

Report and Financial Statements

For The Year Ended 31 July 2021

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Professional Advisors

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Performance Report

Introduction from the Principal

At West College Scotland, from the Board of Management to every staff member, we are driven by our collective ambition to generate opportunity, employment, and prosperity for our communities, linking our provision to the skills needs of local employers and supporting our students to achieve the very best they can.

Over recent years, the College has been through a period of significant change as it looked to complete the implementation of our Business Transformation Plan - realigning our offer to the skills requirements of our economy; developing and expanding our STEM (science, technology, engineering, and maths) offering and forging strong partnerships with employers to develop the talent and productivity of their businesses.

The College continues to be one of the largest regional colleges with over 20,000 enrolled students and 1,148 staff by headcount, which makes us uniquely placed to help shape the West region's educational landscape and contribute to its social and economic development. We continue to build on strong foundations with more of our students than ever completing their course; despite the challenges of a global pandemic the overall student attainment rate has slightly increased; but more importantly they have gained additional competencies and employability skills, and are successfully progressing into employment, apprenticeship, self-employment, or further / higher education.

The impact of Covid-19 has been significant to our operations, but I am proud to report that our level of student engagement remained high throughout lockdown, and that the quality of our online learning materials and delivery went from strength to strength. We are now welcoming learners back to our campuses whilst continuing to deliver elements of their education on-line to ensure their continued safety. The College has continued to invest in student and staff personal IT devices thereby allowing the whole College community to engage in learning from wherever and at a time to suit them.

After a period of financial challenges, we ended the 2020-21 in a positive position with not only strong student outcomes but also pleasingly with a small adjusted operating surplus despite the challenges the year presented. The College is now looking forward to building on this position both in terms of improving student outcomes and progressing with the business cases for investment in the College's Greenock and Paisley campuses which are both in need of significant investment.

Recognising that our staff are central and crucial to the continuing success of the College and achieving its mission – we will place a continued emphasis on the 'One College' culture which makes the West College Scotland such a fantastic place to learn and work; with 2021 delivering our highest staff satisfaction rates ever. Despite the difficult and uncertain economic climate, the College is confident that it can serve our local employers with the highly skilled talent that they need and play an increasingly important and exciting part regenerating our local and regional economy – through what appears inevitably to be a difficult economic period ahead. I would like to congratulate and thank our students, staff, and Board of Management for what has been another amazingly successful year for the College.

Elizabeth Connolly

Principal and Chief Executive

Highlights of the Year

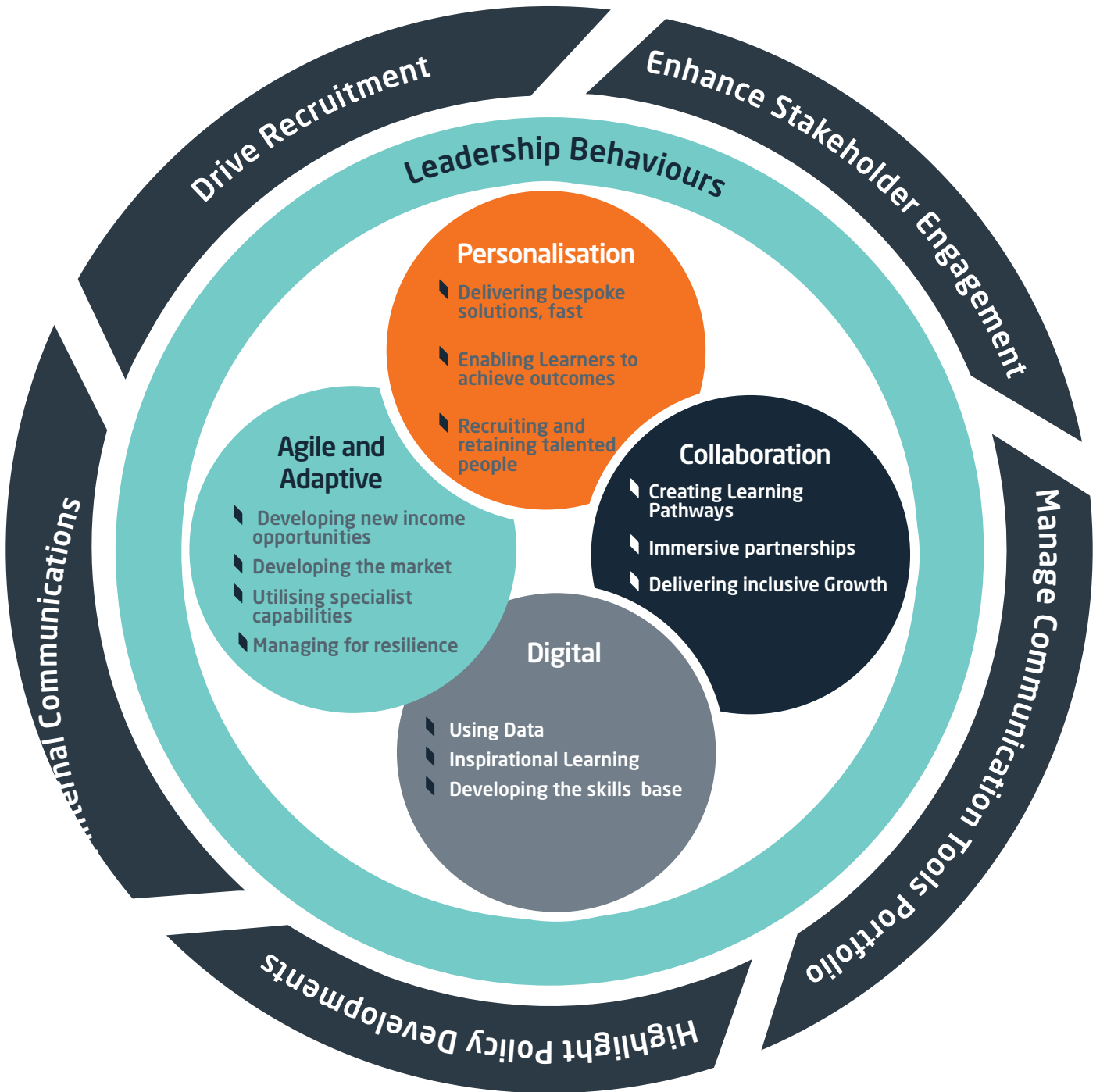
During the year to 31 July 2021 there have been many highlights some of which are noted below:

- ◆ **Given the difficult year faced by both our students and staff the College launched several wellbeing initiatives including:**
 - ◇ **CALM (Care | Attitude | Listen | Mindfulness) - setup to help staff and students cope with the demands of teaching and learning online and to assist with any anxieties around being within the college environment.**
 - ◇ **Mindfulness in the Moment - weekly online sessions delivered by our Mindfulness Lecturer, available to both staff and students covering techniques to help you destress and unwind, enabling you to feel more relaxed and positive.**
 - ◇ **Helping Hand - run by our Student Wellbeing Officer, this informal support platform offers guidance and reassurance to any student concerned about their wellbeing or studies.**
 - ◇ **Bit of a Blether - an informal service for staff or students to have a chat over the phone to one of the volunteers.**
 - ◇ **Yoga Bodies - available to both staff and students, delivered weekly online by an external Yoga instructor encouraging people to take an hour to exercise and relax.**
- ◆ **Over the year the College successfully hosted several virtual events including:**
 - ◇ **Three graduation ceremonies.**
 - ◇ **A virtual visit from Jamie Hepburn, Minister for Higher Education and Further Education, Youth Employment and Training, to a group of Foundation Apprenticeship students.**
 - ◇ **Several commercial courses, school events, a virtual college festival, and partnership recruitment and awareness initiatives (The Critical Engineer).**
- ◆ **In August 2020 the College became the only college in Scotland to offer the new regulated qualification Diploma in Pharmacy Services, which is delivered over a two-year period. The College staff have worked in partnership with NHS and community pharmacy employers, NHS Education for Scotland and the SQA in developing this new qualification to meet both the General Pharmaceutical Council's initial education and training standards for pharmacy technicians and employer requirements for a flexible workforce.**
- ◆ **The College continued its Microsoft Showcase College accreditation and as part of this delivered staff Teams training carried out by College computing staff. This also had the additional benefit of contributing to credit for staff to achieving Microsoft Innovative Educator status.**
- ◆ **The College had teams in both the eSports 'UK championship' and 'Scottish College Cup' competitions for the first time. The students did fantastic, and one student said, "The eSports competition has been fantastic, students from different class groups (who due to the pandemic have never met) have bonded through the preparation for this competition and this has enhanced their team working and communication skills."**

- ◆ The newly refurbished Performing Arts Building was opened at the College Paisley campus and is now operational with an official launch due in the new term.
- ◆ The College Marketing Team were involved in the development of the national #ChooseCollege campaign to promote and raise awareness of the college sector.
- ◆ Small end of year 'in person' exhibitions were able to take place adhering to government restrictions.
- ◆ The College provided 2,000 Chromebooks, 200 laptops and MiFi units to students to assist with their studies as part of the College Digital Devise Rollout scheme. Part of this provision was supported by [Connecting Scotland](#) initiative which aims to get 50,000 digitally excluded households online by the end of 2021. HMIE John Laird, Education Scotland said: "Your provision of equipment and support to learners is strong in comparison with the wider sector".
- ◆ In June 2021 the College completed a rolled out to students and other users a one-stop shop payment portal allowing users to pay fees and other monies on-line through a variety of payment methods.
- ◆ The staff intranet 'Safe Return to Campus' pages were built to allow a one stop shop for all Coronavirus communications, keeping College staff updated about key developments and allowing all information to be stored in a central location.
- ◆ In June 2021 the College launched its first ever Staff Awards. The judging panel received over 100 nominations for the 9 award categories in addition to the Chairpersons' Award, Principal's Award and Team of the Year.

Further highlights from the College year can be found on the [College News page](#).

Our Vision



INTRODUCTION

This Report provides information on the College, its main purpose, activities, objectives, strategies, and the principal risks that it faces.

Purpose and Activities

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

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

The core purpose of the College is the provision of further and higher education in the Renfrewshire, Inverclyde, and West Dunbartonshire regions. West College Scotland delivers education programmes on a full-time and part-time basis to over 20,000 students annually.

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

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

The College's objectives in relation to the public funding it receives are set out annually in a Regional Outcome Agreement with the Scottish Funding Council. In 2020-21, 86% (2019-20: 85%) of the College's income was from the Scottish Funding Council. Other sources of income included tuition fees, education and employability contracts, and general operating income.

KEY ISSUES AND RISKS

Corporate Plan

The College's Corporate Plan 2019-2025 sets out the main priorities for the period as outlined below. The Plan has four key strategic aims:

PERSONALISATION

The College will deliver the skills solutions that employers are looking for and the learning outcomes that students want, in a way that suits individual students

COLLABORATION

The College will build the immersive relationships and make the connections that enhance value for customers and stakeholders by creating learning pathways, developing new delivery partnerships and integrating learning into wider local strategies.

AGILE AND ADAPTIVE

The College will develop the capability to respond to shifts in demand and seize new opportunities, quickly putting in place specialist delivery capabilities.

DIGITAL

We will ensure that the College has the digital capacity and capabilities to deliver in a modern economy.

In respect of its strategic and development responsibilities, the Board of Management receives recommendations and advice from its committees, the Principal and Chief Executive and the Executive Team. In addition to Board meetings, the Board of Management holds strategic sessions throughout the year, which provide opportunities to scan the horizon and to allow debate on strategic directions and major developments.

In October 2018 the Board of Management approved a Business Transformation Plan which focused on the following areas:

- ◆ **Deliver a High Quality, Relevant Curriculum**
- ◆ **Achieve More Efficient and Flexible Delivery**
- ◆ **Ensure Efficient and Effective Workforce Deployment**
- ◆ **Improve our Digital Capacity**
- ◆ **Achieve Financial Sustainability**

Progress against these objectives, as reported by the Principal and Chief Executive, continues to be monitored by the Board of Management.

The Board of Management approved three new College strategies relating to Curriculum, People and Procurement between 1 August 2020 and 31 July 2021, along with the interim 2020-21 College Regional Outcome Agreement.

The College is committed to ensuring its performance is aligned to the 11 outcomes of the National Performance Framework (NPF). Specifically, College performance contributes to the following key elements of the NPF:

- ◆ **Globally competitive, entrepreneurial, inclusive, and sustainable economy.**
- ◆ **Open, connected and make a positive contribution internationally.**
- ◆ **Tackle poverty by sharing opportunities, wealth, and power more equally.**
- ◆ **Well educated, skilled and able to contribute to society.**
- ◆ **Thriving and innovative businesses, with quality jobs and fair work for everyone.**
- ◆ **Respect, protect, and fulfil human rights and live free from discrimination.**

The Scottish Government set out a number of key policy objectives for colleges, including its Developing the Young Workforce strategy, the Commission on Widening Access, the prioritisation of Science, Technology, Engineering and Mathematics (STEM) subjects, improving the learner journey and the enhancement of gender balance in the curriculum. West College Scotland is making good progress in fulfilling these objectives within set timescales, and within its financial parameters.

The standard Regional Outcome Agreement process was halted by SFC for the pandemic years of 2020-21 and 2021-22. Interim Regional Outcome Agreements for both years were required to be submitted mid-way through the year to capture, at a high level, contributions, impact, and outcomes and provide assurance on the use of allocated funding for that year. SFC restricted the key policy priorities they expected to be covered in the ROAs and did not require longer term target setting.

