



# **Financial Statements 2018/19**

Twelve months to 31 July 2019

**GLASGOW CLYDE COLLEGE  
REPORT AND FINANCIAL STATEMENTS – FOR FINANCIAL PERIOD 2018/19**

<b>CONTENTS</b>	<b>Page</b>
<b>Overview</b>	
Principal's Report	2
<b>Performance Report</b>	
Organisation Purposes and Activities	6
Performance Analysis	11
Principal Risks and Uncertainties	22
Review of Financial Performance	24
<b>Accountability Report</b>	
<b>Corporate Governance Report</b>	
Board of Management Report	29
Corporate Governance Statement	36
Statement of the Board of Management's Responsibilities	38
<b>Remuneration and Staff Report</b>	40
<b>Professional Advisers</b>	46
<b>Independent Auditor's Report</b>	47
<b>Statement of Accounting Policies</b>	52
<b>Statement of Comprehensive Income and Expenditure</b>	58
<b>Statement of Changes in Reserves</b>	59
<b>Balance Sheet</b>	60
<b>Statement of Cash Flows</b>	61
<b>Notes to the Financial Statements</b>	62

## OVERVIEW

The purpose of the Overview Report for academic year 2018/19 is to provide summary information in respect of the College, its objectives, strategic planning and the risks that it faces. This section includes a statement from the Principal providing his perspective on the performance of the College over the period and provides a high level summary of activity during the year, which is analysed in further detail in the Performance Analysis section of the report.

## PRINCIPAL'S REPORT

The 2018/19 academic year was my first full year as Principal and Chief Executive of Glasgow Clyde College. Glasgow Clyde College has a well-established reputation which has gone from strength to strength as one of Scotland's leading colleges. The College's determination to act as a catalyst for the growth of our regional and national economy through realising the potential of our students is at the heart of everything we do.

The College Vision for the period 2016 to 2019 was "Glasgow Clyde College will contribute to the prosperity and well-being of Scotland through exceptional achievement". It is this vision which has shaped and driven everything we do through the 2018/19 financial year. It is through deploying the unique skills, talents and capability of our talented members of staff, working with the huge potential of our students, that we contribute to achieving the aspirations of the Glasgow City Region and beyond.

However during the 2018/19 academic year the Board of Management, supported by the College's Senior Leadership Team, developed and agreed a new Mission statement, which is "Inspirational Learning; Changing Lives". This new Mission was developed in consultation with members of staff and concisely articulates the essence of what the College seeks to achieve. The Board also developed and agreed a new Vision statement which explains its aspiration for the College in the years ahead. The new Vision is:

*"By 2025 Glasgow Clyde College will be celebrated as a socially progressive College which is relentlessly focussed on improving the prosperity of the communities it serves. The College will be acknowledged for its unrivalled 'career ready' students, employment focused curriculum, pioneering approaches, financial resilience and members of staff who are passionate in their pursuit of excellence. Glasgow Clyde College will be the partner of choice for employers, the employer of choice for members of staff and the College of choice for our communities."*

The new Mission and Vision statements are now underpinning development work for a new college strategic plan that will be in place for 2019 to 2025.

Learning and teaching continues to be at the heart of everything we do and Glasgow Clyde College is committed to providing opportunities for all members of our local communities. Our portfolio of courses is built on a robust evidence base, shaped by extensive consultation with our partners and delivered by dedicated and experienced staff.

The Board of Management have been highly effective in supporting senior leaders to deliver the ambitions contained in the College Development Plan Clyde Connects 2016-2020. In so doing the Board have offered challenge, scrutiny and encouragement to ensure our plans are robust and our targets achieved.

As a direct consequence of rapidly escalating staff costs arising from National Bargaining, increased employer pension contributions and inflationary increases to the costs of goods and services, the Scottish College sector is facing an unprecedented challenge to its financial sustainability in the years ahead. Restrictions placed on Scottish Colleges by their classification as 'other public bodies' greatly inhibits their ability to respond effectively and promptly to these shared challenges. Ever since the formation of Glasgow Clyde College it has maintained robust financial health however, it now shares these sectoral challenges to achieve financial sustainability in 2019/20 and beyond. Financial planning for a five-year period has been undertaken and reported to the Board with some significant cost pressures in that period and workforce planning is being undertaken to ensure that our services are aligned with the future shape of the sector.

It is critical that the College is proactive in developing, pursuing and delivering strategies to ensure that the College is at the forefront of new developments and opportunities. Central to the College's future prosperity will be the development of a new organisational culture that will act as a binding narrative across this large, diverse and vibrant organisation.

However, Glasgow Clyde College cannot achieve its goals and strategic objectives alone. It is only with the support of our exceptional partner organisations that we will realise our full potential and create the fertile environment for others to do so. Our desire to work alongside organisations who share our values and ambitions shapes the nature and extent of our partnerships that will positively impact on the lives of our students and the community in which they live.

Unique to Glasgow is our approach to regional collaboration between the three colleges and our umbrella body Glasgow Colleges Regional Board. Glasgow Clyde College is fully committed to working closely with our partner colleges Glasgow Kelvin College and City of Glasgow College to realise the ambitions of GCRB and support the achievement of regional and national priorities.

