any potential downturn in applications.   The College does not solely rely on the number of visitors to its website to monitor the level of recruitment. The Educational Leadership Team receives periodic reports from the student information system (Unit-E) on the level of enrolments at the College thereby allowing the organisation to direct any marketing efforts at particular areas of concern.

From discussions with the College, the trend is for users to obtain the majority of the information they require about the College from social media outlets such as Facebook, Instagram and Twitter. The reduction in website usage is likely to be a continuing trend as users now primarily use it for completing their applications as shown in table 2 below.

Table (1):

Audiences Data	2019/20	2020/21	Difference
Users	292,931	284,166	(8,765)
Sessions	601,560	589,441	(12,119)
Number of Sessions per User	2.05	2.07	0.02
Page Views	3,453,059	3,224,952	(228,107)
Number of Pages per Session	5.74	5.47	(0.27)
Average Session Duration	3 minutes 50 seconds	3 minutes 48 seconds	(2) seconds

Table (2) below shows the 10 most visited pages on the College's website. As can be seen from this, the most popular pages relate to course details and selection.

Table (2) – 10 mot visited pages on the College website:

Overview Data	2019/20	2020/21	Difference
Home page	9.84%	9.47%	(0.37%)
WCS apply/login	5.67%	5.41%	(0.26%)
Courses/course-directory/courses	5.59%	5.87%	0.28%
WCS apply/Applications	4.71%	4.81%	-0.1%
Courses/Course-directory/basket	4.09%	4.09%	0%
Courses	3.94%	2.96%	(0.98%)
WCS apply/Qualifications	2.41%	2.44%	0.03%
WCS apply/Further	1.32%	1.29%	(0.03%)
WCS apply/Selection	1.27%	0	(1.27%)
Courses/online-learning/free-introductory and level 2 certified courses	0	1.35%	1.35%
Courses/course-directory/courses/distance-learning all subject areas	0	1.34%	1.34%

WCS apply/Error *	1.24%	0	(1.24%)
Average time on page	48 seconds	51 seconds	(3) seconds

*instances where the page did not load properly, i.e., an error message was received by the user.

Feedback
The College has not obtained feedback on its website for several years. In early 2019 the College did some navigation and cosmetic changes to enhance the website. The College are aware that the website does need attention. Website enhancement was included in last year's Marketing operational plan. However, due to staffing issues within the department and the pandemic the Marketing Department decided to delay this process for a year. It is now included in their 2021-22 Operational Plan.   The Marketing Department plan to engage an external provider to do a full review of the website and conduct focus groups for feedback.

From our discussion with the Marketing & PR Executive we were informed that they have not contacted and discussed with internal business partners their needs in respect of apprenticeships/work-based learning and the content of the website.   The Marketing Department were supposed to have undertaken a scoping exercise for their internal group which would have considered the needs of their business partners, however due to the circumstances mentioned above, this did not take place. This is now planned to happen later in 2021.

The Marketing & PR Executive stated that they have a big social media following, thus if anyone was unhappy about the website, they would reflect this on social media. The Marketing Team monitor the social media posts and will pick up any negative comments from this. The Marketing & PR Executive stated there have not been any negative comments on social media about the website.

We have raised a recommendation around the use of surveys and focus groups for both students and business partners/employers. See section 2, recommendation 2 for further details.

Reporting
There have not been any recent reports issued to the Senior Management Team. **We have raised a recommendation around the SMT receiving periodic reports on the website usage and any feedback received from users of the website. See section 2, recommendation 4 for further details**.

Accessibility of the Website

The College had an accessibility audit undertaken in November 2020. The accessibility audit was undertaken by an external consultant, Alistair McNaught Consultancy Ltd, who provided an example of an Accessibility Statement and the areas which the College should consider further. The consultant took a sample of the top 10 pages used on the website and reviewed these for compliance with the Accessibility Regulations. His review also included the student learning platform 'Moodle' and the College Intranet. This review and the College's Accessibility Statement states that the "website is partially compliant with the Web Content Accessibility Guidelines version 2.1 - AA standard".