The College Interim ROA for 2021-22 is due to be submitted at the end of November 2021. This document, and the 2020-21 version, outlines the College ongoing commitment to deliver on key sector priorities and outcomes for students and for economic recovery and social renewal with a priority list including:

- ◆ **Fair access and transitions.**
- ◆ **Quality learning and teaching.**
- ◆ **Learning with impact - students are equipped and ready to take up appropriate employment in the future.**
- ◆ **Student participation and engagement in their educational experience.**
- ◆ **Equalities and inclusion.**
- ◆ **Innovation.**

Key Risks

The Board of Management has an established Strategic Risk Register, which considers matters impacting upon the College's ability to deliver its strategic objectives. Risks and mitigating factors are kept under review by the Senior Management Team and reported to the Board of Management through its Board Committee structure. Oversight of the College Strategic Risk Management Framework is undertaken by the Audit Committee.

During the year the College identified the following as the top five risks faced by the organisation. A range of mitigation plans were implemented to reduce the potential risks associated with each area. This included the following actions:

Risk	Mitigating Actions
<p>SFC Funding and Funding Methodology</p> <p>Inability to clearly forecast the volatility and impact of SFC funding and funding methodology changes in relation to core-grant-in-aid, credit activity model; reduction in European funding; student support funding and estates maintenance.</p>	<ul style="list-style-type: none"> ▢ Robust financial monitoring and scenario planning undertaken on a regular basis. ▢ Active liaison with the Scottish Funding Council on potential changes to funding and targets. ▢ Implementation and reporting on College Business Transformation Plan.
<p>Estate Strategy</p> <p>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.</p>	<ul style="list-style-type: none"> ▢ Regular monitoring and reporting on approved Estate Strategy 2016-2026 to Board of Management. ▢ Engagement with Scottish Futures Trust and Scottish Funding Council on challenges presented by condition of College estate. ▢ Progress and submission of Outline Business Cases for development of Greenock and Paisley campuses reported to the Board of Management.
<p>Estates and IT Investment</p> <p>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.</p>	<ul style="list-style-type: none"> ▢ Corporate Development Committee receive reports on levels of SFC estate maintenance funding and planned level of expenditure compared to need. ▢ Use of Estate Condition Survey to direct limited resources to areas of most need regularly reviewed. ▢ Continuing investment in underlying IT infrastructure and digital devices for students to address areas of digital poverty.
<p>Impact upon Business Continuity Planning of Covid-19 pandemic</p> <p>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.</p>	<ul style="list-style-type: none"> ▢ Detailed Business Continuity Planning arrangements in place and tested throughout the global pandemic period. ▢ College Mobilisation Group created to oversee implementation of changes. Continues to meet on a weekly basis. ▢ Continued engagement with Scottish Funding Council, Skills Development Scotland, and other funding bodies to gain clarity on future funding.

Risk

Mitigating Actions

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.

- Alternative income plans, targets and activities developed annually as part of the Operational Planning Process and shared across the College.
- Alternative income budget and forecast agreed and monitored by the Learning, Teaching and Quality Committee.
- Operation planning combined with Curriculum Development Planning procedure used to identify potential opportunities for income growth.

Performance Summary

West College Scotland provided education to 25,267 unique students (2019-20: 28,818) during the year to 31 July 2021, and in doing so achieved the core credit target set of 158,693 for the year.

Although the College has posted a £5.7m operating deficit for the year, it achieved an adjusted operating surplus of £0.2m after pension actuarial revaluations and other non-cash items are stripped out.

Looking ahead, the College will navigate its way through several uncertainties and challenges to achieve its aims. These include the tight public sector funding environment, the ability to invest and to prepare students for the fast developing digital and data driven work and social environment, and the uncertainties associated with future investment in the College infrastructure. In the 2020-21 academic year the College continued a trend of growth in part time provision, however the success of this mode of study focused on short employer led courses funded through the Flexible Work Development Fund (FWDF) or Individual Training Accounts (ITA) rather than scheduled courses. The ability now to refocus part time provision into courses where there is increased demand, to rapidly upskill the population in sectors such as Technology, Construction and Care as well as basic entry level employability programmes, will be key to the College's and the regional economy's success. To this end the College is working with several partners in the West Region to advance joint opportunities. These partners include community planning partners in the Local Authorities, Skills Development Scotland (SDS), Developing the Young Workforce (DYW), Universities, and Third Sector Partners.

Performance Analysis

In accordance with SFC guidance, the College is required to publish and report progress against targets for national priorities. These indicators monitor performance against the College's objectives. Most KPIs are measures of credits, student numbers, achievement, and retention, all of which are linked to the financial performance and reputation of the College.

Performance Measure	Further Detail on Measure	2018-19	2019-20	2020-21
Student activity (credits)				
Core and ESF Credits	Measure of student activity	164,528	164,597	158,701
Performance against target		100.2%	100.3%	100.0%
Additional delivery 2020-21	Measure of Young Person Guarantee funding			1,005
Performance against target				36.4%
Overall staff FTE		821	834	830
Credits per enrolled student		5.83	5.71	6.28
Unique student enrolments		28,243	28,818	25,267
Number of enrolled students aged 16-19		8,792 (39%)	8,262 (39%)	5,534 (36%)
Adjusted operating surplus/ (deficit) as % of total income		0.04%	(3.2%)	0.4%
Non SFC income as a % of income		16.0%	15.2%	13.9%
Staff costs (excluding exceptional items) as a % of total income		76.3%	79.9%	79.5%

As the above table shows the College has again met its SFC core and European Social Fund credit target thereby guaranteeing receipt of all its SFC teaching grant during what was a difficult year. The College has also been able to deliver additional activity in relation to the Scottish Governments priority areas of Young Person Guarantee and National Transition Training Funds. The late issue of guidance regarding what courses were acceptable for funding purposes did have an impact on the overall delivery level.

The College has continued to improve the efficiency of its delivery by increasing the number of credits generated by enrolled students. The reduction in unique student enrolments is a direct result of the planned reduction in SFC credit activity. Whilst the overall number of students is reducing the College has been able to generate more learning and teaching activity. The reduction in students aged 16-19 is as a direct result of the SFC prioritisation of senior phase school pupils rather than other year groups.

The College has been able to generate a small adjusted operating surplus in 2020-21 despite the challenges of the global pandemic. Without the additional financial support provided by the SFC in the last quarter of 2020-21, the College would have returned another operating deficit. The delivery of an adjusted operational surplus is one of the key indicators of a financially sustainable college according to the SFC and Audit Scotland. The College budgets to generate a small annual operating surplus.

As the ability of the College to generate additional non-SFC income is key in enabling the College to invest in development activities. The impact of the global pandemic has severely constrained the ability of the College to generate alternative income streams, which places a greater reliance on public funding. The College aims to increase the level of non-SFC income as the overall economic recovery continues.

As the above table shows the level of staff costs as a percentage of income continues to grow and now is an average of 80% of total income. The impact of increasing costs as result of national bargaining and the reduction in non-SFC income has meant that this figure has remained consistent over the last couple of years and is now forecasted to remain at this level going forward. The College continues to monitor this performance measure.

Student Activity Performance Highlights

Delivery of widening access and progression targets

Delivery of widening access and progression targets	2018-19 %	2019-20 %	2020-21 %
Student Gender Balance			
Male	42	44	42
Female	58	56	57
Prefer not to say	0	0	1
Students with a Disability	22	25	26
Students from SIMD10 Data Zone	25	25	25
School College Partnership (SCP) Pupils	4	5	5

West College Scotland is committed to equality of opportunity and outcome for students and staff who share protected characteristics, and to a culture that respects difference. The College is committed to providing an inclusive ethos and environment, where everyone feels welcome, supported, and respected. In April 2021, West College Scotland published [Equality, Diversity and Inclusion \(EDI\) Report](#) which reports on the end of the life cycle of the College Equality Outcomes 2017-2021. This report sets out the progress the College has made towards mainstreaming equality across the curriculum and in delivering equal opportunities for all our students.

The College also published in April 2021 its [Equality Outcomes 2021-2023](#) which is a legislative requirement that states all listed authorities must use equality evidence to develop Equality Outcomes which will enhance how the authority can pay due regard to the General Equality Duty, namely the duty to advance equality, eliminate discrimination and promote good relations. The Regulations state that Equality Outcomes should be developed at least every four years. The 2021-2023 outcomes set out what the College wants to achieve in a two-year period as opposed to four. The reason for this shorter timeframe is because of the extraordinary circumstances – the College wants to be as responsive as it can as soon as it can. The document sets out the main rationale for the College Equality Outcomes and key methods to achieve these. It is accompanied by an Action Plan which sets out the timeline, responsibilities and indicators of success.

Over the next two years the College will:

- 1. Ensure that staff and students from protected groups are supported and engaged in the recovery process.**
- 2. Stand up to racism and progress race equality.**
- 3. Enhance the wellbeing of all our staff and students.**
- 4. Ensure are digitally inclusive.**

Projects relating to this plan include:

- Conduct Staff Survey to learn about pandemic experience.**
- Review recruitment using the Scottish Government Race Equality Toolkit. Use results of review to develop practice to attract diversity.**
- Investigate further student data to understand more about concentration of students with mental health conditions in curriculum areas. Share findings with Curriculum Quality Leaders and Enabling Services.**
- Share best practice in digital inclusion with Digital Strategy Group.**

The College reports widening access outcomes quarterly to the Board of Management and the Learning, Teaching and Quality Committee. The Board of Management leads, with support from all other committees, on how the College uphold the College’s Equal Opportunities Policy, which reflects equality legislation and best practice.

The College updated its [Access and Inclusion Action Plan 2020](#) with successful completion of targets. This highlights a continued commitment to creating an inclusive curriculum and improving student outcomes for everyone studying at our College. We are currently reviewing and updating our Access and Inclusion Plan 2023 to take account of Covid-19 pandemic lessons learned and student feedback during 2020-21 and will report and publish this in line with Regional Outcome Agreement requirements.

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

Other partnership work with schools has extended as the College continually revises and improves the curriculum being offered to stakeholders. The College has increased the number of taster programmes and introduced new areas of interest such as cyber security and games development. In 2020-21 the College have maintained activity levels and facilitated working with 42 schools (2019-20: 42) delivering 32 courses (2019-20: 30) across the three campuses and in session with 1,385 pupils (2019-20: 1,282) were enrolled.

Corporate Parenting - In addition to the commitment to support all vulnerable students, the College is fulfilling its corporate parenting obligations as required under the Children and Young People (Scotland) Act 2014. We monitor, evaluate, and revise our practices and procedures to improve the outcomes for this group of students in line with our quality assurance and equalities policies and we evaluate our progress towards improving outcomes for this group of vulnerable students with reference to the targets detailed in our Corporate Parenting Action Plan. The College has continued to work with Action for Children implementing the STAY project, supporting students from a care-experienced background to succeed in college, whether that is through practical or emotional help.

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

SFC/Education Scotland Quality Arrangements - An update report on progress during session 2018-19 was submitted on 31 October 2019. This report evaluated our performance against four key areas of the student experience (1) recruitment (2) retention (3) attainment and (4) progression. Our last Progress Visit review by Education Scotland took place in January 2020 and reported good progress with our Evaluation Report and Enhancement Plan objectives. All work on the EREP was paused, at the request of SFC, in March 2020. For Session 2020-21 a Self-Evaluation Report is due to be submitted to SFC by 30 November 2021 as outlines in the [College and University Outcome Agreement Guidance 2021-22 \(sfc.ac.uk\)](#)

Education Scotland will resume visiting Progress Visits (PV) from Autumn 2021 as part of a sector wide review. We await further information on the nature and scope of these visits along with confirmation of our PV date, likely in Spring 2022.

For all students the College increased counselling provision and supported students through the student 'MyDay' app, to provide better information about funding, timetabling and other tutorial support. With the pandemic leading to the closure of campuses in March 2020, many services such as these moved online. New student service processes such as bursary funding, induction and self-enrolment were developed in 2020 to be available remotely.

Employer Engagement

2020-21 was an exceptional year for the College where the funding, operating and employer engagement environments offered unique challenges and opportunities. We delivered a strong performance with excellent results having done so through offering agile support to our learners and developing new ways to work and partner to demonstrate our value to funders, businesses, and their employees. We have achieved this through nurturing close working relationships with key stakeholders, partners, and communities; thereby increasing the reach and growing the impact of West College Scotland.

Flexible Workforce Development Fund (FWDF)

For 2020-21, the Scottish Government increased the overall college sector FWDF allocation from £10m to £17m, covering both Levy payers and, for the first time, SMEs in recognition of both the context and potential impact for small businesses. Notwithstanding the multiple challenges regarding various Covid-19 restrictions, social distancing, lockdown, and job retention schemes which significantly impacted on the ability to engage organisations and deliver training, almost £1m of employee upskilling and reskilling activity was delivered. This required teams to undertake training needs analysis with over 100 regional organisations to understand their workforce development requirements, and design appropriate upskilling and training opportunities which led to 70 new training products and delivery of over 600 training courses both virtual and face to face.

The Critical Engineer

With a multi-funding package of almost £1m this project has allowed the College to create our regional skills hub giving SMEs access to the latest training in Manufacturing 4.0 technologies through a combination of online, college and work-based learning, expert support and innovation partnerships. Earlier this year, the College hosted an online innovation 'hackathon' event to inform 200 local and national SMEs and stakeholders about our project and the services and funding available to them. Since then, we have been working in partnership with Renfrewshire Council, Renfrewshire Chamber of Commerce, Scottish Enterprise, UWS and the National Manufacturing Institute for Scotland (NMIS), to engage in further meaningful dialogue with manufacturing and engineering SMEs and together we launched the Renfrewshire Manufacturing Survey 2021.