The strength and impact of our partnership working with an extensive range of employers and other partners across almost all curriculum areas, has been recognised in a number of award nominations. The 2018/19 awards include:

- **Herald Higher Education Awards**  
 Outstanding Employer Engagement in College – **Commended** for the development of the PDA Rehabilitation Technologies course)  
 Outstanding Contribution to the Local Community – **Winner** for the Complementary Therapies for Clinical Practice course and its impact in the community.
- **Global Gamechanger Awards**  
 Innovation in STEM / Education Training – **Finalist**, for the development of the PDA Rehabilitation Technologies course.
- **CDN Annual Awards**  
 Inclusive College Award – **Commended** for the work of Glasgow Clyde College’s Community Learning and Development team.  
 Innovation Award – **Commended** for the work developing a new HND Counselling qualification
- **SQA Star Awards**  
 SQA Champion of the Year – **Winner**. College Lecturer was named Champion of the Year for her work in developing the new HND Counselling qualification.  
 Promoting Inclusion – **Winner** and **Commended**. The work of the school-college Inclusion Programme, in partnership with Glasgow City Council and Glasgow Kelvin College, was the winner of this category for the impact of the EVIP programme, and the work of the College’s Community Learning and Development team was commended.  
 Lifelong Learning (Centres) – **Winner**. The work of the College’s Community Learning and Development team was recognised.  
 Pride o’Worth (Centres) – **Winner**. The College was also awarded the overall Pride o’Worth (Centres) award for the work of the Schools- College Inclusion Programme, as the best overall submission.
- **Inspiring City Awards**  
 Education Award – **Finalist**. The Schools-College Inclusion Programme was a finalist in the Education Award.
- **Beacon Awards**  
 Health and Wellbeing Award – **Commended**. The Mentally Healthy College Community project was commended at the national Beacon Awards.
- **Herald Society Awards**  
 Education Initiative of the Year Award – **Winner**. The work of the College’s Community Learning and Development team was recognised.  
 Partnership Award – **Finalist**. The impact of the Complementary Therapies for Clinical Practice course was recognised.

- **Glasgow Community Champion Awards**  
Public Services Award – **Finalist**. The work of the College’s Community Learning and Development team were announced as winners of the South west Glasgow community Champion Awards, and they were then finalists for the Glasgow-wide awards.
- **British Floristry Awards**  
Floristry Tutor of the Year – **Winner**. College Floristry lecturer was announced winner of the Floristry Tutor of the Year category. The College was also a **runner-up** in the Training Provider of the Year category.
- **TES College Awards**  
Apprenticeship Programme – **shortlisted**. Glasgow’s city-wide Foundation Apprenticeship provision was shortlisted at the UK-wide TES College Awards.
- **SPARQS Student Engagement Awards**  
Student Engagement – **Shortlisted**. Glasgow Clyde College Student Association (GCCSA) was shortlisted in these awards for a project, developed with the College’s Systems Development team, which aimed to enhance class representation and to improve the learner experience.
- **Healthy Body Healthy Minds Awards**  
Glasgow Clyde College Student Association gained 2 stars in session 2017/18 and last year this was increased to 3 stars thanks to the efforts of the GCCSA team to lead and educate our students on the link between sports, physical activity, smoking prevention and mental health in College and in their wider, day-to-day lives. The initiatives brought practical change across the institution and promoted positive wellbeing for our students.
- **UK NHF/BHF Hair and Beauty Community Awards**  
Community Award – **Highly Commended**. Beauty with a Conscience, a partnership between the College and the Prince and Princess of Wales Hospice, received a Highly Commended at these UK-wide awards.
- **Scottish Hair and Beauty Awards**  
**Best Training School** - The College won this award having collectively worked on each element including social networking engagement through to the preparation for secret shoppers and with excellent student and client feedback.

Glasgow Clyde College has highly dedicated staff who are supported by a dynamic Student Association that gives strong commitment and support to students and colleagues alike. I look forward to working with these teams to continue to build on the many successes realised in 2018/19 and provide an exceptional learning experience for all our students and partners in the future.

# PERFORMANCE REPORT

## ORGANISATION PURPOSE AND ACTIVITIES

### Legal and Charitable Status

Glasgow Clyde College is designated as an 'Other Government Body' by Scottish Government. The College is also a registered Scottish Charity and Members of the Board of Management act as the Charity Trustees. The College receives the majority of its funding is from the Scottish Funding Council (SFC) which is then allocated to the College by the Glasgow Colleges Regional Board (GCRB).

### Scope of the Financial Statements

The financial statements cover all activities of the College for the twelve-month period ended 31 July 2019. Where information is included regarding the College plans for future years, the College's view has been based on the information available at the time of compiling these financial statements.

### Business Context

Following the Scottish Government's regionalisation programme for further education, Glasgow Clyde College operates within the Glasgow multi college Region. The Glasgow Colleges Regional Board (GCRB) has been in place since 1<sup>st</sup> August 2014 and it achieved fundable body status in April 2017. The three assigned Glasgow Colleges of Glasgow Clyde College, City of Glasgow College, and Glasgow Kelvin College, work together through the Glasgow Colleges Group and in conjunction with the GCRB to develop and set the direction of the overall curriculum and business strategy for the Glasgow Region. The key document for regional planning is the Regional Outcome Agreement (ROA) for Glasgow which was first developed for 2013/14 and is now prepared annually and agreed with the Scottish Funding Council. Through the Glasgow ROA the three assigned Colleges have the responsibility for jointly achieving the targets set.

Glasgow Clyde College offers a wide range of Further and Higher Education provision. It delivers vocational education and training for its communities - mainly in the south and west of Glasgow, as well as learners and employers beyond this immediate area who choose the College for its broad based curriculum or for one of its well-recognised specialisms.

The Board of Management views the role of Glasgow Clyde College as enhancing learning opportunities for individuals and employers whilst supporting the achievement of local, regional and national priorities, and building a strong foundation for the long term sustainability of the College's activities. The College aims to raise aspiration and improve skill levels within its communities, and to widen participation in learning. The Board also considers that, in order to optimise its contribution to the communities it serves, Glasgow Clyde College should maintain a balance between its broad-based curriculum and the excellent specialist and advanced provision it has built up over the years.

The College aims to provide the most appropriate and relevant skills to enhance economic prosperity in its local area, and to contribute to economic development at regional, national and international levels. This complements the role of enhancing opportunities for individuals.

Glasgow Clyde College operates from its three main campuses in Anniesland, Cardonald and Langside. In addition the College also provides activity through accessing a range of partner outreach locations.

### **Glasgow Clyde College's Strategic Plan**

For the period of these financial statements, the College had in place a **Development Plan 2016 to 2020**. The main elements of the plan were the Vision as stated above that Glasgow Clyde College will contribute to the prosperity and wellbeing of Scotland through exceptional achievement and the College Mission of Seeing Potential, Finding Solutions, Achieving More.