This is due to the follow issues, which have been listed on the College's Accessibility Statement:

- "The College are aware of widespread colour contrast issues resulting in accessibility fails. These currently apply to the student portal, 'Moodle', and the main website.
- Keyboard-only users will struggle to use the websites effectively because of submenus only being accessible to a mouse, not keyboard.
- The visual indication keyboard focus is poor on the main website.
- A significant proportion of links have non-unique link text (such as Click here or Read more).
- Auto advancing content such as carousels:
  o cannot be paused.
  o cannot be skipped by keyboard users.
- Downloadable documents, guides, policies, and procedures in PDF format are not fully accessible. Few are structured for navigation by screen readers (or sighted users via the bookmark pane). Some were unable to reflow when magnified (e.g., induction information for enabling services). If you require an accessible version that is structured for navigation or will reflow when magnified please contact us using the information below".

We have raised a recommendation around the production of an action plan for the updating of the website including compliance with the Accessibility Regulations. See section 2, recommendation 1 for further details.

Work Undertaken

The work undertaken during this review included:

➢ We discussed with key personnel the current arrangements in respect of the College's website. We considered the content and layout of the website to assess whether this was fit for purpose, user friendly and easy to find required information. We reviewed the website to ensure it provides the required information on the College and the appropriate disclosures and policies. As part of this review, we considered the content against the guidance provided to English colleges regarding website content. We considered whether there was an action plan in place to develop the website. **Please see the Observation section on page 20 for further details of this.**

➢ We established who has oversight of the website - the roles and responsibilities for content, design, and upload. We established and assessed how the College ensures that the content on the website is being kept up to date.

➢ We discussed with key personnel whether there was a Marketing and Communications Strategy in place and whether this covered the College's website.

➢ We discussed with staff the analytical data available in respect of the College's website. We obtained and assessed the analytical data available in terms of who is using the website, what areas of the website people are visiting, what people are using the website for and frequency of use.

➢ We discussed with key personnel the procedures in place for gaining feedback on the College's website and whether an action plan was put in place to address any areas of concern. We established whether focus groups are used as part of the stakeholder's engagement to help drive development of the website.

➢ We established what reports are presented to the College's Senior Management and the Board/Committees regarding the College's website. We considered what is being reported and the frequency of these reports.

➢ We compared the College's website with the Accessibility Regulations to ensure that it is compliant.

Conclusion

Overall conclusion

Overall Conclusion: Weak

We can only give weak assurance on the website analytical information and the reporting arrangements in place at the College. We can confirm that the College is working towards ensuring its website is meeting the current EU directives on accessibility.   We have raised 5 recommendations, 1 of which has been graded high, 3 medium and 1 low.   See section 3 Detailed Recommendations for further details. We have also raised 2 good practice points, see the page 11 for details.

Summary of recommendations

Grading of recommendations				
	High	**Medium**	**Low**	**Total**
External Communications	1	3	1	5

The following is a summary of the recommendations we have graded as high:

➢ Marketing & Communications Strategy and Action Plan

Areas of good practice

The following is a list of areas where the College is operating effectively and following good practice.

1.	It is only the Marketing Team who can update and upload content and documents to the College's website. The roles and responsibilities of the Marketing Team are clearly defined within the College's intranet pages. This also contains photos and contact details for those staff members.
2.	The College engaged an external consultant to undertake a review of the accessibility of their website and mobile applications (Apps). The outcome of this was to provide the College with the basis of an accessibility statement and areas where they need to improve.