Scottish Government SDS National Transition Training Fund (NTTF) was created to support people whose jobs were at risk because of Covid-19, transition into areas where demand has been identified, growth sectors, or clear new job opportunities. As our 'Critical Engineer' concept attracted regional and national attention, we were approached by NMIS to develop and deliver training in meta skills awareness for people who faced redundancy or changed job roles, because of the pandemic. We engaged with Think Visual -one of our learning our education technology partners and developed and delivered an Introduction to Meta Skills for people looking to move into Scotland's advanced manufacturing sector. The online training courses formed part of an overall Manufacturing 4.0 learning suite offered by NMIS, funded by the NTTF.

Modern Apprenticeships

The Skills Programmes and curriculum teams supported both active and furloughed Modern Apprentices (MAs) throughout the year. Our Apprentice and Learner Tracker showed that during the year, a third of apprentices in the West region were furloughed as part of the UK Government Job Retention scheme, with two thirds remaining actively engaged and/or making attempts to progress some form of their apprenticeship or vocational learning. The College sought to overcome logistical delivery challenges associated with MAs through utilisation of MS Teams, providing access to digital resources and identifying new ways for students to evidence online recording of learning to support existing apprentices and provide a pathway for new starts. Whilst practical challenges to work-based learning continue, the College exceeded its income target supporting over 300 Modern Apprentices, through and beyond the lockdown period. Working with c.150 employers across 12 occupational groups, the College also supported 51 local employers to start 157 new Modern Apprentices showing agility to meet changing and growing demand associated with emerging social and economic priorities.

Looking Forward to 2021-22 and Beyond

The College continues to work with employers and partners to review emerging regional and national skills and regeneration strategies, including new programmes whose priorities were previously supported through EU programmes. These will include the funding support for staff and student international placements (Turing Programme) and community regeneration (Community Renewal Fund and Shared Prosperity Fund). These will offer opportunities to secure significant investment to deliver projects and training that will make a scalable impact to our student and professional groups, and local businesses and communities. This coupled with the continuing upskilling and reskilling FWDF funds for both large and small organisations will provide significant resources for West College Scotland to continue to influence, shape and support the West Region’s economic recovery.

Student Attainment and Progression

College Leavers Destinations (CLD). The results of the post college destinations data collection exercise for successful leavers from session 2019-20 produced the following results:

Reporting date Session	Apr-19 2017-18			Apr-20 2018-19			Apr-21 2019-20		
	No.	College %	Sector	No.	College %	Sector	No.	College %	Sector
Number of Qualifiers HE and FE	4,779			4,529			3,910		
Confirmed destinations	4,075	85	90	3,837	85	89	3,235	83	N/A
Positive destinations of those confirmed	3,885	95	95	3,661	95	95	3,085	95	N/A
Other known destinations	190	5		176	5		150	5	
Unconfirmed destinations	704	15		692	15		675	17	

SFC Guidance: [College Leaver Destinations Guidance 2019-20 \(sfc.ac.uk\)](https://www.sfc.ac.uk/collegetravellers/destinations)

The data collection takes place annually in February and tracks the destinations of successful, full time completing students from the previous session. This report relates to students who completed their studies in session 2019-20 and are deemed successful through full attainment of the qualification aim of the course.

A summary of main points from the April 2021 data collection exercise are noted below:

- ◆ **The number of qualifiers continues to fall with fewer full-time completers in 2019-20. The increase in short full-time programmes is not included in the CLD data collection as these courses are classified as part time.**
- ◆ **Deferrals in relation to the Covid-19 lockdown in March 2020 negatively impacted on 2019-20 numbers of completers.**
- ◆ **There is a low response rate as many students do not answer calls from the College 0800 number.**
- ◆ **Destination information is normally gathered during graduation ceremonies and this was not possible with the move to virtual graduations in November 2020.**

- ▶ The 2021 survey was carried out during March 2021 during initial national lockdown - positive destinations include those on furlough.
- ▶ Other known destinations include those not in work, not in further study as well as those taking time out, caring responsibilities.
- ▶ Improvement action planning for next session will include a review of student contact methods in a bid to improve confirmed response rates
- ▶ HE confirmed positive destinations - 14% were in employment either full or part time with the majority progressing to further study in college or at university.
- ▶ FE confirmed positive destinations - 81% (1,540 students) returned to the College to continue their studies.

Student Attainment and Progression

Mode	2017-18	2018-19	2019-20	2020-21
HE Full-time	69	65	70	67
HE Part-time	80	80	73	85
FE Full-time	69	68	66	67
FE Part-time	72	76	78	69

The Covid-19 pandemic continued to impact on student attainment rates into 2020-21, with proportionately high numbers of students in vocational areas unable to continue to engage in practical units. While the College reported improved retention across both, HE and FE, the ability of some students to engage in on-line assessment, impacted on success rates for full time students.

HE Full time success rates dipped by 3% to 67% (2019-20: 70%) with high proportionate numbers of students impacted by changes to their courses and especially where access to practical work experience remained a requirement for course success. An encouraging increase in HE part-time to 85% reversed a single year dip in 2019-20 (73%) and brought the College back in line with a five-year improvement trend. Analysis of success rates indicates that online learning and successful assessment were perhaps more attainable by students at higher SCQF levels while lower SCQF levels learners impacted more negatively from the absence of face-to-face teaching, encouragement, and support.

The College FE full-time rates, while improving slightly on the previous year at 67% (2019-20: 66%), overall remain stubbornly below 70%, despite introducing alternative assessment methodologies in line with awarding body Covid-19 guidance. The improving trend in FE part-time success rates has stalled with a reduction to 69% compared with 78% in 2019-20. This reduction is due to (a) 2019-20 Covid-19 deferral students who were unable to complete their work, with vocational subjects being significantly impacted where a work placement is a mandatory part of the course, and (b) a planned curriculum shift from full time to short full time courses which for achievement purposes count as part time provision and is not included in the College Leavers Destination survey.

Deferrals from Session 2019-20

The national lockdown in March 2020 impacted on many students for whom assessment and course completion was deferred into session 2020-21. Of those who returned part time to pick up lost learning and assessment during session 2020-21:

- ▶ **At Scottish Credit and Qualifications Framework (SCQF) Levels 2-6 (FE) a total of 620 student re-enrolled and of these 88% (546) successfully achieved the qualification aim they were unable to complete in session 2019-20.**
- ▶ **At SCQF Levels 7+ (HE) a total of 143 deferrals undertook lost assessments and 86% (123) successfully achieved their qualification aim.**

For 2020-21 the SFC has changed the way in which deferrals and returners are coded and students who were unable to complete during 2020-21 are classified separately. Outcomes for those who return for completion of their qualifications will be reported in 2021-22.

Student success rates for students from SIMD10 were broadly comparable to the previous session, with a 1% reduction for FE and a 1% improvement in HE. Despite the improvement for HE, the attainment gap widened as students from non-SIMD areas had a more improved trend success rate.

Full-time FE level outcomes were varied across College departments – with some very successful, above average outcomes trends for learners evident in the Learner Development programmes which focussed on SCQF Level 4 and in FE level Construction and Building Services courses, despite the impact of the pandemic. The overall College percentage dropped because of high numbers proportionately in some areas where success outcomes fell. Improvements to outcomes for part time FE learners are, in part, attributable to the ease of access to online learning for large numbers of students and the relatively low impact the move to remote learning had on these cohorts.

Many of our vocational courses were impacted by Covid-19 with a great deal of ongoing uncertainty for staff and students on how and when courses may complete. The College had a significant number of vocational students still undertaking 2019-20 course assessments well into 2020-21 as a direct result of the Covid-19 pandemic. Success performance indicators for 2019-20 will be reviewed once the College has taken account of all of those who have returned during session 2020-21 to complete their qualifications.

The College continues to seek to continually improve on the CLD and have made some changes to planned data collection for the 2020-21 cohort, although Covid-19 may impact on positive destinations, especially into employment, for successful 2020-21 completers.

Early Withdrawal

	Actual 2018-19	Actual 2019-20	Actual 2020-21
	%	%	%
HE Full-time	8.3	9.6	5.3
HE Part-time	7.1	7.0	3.4

The College early withdrawal rates for both FE and HE full time students has continued to fall as more enrolled students remained on programmes past the 1 November cut-off date. In the ongoing context of Covid-19 restrictions, feedback from students indicated that the flexibility offered by remote learning facilitated ongoing engagement with their studies. The College responded quickly to the pandemic restrictions for campus presence and mobilised ICT devices and support resources to provide continued delivery of learning.

Students Association

In 2020-21 the Student Association (SA) supported the student body during the Covid-19 pandemic, prioritising wellbeing, and positive mental health initiatives. The SA actively engaged with College students online via the SA social media sites and offered online advocacy and pastoral support.

A key College aim during 2020-21 was to work in partnership with the SA to increase student participation rates from surveys. This was successfully achieved for the SFC Student Satisfaction and Engagement Survey (SSES) which was conducted entirely online and resulted in an overall increased response rate of 10% (42% compared with 32% in 2018-19 noting that SFC withdrew the 2019-20 SSES requirement). Student representative training was offered online and over 400 recruits took up this opportunity and were instrumental in supporting survey uptake as well as gathering feedback on the student experience within their courses. The early feedback resulted in specific changes to how the college supported students during the pandemic including updated ICT hardware/ software more relevant to coursework and assessment requirements, the introduction of a student help desk online and access to online support for developing confidence to learn online.

Understandably the perception of the value the SA as a force for positive change across the College, was detrimentally impacted during the pandemic. All student facing SA led high profile activities ceased, including 'Freshers' events along with fund raising and other on campus activities. The Student Association worked continually behind the scenes to support the wider work of the College. The College is confident that this perception will improve as the SA further develops its online presence through social media, and when activity and footfall from on-campus learning resumes.

Early Indication of Progress for 2021-22

Enrolments for full-time classes starting in August 2021 are lower than target and those in 2020, despite applications being higher earlier in the year. The reduction is likely to be in part due to the increase in places available in universities, the availability of employment in certain sectors such as Hospitality and Care and the reduction in students completing courses last year and progressing on. The uncertainty over Covid-19 restrictions in colleges may also be a factor. Some analysis is being undertaken on why applicants may not have taken up places. This situation appears to be shared with many other Colleges across Scotland.

There is very strong demand for places in Construction courses and the college has increased classes in this area but is restricted increasing further due to availability of specialist accommodation. There is also a healthy increase in Apprentice provision with growth in Engineering and Health and Social Care.

The College Covid-19 Mobilisation Group continues to operate, with multiple workstreams, to respond to changes in Covid-19 guidance. The College Digital Strategy has been taken forward by several digital workstreams, including leading the tailored CPD for online teaching and use of Microsoft Teams. All students for 2021-22 are being provided with access to an online unit 'Developing the Confidence to Lear Online' before their courses started and throughout the session.

Portfolio Review meetings have been completed and Curriculum Planning and Review meetings are scheduled for the autumn to review overall performance and plan curriculum changes for 2021-22. Curriculum changes will be in line with the Curriculum Strategy 2021-26 which was approved by the Board of Management in June 2021.

Estate Strategy

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

The key College Estate Strategy challenges identified by the 2019 condition survey of the College estate, and recognised by the Scottish Funding Council college sector national condition survey of December 2017, include:

- ◆ **Challenges continue to exist in relation to fitness for purpose of our estate, with only 4 of 12 operational College buildings being graded at Level 1 (excellent) for functional suitability, and half of our operational buildings requiring major repair or replacement.**
- ◆ **A need to invest £42.4m over the next 5 years to bring our existing operational buildings up to a suitable condition and required standard.**

- ▶ **Over the next 20-year period a total of £152.5m will be required to maintain the current College estate in a suitable condition and to the required standard to undertake learning and teaching.**
- ▶ **Significant investment is required in Greenock as a high priority, with expenditure of £21.4m being necessary over a 5-year period to ensure our buildings are in the condition expected of a modern teaching and working environment. It is estimated that replacing our existing Greenock facilities could require investment of up to £100m (ex VAT) and an Outline Business Case is to be submitted to the Scottish Funding Council to this effect.**
- ▶ **Within Paisley, there is also a need for significant investment, with much of the estate not being fit for purpose. Funding is therefore required as a priority, with expenditure of £16.6m being identified as necessary simply to maintain existing buildings in an acceptable condition over the next 5-year period. However, even with this, the functional suitability of several of these buildings would not be at the level required. Thus, there is a need for investment, and it is estimated that replacing and upgrading our existing Paisley facilities would require an amount in the region of £100m.**
- ▶ **The Clydebank campus, which is now 13 years old, has a need for investment of £4.5m over the next 5-year period to maintain facilities at the required level.**

The delivery of the Estates Strategy is overseen by the Vice Principal Operations and supported by the Estates Management Team. The Corporate Development Committee retain ongoing oversight of the Estate Strategy implementation and the Board of Management receives an annual update on the implementation of the Strategy. Given the potential implications of Covid-19 on the future estate needs of the College has undertaken to review the Estate Strategy during the first half of 2021-22, with the aim being to for the Board of Management to approve a revised Strategy by the end of the first quarter of 2022.

Sustainability Report

Sustainability Strategy

The College is currently refreshing its Sustainability Strategy which sets out a clear vision until 2025. At the heart of the strategy is the ambition to 'Be a College at the cutting edge of environmental sustainability through its learning, teaching, partnerships and core operations'. Specifically, to reduce carbon emissions by 50% on the College baseline by 2030, with an aspiration to be carbon neutral by 2040. The strategy is ambitious but aligns to the climate emergency that was declared in May 2019.

The key focus for the College will therefore continue to be on the following aspects: energy, water, travel and transport, community, sustainable procurement, fair trade, sustainable education, and external partnerships.

Report on progress made during 2020-21

The College acknowledges the importance of environmental issues and sustainability, and endeavours to consider these matters as part of its ongoing decision-making process. Its environmental responsibilities as a public body, supports the national outcome to 'value and enjoy our built and natural environment, protect it, and enhance it for future generations'.