This Development Plan 2016 -2020 also had four overarching goals as follows:

- **Goal 1:** Delivering exceptional learning opportunities.
- **Goal 2:** Growing exceptional partnerships.
- **Goal 3:** Contributing to the local, regional and national economy.
- **Goal 4:** Ensuring operational effectiveness and efficiency.

Following a significant period of consultation within the College, with the Board of Management and with external stakeholders the College now has a new agreed **Strategic Plan Framework 2019-2025** which has the following five themes :-

**Strategic theme 1:** Inspirational Learning and Teaching

**Strategic theme 2:** Partner of choice

**Strategic theme 3:** Unrivalled Student Experience

and

**Cross-cutting theme 1:** Employer of choice

**Cross-cutting theme 2:** Financial Resilience through Operational Excellence



## **Progress on National Priorities**

During financial period 2018/19 Glasgow Clyde College continued to support the Scottish Government's five strategic objectives and supporting strategies. The College's contributions to these objectives were as follows:

- **Wealthier and Fairer Scotland:** The College contributes to provide a more skilled workforce and to develop its portfolio in line with sector and employer needs.
- **Smarter Scotland:** The College provides a flexible portfolio to enable access and progression through learning in ways, times and places that meet individuals' needs.
- **Healthier Scotland:** The College has a strong base in education and training opportunities for health practitioners across a range of its portfolio delivery and placement arrangements. Glasgow Clyde College has the biggest healthcare provision in Glasgow and has recently grown Foundation Apprenticeships and part time provision at Level 7 in Midwifery and in Care and Administrative Practice. In addition the College holds the Healthy Working Lives Gold Award and promotes health and wellbeing to staff and students. The College is also undertaking a significant innovative project in the area of mental health wellbeing for students and associated training for staff, and is the first Mentally Healthy College in Scotland.
- **Safer and Stronger Scotland:** Through our significant involvement in Community Planning Partnerships, the College contributes to the development, and where appropriate, the implementation of local actions with partners to support this objective.
- **Greener Scotland:** The College is committed to an environmentally sustainable Scotland through its own actions as an organisation and through the development and delivery of programmes to support the renewables and utilities sectors. The College is party to the Universities and Colleges' Climate Commitment for Scotland and the College has a Carbon Management Plan.

## **DELIVERY OF SERVICES TO STUDENTS**

The College works to meet the individual and economic aspirations of our learners by delivering high quality and innovative learning and teaching. We engage closely with students, including through the Glasgow Clyde College Student Association, involving them in those decisions impacting most directly on them. There are class representatives across the College which enable two way communications to and from students about important College matters. The College's Evaluative Report and Enhancement Plan (EREP) drives improvements in the quality of learning and teaching and delivery of services to students.

## STAKEHOLDER RELATIONSHIPS

Glasgow Clyde College strongly values partnership working and recognises that the creation and maintenance of effective partnerships is essential in allowing the College to optimise its contribution to local, national and international objectives. The approach of Glasgow Clyde College to its stakeholder relationships is summarised below: -

Staff	The College fully recognises the value of its staff. There has been ongoing engagement with unions and staff representatives during 2018/19 to seek to achieve involvement of staff in the decisions that affect them. The College complies with the sector Staff Governance Standard and during 2018/19 a new Staff Voice group has been created which is staff led with representation across the College. There are also a range of briefing, and consultation arrangements in place to support effective communication.
Glasgow Colleges Regional Board (GCRB)	The College operates as part of the multi College Glasgow Region. The Glasgow Colleges' Regional Board allocates the activity and funding to the three Glasgow Colleges of Glasgow Clyde College, City of Glasgow College, and Glasgow Kelvin College.
Scottish Funding Council	The College receives a substantial proportion of its funding from the Scottish Funding Council (which is now allocated through GCRB) and consistently meets its target level of teaching delivery which it needs to meet for its SFC grant funding.
Colleges Scotland	The College is an active member of Colleges Scotland which is the sector representative body.
Colleges Scotland Employers Association	The College is an active member of the Colleges Scotland Employers Association which carries out national collective bargaining on behalf of the sector.
Employers and Industry Bodies	The College has strong productive relationships with relevant local, regional and national employers and sector organisations to support the development and implementation of the curriculum.
Local, National and International Agencies	The College works closely and well with a range of relevant agencies e.g. Skills Development Scotland, Jobs and Business Glasgow, Glasgow Chamber of Commerce, and Scottish Council for Development in Industry.
Local Authorities and Agencies	The College has excellent partnerships with Glasgow City Council, East Renfrewshire Council and East Dunbartonshire Council.
Universities	The College has developed very effective relationships with a wide range of universities resulting in a number of articulation agreements.

## **COMMITMENT TO QUALITY**

Quality is central to the ethos of the College and the Board of Management has in place a policy that the College will, having regard to the availability of resources, seek to achieve the optimum level of quality in all aspects of its activities. This is achieved by placing the quality of the student experience at the centre of all activities; active involvement of the Board and all staff in an on-going process of self-evaluation to achieve continuous quality improvement; setting standards which reflect best practice; and aiming to achieve the highest possible standards of learning and teaching.

## PERFORMANCE ANALYSIS

### MEASURING PERFORMANCE

The College delivered 128,106 credits in the academic year August 2018 to July 2019 which is 820 credits (0.6%) over its target of 127,286 credits as set by the Glasgow Colleges Regional Board for academic year 2018/19. This target includes 120,983 core activity credits and 6,303 credits for the on-going SFC administered European Social Fund (ESF) project.

On a headcount basis, the College provided Further and Higher Education to 17,627 students in the period from August 2018 to July 2019 of which 6,396 were full time students and 11,231 were part-time students. There were 21,933 course enrolments in the period, of which 4,723 were advanced level and 17,210 were non-advanced level.