Marketing & Communications Strategy and Action Plan			
Ref.	Finding and Risk	Grade	Recommendation
1.	There should be a Marketing & Communications Strategy in place, which covers the website design and content. The Strategy should be complimented by a comprehensive action plan that will detail how the strategy objectives will be achieved. The action plan should include how the College intends to refresh and improve its website. From our review we found that the College does not have a Marketing & Communications Strategy nor an action plan to implement the Strategy. There is a risk that the College does not have a clear plan regarding its marketing and communications due to the lack of a comprehensive Strategy being in place. In addition, there is a risk that the College's website is not fit for purpose which may damage the College's reputation with potential students and stakeholders.	**High**	We recommend that the College implement its intention to produce a Marketing & Communications Strategy and comprehensive action plan which should include the development of its website. As part of the production of the Strategy we recommend that the College consider setting up an internal working group to start considering the design and content of the website. The work of this group will then be augmented with the findings from the external consultant's review of the website. The action plan should also contain the findings from with the Accessibility Audit to ensure that the College are complying with Accessibility Regulations.

Management response	Responsibility and implementation date
The College will engage in the process of developing a Marketing and Communications Strategy once the Director of Communication, Policy and Engagement has started in post. This is anticipated to be in early July 2021. A detailed action plan will be developed from the Strategy including the development of the College website and any findings from the external reviews undertaken including the accessibility audit.	*Responsible Officer:* Director of Communication, Policy and Engagement *Implementation Date:* 28 February 2022

Student and Stakeholder Feedback			
Ref.	Finding and Risk	Grade	Recommendation
2.	The College should seek feedback from its students and other stakeholders of its website on a regular basis to ensure that the website is still fit for purpose, user friendly and engaging for the user. We were informed that the College have not obtained feedback from the students and other stakeholders (business partners/employers) in respect of the content, features, and layout of the website for several years. There is a risk that if the College does not seek feedback from users of its website the College could miss opportunities to make improvements to its website.	**Medium**	We recommend that the Marketing Department obtain feedback from students and other stakeholders to obtain their thoughts and comments on the current website. This could be done via surveys and/or focus groups but the College may wish to look at other sources of feedback as required. This should try to bring out what features they like and do not like in the current set up as well as the features they would like to see on the website.

Management response	Responsibility and implementation date
The College will look to obtain feedback from students and other stakeholders covering the wider College social media presence including the College website using the most relevant feedback method. The results of this feedback will be used to inform the development of the Marketing and Communications Strategy.	*Responsible Officer:* Director of Communication, Policy and Engagement *Implementation Date:* 28 February 2022

Analysis of the Usage of the Website			
Ref.	Finding and Risk	Grade	Recommendation
3.	The College should use the analytical reports it can produce on its website to assess the most popular pages and those which are not being used. From our review we found that the Marketing Department do not use the analytical reports which can be produced from the website to monitor usage of the website. There is a risk that inappropriate decisions are taken on the development of the website due to the available analytical data not being used or monitored by the College's Marketing Department.	**Medium**	We recommend that the Marketing Department on a periodic basis produce and review the analytical data available about website usage to ensure that any future developments of the website are reflective of the available data.
Management response		Responsibility and implementation date	
The College will undertake a review of the reporting capabilities of its current software. A report on the use of the website and potential future developments will be brought to the attention of the Senior Management Team for discussion.		*Responsible Officer:* Director of Communication, Policy and Engagement *Implementation Date:* 28 February 2022	

Reporting to SMT			
Ref.	Finding and Risk	Grade	Recommendation
4.	The Senior Management Team (SMT) should be kept up to date with website usage and feedback as well as its compliance with the Accessibility Regulations. From our review we found that the SMT are not provided with analytical data on the website usage, feedback, or its compliance with the Accessibility Regulations. There is a risk that inappropriate decisions are taken regarding the College's website due to the lack of appropriate analytical data reporting, feedback from students and other users of the website. There is also a risk that any gaps in compliance with the EU Accessibility Regulations go unnoticed which could expose the College to future legal challenge and claims of discrimination.	**Medium**	We recommend that on a periodic basis the Marketing Department report on the usage of the website together with the outcome of any feedback surveys and focus groups.
Management response		Responsibility and implementation date	
The Marketing Department will produce a report twice a year for the consideration of the Senior Management Team on the use of the College website and wider social media outlets. This will allow the SMT to understand the changing nature of how information about the College is accessed and inform any future investment decisions.		*Responsible Officer:* Director of Communication, Policy and Engagement *Implementation Date:* 30 April 2022	