The College's strategy therefore outlines its commitment to sustainability and how it will reduce carbon emissions, adapt to climate change and act in a sustainable manner in line with its obligations. As such the College is named as a 'major player' by the Scottish Government in the Climate Change (Scotland) Act 2009.

In addition, our role in sustainable education provides us with a clear mandate to lead in sustainability in everything we do. The college is committed to ensuring progress towards embedding into college life the UN Sustainable Development Goals (SDGs).

In 2020-21, the College's approach to energy-efficiency continued with further investment in a series of lighting control measures across the estate and replacement of lighting installations with more efficient equipment. Future projects to further improve energy efficiency and drive down consumption will be implemented in upcoming years.

Up to 97% of the College's carbon footprint is associated with its buildings, from heating, lighting and use of other equipment. The first Carbon Management Plan (2015-21) shows that the College emitted 5,303 t/CO₂e in 2014-15, this reduced to 3,267 t/CO₂e in 2019-20, a 2,036 t/CO₂e (38%) reduction. Over this period electricity and gas consumption has reduced by 55% and 11% respectively. The College closure on 23 March 2020 due to the Covid-19 lockdown lead to an overall reduction in electricity and gas usage and therefore a reduction in carbon emissions. With the resumption of campus activities this downward movement will partially reverse in 2021-22.

College waste management continues to improve with an offsite recovery rate of 90% for mixed recycling and 60% for general waste. All College food waste is processed into green energy via an anaerobic digester.

At the start of the academic year the College was considering various ways to remove single use plastic, thereby reducing plastic pollution, however with the Covid-19 lockdowns this activity has been delayed until 2021-22. The College continues to develop staff and students and promote actions on sustainability enabling and encouraging them to be global citizens. The College also promoted the principles of 'Education for Sustainable Development' through teaching, research, and knowledge transfer activities. Supporting social responsibility across the College and in our communities and encourage the use of Fairtrade products. The College is also a member of the Scottish Fair-Trade Forum and complies with Scottish Government sustainability reporting in line with the requirements of the Climate Change (Scotland) Act 2009.

Review of Financial Performance

The financial impact of Covid-19 on the College after the closure of its campuses in January 2021 has been considerable particularly as income includes a high level of commercial and international exposure. The adjusted operating position, in the table on page 27 below, shows a surplus of £0.2m for the year compared to the 2019-20 deficit of £1.8m. The Statement of Comprehensive Income shows a surplus of £11.0m for the year compared to the 2020 deficit of £(24.4)m, due to the actuarial gain on the local government pension scheme.

	2020-21	2019-20
	£'m	£'m
Income	59.0	57.7
Expenditure	(60.4)	(61.5)
Operational deficit for the year	(1.4)	(3.8)
Exceptional staff costs	(0.5)	(0.0)
Annual leave provision movement	(0.1)	(0.4)
FRS102 pension costs -actuarial revaluation	(3.1)	(2.7)
FRS 102 pension interest charge	(0.6)	(0.5)
Deficit for the year	(5.7)	(7.4)
Actuarial gain / (loss) on pension	16.7	(17.0)
Total comprehensive income / (expenditure) for the year	11.0	(24.4)

Income

Income at £59.0m is higher by £1.3m in comparison to 2019-20. Scottish Funding Council Recurrent grants increased by £1.8m due to the receipt of sector wide financial sustainability funding, core funding to cover inflationary cost pressures and additional Young Person Guarantee / National Transition Training funding.

Tuition fees and education contracts, which includes international and commercial income, held relatively steady with a slight increase of £0.3m despite the impacts from Covid-19.

Other grant income increased by £0.4m due in the main to receipt of a development grant which was expended in year on equipment and additional teaching staff.

Other income including childcare funds was £1.2m lower than 2019-20. The impact of Covid-19 on catering and nursery income resulted in a loss of income of £0.8m. The College received Job Retention Scheme income of £0.6m in 2020-21 which was £0.1m lower than the previous year.

Expenditure

Expenditure at £60.4m is lower by £1.1m in comparison to 2019-20. This was mainly the result of decreases in other operating expenses as the College expenditure contracted due to the impacts from Covid-19

Staff costs increased by £0.7m due in the main to cost of living increases which were partially offset by the savings from staff leaving due to voluntary severance.

Other Operating Expenses reduced by £1.7m compared to 2019-20 due to lower costs associated with income contractions relating to Covid-19, together with savings aligned to campus closures. These one-off savings relate to energy, cleaning, professional fees, catering costs and travel.

Balance Sheet

Fixed assets at the year-end totalled £111.1m, a net increase of £13.3m compared to the prior year. This is primarily the result of the interim revaluation of land and buildings that was required in the year. The increase was also the result of fixed asset additions related to SFC ringfenced funding of digital and high priority backlog maintenance works. Depreciation charges of £3.9m were incurred during the year.

Net current liabilities decreased by £0.4m because of increased debtors and cash at the year-end offset by an increase in creditors. On 31 July 2021, the College had an accumulated surplus of £14.2m (2019-20: £13.6m surplus) on its Income and Expenditure Reserve, and in complying with FRS102 s28 (Retirement Benefits) the pension liability decreased by £12.9m to £30.1m (2019-20: £43.1m) which is included in the Income and Expenditure Reserve.

Cash Flow

There was a net cash inflow of £1.8m (2019-20: net cash inflow of £1.3m). On 31 July 2021 the College held cash and deposits of £8.8m (2019-20: £6.9m), of which £0.4m related to student support funds. These are managed in accordance with the College's Financial Regulations. The College held long-term debt of £1.3m (2019-20: £1.7m) which is attributable to the Paisley campus inherited campus redevelopment.

The College Estate and Capital Resources

The College has capital assets of £111.1m (£110.7m related to the College estate). In 2020-21 the College received SFC lifecycle maintenance funds of £1.2m (2019-20: £0.8m) to maintain its estate, ICT infrastructure and systems. The College has underpinned this investment with net recurring expenditure of approximately £1.6m (2019-20: £1.0m) to cover the operating costs of the estate.

Cash Budget For Priorities

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

	2020-21 £'000	2019-20 £'m
Revenue		
Contribution towards 2015-16 cost of living award	0.6	0.6
ICT maintenance costs	0.5	0.5
Total impact on operating position	1.1	1.1
Capital		
Loan repayments	0.5	0.5
Total capital loan repayments	0.5	0.5
Total cash budget for priorities spend	1.6	1.6

Adjusted Operating Position

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

	Note	2020-21 £'m	2019-20 £'m
Deficit before other gains and losses		(5.7)	(7.4)
Add back:			
Depreciation net of deferred capital grant releases	1	2.7	2.6
Pension adjustment - Net service costs	2	3.1	2.9
Pension adjustment - Net interest costs	3	0.6	0.5
Loss on disposal of assets		0.0	0.1
Revenue funding allocated to loan repayments	4	(0.5)	(0.5)
Adjusted operating surplus / (deficit)		0.2	(1.8)

Note

1. Depreciation does not have a cash impact on the College and capital expenditure and will largely be funded by government grants, therefore the charge is taken out. See note 12 for depreciation and note 14 for deferred capital grants.
2. The adjustments to the pensions charge represent the net service cost (i.e., the present value of projected benefits resulting from employee service in the current year less cash contributions paid). See note 23.
3. The net interest cost is the interest accumulated on the pension liability and this is offset against the current year's interest earned on pension assets. See note 23.
4. Cash budget for priorities is included in income but the loan repayment is not reflected in the costs therefore this amount is adjusted. See table on page 26 for cash budget for priorities spend.

Payment To Suppliers

The College complies with the CBI Prompt Payment Code and has a policy of paying its suppliers at the end of the month following the date of invoice or supply unless supplier payment terms are different, in which case payment is made in accordance with those terms. Supplier invoices were paid on an average of 13 days in the year to 31 July 2021 (2019-20: 21 days). There was no interest paid under the Late Payment of Commercial Debts (Interest) Act 1998 during the period.

Financial Outlook

The impact of Covid-19 - not only on College operations but on wider society in general - is expected to result in further challenges in maintaining levels of recruitment and therefore funding in future years. Robust financial planning mechanisms continue to be employed for the next three-year period which are intended to enable West College Scotland to achieve its planned outcomes, however even with these mechanisms in place, the operating environment is likely to prove challenging.

To achieve the forecasted break even adjusted operating position, the College will require to deliver £2.3m of both staff and non-staff efficiency savings over the next three years. These efficiencies are based upon the ability of the College to attain its student enrolment targets. As noted in the 'Early Indication of Progress for 2021-22' section on page 22, the level of recruitment is lower than targeted for 2021-22. The College has continued its engagement with the SFC regarding how the College, with support from the SFC, can address the challenges it faces.

As detailed within the Estate Strategy section, significant investment will be required from Scottish Government and the Scottish Funding Council to provide and maintain 21st century teaching, learning, and working facilities that meet the needs and expectations of students, staff, and customers. Without this investment the ability of the College to attract and retain students during these difficult times will only be made more challenging.

The current uncertainty in funding and the challenging financial environment will be closely monitored in the coming months and years. The sector continues to face difficult economic conditions which are exacerbated by the College core funding only being provided for the year ahead which negates the ability of the College to effectively plan for long term financial sustainability.

The Performance Report is approved by The Principal and Chief Executive:

Elizabeth Connolly

Principal and Chief Executive

Accountability Report

CORPORATE GOVERNANCE REPORT

Board of Management Report

The membership of the Board of Management during the year to 31 July 2021 is outlined at page 35 and includes all members who served during the reporting period. The Register of Interests for these Board members is available on the [College website](#).





No significant company directorships or other interests were held which may have conflicted with their duties as Board Members. No member of the Board of Management had any other related party interest during the reporting period.

The Board of Management complies with all the principles of the Code of Good Governance for Scotland's Colleges ('the Code') as developed and owned by the college sector. Further to this, the Board has adopted and operates under the model Code of Conduct developed by the Standards Commission for Scotland. With regards to data protection compliance, there was one potential data-related incident which was reported to the Information Commissioners Office. The College received a response from the ICO stating that they did not require to follow up on the matter and the report was considered as closed.

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

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

The College Executive Team comprises:

-  **Elizabeth Connolly - Principal and Chief Executive**
-  **Stephanie Graham - Vice Principal Educational Leadership**
-  **David Alexander - Vice Principal Operations (resigned 25 June 2021)**
-  **Amy McDonald - Vice Principal Operations (appointed 23 August 2021)**

These members also influence the decisions of the College as a whole.

Statement of The Board Of Management's Responsibilities

The Board of Management defines its overall responsibilities in accordance with the Code of Good Governance, with these being as follows:

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

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

The Board of Management governance framework sets out the roles, accountabilities and expectations for Board members and Board committees. The Board of Management Articles of Governance are publicly available via the College website.

Corporate Governance Statement

Introduction

The Corporate Governance Statement is provided to summarise the operation, responsibilities, structure, and functions of the College Board of Management, with approaches in place to support this and ensure effectiveness and improvement. Due recognition has been given to the guidance set out in the Code of Good Governance for Scotland's Colleges and the Governance Statement section of the Scottish Public Finance Manual (SPFM). It is a condition of the Financial Memorandum that West College Scotland meets the principles of good governance set out in the Code of Good Governance for Scotland's Colleges.

Governance Structure

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

The College's Board of Management met five times during 2020-21 and conducted business through seven (reconstituted to five) supporting Committees. The Committees which operated during 2020-21 were:

- ◆ **Audit.**
- ◆ **Corporate Development (this Committee was previously three Committees namely HR and Corporate Development / Finance and General Purposes / Asset and Infrastructure).**
- ◆ **Learning, Teaching and Quality.**
- ◆ **Remuneration.**
- ◆ **Nominations.**

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

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

The Board is supported by a Secretary to the Board. The Secretary maintains a register of financial and personal interests of Board Members. The Secretary is also responsible for ensuring full minutes of all Board and Board Committee meetings are available and that all applicable procedures and regulations are complied with. Formal agendas, papers and reports are supplied to Board members in a timely manner, in advance of meetings. All the above information is available on the [College website](#).

Amendment to Committee Structure effected during the year

At its meeting held on 1 February 2021, the Board of Management approved a realignment of Board Committees from a total of seven to five as noted above.

Corporate Development Committee

The Corporate Development Committee was formed by combining the HR and Corporate Development / Finance and General Purposes / Asset and Infrastructure committees. 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.**
- ◆ **Ensure the College manages all assets and resources in accordance with Scottish Government and Scottish Funding Council requirements.**

Audit Committee

The Audit Committee ensures compliance with corporate governance requirements, monitors adherence to regulatory requirements, provides oversight on systems of internal control and provides the principal mechanism through which the audit process works with particular emphasis on compliance, management of risk, and internal and external audit activities as well as ensuring systems are in place to provide efficiency, effectiveness, and economy. This Committee provides a forum for reporting by the College external and internal auditors and advises on the appointment of the internal auditors and their remuneration.

The Audit Committee meets at least four times a year and, in addition, meets once a year with the Corporate Development Committee to consider the annual audit report of the external auditors, review the integrity of the Annual Report and Financial Statements and to recommend their approval to the Board of Management. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members, and once a year the Committee members meet both the internal and external auditors independently.

The College internal auditors undertake reviews which test and monitor systems of internal control, risk management controls and governance processes in accordance with an agreed audit plan and report their findings to College management and the Audit Committee. College management is responsible for the implementation of agreed audit recommendations and the internal audit providers undertake periodic follow-up reviews to ensure that such recommendations have been implemented.