To monitor performance the College uses a range of performance indicators, which are reviewed by members of the Senior Management Team on a regular basis. The College's performance against key performance indicators for academic year 2018/19 is shown below and is compared to target and to the preceding academic year:

Key Performance Indicator	Purpose	17/18 Actual	17/18 Target	18/19 Actual	18/19 Target
<b>EFFECTIVENESS<sup>1</sup></b>					
Successful outcome for Full Time FE enrolments on recognised qualifications	Measures Full Time FE student success	66.0%	66.5%	68.0%	66.0%
Successful outcome for Part Time FE enrolments on recognised qualifications	Measures Part Time FE student success	72.2%	71.0%	76.2%	70.0 %
Successful outcome for Full Time HE enrolments on recognised qualifications	Measures Full Time HE student success	74.8%	75.1%	73.0%	75.0 %
Successful outcome for Part Time HE enrolments on recognised qualifications	Measures Part Time HE student success	77.4%	82.5%	77.2%	84.0 %
<p><b>1:</b> Effectiveness measures are based on latest recommended methodology from SFC, reflecting number of successful students divided by number of students initially enrolled and who attended at least one session. 2018/19 targets are based on Glasgow Regional Outcome Agreement targets.</p>					

<b>Key Performance Indicator</b>	<b>Purpose</b>	<b>17/18 Actual</b>	<b>17/18 Target</b>	<b>18/19 Actual</b>	<b>18/19 Target</b>
<b>EFFICIENCY</b>					
Performance against Credits activity target	Measures performance against GCRB target	+1.0%	0.0%	+0.6%	0.0%
Working days lost through sickness absence	Measures lost staff time	3.7%	4.1%	4.6%	4.1%
Permanent Staff Turnover	Measures level of staff changes	2.8%	<6.0%	4.4%	N/A
<b>FINANCIAL</b>					
Adjusted Operating surplus as % of total income	Measures level of operating surplus generated before key adjustments	0%	0%	0%	0%
Non SFC Income as percentage of total income	Measures reliance on SFC income source	26.8%	25.0%	23.3%	24.3%
Current Assets: current liabilities (excl deferred capital grants)	Measures short term assets to liabilities	1.3	1.2	1.2	1.2
Days cash	Measures level of cash	22	20	23	22

The table above shows that, for the academic session 2018/19, the College continued to improve its outcomes in two of the four categories for which it measures student success. Significant work and new approaches have been put in place to ensure that both retention and attainment continue to be a focus for course teams. Disappointingly, there was a slight drop in the FT HE category, although this outcome continues to be amongst the best in the sector.

The College's portfolio is broadly split into 65% of activity at FE level and 35% at HE level. As yet we have no sector wide data for the year 18/19, as this will not be published until early 2020. Traditionally, FE courses attract a number of students with low or no academic qualifications and who are as a consequence furthest from the labour market. One of the key College objectives is to provide routes for these individuals into employment or further study so improving performance, especially at FE level, is key for the College and its students' aspirations.

Conversely, at HE level the College tends to outperform the sector averages. Although there has been a slight drop in the HE FT measure in 18/19, this outcome still compares well across the sector traditionally. Part-time HE provision has effectively remained at a standstill for 18/19 compared to the previous year. The number of students in the part time HE category is relatively small and therefore relatively minor swings in success rates can produce larger percentage differences.

Over the past few years there has been a concerted drive for improvements and the way in which performance is analysed and benchmarked has been a focus for curriculum teams and leaders. Validation Events have been introduced at which Curriculum Heads are required to outline their improvement plans for any courses identified as performing poorly. Certainly, at FE level, this approach is demonstrably improving retention and attainment and, although HE was starting from a higher base, there is confidence that this will also see improvements over time.

In relation to these effectiveness performance indicators in the above table, the College annually analyses and reviews performance indicators at course, school, faculty and College level during the self-evaluation process, and actions for improvement are identified and progressed, including amendments to the portfolio where required. The introduction of a new Education Scotland quality framework has placed greater emphasis on detailed analysis of success and progression opportunities for all students, including all protected characteristics. Training with staff to support understanding and application of this new framework has taken place and will continue to be embedded in the college's Evaluative Report and Enhancement Plan.

The targets which are shown in the table above mirror the targets which are set within the annual Regional Outcome Agreement (ROA). These targets are ambitious and reflect the Scottish Government's desire to "intensify" the ROA target setting progress.

## CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE

### Curriculum Summary

The college plays a key part in supporting economic and social regeneration within Glasgow and beyond. Glasgow Clyde College offers a broad range of course opportunities across a wide range of curricular areas. In order to meet the needs of local communities and individuals, programmes are offered ranging from Access level through to Honours degrees. Courses are delivered through the college's four Faculties and the curriculum offer in the Faculties is outlined below. During 2018/19 programmes were offered in the following areas:

#### **Faculty of Business, Creative and Digital Industries**

Business and Finance  
Fashion, Textiles and Design  
Media and Performing Arts

#### **Faculty of Engineering, Computing and the Built Environment**

Construction and Land Based Industries  
Computing  
Energy and Building Services  
Engineering

#### **Faculty of Health and Wellbeing**

Early Years and Social Care  
Health and Life Sciences  
Sport, Tourism and Hospitality  
Hair, Beauty and Complementary Therapies

#### **Faculty of Access and Continuing Learning**

English for Speakers of Other Languages  
Employability Skills  
Additional Support for Learning  
General Education and Social Science

Programmes are delivered through full time, part time, work-based and flexible study, with community outreach also provided.

The College has a very strong school/college partnership programme in place with Glasgow City Council, East Renfrewshire Council and East Dunbartonshire Council Education Departments, and this work continues to be a focus for the College as well as the increasing number and range of Foundation Apprenticeship Programmes. Additionally, the College has very successful progression routes and articulation links with a range of HE providers for a significant number of its programmes. We deliver degree level provision in the digital media and design area and will review further options to introduce degree provision where we have specialist skills.

2018/19 saw the continued development of a new range of provision funded through the Flexible Workforce Development Fund which allowed the College to work with employers to upskill their workforce. The College has performed well within this initiative, delivering over £400k of such training, and will continue to do so in the year 2019/20.