Content of the Public Facing Website			
Ref.	Finding and Risk	Grade	Recommendation
5.	The public facing website is one of the sources of information for potential students, the public, and other stakeholders thus this should contain the most up to date information and documents about the College. From our review of some of the pages of the public facing website, namely the Publications & Policies and the Board of Management pages within the *'About the College'* section of the website, we found that these did not contain the most up to date information. The Publications & Policies section contained several older documents (pre-2019) and not as much current 2020 and 2021 documents. We also found that the minutes and papers of the various committees were not the most up to date. There is a risk that the College's public facing website is not presenting an accurate picture of the College and that those using the website are not basing any decisions on the most up to date information.	**Low**	We recommend that the College ensures that the most up to date information is included on its public facing website as this is the area which potential students and the public will see first.

Management response	Responsibility and implementation date
The College is currently developing its Performance Management System (Pentana) to record all College Strategies, Policies and Procedures review dates. Once established this system will record whether the documents require to be updated on either the internal intranet or on the external internet college pages, or both. The system will assign the responsibility to the appropriate manager.	*Responsible Officer:* Director of Finance *Implementation Date:* 31 October 2021

The following is a list of observations from our review	
1.	As there is not a list which details what should be included on Scottish Colleges' website, we have used our experience within the English College sector and used the Government guidance issued for English colleges in respect of what should be included in their website as a benchmark for what the College includes on its website. From this we can confirm that the College includes most of the information which English colleges require to have on their website. See Section 3: Detailed Recommendations for further details and recommendations raised around the version of documents on the website and potential omissions and improvements.
2.	From our review of the course content within the courses' directory section of the website we found that standard information was included within these pages. However, we found that the order in which the campuses are listed on these pages can vary from page to page. This may cause confusion to the reader who may expect the campuses to be listed in the same order on all pages within the course directory. We have not raised a formal recommendation around this however the College may wish to make the layout of the pages for each curriculum area follow a standard layout in terms of the order of the campuses listed.

The table below details the actual dates for our fieldwork and the reporting on the audit area under review. The timescales set out below will enable us to present our final report at the next Audit Committee meeting.

Audit stage	Date
Fieldwork start	22 March 2021
Closing meeting	29 March 2021
Draft report issued	1 April 2021
Receipt of management responses	8 April 2021
Final report issued	20 April 2021
Audit Committee	20 May 2021
Number of audit days	6 days

We detail below our staff who undertook the review together with the College's staff we spoke to during our review.

Wylie & Bisset LLP			
Partner	Graham Gillespie	Partner	graham.gillespie@wyliebisset.com
Senior Manager	Stephen Pringle	Senior Internal Audit Manager	stephen.pringle@wyliebisset.com
Supervisor	Audrey Cowan	Internal Audit Supervisor	audrey.cowan@wyliebisset.com

West College Scotland			
Key Contact	Fiona McLaren	Marketing & PR Executive	fiona.mclaren@wcs.ac.uk
Wylie & Bisset appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.			

APPENDICES

A   GRADING STRUCTURE

For each area of review, we assign a level of assurance in accordance with the following classification:

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, no or only minor recommendations identified.
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made.
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately.
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately.

For each recommendation we assign a grading either as High, Medium, or Low priority depending on the degree of risk assessed as outlined below:

Grading	Classification
High	Major weakness that we consider needs to be brought to the attention of the Audit Committee and addressed by senior management of the College as a matter of urgency.
Medium	Significant issue or weakness which should be addressed by the College as soon as possible.
Low	Minor issue or weakness reported where management may wish to consider our recommendation.

Purpose of review

The purpose of this review is to ensure there is sufficient website analytical information in place at the College. We will also review the website traffic and the reporting arrangements in place at the College to assess whether the arrangements in place are sufficient. We will also consider accessibility in order to meet current EU directives.

This review forms part of our 2020/21 Annual Internal Audit Plan.

Scope of review

Our objectives for this review are to ensure:

➢ The College's website is fit for purpose and provides the necessary information for students, staff, and other stakeholders in a clear and user-friendly format.