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

Learning, Teaching and Quality Committee

The main purpose of the Learning, Teaching and Quality Committee is to:

- ▶ **Have strategic oversight of all learning, teaching, training and skills development within the College, ensuring the highest quality of student experience and the development of a sustainable and innovative curriculum to meet the current and future skills needs of students, employers and the Region.**
- ▶ **Advise on the strategic direction for the allocation and development of College resources to best meet the needs of learning, teaching and students.**
- ▶ **Ensure the College meets the Scottish Government and Scottish Funding Council requirements relating to Learning, Teaching and Quality in the Regional Outcome Agreement and monitor associated targets and performance indicators.**
- ▶ **Advise on the strategic implementation, review and development of required strategies and policies that reflect best practice and improve the student experience.**

Remuneration Committee

The purpose of the Remuneration Committee is to determine the remuneration and terms and conditions of the Principal, all other members of the Senior Management Team (SMT) including the College Executive and Heads, and the Secretary to the Board, and to ensure due process is followed.

Nominations Committee

The purpose of the Nominations Committee is to consider and make recommendations to the Board of Management on appointments ensuring due process is followed, to consider matters of succession planning, and to consider processes in place for the induction, training, and development of Board members.

Operation of The Board of Management

Membership

In alignment with the Post-16 Education Act (2013), West College Scotland continued to formally review Board membership during the year to 31 July 2021. The Board of Management comprises 18 members encompassing:

- ◆ **a Chair appointed by Scottish Ministers.**
- ◆ **the Principal.**
- ◆ **12 Non-Executive Members whose appointments are made in accordance with Scottish Government Ministerial guidance issued in 2014 and approved by both the Board of Management and the relevant Scottish Minister.**
- ◆ **two Staff Members elected by the College teaching and support staff.**
- ◆ **two Student Members nominated by the Students' Association.**

The College's Board of Management is drawn from industry and the professions. The wide experience of the Board ensures the strategic direction of the College is set in conjunction with industry's needs and that due attention is paid to maintaining a financially sustainable College.

Details of membership during the year to 31 July 2021 are provided at page 35.

Induction and Development

All new Board members receive a formal induction provided by the College and through training organised by the College Development Network. Additional Board development sessions held within the College during the year 2020-21 focused on the SFC Review of Coherent Provision and Sustainability, College estate (including a detailed update in relation to College Outline Business Cases for Paisley and Greenock) and the financial environment within which the College operates.

Evaluation





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".

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 2019 should be issued to all Board members. The survey was issued on 1 March 2021 with a closing date of 19 March 2021. The outcomes of this review were used to inform and update the Board Development Action Plan. Both the Effectiveness Review Report and Board Development Action Plan were approved by the Board of Management at its meeting held on 14 June 2021 and, thereafter, forwarded to the SFC and are published on the [College website](#). 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.

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












Board of Management Membership

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

Name	Status	Job Title	Date Appointed / Reappointed	Term End Date	Date Resigned
W. Hatton	 Chair, Board of Management and Nominations Committee (2)	Business Consultant	3 March 2020	2 March 2024	N/a
E. Connolly	 Principal and Chief Executive	Principal, West College Scotland	1 September 2018	Ex officio	N/a
J. Hannigan	 Non-Executive Member  Chair CDC and Remuneration	NMIS Programme Manager, Skills Development Scotland	Re-appointed 1 February 2018	31 January 2022	N/a

Name	Status	Job Title	Date Appointed / Reappointed	Term End Date	Date Resigned
J. Henry	<ul style="list-style-type: none"> Non-Executive Member Board Vice Chair Chair LTQC Vice Chair Nominations Vice Chair Remuneration 	Part-time Researcher, Scottish Parliament	Re-appointed 1 February 2018	31 January 2022	7 July 2021
A. Hetherington	<ul style="list-style-type: none"> Non-Executive Member Vice Chair A&IC 	Retired	Re-appointed February 2017	31 January 2021	31 January 2021
J. McMillan	<ul style="list-style-type: none"> Non-Executive Member Chair Audit Committee Senior Independent Member 	Retired	Re-appointed 1 February 2017	31 January 2021	31 January 2021
N. Allan	<ul style="list-style-type: none"> Non-Executive Member Vice Chair, CDC Feb 21 to July 21 	Self-employed Property Consultant	Re-appointed 1 February 2019	31 January 2023	N/a
J. Johnston	<ul style="list-style-type: none"> Non-Executive Member 	External Affairs Manager, Citizens Advice Scotland	Re-appointed 1 February 2019	31 January 2023	1 January 2021
M. Newlands	<ul style="list-style-type: none"> Non-Executive Member Chair LTQC 	Head of Partnerships, Scottish Enterprise	Re-appointed 1 February 2019	31 January 2023	N/a

Name	Status	Job Title	Date Appointed / Reappointed	Term End Date	Date Resigned
L. Johnston	<ul style="list-style-type: none"> Non-Executive Member Senior Independent Member on the Board from Feb 2021 to July 2021 Vice Chair of Board from Aug 21 	Business Strategy Manager, North Lanarkshire Council	Re-appointed 1 January 2021	31 December 2024	N/a
J. Leburn	<ul style="list-style-type: none"> Non-Executive Member Vice Chair CDC 	Principal Consultant of Exponentiate.uk	Re-appointed 1 January 2021	31 December 2024	N/a
A. Wilson	<ul style="list-style-type: none"> Non-Executive Member 	Strategic Director West Dunbartonshire Council	1 September 2017	31 August 2021	31 August 2021
D. Watson	<ul style="list-style-type: none"> Teaching Staff Member 	Teaching Staff Member, West College Scotland	13 September 2017	12 September 2021	12 September 2021
V. Thompson	<ul style="list-style-type: none"> Student Member 	Student Association	Re-elected 1 August 2020	31 July 2021	31 July 2021
S. Margarint	<ul style="list-style-type: none"> Student Member 	Student Association	1 August 2020	31 July 2021	31 July 2021
F. McKerrell	<ul style="list-style-type: none"> Non-Executive member Senior Independent Member from Aug 2021 	Lawyer	1 December 2019	30 November 2023	N/a

Name	Status	Job Title	Date Appointed / Reappointed	Term End Date	Date Resigned
S. Akram	 Non-Executive Member  Senior Independent Member on the Board from Feb 2021 to July 2021	Project Manager and Consultant	1 December 2019	30 November 2023	N/a
S. Cairney	 Support Staff Member	Support Staff Member, West College Scotland	18 September 2019	17 September 2023	30 April 2021
M. Gillan	 Teaching Staff Member	Teaching Staff Member, West College Scotland	13 September 2021	12 September 2025	N/A
D. Bayley	 Support Staff Member	Support Staff Member, West College Scotland	14 June 2021	13 June 2025	N/A
A. McGrath	 Student Member	Student Association – WCS	1 August 2021	31 July 2022	N/A
P. Sefton	 Student Member	Student Association – WCS	1 August 2021	31 July 2022	N/A
G. Bold (Co-opted)	 Co-opted member of Audit Committee	Workplace Pensions Director Scottish Widows	Re-appointed for 1 year from 1 July 2020	30 June 2021	31 January 2021
G. Bold	 Non-Executive member	Workplace Pensions Director Scottish Widows	1 February 2021	31 January 2025	N/A
G. Hunt	 Non-Executive member		1 February 2021	31 January 2025	N/A
G. Lyall	 Non-Executive member		1 February 2021	31 January 2025	N/A

Name	Status	Job Title	Date Appointed / Reappointed	Term End Date	Date Resigned
D. Mark (Co-opted)	Co-opted member of HR and Corporate Development Committee (now CDC)	Retired	Re-appointed for 1 year from 1 March 2021	28 February 2022	N/A
R. Binks (Co-opted)	Co-opted member of Learning, Teaching and Quality Committee	Corporate Director of Education, Communities and Organisational Development, Inverclyde Council	Re-appointed for 1 year from 1 March 2021	28 February 2022	N/A
W. Wong (Co-opted)	Co-opted member of Audit Committee	Director of, and Secretary to the Trustee of the Elementis Group Pension Scheme	Re-appointed for 1 year from 1 March 2021	28 February 2022	N/A
M. Hamilton (Co-opted)	Co-opted member of Learning, Teaching and Quality Committee	Employment Facilitator	Re-appointed for 1 year from 1 Nov 2021	31 October 2022	N/A

Noted below are members of the College Executive who attend meetings of the Board and its Committees.

Stephanie Graham	Member of College Executive	Vice Principal Educational Leadership
Amy McDonald	Member of College Executive	Vice Principal Operations

Board of Management Attendance for the year ended 31 July 2021

Name	Possible Attendance	Actual Attendance
W. Hatton (Chair)	5	5
E. Connolly	5	5
J. Hannigan	5	5
J. Henry (Vice Chair to July 21)	5	5
A. Hetherington	2	2
J. McMillan	2	2
N. Allan	5	5
J. Johnston	2	2
M. Newlands	5	5
L. Johnston	5	5
J. Leburn	5	4
A. Wilson	5	5
D. Watson	5	5
F. McKerrell	5	5
S. Akram	5	4
S. Cairney	4	3
V. Thompson	5	5
S. Margarint	5	5
G. Bold	3	3
G. Hunt	3	3
G. Lyall	3	3
D. Bayley	1	1

Co-opted Members (1)

D. Mark

R. Binks

W. Wong

M. Hamilton

(1) Co-opted members do not attend Board meetings.

(2) The Chair is ex officio member of all Board committees except the Audit Committee.

Committee Attendance

	2020-21	2019-20	2018-19
Board of Management	97%	88%	83%
Audit Committee	95%	90%	80%
Corporate Development Committee	84%		
HR & Corporate Development Committee	86%	85%	96%
Asset and Infrastructure Committee	100%	83%	88%
Finance and General Purposes Committee	73%	80%	90%
Learning, Teaching & Quality Committee	83%	69%	81%
Nominations	92%	75%	60%
Remuneration	90%	86%	75%

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

Corporate Plan 2019-2025

In respect of its strategic and development responsibilities, the Board of Management receives recommendations and advice from Board Committees, the Principal and Chief Executive and the College Executive Team. The Board of Management has approved the 2019-2025 Corporate Plan, which sets out the College's strategic aims. The Plan outlines the approach of the College to delivering an expansive and progressive curriculum to meet the needs of industry and equip students to meet the demands of the modern workplace. The Plan has the College's values at its centre, and at the heart of the Strategy are four key priority areas:

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

Risk Management

Risk Management Arrangements

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

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

The June 2021 Board of Management, through its Audit Committee, approved an Assurance Framework with a view to enhancing further the College's approach to internal control, assurances, and risk management. The framework identifies organisational arrangements and clear lines of accountability, which are responsible for providing assurance about the management of key business areas and risks. As part of its annual review, the College Assurance Map was considered by the May 2021 Audit Committee.

The College's Risk Management and Assurance Framework includes:

- ◆ **a Risk Management Strategy.**
- ◆ **a risk appetite statement.**
- ◆ **operational risks registers, managed by each member of the Senior Management Team aligned to their respective operational plans, which cover all College business.**
- ◆ **A Strategic Risk Register, which identifies the major risks drawn from operational risk registers, risks identified by the Board of Management and its committees, and risks identified by the Senior Management Team.**
- ◆ **An Assurance Map highlighting the College internal control and assurance framework.**

The College Risk Management Strategy is overseen by the Senior Management Team, which reports into the Audit Committee. This Senior Management Team meets every three months to review the Strategic Risk Register, and a rolling review programme of operational risk registers and business continuity plans.

The Board of Management is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that have been in place for the period up to the date of approval of these financial statements which accords with good practice as outlined in the UK Corporate Governance Code 2016. This process is regularly reviewed by the Board of Management.

Statement on Internal Control

Scope of Responsibility

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

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

Under the College's Scheme of Delegation, some financial matters are delegated to the authority of the Principal and Chief Executive as appropriate, subject to approved budget cover having been made available by the Board where necessary. A copy of the Articles of Governance and the Scheme of Delegation can be found on the College website.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks occurring and the impact should they be realised, and to manage them efficiently, effectively, and economically. The system of internal control has been in place in the College for the year ended 31 July 2021, and up to the date of approval of the annual report and financial statements.

The Risk and Control Framework

The system of internal control is based on a framework of regular management information, administrative procedures and a system of delegation and accountability. This includes:

- ◆ **comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board of Management.**
- ◆ **regular reviews by the Board of Management of monthly, periodic, and annual financial reports which indicate financial performance against forecasts.**
- ◆ **setting targets to measure financial and other performance.**
- ◆ **clearly defined capital investment control guidelines.**
- ◆ **appropriate reassurance through the College Assurance Framework aligned to top risks faced by the College.**
- ◆ **the adoption of formal project management disciplines, where appropriate.**

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

The Chair of the Audit Committee provides the Board of Management with a report on internal audit activity in the College annually. The report includes the Chair of the Audit Committee's independent opinion on the adequacy and effectiveness of the College's system of risk management, internal controls, and governance processes.

Review of Effectiveness

The Principal and Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. This review of the effectiveness of the system of internal control is informed by:

- ▶ **the work of the internal auditor. The conclusion in their annual report was that West College Scotland has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, internal controls, effective and efficient achievement of objectives and the management of key risks.**
- ▶ **the work of the College Executive and Senior Management Team, who have responsibility for the development and maintenance of the internal control framework and annual assurance statements.**
- ▶ **reports and recommendations made by the College's external auditor.**
- ▶ **the College's risk management processes.**

The Principal and Chief Executive has been advised on the result of the review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor, and a plan to ensure continuous improvement of the system is in place. Based on these assurances, the Principal and Chief Executive can confirm that sound systems of governance, risk management and internal control, consistent with the requirements of the SPFM / accounts direction, have operated for the year ended 31 July 2021 and up to the date of approval of the annual report and accounts. Additionally, external auditors tested a range of key controls within the main financial processes during the year and did not identify any significant control weaknesses.