The intention, during and beyond the period of the College's Strategic Plan, and within the context of the agreed Glasgow Region curriculum as outlined in the Regional Outcome Agreement is to:

- continue to deliver as broad a range of curriculum areas as resources allow and demand justifies;
- introduce new areas where there is a proven demand and realign provision to reflect decreased skills need or demand;
- continue to offer routes for students to progress from introductory, pre-vocational/access level provision through to HND programmes within the College in key areas, and where no such option exists within the curriculum, to support progression routes to advanced provision elsewhere within the Region;
- where appropriate, seek to increase degree provision in specialist areas;
- develop commercial programmes and services both nationally and internationally;
- in conjunction with Local Authority Education Departments provide appropriate programmes including Foundation Apprenticeships to meet identified sustainable local demand for school/college provision in line with Developing the Young Workforce;
- work with the Glasgow South and North West Community Planning Partnerships to ensure provision is delivered to support the Local Authority's Improvement Plan identified local needs;
- develop further customised provision and support for young people not in education, employment or training, or at risk of dropping out of education or training;
- promote and enhance the niche areas within the broad-based curriculum where the College has national recognition as a provider;
- build on existing recognition as a major curriculum leader and training provider in the Glasgow region;
- meet the potential growth in demand within Glasgow for training in the health and life sciences sectors;
- increase the scale of e-learning content development and delivery across the curriculum to better meet with learners' expectations including the new Virtual Learning Environment planned from August 2020 and the major programme of e-learning development which has commenced and is Foundation funded through the Delivering Excellence in Learning Teaching and Assessment (DELTA) project;
- continue to grow the qualified childcare workforce in line with the Scottish Government's plans to increase the number of hours of childcare provision; and
- maximise the synergies between mainstream curriculum and employer needs.



Glasgow Clyde College's curriculum serves a number of specialist employment sectors and national markets, and has national recognition as a provider of education in the areas of textiles, design, fashion, dance, TV production, stringed instruments, journalism, health and care, and water operations. The College is also the only provider of land-based courses in the Glasgow Region.

The relationship between the curriculum and the budget planning process is established and each year there is detailed consideration given to the overall financial viability of the portfolio.

The College is part of the Glasgow Region Colleges structure and as such is assigned to the Glasgow Colleges Regional Board. The College works with its two partner colleges in Glasgow as part of the Glasgow Colleges Group on a wide range of curriculum and related areas and on financial sustainability issues. The three colleges work in partnership and individually to keep the portfolio under continuous review to ensure it meets student, market, employer and legislative demands. Curriculum Hubs are in place across a range of economic sectors to ensure the alignment of the curricular offering with the needs of the local and National economies.

Since the Glasgow Colleges Regional Board achieved fundable body status in April 2017, the allocation of teaching activity and funding to each of the three assigned Colleges in Glasgow is now the responsibility of GCRB.

### **College Developments During 2018/19**

Notable developments and achievements in the College were as follows:

- Achievement of key Regional Outcome Agreement targets with greater than target student numbers in Social Inclusion Multiple Deprivation Index 10, Developing the Young Workforce and Science Technology Engineering and Maths Provision;
- 95% of learners stating that they are satisfied with their college experience in the National Student Satisfaction Survey which is one of the highest levels in Scotland;
- Innovative project on Student Mental Health Wellbeing and being the first Mentally Healthy College in Scotland;
- 31% of all credits activity delivered to students who come from the highest 10% of Social Inclusion Multiple Deprivation index areas (up from 29.1% in 2017/18);
- Significant growth in activity within the Foundation Apprenticeship programme for schools with 275 participants on FA programmes in 2018/19 (up from 175 in 2017/18);
- 976 New starts in Modern Apprenticeship programmes helping towards the Scottish Government overall target;
- Further new employers engaged in the delivery of the Flexible Workforce Development Fund;
- Complete upgrade of the Cardonald campus car park;
- Upgrade of the Sports Changing Facilities at Cardonald campus; and
- Replacement of the cladding on the Mary Stuart building at the Langside campus.

**Glasgow Clyde College Student Association**

Session 2018/19 saw Glasgow Clyde College Student Association (GCCSA) deliver a continuing increase in student engagement and they were able to firmly focus their priorities upon progressing initiatives to support the development and delivery of a positive learning and teaching experience for their student members. The re-election of the President for a second year in 2018/19 allowed continuity of objectives and delivery and the association was exceptionally well led with the staff members able to provide excellent support and guidance to the sabbatical team through their skills, experience and innovative outlook. Engagement through class reps, improved class rep training and more effective feedback mechanisms were recognised by a Highly Commended Award at the Student Partnerships in Quality Scotland (SPARQs) Conference in June as Runners Up in the Student Engagement Category. The Health Body Healthy Minds Award also saw GCCSA awarded an amazing three stars for their work.

Activity throughout the year has been driven by class rep meetings where discussions and feedback centered around the learner journey. A relentless programme of activities was undertaken including cycling, mental health, recycling, litter-picking, equalities, Freshers Fayres, Christmas Fayre, fundraising and welfare being just a few of the areas that have seen significant progress by GCCSA. Engagement in the elections for the new sabbatical officers increased significantly with a 120% upturn in voting. The election also saw an increase in the number of candidates presenting for election compared to previous years. The focus upon increasing engagement has seen a number of internal and external partnerships flourish. Links with our Sports, Additional Support for Learning and Creative curricular areas and the student of student placements have been complemented by innovative working with our Marketing, Student Funding and Organisational Development units. External partnership with South East Glasgow Foodbank, Simon Community, Scottish Association for Mental Health and Scottish Student Sport have proved to be very beneficial for our students.

**Future College Developments**

The main issue for the sector and for the College for the future is financial sustainability, particularly given the rising staff costs following the impacts of Scottish College sector national bargaining including the levels agreed nationally for cost of living pay awards. In addition, there are significant increases in employer's contributions pension costs from 2019/20 for the teachers scheme which are also having a significant impact on staff costs overall although these are currently partially funded.