➢ Roles and responsibilities are clearly defined for the College website, including content, design, and upload.

➢ There is sufficient data available about the College's website to enable analysis of website traffic, who is using the website and what it is being used for, to help inform future decisions on the development of the College's website.

➢ The College seeks and acts on feedback received from users of the website to continually improve the service.

➢ There is an appropriate level of reporting to Senior Management and the Board/Committees regarding the College's website.

➢ The College's website is compliant with the EU directives regarding accessibility.

Limitation of scope

There are no limitations of scope.

Audit approach

Our approach to the review will be:

➤ Discussion with key personnel to ascertain the current arrangements in respect of the College's website. We shall consider the content and layout of the website to assess whether this is fit for purpose, user friendly and easy to find required information. We shall review the website to ensure it provides the required information on the College and the appropriate disclosures and policies. We shall consider whether there is an action plan in place to develop the website.

➤ Establishing who has oversight of the website, i.e., the roles and responsibilities for content, design, and upload. We shall establish and assess who is responsible for the content of the website and how the College ensure that this is being kept up to date.

➤ Discussion with key personnel to ascertain whether there is a Marketing and Communications Strategy in place and whether this covers the College's website.

➤ Discussion with staff to ascertain the analytical data available in respect of the College's website. We shall obtain and assess the analytical data available in terms of who is using the website, what areas of the website people are visiting, what people are using the website for and frequency of use.

➤ Discussion with key personnel to establish the procedures in place for gaining feedback on the College's website and whether an action plan is put in place to address any areas of concern. We shall establish whether focus groups are used as part of the stakeholder's engagement to help drive development of the website.

➤ We shall establish what reports are presented to the College's Senior Management and the Board/Committees regarding the College's website. We shall consider what is being reported and the frequency of these reports.

➤ Comparison of the College's website with the Accessibility Regulations to ensure that it is compliant.

Potential key risks

The potential key risks associated with the area under review are:

➢ The College's website is not fit for purpose and is not clear and user friendly which may damage the College's reputation with potential students and other stakeholders.

➢ There is the risk that roles and responsibilities are not clearly defined which could result in accountability issues and lack of control over the accuracy of the content and usefulness of the website.

➢ If there is insufficient analytical data available about the College's website, this could lead to inappropriate decision being taken on the development of the website.

➢ The College does not seek or act upon feedback received from users of the website which could result in inappropriate decisions being made regarding the development and improvements to the website.

➢ There is an insufficient level of reporting to Senior Management and the Board/Committee on the College website.

➢ The College's website does not comply with the EU directives regarding accessibility which could expose the College to claims of discrimination and legal challenge.

Title: **Corporate Development Committee - Dates of Meetings in 2021/22**

Background: The Committee is asked to note and approve its 2021/22 meeting dates

Action: At the Board meeting held on 22 March 2021, the Board approved its meeting dates for the 2021/22 session. That let the standing committee chairs / senior officers consider a programme of dates for their respective committees and the CDC meeting dates for 2021/22 have been agreed as follows:

- Tuesday 14 September 2021 – 4 till 6pm
- Tuesday 23 November 2021 – **2pm**
- Tuesday 8 March 2022 – 4 till 6pm
- Tuesday 31 May 2022 – 4 till 6pm

Lead: Shirley Gordon, Secretary to the Committee

Status: Open

TITLE: **SCHEDULE OF BUSINESS 2021-22**

Background: This paper outlines how the Schedule of Business for 2021-22 enables the
                    Corporate Development Committee to fulfil its' remit.

                    The schedule has been expanded to include an indication of the potential business
                    to be undertaken in 2021-22 for consideration by the Committee.

Action: The Corporate Development Committee is requested to note the content of the
                    report.