The Senior Management Team considers possible control issues brought to their attention by reporting mechanisms and robust risk management processes. The Senior Management Team and Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board of Management's agenda includes a standing item for consideration of risk and control and receives reports thereon from the College Senior Management Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Going Concern

The annual financial statements have been prepared on a “going concern” basis.

The College meets its day to day, medium and long-term funding requirements through a combination of cash draw-down from the SFC, income generated from commercial activities and a term loan provided by a bank. Under the terms of the loan agreements the College must meet certain financial covenants. These covenants were met during 2020-21 and there is a reasonable expectation that the College will continue to meet these covenants in the 12-month period from the date of these financial statements.

As outlined in the Performance Report section, the College continues to operate within a challenging and uncertain financial environment. The Board of Management has approved a 2021-22 budget which details the sources of income and expenditure of the College and considered a 3-year financial projection. The financial forecasts for this period, based upon a set of SFC assumptions, indicate that the ability to deliver an underlying break-even position will be challenging for the College in the current and future years.

The Board of Management recognises that there is an overall financial sustainability risk to the College and its ability to manage activities and deliver planned outcomes within the current funding environment. The uncertainties relating to the effects of the duration of the pandemic and withdrawal from the EU on the further education sector will also require careful management by the College.

The College continues to receive support from the SFC. Funding allocations are confirmed by the SFC on an annual basis and the 2021-22 allocation has been agreed. The College continues to provide three-year forecasts to the SFC annually. Additionally, the Board has approved the 2020-21 College Interim Regional Outcome Agreement, with a further Interim Regional Outcome Agreement due to be submitted to SFC at the end of November 2021 and finalised for publication in January 2022. The College believes that the SFC will provide the funding requested and therefore it is appropriate to prepare the accounts using the going concern basis

However, having made appropriate enquiries, the Board of Management has a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the 2020-21 Annual Report and Financial Statements.

STATEMENT OF COMPLIANCE

In the opinion of the Board of Management the College complies with all the provisions of the 2010 Corporate Governance Code in so far as they apply to the College sector, and it has complied throughout the year ended 31 July 2021. The Board has also complied with the 2016 Code of Good Governance for Scotland's Colleges.

CONCLUSION

Based on the above information, it is the opinion of the Board of Management and the Principal and Chief Executive that the College has made progress in seeking to maintain a sustainable financial operating base over the year to 31 July 2021. This is evidenced through implementation of the College Business Transformation Plan with the SFC and the continuation of robust financial management and reporting.

The Board of Management are content that the arrangements in place relating to corporate governance are effective. Based on the information above, it is the opinion of the Principal and Chief Executive and the Board of Management that there was an on-going process for identifying, evaluating, and managing the College's significant risks, that it had been in place for the year ended 31 July 2021 and up to the date of approval of the annual report and accounts.

The Board will ensure the effective implementation of the College Strategic Plan going forward and will continue to evaluate and enhance its own practice through the Board Development Plan and other such mechanisms.

Approved by order of the members of the Board of Management on 13 December 2021

REMUNERATION AND STAFF REPORT

The following table provides an overview of staffing data as at the year end:

		2020-21		2019-20	
		FTE	%	FTE	%
People		830		834	
Sickness absence			3.5		5.3
Staff turnover			13.4		9.78
Gender:					
All staff	Male	364	44	359	43
	Female	466	56	475	57
Board of Management	Male	9	53	8	45
	Female	8	47	10	55
Senior Management Team	Male	5	45	7	58
	Female	6	55	5	42

Remuneration Policy

Under the College's Financial Regulations, which are consistent with the Code of Good Governance for Scotland's Colleges, the Board of Management has the authority to appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Principal and other senior post-holders.

Under its Scheme of Delegation, the Board delegates authority to the Remuneration Committee to consider, approve and report to the Board on decisions regarding the remuneration, package, terms, and conditions and, where appropriate, severance payments of the Principal and Chief Executive, Executive Team, Senior Management Team, College Heads, and the Secretary to the Board.

The Remuneration Committee comprises the Chair and Vice Chair of the Board, the Chairs of each of the standing Committees of the Board (one of whom is appointed Chair) and a minimum of 1 other member of the Board of Management. The Chair of the Board may not be Chair of the Remuneration Committee. The Remuneration Committee meets twice per year.

REMUNERATION INCLUDING SALARY AND PENSION ENTITLEMENTS

Board Member Remuneration

The Chair of the College Board of Management received remuneration in accordance with instruction from the Scottish Government. There is no remuneration paid to any other non-executive director posts on the Board of Management. Expenses incurred are paid to Board of Management members because of carrying out the duties of the appointment, including reasonable travel and subsistence.

Salary Entitlements

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

Name	Year ended 31 July 2021			Year ended 31 July 2020		
	Salary £'000	Pension Benefit £'000	Total £'000	Salary £'000	Pension Benefit £'000	Total £'000
W. Hatton (1)	25-30	0	25-30	10-15	0	10-15
E. Connolly	125-130	20-25	150-155	125-130	20-25	150-155
S. Graham	90-95	20-25	115-120	90-95	20-25	110-115
D. Alexander (2)	85-90	15-20	100-105	90-95	15-20	110-115

1. Waiyin Hatton was appointed as the Chair of the Board of Management from 3 March 2020. The full year remuneration of the Chair of the Board of Management is £27,560
2. The Vice Principal for Operations vacated his position on 25 June 2021, the above entitlements are for 11 months only. His replacement commenced in the role from 23 August 2021.

Salary multiples

The highest paid member of the management team was the Principal. The Principal's remuneration before pension benefits was in the range £125,000-£130,000 (2019-20: £125,000-£130,000). This was 3.05 times (2019-20: 3.10 times) the median remuneration paid to West College Scotland staff which was £42,357 (2019-20: £41,526).

Accrued Pension Benefits

Pension benefits for employees are provided through the Scottish Teacher's Superannuation Scheme (STSS), a defined benefit scheme, which is notionally funded and contracted out of State Earnings-Related Pension Scheme and the Local Government Pension Scheme (LGPS).

Both STSS and LGPS were final salary schemes until 31 March 2015, meaning that members' benefits were based on the final year's pay and the number of years that the person has been a member of the scheme. From 1 April 2015, both schemes became career average schemes, meaning that benefits are based on the career average earnings of the member, and the number of years that the person has been a member of the scheme. The schemes' normal retirement age is the state retirement age.

Contribution rates are set annually for all employees and depend on the salary of the employee. There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on final pensionable pay to 31 March 2015, career average earnings from 1 April 2015, and years of pensionable service.

The College accounts for the SPF in accordance with the requirements of Financial Reporting Standard (FRS) 102. The College's share of the scheme deficit as of 31 July 2021 was £30.1m (2020: £43.1m) and is included within reserves. The College is required by FRS 102 to disclose the STSS Scheme as a defined contribution scheme, as the scheme is not able to calculate individual employers' share of the overall deficit.

Further details regarding the pension arrangements for the College can be found in Note 23 to the Financial Statements including contribution rates payable.

Senior Staff Pension

Pension benefits are provided to senior staff on the same basis as all other staff. The accrued pension benefits for senior staff are set out in the table below, together with the pension contributions made by the College. It should be noted accrued benefits are attributable to contributions made over the period of the individual's working life, and from their various employers during that time.

Name	Accrued pension and lump sum at pension age at 31 July 2021	Real increase in pension and lump sum 1 August 2020 to 31 July 2021	CETV at 31 July 2021	CETV at 31 July 2020	Real increase / (Decrease) in CETV
	£'000	£'000	£'000	£'000	£'000
E. Connolly	18	3	298	247	51
S. Graham	150	9	904	818	86
D. Alexander	94	0	602	602	0

Cash equivalent Transfer Value (CETV)

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

The value of the accrued pension benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its' payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued because of total Local Government service and not just their current appointment.

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

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

Real increase in CETV

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

Note 8 to the accounts provides information on senior post holders' remuneration.

Compensation for Loss of Office

As at 31 July 2021, 22 employees had left the College under voluntary severance arrangements. They received compensation payments totalling £480,938 with this figure included pension fund strain costs of £40,498. The leavers did not receive any additional compensation. There was 1 staff departure under voluntary severance in 2019-20. There have been no compulsory redundancies.

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

	2020-21 Number and cost of voluntary redundancies	2019-20 Number and cost of voluntary redundancies
£10,001 - £25,000	16	0
£25,001 - £50,000	6	1
Total number of agreements	22	1
Total Cost (£)	£480,938	£30,551

Salaries and Related Costs

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

Facility time

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the College provided the following support through paid facility time for trade union officials working at the College during the year ended 31 March 2021.

Trade Union Representatives and Full-Time Equivalents

Number of employees who were trade union officials		Full-time equivalent employee numbers	
2020-21	2019-20	2020-21	2019-20
23	23	21.46 FTE	20.9 FTE

Percentage of working hours spent on facility time by band

	Number of Employees	
	2020-21	2019-20
1% to 50% of working hours	23	23

Percentage of staff costs spent on facility time

	2020-21	2019-20
Total cost of facility time	£117,000	£107,000
Total staff costs	£43,619,000	£43,007,000
Percentage of total staff costs spent on facility time	0.27%	0.25%

Paid trade union activities

	2020-21 %	2019-20 %
Time spent on disclosed or reportable trade union activities as a percentage of all trade union activities	14	24

West College Scotland - Our People

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

830 full-time equivalent staff (1,148 headcount) work at the College, 399 FTE (571 headcount) of whom are teaching staff. Alongside them, the College employs 431 FTE (577 headcount) across a range of support functions which encompass other professionals, including accountants, marketing executives, business specialists, caterers, and outreach workers.

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

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

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

The highest standards are also expected from all organisations that have dealings with the College. Suppliers, contractors, consultants, partners, and other organisations are therefore expected to adopt or abide by the College's policies, procedures, protocols and codes of practice. The College will seek to review its involvement with any organisation that fails to abide by the expected standards.

Building our Collective Culture

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

Provision of information to employees

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

Health and Safety

West College Scotland Board of Management is fully committed to compliance with all relevant health, safety, and fire legislation. The health and safety policy outlines how all foreseeable hazards and risks are identified and assessed to reduce or eliminate the likelihood of accidents, incidents, and cases of occupational ill health.

Equal Opportunities

The College has an Equal Opportunities Procedure. The purpose of this is to ensure that staff, students, customers, and visitors are treated equally regardless of age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, religion or belief, sex, sexual orientation, or race.

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

Social Matters

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

Respect for Human Rights

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

Employment of staff with a protected characteristic

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

The College is committed to equality and strives to have a diverse workforce. One way in which this can be evidenced is in the support for new and existing employees who live with a disability. The College is committed to providing reasonable adjustments in the form of physical adaptations, modifications to job roles and auxiliary aids or services to support employees to thrive.

West College Scotland has published 4 overarching Equality Outcomes 2021-2023, one of which focuses on progressing race equality. The College has increased its black and minority ethnic (BME) staff members from 1.5% in December 2019 to 1.7% in July 2021 and the work aligned to this Equality Outcome should enable us to be a better ally for BME staff and students.

Anti-Fraud and Bribery Policy Statement

It is important that West College Scotland maintains high standards of probity. In this respect, each Board Member and employee of the College is under a duty to report any reasonable suspicions and is encouraged to raise any concerns about fraud and bribery, in the knowledge that such concerns will be properly investigated. To this end, the College has a Public Interest Disclosure Policy (Whistleblowing) to protect anyone who wishes to raise concerns in good faith. Having a strong anti-fraud and bribery framework is therefore essential to ensure resources are used for their intended purpose and to demonstrate that sound systems of public accountability and transparency are in place. The College is committed to protecting the public funds entrusted to it and ensuring these are applied for the benefit of our communities. In support of this, a mandatory training module on Fraud Awareness will be launched to all staff at the start of the 2021/22 academic year.

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

Waiyin Hatton

Chair of Board of Management

Elizabeth Connolly

Principal and Chief Executive

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

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of West College Scotland for the year ended 31 July 2021 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, and Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the College's affairs as at 31 July 2021 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Emphasis of Matter - Effect of the Covid-19 Pandemic

We draw attention to Note 1(t) of the financial statements, which discloses a material valuation uncertainty caused by Covid-19 declared in the valuation report for property. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the college's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of material misstatement

We report in a separate Annual Audit Report, available from the Audit Scotland website, the most significant assessed risks of material misstatement that we identified and our judgements thereon

Responsibilities of the Board of Management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- ▶ obtaining an understanding of the applicable legal and regulatory framework and how the college is complying with that framework;
- ▶ identifying which laws and regulations are significant in the context of the college;
- ▶ assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- ▶ considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the college's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

The Board of Management is responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities to detect material misstatements in the financial statements in respect of irregularities, we are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report

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

Statutory other information

The Board of Management is responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

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

Our opinion on the financial statements does not cover the statutory other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters

Conclusions on wider scope responsibilities

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

Use of our report

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

Lucy Nutley
For and on behalf of Mazars LLP

100 Queen Street,
Glasgow,
G1 3DN

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

Financial Statements

Statement of Comprehensive Income and Expenditure

		Year ended 31 July 2021	Year ended 31 July 2020
	Note	£000	£000
Income			
Tuition fees and education contracts	2	5,897	5,641
Funding body grants	3	50,745	48,962
Other grant income	4	632	278
Other operating income	5	1,711	2,863
Investment income	6	0	1
Total Income		58,985	57,745
Expenditure			
Staff costs	7	46,876	46,160
Support staff job evaluation	7	935	935
Restructuring costs	7	481	31
Other operating expenses	9	11,706	13,413
Depreciation	12	3,971	3,975
Interest and other finance costs	10	754	665
Total Expenditure		64,723	65,179
Deficit before Tax		(5,738)	(7,434)
Taxation	11	-	-
Deficit for the Year		(5,738)	(7,434)
Actuarial gain / (loss) in respect of pension schemes	23	16,703	(16,957)
Total Comprehensive Income for the Year		10,965	(24,391)
Represented by:			
Unrestricted comprehensive income		10,965	(24,391)
Surplus / (deficit) for the year attributable to:			
College		10,965	(24,391)

All items of income and expenditure relate to continuing activities.