The College has prepared its five-year financial plan and is undertaking a three-pronged approach to manage the medium to long term financial position and to achieve financial sustainability. This approach is a combination of planned increased commercial income and surplus generation, reductions in staff costs through a series of restructures and staff efficiencies, and finally through the pursuit of any other possible funding.

There is a new Strategic Plan Framework 2019-2025 in place for the College which was agreed by the Board at its Development Day in October 2019. This will be the key focus of future College developments and in delivering on the key themes in the Plan and the related objectives.

The College's SFC funding allocations are made to the College by the Glasgow Colleges Regional Board (GCRB). The Regional Revenue funding model and Regional Capital funding model and decisions on the level of funding for each of the three Glasgow Colleges are made by GCRB after deducting the costs of GCRB itself from the Regional total allocation.

As a future funding development, there are considerations of the funding model at a sector level to return to a price and volume based model from 2022/23 with a lengthened transition period, and Glasgow as a Region remains underfunded during this period within the model. Glasgow Region has one of the lowest price per credit for Regions across Scotland which is then further impacted by the running costs of GCRB and the funding allocated to the additional Regional Programme of Action which commenced from 2019/20.

The teaching activity target for the Region for 2019/20 was set by SFC and the teaching activity targets for each of the three Glasgow Colleges were agreed within the Regional Outcome Agreement for Glasgow. SFC have prepared a broad five-year plan for activity targets across the sector, which assumes reductions in credits across the sector from year three of the model.

For 2019/20, Glasgow Clyde College will deliver an allocated volume of 126,781 credits as part of the wider Glasgow Region agreed credits target with the Scottish Funding Council, comprising 120,556 core credits of activity plus an additional allocation of 6,225 ESF credits.

The College undertook a comprehensive review of its curriculum as part of the merger process in 2013. Thereafter there was a significant level of formal work carried out within the Glasgow Region in conjunction with SFC to ensure a coherent curriculum provision across the Region with a Curriculum and Estates Review designed to cover the period from 2015/16 to 2018/19. The College refreshes its portfolio each year considering where there are areas of increase or decrease depending upon a range of factors including demand, employer needs and performance. The next phase of the Curriculum Plan across the Glasgow Region is being developed from 2019/20 and a recent exercise has begun which is the Glasgow College Region Skills Alignment Pilot which is being undertaken to map provision in terms of FE, HE and work based learning provision and assessing fit between demand and provision. The College will be closely involved in this pilot along with the other two Glasgow Colleges and this will influence curriculum plans across the Region for the future.

One area of significant development for the College for the future as already indicated above is its five-year commercial income and margin growth plan from 2019/20. This is an area of focus for the College and the Board of Management following their agreement of this plan and this forms a key part of the five-year financial forecast for the College.

## **2018/19 Estates Development and Capital Investment**

The purpose of the College's estates strategy and plans is to maintain and further develop a high quality estate which facilitates an appropriate learner experience for students and an effective working environment for staff, and to provide an estate which matches the needs of the curriculum and evolves based on known drivers of curriculum change locally, regionally and nationally.

The College's estates strategy is evidence based and the capital master plan is informed by an estates condition survey prepared for the whole College estate in April 2014 and then by SFC for the sector in 2017. The condition of the College's estate is largely good or very good. There are however some parts of the Cardonald campus which have needed some capital development within recent years due to the older age of the Tower Building of that campus. This is reflected in the College's capital master plan which is informed by the estates condition survey.

During 2018/19, works have been completed including works on the main Tower Lifts Replacement, Heating and Ventilation works and this project was funded by the Glasgow Clyde Education Foundation (GCEF). There were also works completed which were funded by SFC high priority maintenance funding which included Sports Changing Rooms upgrade, Boiler replacement and Flooring upgrades.

## **Future Development of the College Estate**

Until March 2014, the College funded its capital expenditure from SFC capital formula funding and from its reserves which it had built up for investment purposes. Since reclassification to a public body in April 2014 the College continues to progress its Capital Master plan based on life cycle maintenance needs, investment needs and affordability, which has been done both through use of SFC capital funding and through applications for funding to the Glasgow Clyde Education Foundation.

For 2018/19 and 2019/20 SFC provided capital funding allocations to meet the very high priority estates maintenance needs of Colleges as reflected in the estates condition survey which SFC had completed for the sector in 2017. Glasgow Clyde College has received an allocation of £2.27Million of these high priority estates maintenance funds in total across the two years which it has used and is using to address these high priority needs. These are mainly at the Cardonald campus with the largest two of them being refurbishment of the significantly damaged Car Park, which had very poor drainage and was completed in 2018, and the Chiller Plant and Air Handling Units Replacement which is to be completed between late 2019 and early 2020. A range of other high priority projects have been progressed including replacement of cladding on the Mary Stuart building at the Langside campus which was completed in summer 2019.

The Glasgow Clyde Education Foundation also approved a bid for £50k to complete an Estates Review for the College, which has now been completed with a report received from the providers Gardiner & Theobald and BDP at the end of August 2019. The output of this review has been to inform future estates plans and the Board of Management approved four key projects to be taken forward if funding can be accessed for them. These projects will enhance the student experience at each of the campuses with two proposed projects at the Cardonald campus and one at each of the other two campuses.

## **Resources**

Glasgow Clyde College is committed to achieving best value from its available resources and this underpins its ongoing decision-making in procurement and other areas. The College has resources it can deploy in pursuit of its strategic objectives although given the challenging financial environment of the forthcoming years then these decisions are having to be made with a backdrop of required savings and income generation.

## **Land and Buildings**

Tangible resources include buildings and grounds at the three main campuses at Hatfield Drive in Anniesland, Mossbank Drive in Cardonald and Prospecthill Road in Langside.

## **Sustainability and Climate Change Reporting**

The Climate Change (Scotland) Act 2009 set out a statutory framework for greenhouse gas emissions reductions in Scotland with an ambitious target to reduce Scotland's emissions by at least 80% by 2050.

The College is a signatory to the Universities and Colleges Climate Change Commitment for Scotland and the College has a Carbon Management Plan in place. There are two primary objectives of the College's Carbon Management Plan which are to achieve a reduction in carbon emissions and to embed carbon management within the culture of the organisation.