Lead: Alan Ritchie, Director of Finance

Status: Open

1. **Corporate Development Remit**

1.1   The main purpose of the Corporate Development Committee is to:

- have strategic oversight of finance, procurement, human resources and organisational development, communications, marketing and matters of a general nature that do not fall to other standing Committees, ensuring solvency, sustainability, efficiency and innovation;

- advise on the strategic implementation, review and development of required strategies and policies that reflect best practice and improve organisational performance, ensuring appropriate and effective controls and processes are in place; and

- ensure the College manages all assets and resources in accordance with Scottish Government and Scottish Funding Council requirements.

Corporate Development Committee Remit	Sept 2020	Nov / Dec 2020 Joint Committee	9 March 2021	1 June 2021	2021-22
a) *To have strategic oversight of the overall management of the College's resources – finance, people, procurement, information technology and property.*					
b) *To consider and advise the Board of Management on the development and implementation of College policy and strategy, including but not limited to the following areas:*					

• *Communication and Marketing*
     o Report on Social Media activity
     o Update report on College Marketing activity
     o Marketing and Communication Strategy
	Y				September 21
					 March 22

• *People*
     o Update from LJCNC lecturing/support staff meetings
     o Update from Equality, Diversity and Inclusion Committee
     o Update on National Bargaining
     o People Strategy 2021
     o People Strategy 2021-22 Update
     o People Strategy 2022-2025
     o Annual review of Modern Slavery Statement
	Y
	 Y
		Y
		 Y
		 Y
			Y
			 Y
			 Y
			 Y
			
			 Y
				Y
				 Y
				 Y
					Each meeting
					 Each meeting
					 Each meeting
					
					 March 22
					 May 22
					 March 22

• *Health and Safety*
     o Mobilisation Group Update Report (Covid-19)
     o Update from Health & Safety Committee
	Y
	 Y
		Y
		 Y
			Y
			 Y
				Y
				 Y
					Each meeting
					 Each meeting

• *Estate*
     o Update report on College leasing arrangements
     o Estate Strategy – Annual Update
     o Estate Strategy 2016-2026 Refresh - Update
	Y
	
	 Y
			Y
			 Y
			 Y
				Y
				 Y
				 Y
					September 21
					 September 21
					 November 21

Corporate Development Committee Remit	Sept 2020	Nov / Dec 2020 Joint Committee	9 March 2021	1 June 2021	2021-22
o Estate outline business case updates	Y		Y	Y	Each meeting
o Regional Outcome Agreement monitoring	Y			Y	Sept 21/ May 22
o Estate maintenance, sustainability, and project update reports	Y	Y	Y	Y	Each meeting
• *Carbon management and sustainability*					
o Carbon Management Plan – Progress Update	Y	Y	Y	Y	Each meeting
o Revised Carbon Management Plan 2021-2025 Update					November 21
o Annual Scottish Government Sustainability Report		Y			November 21
• *Information Technology*					
o IT Strategy – Annual Update				Y	May 22
o Updated IT Strategy				Y	
o IT Project Update Report	Y	Y	Y	Y	Each meeting
• *Finance*					
o Management Accounts		Y (October)	Y (January)	Y (April)	Each meeting
o Update of Financial Forecast	Y			Y	September 21
o SFC Funding Update	Y	Y	Y	Y	Each meeting
o Annual budget and medium-term financial forecast	Y			Y	Sept 21 / May 22
• *Procurement*					
o Procurement Strategy Annual Update		Y			November 21
o Procurement Annual Report including future year plan		Y			November 21
o PCIP Update Report (next review by December 2022)					March 2022
o Procurement Strategy 2021-2025			Y		

Corporate Development Committee Remit	Sept 2020	Nov / Dec 2020 Joint Committee	9 March 2021	1 June 2021	2021-22
Ensuring progress is monitored in delivering strategic outcomes in these areas.					
Finance					
c) *To consider and advise the Board of Management on key strategic financial and management matters including:*					
• *solvency of the College* o Cashflow report contained in the Management Accounts	Y	Y	Y	Y	Each meeting
• *cashflow* o Cashflow report contained in the Management Accounts	Y	Y	Y	Y	Each meeting