The Statement of Comprehensive Income is prepared under the FE/HE SORP. Colleges are also subject to Central Government accounting rules but the FE/HE SORP does not permit colleges to include Government non-cash allocations for depreciation in the Statement of Comprehensive Income. Note 27 provides details of the adjusted operating position on a Central Government accounting basis.

The deficit is attributable to other factors reflected in the adjusted operating position and also the impact of Covid-19 as explained in the Performance Report on pages 25 to 28

Statement of Changes in Reserves

	Income and Expenditure Reserve £000	Revaluation Reserve £000	Total £000
Balance at 1 August 2019	14,763	57,703	72,466
Deficit from the income and expenditure statement	(7,434)	-	(7,434)
Transfer between revaluation and income and expenditure reserve	2,814	(2,814)	
Release of unrestricted funds spend in the year	3,455	-	3,455
Total comprehensive expenditure for the year	<u>(1,165)</u>	<u>(2,814)</u>	<u>(3,979)</u>
Balance at 31 July 2020	<u>13,598</u>	<u>54,889</u>	<u>68,487</u>
Deficit from the income and expenditure statement	(5,738)	-	(5,738)
Transfer between revaluation and income and expenditure reserve	2,640	(2,640)	-
Release of unrestricted funds spend in the year	3,747	-	3,747
Revaluation	-	16,159	16,159
Total comprehensive expenditure for the year	<u>649</u>	<u>13,519</u>	<u>14,168</u>
Balance at 31 July 2021	<u>14,247</u>	<u>68,408</u>	<u>82,655</u>

Balance Sheet

		As at 31 July 2021		As at 31 July 2020	
	Note	£000	£000	£000	£000
Non current assets					
Fixed assets	12		111,106		97,798
Current assets					
Stocks		3		-	
Trade and other debtors	13	4,767		2,874	
Cash	19	8,776		6,995	
		<u>13,546</u>		<u>9,869</u>	
Less: Creditors: amounts falling due within one year	14	<u>(14,562)</u>		<u>(11,290)</u>	
Net current liabilities			(1,016)		(1,421)
Total assets less current liabilities			110,090		96,377
Creditors: Amounts falling due after one year	15		(27,338)		(27,834)
Provisions: Pensions	17		(30,157)		(43,113)
Provisions: Other			(97)		(56)
Total net assets			<u>52,498</u>		<u>25,374</u>
Unrestricted reserves					
Pension reserve	18		(30,157)		(43,113)
Income and expenditure reserve			14,247		13,598
Revaluation reserve			68,408		54,889
Total reserves			<u>52,498</u>		<u>25,374</u>

The financial statements on pages 59 to 82 were approved by the Board of Management, authorised for issue and signed on its behalf by:

Waiyin Hatton
Chair of Board of Management

Elizabeth Connolly
Principal and Chief Executive

Statement of Cashflow

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
	<i>Note</i>	
Cashflow from operating activities		
Deficit for the year	(5,738)	(7,434)
Adjustment for non-cash items		
Depreciation	12 3,971	3,975
Loss on disposal of fixed assets	12 -	25
(Increase) / Decrease in stock	(3)	13
Increase in debtors	13 (1,893)	(184)
Increase in creditors	14 3,176	1,785
Increase in provisions	41	56
Net cost of pension provision	23 3,747	3,455
Adjustment for investing or financing activities		
Investment income	6 -	(1)
Interest payable	10 754	665
Net cash inflow from operating activities	<u>4,055</u>	<u>2,355</u>
Cash flows from investing activities		
Investment income	6 -	1
Proceeds from the sale of asset	-	137
Purchase of Building Improvements and Equipment	7 (1,002)	-
	<u>(1,002)</u>	<u>138</u>
Cash flows from financing activities		
Interest paid	10 (754)	(665)
Repayments of amounts borrowed	19 (518)	(510)
	<u>(1,272)</u>	<u>(1,175)</u>
Increase in cash in the year	<u>1,781</u>	<u>1,318</u>
Cash at beginning of the year	19 6,995	5,677
Cash at end of the year	19 8,776	6,995

Notes to the Financial Statements

1) STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Financial Statements and there have been no changes to these in the year.

a) Basis of Preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) 2019: 'Accounting for Further and Higher Education' and the 2020-21 Government Financial Reporting Manual (FReM) issued by the HM Treasury and in accordance with Financial Reporting Standards (FRS 102). The College is a public benefit entity and has therefore applied the public benefit requirements of FRS102. The college conforms to relevant parts of the Scottish Public Finance Manual (SPFM), the Accounts Direction and other guidance issued by the Scottish Funding Council.

b) Basis of Accounting

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

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

c) Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Performance Report. The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying notes. The College currently has a £1.4m of bank loan and a finance lease outstanding. The bank loan is due to be fully repaid by 2025 and the finance lease within 2 years.

The College's forecasts and financial projections indicate that it will be able to operate within the existing bank loan covenant for the foreseeable future. Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

d) Recognition of Income

Fee income is stated gross of any expenditure which is not a discount and credit to the Statement of Comprehensive Income and Expenditure over the period in which students are studying. Income from the sale of goods or services is credited to the Statement of Comprehensive Income and Expenditure when the goods or services are supplied to external customers or the terms of the contract have been satisfied.

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

e) Agency Arrangements

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

1) STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (Continued)

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

f) Grant Funding

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

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

g) Donations and Endowments

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

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

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

h) Capital Grants

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

i) Fixed Assets

1) Tangible assets

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

2) Land and buildings

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

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

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

1) STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (Continued)

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

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

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

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

3) Buildings owned by third parties

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

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

4) Equipment

Equipment costing less than £5,000 per individual item and motor vehicles costing less than £5,000 are written off to expenditure in the year of acquisition. All other equipment and vehicles are capitalised and carried at depreciated historical costs, which is used as a proxy for fair value. Assets of lesser value may be capitalised where they form part of a group of similar assets purchased in the same financial year and costing over £20,000 in total.

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

j) Finance Leases

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

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

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

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

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

k) Operating Leases

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

Notes to the Financial Statements

1) STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (Continued)

l) Taxation

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

m) Stocks

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

n) Cash

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

o) Employment Benefits

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

p) Maintenance of Premises

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

q) Retirement Benefits

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

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

Scottish Teachers Superannuation Scheme (STSS)

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

Notes to the Financial Statements

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (Continued)

Strathclyde Pension Fund (SPF)

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

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

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

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

t) Judgements and key sources of estimation uncertainties In preparing these financial statements, management have made the following judgements:

1) Determine whether there are indicators of impairment of the College's tangible assets

Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

2) Other Key Sources of Estimation Uncertainty

Tangible Fixed Assets

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

3) Material Valuation Uncertainty

Valuation of Land and Buildings

The College properties were revalued by Ryden as at 31 July 2021. The outbreak of the Novel Coronavirus on 11 March 2020 has impacted global financial markets with activity being impacted in many sectors. As at the valuation date, Ryden considers that they can attach less weight to previous market evidence for comparison purposes, to inform their opinions of value. The current response to the global pandemic means that the valuers are faced with an unprecedented set of circumstances on which to base a judgement. Ryden's valuation is, therefore, reported on the basis of 'material valuation uncertainty' as per VPGA 10 of the Royal Institute of Chartered Surveyors (RICS) Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to their valuation than would normally be the case.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather the declaration has been included to ensure transparency of the fact that, in the current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.

Notes to the Financial Statements

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
2) TUITION FEES AND EDUCATION CONTRACTS		
FE fees - UK	2,024	2,126
FE fees - non EU	187	271
HE fees	2,847	2,739
SDS contracts	839	505
	<u>5,897</u>	<u>5,641</u>
3) FUNDING BODY GRANTS		
FE recurrent grant	42,868	40,464
Childcare funds (Note 25)	935	1,718
Release of deferred capital grants	1,055	1,153
Other SFC grants - job evaluation	935	935
Other SFC grants	2,236	1,680
Estates maintenance funding	2,716	3,012
	<u>50,745</u>	<u>48,962</u>
4) OTHER GRANT INCOME		
Development grants	448	94
Release of deferred capital grants	184	184
	<u>632</u>	<u>278</u>
5) OTHER OPERATING INCOME		
Catering	81	741
Other income generating activities	238	514
Support for learning	276	311
Other Government grants - Job Retention Scheme	563	677
Other income	553	620
	<u>1,711</u>	<u>2,863</u>
6) INVESTMENT INCOME		
Interest receivable	0	1
	<u>0</u>	<u>1</u>

Notes to the Financial Statements

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
7) STAFF COSTS		
Wages and salaries	33,584	32,599
Social security costs	3,405	3,330
Pension costs including actuarial cost (Note 23)	10,233	9,869
Holiday pay provision charge	135	393
Support staff job evaluation	935	935
	<u>48,292</u>	<u>47,126</u>
Teaching departments	25,762	25,197
Teaching services	4,445	4,744
Administration and central services	9,103	8,777
Premises	2,319	2,298
Other expenditure	1,552	1,527
Catering	573	667
Pension adjustments	3,122	2,950
Total	<u>46,876</u>	<u>46,160</u>
Support staff Job Evaluation	935	935
Restructuring costs	481	31
Total	<u>48,292</u>	<u>47,126</u>

Staff Numbers:

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

	2021 FTE	2020 FTE
Teaching departments	399	385
Teaching services	80	77
Administration and central services	227	235
Premises	68	69
Other expenditure	36	40
Catering	20	28
Average number of FTE directly employed	<u>830</u>	<u>834</u>
Headcount: Teaching	571	571
Headcount: Support	577	626
Agency staff costs	£ 119,000	£ 161,000
Average number of agency FTE	5	7

Notes to the Financial Statements

7) STAFF COSTS (Continued)

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

	2021 Numbers	2020 Numbers
£60,001 - £65,000	16	14
£70,001- £75,000	10	10
£90,001 - £95,000	1	2
£125,001 -	1	1
£130,000	<u>28</u>	<u>27</u>

8) SENIOR POST-HOLDERS' EMOLUMENTS

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

<u>11</u>	<u>12</u>
-----------	-----------

	2020-21 £000	2019-20 £000
Senior post-holders' emoluments are made up as follows:		
Salaries	903	996
Pension contributions	183	198
Total Emoluments	<u>1,608</u>	<u>1,194</u>

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

	2020-21 £000	2019-20 £000
Principal	<u>129</u>	<u>127</u>
Pension contributions	<u>25</u>	<u>25</u>

No senior post-holder received any benefits in kind.

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

The Principal and 8 other senior post holders were members of the Strathclyde Pension Fund, a further 2 senior post holders were members of the Scottish Teachers Superannuation Scheme. All pension contributions were paid at the same rate as for other members of staff.

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

Notes to the Financial Statements

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
9) OTHER OPERATING EXPENSES		
Teaching departments	2,289	1,953
Catering	60	409
Other income generating activities	321	190
Premises: operating	2,053	2,316
Premises: maintenance	2,248	2,749
Administration	3,702	3,956
FE and HE childcare (Note 25)	935	1,718
Student support fund costs	98	97
Loss on disposal of assets	-	25
	<u>11,706</u>	<u>13,413</u>
Included in Administration expenses are:		
Auditors remuneration (inclusive of VAT)		
Internal audit services	21	36
External audit services	33	32
Other services	10	7
	<u>64</u>	<u>75</u>
10) INTEREST PAYABLE		
On bank loans, overdrafts and other loans	129	160
Pension interest costs (Note 23)	625	505
	<u>754</u>	<u>665</u>

11) TAXATION

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

Notes to the Financial Statements

<i>TANGIBLE FIXED ASSETS</i>	<i>Inherited Land & Buildings £000</i>	<i>Other Land & Buildings £000</i>	<i>Equipment £000</i>	<i>Total £000</i>
Cost or valuation				
At 1 August 2020	62,336	52,684	2,418	117,438
Additions in year	-	783	336	1,119
Revaluation	(4,662)	(114)	-	(4,776)
At 31 July 2021	57,674	53,353	2,754	113,781
Depreciation				
At 1 August 2020	10,674	6,676	2,290	19,640
Charge for year	2,503	1,376	92	3,971
Revaluation	(12,884)	(8,052)	-	(20,936)
At 31 July 2021	293	-	2,382	2,675
Net book value at:				
31 July 2021	57,381	53,353	372	111,106
31 July 2020	51,662	46,008	128	97,798
<u>Analysis of net book value at 31 July 2021</u>				
Inherited	27,901	-	-	27,901
Financed by capital grant	29,480	-	219	29,699
Other	-	53,353	-	53,353
Leased	-	-	153	153
	57,381	53,353	372	111,106

Land and buildings were independently valued at 31 July 2021 by Ryden, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of RICS Valuation - Professional Standards, January 2014 amendment, FRS 102 and the Government Financial Reporting Manual. The basis of the valuation used was Depreciated Replacement Cost. Had they not been re-valued, inherited and owned Land & Buildings would have had an historic net book value of £42,694,000 (2020: £42,781,000)

Land and buildings with a net book value of £75,592,000 (2020: £63,674,000) have been funded from Exchequer Funds, under the definition found in the Financial Reporting Manual. These assets cannot be disposed of without the prior approval of the Scottish Funding Council, and then any proceeds only used in accordance with their instructions.