The target in the College Carbon Management Plan was to reduce the College's annual carbon footprint by 15% by the end of financial year 2020 (with 2014/15 as the baseline year). The College has performed extremely well in this area, exceeding the initial target in the first year of the plan (2015/16), and has continued to reduce its carbon footprint in subsequent years, achieving a total reduction to date of 46% as outlined in the table below.

<b>COLLEGE CARBON MANAGEMENT PLAN</b>	<b>tCO2e</b>	<b>Annual Redn</b>	<b>Annual Redn %</b>
2014/15 Baseline Emissions	4,553		
2015/16 Actual Emissions	3,617	-936	-21%
2016/17 Actual Emissions	3,147	-470	-10%
2017/18 Actual Emissions	2,923	-224	-5%
2018/19 Actual Emissions	2,468	-455	-10%
<b>Total Reduction</b>		<b>-2,085</b>	<b>-46%</b>

In 2015, the Scottish Government introduced an Order requiring all public bodies to submit an annual report to Sustainable Scotland Network (SSN), detailing their compliance with the climate change duties. The College has complied with the reporting requirements for 2018/19 by submitting its report by the deadline of 30 November 2019.

## PRINCIPAL RISKS AND UNCERTAINTIES

Glasgow Clyde College has in place a Risk Management Policy as approved by the Board and the aim of the policy is to ensure that the College's system of internal control is effective in managing risks.

The Senior Leadership Team (the designated risk management group) supports, advises on, and implements this Risk Management Policy of the Board of Management. The Vice Principal Resources and College Development is the lead officer in respect of this.

The Board of Management sets the College Risk Appetite across key risk activity areas and the appetite overall has been assessed as open where open is defined as being willing as an organisation to consider all potential delivery options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward.

The College has an on-going process to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation. This work is reviewed by the Audit Committee on a regular basis.

Based on the College's on-going activity and planned developments, the Senior Leadership Team reviews and updates the College's Risk Register on a regular basis. The College Strategic Risk Register as at the date of the signing of the financial statements has fifteen key risks identified and each risk is ranked based on assessment of impact and probability. Each risk is owned by a member of the Senior Leadership Team who identifies mitigating actions against each risk which are in place to manage these risks.

Of the fifteen risks at the time of signing the financial statements, six are financial, six are organisational, and three are governance related risks. The two highest assessed risks from the College risk register as at December 2019 are shown below:

- Failure to achieve surplus targets for commercial activity; and
- Failure to reduce College cost base on managed basis to meet requirements of the five-year financial forecast.

The first of the two highest assessed risks relates to the potential failure to achieve commercial activity surplus targets. Commercial income, although continuing to perform well in 2018/19, still operates within a very difficult economic background, with on-going risks around the maintenance of some of these income areas. The College achieved £3.0 Million in total of commercial and HN Associates income in 2018/19 for the period to 31 July (of the overall total College income of £49.0million) with a broad base of continuing commercial related activity and during the year the College sought to secure replacement activity where any planned income did not materialise. As indicated above within the College Future Developments section the College has plans to make significant growth in its Commercial Income and Margin from 2019/20 with a five-year plan approved by the Board across the five key commercial activity areas for the College. This is a key element of the College's five-year financial forecast and is ambitious hence it is the highest assessed risk for the College and is an area of focus for the College staff and the Board of Management for 2019/20 and beyond.

The second of the two highest assessed risks relates to potential failure to reduce the College cost base on a managed basis to meet the requirements of the five-year financial forecast. The College's staff cost base has increased significantly over recent years through national changes and particularly from 2018/19 due to the implications of the increased costs through national bargaining for teaching staff both through changes in lecturer salaries and through the cost of living pay awards and increased teachers pensions costs, as well as national bargaining pay increases costs for support staff. The College needs to make significant savings to achieve its future financial forecasts and as staff costs are such a large part of the College's costs this will have to be done through staff restructuring as well as other staff cost efficiencies and non-staff costs reductions. One restructure is now completed and a second larger one is ongoing for completion within 2019/20. These necessary savings will be challenging to achieve hence this is the second of the two highest College assessed risks.

The College is taking actions to address its strategic risks particularly the two highest risks listed above. There are plans in place to deliver financial sustainability for the College through a combination of costs savings and through commercial income growth over a five year period which will be challenging however are the key focus for the period of the five year plan.



## REVIEW OF FINANCIAL PERFORMANCE

Overall for the twelve month period from August 2018 to July 2019, Glasgow Clyde College is reporting a deficit of £3,577k (2017/18 deficit: £496k). Actuarial losses on Defined Benefit Pension Plans for the period were £5,441k (2017/18: gains £11,273k). There was an Unrealised Surplus on Revaluation of Land and Buildings of £22,178k (2017/18: unrealised deficit £169k). Therefore, the Total Comprehensive Income for the period is reported as £13,160k (2017/18: £10,608k).

The Statement of Comprehensive Income presents the financial performance during the accounting period in accordance with the FE/HE SORP. The adjusted operating position is intended to reflect the financial performance of the College after allowing for non-cash adjustments and other material one-off or distorting items required by the SORP. The adjusted operating position is therefore designed to smooth any volatility in reported results arising from FRS 102 and also to recognise that some of the reported costs do not have an immediate cash impact on the College. This should give a better indication of the College's cash generating capacity.

The adjusted operating position is outlined in the table below and explanatory notes are provided where appropriate.