• *effectiveness and appropriateness of the utilisation of College resources*
    o Vice Principal Update Report
    o Update on year-end financial position
    o Internal Audit Report – Overall Financial Controls
    o Internal Audit Report – Review Financial Regulations
    o Internal Audit Report – Cash Management
    o Internal Audit Report – Sustainability and Carbon Management
    o Internal Audit Report – Estate Strategy
    o Internal Audit Report – IT Systems Administration
	Y
	Y
		Y
		Y
			Y
			Y
				Y
				
				Y
					Each meeting
					Sept 21 / Nov 21
					
					March 22
					March 22
					May 22
					May 22
					March 22

• *financial strategy, budgeting, financial monitoring and forecasts*
    o Management Accounts
 	
    o Update of Financial Forecast
    o Update on SFC Funding via Vice Principal Update Report
    o Annual budget and medium-term forecasts
	
	Y
	Y
	Y
		
		Y
		(October)
		Y
		Y
			
			Y
			(January)
			Y
			Y
				
				Y
				(April)
				Y
				Y
				Y
					Each meeting
					
					Each meeting
					Each meeting
					Sept 21 / May 22

• *banking arrangements and approval of bank signatories* o Annual review of banking arrangements	Y				Sept 21

Corporate Development Committee Remit	Sept 2020	Nov / Dec 2020 Joint Committee	9 March 2021	1 June 2021	2021-22
• *investments and borrowing* o Annual review of banking arrangements	Y				Sept 21
• *taxation* o Annual update report on taxation matters o Reports will be provided on any material changes as required		Y			November 21
• *pension arrangements* o Overview of College pension schemes				Y	May 22
• *approval of contracts between the values of £250,000 and £500,000* o Hair and Beauty Kits o Associate Trainers o Open Learning o Further authorisation sought as required		Y	Y	Y	
d) **To consider and recommend the College's annual financial statements and associated reports for approval to the Board of Management at a joint meeting with the Audit Committee.** o External Audit Management Letter o Corporate Governance Statement o Financial Statements o Annual Internal Audit Report o Internal Audit Annual Plan 2020-21 o External Audit Planning Memorandum	Y	Y Y Y Y		Y	November 21 November 21 November 21 November 21 September 21 May 22

Corporate Development Committee **Remit**	**Sept 2020**	**Nov / Dec 2020 Joint Committee**	**9 March 2021**	**1 June 2021**	**2021-22**
e) _To ensure adherence to statutory requirements related to the College's financial affairs and compliance with the Financial Memorandum, Scottish Public Finance Manual (SPFM) and related guidance (including Accounting Policies in the Financial Statements) and to provide the Board of management with assurance on these matters._					
○ Internal Audit Annual Report		Y			November 21
○ External Audit Management Letter		Y			November 21
○ Annual report on Corporate Governance Compliance				Y	May 22
f) _To review College Financial Regulations on an annual basis, or more frequently if required and recommend these to the Board of Management for approval._					
○ Review of Financial Regulations	Y		Y		September 21
○ Corporate Governance Statement review – Financial Statements		Y			November 21
○ Internal Audit Report – Overall Financial Controls				Y	
Human Resources and Organisational Development					
g) _To have strategic responsibility for oversight of and compliance with employment, health and safety, data protection and freedom of information legislation, advising the Board of Management on the operation and implementation of effective and efficient policies and systems in the following areas, advising the Board of Management on these areas as required:_					
• _equality, diversity, and inclusion_					
○ Equality, Diversity, and Inclusion Mainstreaming Report			Y	Y	May 22
○ Update from Equality, Diversity, and Inclusion Committee	Y	Y	Y	Y	Each meeting
• _learning and development_					
○ Internal Audit Report – CPD	Y				