Included within Land and Buildings is land with a valuation of £5,924,000 (2020: £5,924,000) which is not depreciated.

Notes to the Financial Statements

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
12) TANGIBLE FIXED ASSETS (Continued)		
The depreciation charge for the year is analysed as follows:		
Based on cost	1,331	1,161
Based on valuation	2,640	2,814
	<u>3,971</u>	<u>3,975</u>
Analysed:		
Owned assets	3,875	3,879
Assets held under finance leases	96	96
	<u>3,971</u>	<u>3,975</u>
13) TRADE AND OTHER DEBTORS		
Trade debtors	126	57
Other debtors	35	23
Prepayments and accrued income	477	593
Other Taxes and Social Security	-	1
Amounts owed by SFC - Job Evaluation	2,726	1,792
Amounts owed by SFC - Other	1,403	408
	<u>4,767</u>	<u>2,874</u>
14) CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	250	422
Finance lease	82	96
Trade creditors	603	567
Other creditors	645	682
Accruals and deferred income	7,608	6,052
Amounts owed to SFC	4,090	2,232
Deferred capital grants SFC	1,100	1,055
Deferred capital grants non-SFC	184	184
	<u>14,562</u>	<u>11,290</u>
15) CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR		
Bank loans	1,020	1,270
Finance lease	68	32
Deferred capital grant SFC	21,996	22,094
Deferred capital grant non-SFC	4,254	4,438
	<u>27,338</u>	<u>27,834</u>

Notes to the Financial Statements

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
16) ANALYSIS OF BORROWINGS OF THE COLLEGE		
a) Bank loans	250	422
Within one year	270	250
Between one and two years	750	880
Between two and five years	-	140
After five years	<u>1,270</u>	<u>1,692</u>
Bank borrowings are secured over specific areas of heritable land and buildings spread a 12 year terms at fixed rates of 7.90%. This will be fully repaid by 2025.		
b) Finance Leases		
Within one year	82	96
Between one and two years	68	32
	<u>150</u>	<u>128</u>
The finance lease is spread over a 5 year term at a fixed rate of interest of 15.38% ending in October 2022.		
17) PENSION PROVISION		
Pension provision at 31 July 2020	43,113	22,701
Movement in year	(12,956)	20,412
Pension provision at 31 July 2021	<u>30,157</u>	<u>43,113</u>
The movement in pension provision is further analysed in Note 23		
18) PENSION RESERVE		
Balance at 1 August 2020	(43,113)	(22,701)
Current service cost in year	(5,880)	(4,860)
Past service cost	(16)	(571)
Employer contributions	2,150	2,059
Contributions re unfunded benefits	624	422
Net interest	(625)	(505)
Transfer to Income and Expenditure	(3,747)	(3,455)
Pension scheme actuarial loss	16,703	(16,957)
Balance at 31 July 2021	<u>(30,157)</u>	<u>(43,113)</u>

Notes to the Financial Statements

19) ANALYSIS OF NET CASH/(DEBT)

	At 31 Jul 20 £000	Cash Flows £000	Other Non Cash Changes £000	At 31 Jul 21 £000
Cash	6,995	1,781	-	8,776
	6,995	1,781	-	8,776
Debt due within one year	518	518	(332)	(332)
Debt due after one year	(1,303)	-	215	(1,088)
	5,174	2,299	(117)	7,356

20) FINANCIAL COMMITMENTS

At 31 July 2021 the College had annual commitments under non-cancellable operating leases for Land and Buildings as follows:

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Future minimum lease payments due:		
Expiring within 1 year	103	130
Expiring between two and five years	366	360
Expiring after 5 years	219	294
Total lease payments due	688	784

21) CAPITAL COMMITMENTS

The College has received ring fenced capital funding of £781,779 for estates investment and £220,506 for Digital Provision. These funds were expended fully within the year 2020-21 and therefore the college has no capital commitments at the year end.

22) RELATED PARTY TRANSACTIONS

The Board of Management of West College Scotland is a body incorporated under the Further and Higher Education (Scotland) Act 1992. It receives funding from the Scottish Funding Council. During the year the College had various material transactions with other entities for which SFC is regarded as the sponsor department, via Students Awards Agency for Scotland, Scottish Enterprise and a number of other colleges and higher education institutions.

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

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

Notes to the Financial Statements

22) RELATED PARTY TRANSACTIONS (Continued)

The College had one transaction with the charity, Action Against Stalking, which the Chair of the College Board is also the Chair of this charity. There were no other transactions during the year with non-public bodies in which a member of the Board of Management has an interest.

The College had transactions during the year, or worked in partnership with the following publicly funded representative bodies in which members of the Board of Management hold or held official positions:

Member	Organisation	Position
Elizabeth Connolly	Developing the Young Workforce West Region	Board Member
Elizabeth Connolly	Colleges Scotland	Board Member
Elizabeth Connolly	Renfrewshire Chamber of Commerce	President
Elizabeth Connolly	Renfrewshire Council	Board Member - Local Authority Community Planning Partnership Board
Elizabeth Connolly	East Renfrewshire Council	Board Member - Local Authority Community Planning Partnership Board
Elizabeth Connolly	West Dunbartonshire Council	Board Member - Local Authority Community Planning Partnership Board
Waiyin Hatton	Action Against Stalking	Chair
Nick Allan	Dunbartonshire Chamber of Commerce	Director
Jim Hannigan	University of Strathclyde	Head of Skills
Jim Hannigan	Developing the Young Workforce West Region	Chair
Jacqueline Henry	Scottish Parliament	Researcher
Gordon Hunt	College Development Network	Associate
Gordon Hunt	Changing the Chemistry	Mentor coordinator
John Leburn	Renfrewshire Chamber of Commerce	Group Mentor
Mark Newlands	Scottish Enterprise	Head of Global Companies
Angela Wilson	West Dunbartonshire Council	Strategic Director
Sabria Akram	Scottish Qualificaion Authority	Scrum Master
Sabria Akram	Univerity of Glasgow, Adam Smith Business School	Member

Notes to the Financial Statements

23) PENSION SCHEMES

The College's employees belong to one of two principal pension schemes, the Scottish Teachers' Superannuation Scheme (STSS) and the Strathclyde Pension Fund Scheme (SPF), which are both defined benefit schemes.

	31 July 2021 £000	31 July 2020 £000
The total pension cost for the College was :		
Contributions paid	7,111	6,919
Pension cost as a result of implementing FRS 102	3,122	2,950
Total pension cost (Note 7)	10,233	9,869

Scottish Teachers' Superannuation Scheme (STSS)

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

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

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

FRS 102

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

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

Strathclyde Pension Fund (SPF)

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

Notes to the Financial Statements

23) PENSION SCHEMES (Continued)

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

	At 31 July 2021	At 31 July 2020
Principal Actuarial Assumptions		
Rate of increase in salaries	3.55%	3.30%
Rate of increase for pensions in payment / inflation	2.85%	2.20%
Discount rate for liabilities	1.60%	1.40%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. For 2021 life expectancy was calculated based on the Fund's VitaCurves as in the previous year. The assumed life expectations on retirement age 65 are:

		At 31 July 2021	At 31 July 2020
Current pensioners	Males	19.8	20.7
	Females	21.2	22.9
Future pensioners	Males	21.2	22.9
	Females	24.7	24.6

Commutation

An allowance is included for 50% of future retirements to elect additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

The table below compares the present value of the scheme liabilities, based on the actuary's assumptions, with the estimated employer assets:

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Fair value of employer assets	116,291	95,783
Present value of funded liabilities	(136,571)	(128,572)
	<u>(20,280)</u>	<u>(32,789)</u>
Present value of unfunded liabilities	(9,877)	(10,324)
Net liability	<u>(30,157)</u>	<u>(43,113)</u>
Amount in the Balance Sheet:		
Pension liability	<u>(30,157)</u>	<u>(43,113)</u>

Notes to the Financial Statements

PENSION SCHEMES (Continued)

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Amount charged to Comprehensive Income and Expenditure:		
Employer service cost (net of employee contributions)	3,122	2,950
Interest on obligation	625	505
Actuarial (Gain) / loss on scheme assets	(16,703)	16,957
Total	<u>(12,956)</u>	<u>20,412</u>
Changes in the fair value of scheme assets:		
Opening fair value of scheme assets	95,783	97,486
Net interest	1,343	2,054
Contributions by members	683	663
Contributions by the employer	2,150	2,059
Contributions in respect of unfunded benefits	624	422
Benefits paid	(2,430)	(2,098)
Unfunded benefits paid	(624)	(422)
Expected return / (loss) on assets	18,762	(4,381)
Closing fair value of scheme assets	<u>116,291</u>	<u>95,783</u>
Changes in the present value of the defined benefit obligation:		
Opening defined benefit obligation	138,896	120,187
Current service cost	5,880	4,860
Past service cost	16	571
Interest cost	1,968	2,559
Contributions by members	683	663
Estimated benefits paid	(2,430)	(2,098)
Estimated unfunded benefits paid	(624)	(422)
Actuarial loss	2,059	12,576
Closing defined benefit obligation	<u>146,448</u>	<u>138,896</u>
History of experience losses		
Scheme assets	116,291	95,783
Defined benefit obligation	(146,448)	(138,896)
Deficit	<u>(30,157)</u>	<u>(43,113)</u>
Experience gains / (losses) on scheme assets	18,762	(4,381)
Experience losses on scheme liabilities	(2,059)	(12,576)

Notes to the Financial Statements

23) PENSION SCHEMES

(Continued)

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Net assets excluding pension liability	82,655	68,487
Pension liability	(30,157)	(43,113)
Net assets including pension liability	<u>52,498</u>	<u>25,374</u>
The analysis of amounts charged to the Statement of Comprehensive Income and Expenditure (SOCIE) is as follows:		
Analysis of the amount charged to staff costs (Note 7):		
Current service cost		
Past service cost	(5,880)	(4,860)
Total charged to staff costs	<u>(16)</u>	<u>(571)</u>
	<u>(5,896)</u>	<u>(5,431)</u>
Analysis of the amount charged to pension interest (Note 10):		
Expected return on pension scheme assets		
Interest on pension scheme liabilities	1,343	2,054
Net pension interest charged	<u>(1,968)</u>	<u>(2,559)</u>
Charge to other comprehensive income:	<u>(625)</u>	<u>(505)</u>
Return on assets excluding amounts included in Interest		
Experience gains arising on the scheme liabilities	18,762	(4,381)
Changes in assumptions underlying the present value of the scheme liabilities	5,849	582
	<u>(7,908)</u>	<u>(13,158)</u>
Actuarial gain / (loss)	<u>16,703</u>	<u>(16,957)</u>
Total charge to the SOCIE	<u>10,182</u>	<u>(22,893)</u>
Analysis of the movement in deficit during the year		
Deficit in scheme at beginning of the year:	(43,113)	(22,701)
Movement in year:		
Current service cost	(5,880)	(4,860)
Past service cost	(16)	(571)
Contributions	2,150	2,059
Contributions in respect of unfunded benefits	624	422
Total net interest	(625)	(505)
Actuarial loss	16,703	(16,957)
Deficit in scheme at end of the year	<u>(30,157)</u>	<u>(43,113)</u>

Notes to the Financial Statements

24) FE BURSARY AND OTHER STUDENT SUPPORT

FUNDS	FE Bursary £000	EMAs £000	Other £000	Total	Total
				31 July 2021 £000	31 July 2020 £000
Balance b/fwd.	-	-	3	3	-
Allocation received in year	12,570	275	1,749	14,594	12,339
Recovered in year	(3,183)	-	-	(3,183)	-
Expenditure	(9,335)	(277)	(1,840)	(11,452)	(12,433)
College contribution to funds	-	-	88	88	97
Balance c/fwd.	52	(2)		50	3
<u>Represented by:</u>					
SFC Clawback 2021/22	52	-	-	52	-
SFC Claim 2021/22	-	(2)	-	-	-
Retained to support 2021/22	-	-	-	-	3
	52	(2)		50	3

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

25) CHILDCARE FUNDS

	Total	Total
	31 July 2021 £000	31 July 2020 £000
Balance b/fwd.	-	-
Allocation received in period	935	1,718
Expenditure	(935)	(1,718)
Balance c/fwd.	-	-

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

26) CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

Notes to the Financial Statements

27) IMPACT OF DEPRECIATION BUDGET ON STATEMENT OF COMPREHENSIVE INCOME

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

	Year ended 31 July 2021	Year ended 31 July 2020
	£000	£000
Deficit before other gains and losses (FE/HE SORP basis) Add	(5,738)	(7,434)
back: Depreciation budget for government funded assets	2,732	2,638
Adjusted Deficit on Central Government accounting basis	<u>(3,006)</u>	<u>(4,796)</u>

Under the FE/HE SORP, the College recorded an operating deficit of £5,738,000 for the year ended 31 July 2021. After taking account of the Government non-cash budget, the College shows an “adjusted” deficit of £3,006,000 on a Central Government accounting basis. The deficit is attributable to other factors reflected in the adjusted operating position table which can be found in the Performance Report. The College considers that it is therefore operating sustainably within its funding allocation.

Annex A

The following note is taken from the 2020-21 SFC Accounts Directions and has been included as required by the SFC. It does not form part of the Financial Statements.

Accounts direction for Scotland's colleges 2020-21

- 1 It is the Scottish Funding Council's direction that institutions comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts.
- 2 Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC or the Regional Strategic Body (RSB (for assigned colleges.
- 3 Incorporated colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2020-21 (FReM where applicable.
- 4 Incorporated colleges and Glasgow Colleges' Regional Board are reminded that they must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2021.
- 5 The annual report and accounts should be signed by the chief executive officer / Executive Director and by the chair, or one other member of the governing body.
- 6 Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council
03-Jun-21