Corporate Development Committee Remit	Sept 2020	Nov / Dec 2020 Joint Committee	9 March 2021	1 June 2021	2021-22
• *employee relations* 　○ Mobilisation Group Update Report (Covid-19)	Y	Y	Y	Y	Each meeting
• *health, safety and wellbeing* 　○ Mobilisation Group Update Report (Covid-19) 　○ Update from Health & Safety Committee 　○ Internal Audit Report – Absence Management and Reporting	Y Y	Y Y	Y Y	Y Y Y	Each meeting Each meeting
• *workforce planning* 　○ People Strategy 2021 　○ People Strategy 2022-2025			Y		May 22
• *payroll* 　○ Overview of College pension schemes 　○ Updates provided as required				Y	May 22
• *voluntary severance schemes* 　○ Updates provided as required					
• *freedom of information and data protection* 　○ updates provided as required					
Assets and Infrastructure					
h) **To consider and advise the Board of Management on key strategic infrastructure matters including:**					
• *monitoring and review of the overall management and development of College property and information technology, ensuring that a comprehensive register of land, buildings and infrastructure assets is maintained and assurance in*					

| Corporate Development Committee | | | | | |
Remit	Sept 2020	Nov / Dec 2020 Joint Committee	9 March 2021	1 June 2021	2021-22
given to the Board of Management that the correct procedures are followed in respect of Exchequer funded assets.					
o Estate Strategy – annual progress update	Y	Y	Y	Y	September 21
o Estate business case updates	Y	Y	Y	Y	Each meeting
o College leasing arrangements update			Y	Y	Each meeting
o Regional Outcome Agreement monitoring	Y			Y	Sept 21 / May 22
o Report on Paisley (CPA) relocation project (contained within the Estate Maintenance report)	Y	Y	Y	Y	September 21
o Infrastructure Commission for Scotland – Update on Infrastructure Plan	Y	Y	Y	Y	
o Asset Transfer Requests – Evaluation of legislation	Y				September 21
o Scottish Government emerging National Infrastructure Mission Investment Proposals		Y	Y		
maintenance of estate and information technology in an efficient and effective manner, in accordance with a planned maintenance programme which is consistent with approved strategy and associated financial projections.					
o Estate maintenance, sustainability and project update reports	Y	Y	Y	Y	Each meeting
the implementation and development of carbon management and sustainability plans to address Scottish Government climate change requirements and ensure awareness of local, national, and global environmental matters.					
o Carbon Management Plan (CMP) – Progress Update	Y	Y	Y	Y	Each meeting
o Revised Carbon Management Plan 2021-2025 (September 2021 meeting)				Y	
o Annual Scottish Government Sustainability Reporting Requirements Update		Y			November 21
					September 21

Corporate Development Committee					
Remit	**Sept 2020**	**Nov / Dec 2020 Joint Committee**	**9 March 2021**	**1 June 2021**	**2021-22**
o Estate Strategy Progress Update – includes annual review of College Carbon Management and Sustainability Plan (2021-22, September meeting)					
• *consideration and approval of information technology initiatives and innovations as required and the promotion of the effective and efficient use of IT services and assets.* o IT Strategy 2016-2020 - Annual Update o Updated IT Strategy 2021 - 2025 o IT Project Update Report o IT Incident Report	Y	Y	Y Y	Y Y Y	May 22 May 22 Each meeting
Marketing and Communications					
i) **To consider and advise the Board of Management on key strategic matters relating to marketing and communications including:**					
• *the implementation, development and review of marketing and communication strategies* o Internal Audit Report – External Communications o updates provided as required o Update report on College Marketing activity o Marketing and Communication Strategy				Y	September 21 March 22
• *policies which enable the College to build its reputation.* o Report on Social Media Activity o Marketing and Communication Strategy	Y				March 22
Risk					
j) **To consider risk relating to the matters that fall within the Committee's remit and to agree what mitigating factors/actions are in place and what further action, if any, needs to be taken to address such matters of risk.**					

Corporate Development Committee					
Remit	**Sept 2020**	**Nov / Dec 2020 Joint Committee**	**9 March 2021**	**1 June 2021**	**2021-22**
○ Review of Strategic Risk Register	Y	Y	Y	Y	Each meeting
Other Matters					
k) *Any other matters as required by the Board of Management.*					
l) *The Committee can request representatives of other organisations to attend meetings if/as required.*					