<b>Adjusted Operating Position</b>	<b>2018-19 £'000</b>	<b>2017-18 £'000</b>
<b>Surplus/(deficit) before other gains and losses</b>	<b>(3,577)</b>	<b>(496)</b>
<b>Add back:</b>		
Depreciation (net of deferred capital grant release) on both government funded and privately funded assets including NPD assets* (Note 1)	1,726	1,705
Non-cash pension adjustment - Net service cost (Note 2)	2,304	1,448
Non-cash pension adjustment - Net interest cost (Note 3)	38	283
Non-cash pension adjustment - Early retirement provision (Note 4)	95	(106)
<b>Deduct:</b>		
Non-Govt capital grants (e.g. ALF capital grant) (Note 5)	(298)	(2,527)
CBP allocated to loan repayments and other balance sheet items - Payments to Early Retirement Provision (Note 6)	(181)	(182)
<b>Adjusted operating surplus</b>	<b>107</b>	<b>125</b>

*Note 1: Depreciation does not have an immediate cash impact on the institution and, in any case, capital expenditure will largely be funded by government or ALF grants so the charge is taken out.*

*Note 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).*

*Note 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.*

*Note 4: The early retirement provision adjustment relates to the gain/loss arising from the actuarial valuation during the year. This excludes any adjustments to valuations as a result of adding or deleting employees.*

*Note 5: Capital grant income is not matched by SOCI expenditure as it has been used to fund capital assets which will be depreciated over the life of the asset.*

*Note 6: Cash Budget for Priorities is included in income but the related payment to the Early Retirement provision sheet is not reflected in the costs therefore this amount is adjusted.*

The College's income was £49.0million for the period to 31 July 2019 (2017/18: £49.2million).

At 31 July 2019, following movements in the pension liability, the College has accumulated reserves of negative £0.2million (2017/18 : £8.2million) and a cash balance of £3.0million (2017/18: £2.6million). Of the overall cash balance held as at 31 July 2019, £0.5million (2017/18: £0.9million) relates to cash held for the Lennartz liability due to HMRC. This balance will continue to reduce over time until the Lennartz liability is settled in full in 2019/20.

The balance sheet position has strengthened in year, primarily as a consequence of the recent land and buildings revaluation across campuses which resulted in an upward revaluation of £22.2million alongside additions of £2.7million. These were offset by an in-year depreciation charge of £5.3million, giving rise to an overall £19.6million increase to Tangible Fixed Assets nett book value at the year end.

Tangible fixed asset additions during 2018/19 amounted to £2.7million across all asset categories (2017/18: £3.3million). These additions consisted of a range of capital projects including the Cardonald Campus Sports Facilities Refurbishment, Cardonald Campus Car Park Upgrade, Cardonald Campus Boiler Replacement, Langside Campus Mary Stuart Building Cladding Replacement and other redecoration and minor works. In addition the College upgraded its cross campus Wi-Fi Infrastructure.

Glasgow Clyde College has £82.1million (2017/18: £69.0million) of net assets as at 31 July 2019 after allowing for a calculated net pension liability for the Strathclyde Pension Fund of £8.0million (2017/18: £0.2million). No debt was held by the College. The College is in receipt of SFC main teaching and fee waiver grant funding and also generates income from its commercial activities through provision of professional qualifications and vocational training to its customers.

### **Spend of Cash Budget for Priorities**

Following their reclassification as central government bodies from 1 April 2014, colleges are also required to comply with Central Government budgeting rules. In addressing the impact of these budgeting rules, Scottish Government and SFC committed to providing the cash budget previously earmarked for depreciation for use on specified priorities.

Colleges have now each been given a fixed cash budget for priorities which must be spent on agreed government priorities. The College's cash budget for priorities allocation for 2017/18 and 2018/19 fiscal years was £612k per year. Spend of the College's cash budget for priorities, and impact on the operating position for the academic year, is detailed below. The full amount of such cash was fully utilised by the College in the April to March fiscal year cycle in line with government budgeting requirements.

<b>Table of cash budget for priorities spend</b>		
<b>Revenue Priorities</b>	<b>2018-19 £'000</b>	<b>2017-18 £'000</b>
2015-16 Pay award	300	300
Estates costs	260	0
<b>Total impact on operating position</b>	<b>560</b>	<b>300</b>
<b>Capital Priorities</b>		
Provisions pre 1 Apr14 carried on balance sheet: Payments to early retirals	181	182
<b>Total Capital</b>	<b>181</b>	<b>182</b>
<b>Total cash budget for priorities spend</b>	<b>741</b>	<b>482</b>

### **Taxation Status**

Glasgow Clyde College is within 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.

### **Treasury Policies and Objectives**

Glasgow Clyde College has a Treasury Management policy in place which recognises that effective treasury management supports the achievement of its business and service objectives. The College is committed to the principles of achieving value for money and to effectively managing its cash resources.

### **Cash Flows**

Cash flow projections are prepared annually, broken down on a monthly basis to ensure that cash levels are sufficient to meet the needs of the College. Cash flow movements in the period resulted in a net increase of £0.4million due to payments made in respect of Lennartz and other movements in working capital.

## **Liquidity**

The College uses two key ratios to assess liquidity which are:

- a) Current assets : Current liabilities; and
- b) Days cash : Total expenditure excluding depreciation and transfer to arms-length foundation

At the end of July 2019 the ratio of current assets: current liabilities excluding deferred capital grants was 1.2 (July 2018: 1.3) and the days cash: expenditure excluding depreciation was 23 (July 2018: 22).

## **Creditor Payment Policy**

The College complies with the Confederation of British Industry (CBI) Prompt Payment Code and has a policy of paying its suppliers on a net monthly basis unless supplier payment terms are different then payment is made in accordance with those terms. Any invoices in dispute are handled as quickly as possible. There are no matters to disclose under the Late Payment of Commercial Debts (Interest) Act 1998 during the period.

## **Modern Slavery and Human Trafficking Statement**

Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain.

The College publishes an annual Modern Slavery and Human Trafficking Statement on its website which is designed to satisfy the requirements of Part 6 of the Modern Slavery Act 2015, by informing our students, staff and the public about Glasgow Clyde College and its procedures, actions and commitment with respect to understanding potential Modern Slavery risks related to its activities and to minimise the risk of slavery and human trafficking in its supply chains.

The College's statement can be found at  
<https://www.glasgowclyde.ac.uk/Slavery%20Act%20Statement>

### **Anti-Bribery, Fraud and Corruption Policy**

The College has an Anti-Bribery, Fraud and Corruption Policy which states that it is the policy of the Board of Management to provide a high standard of service and accountability to protect against bribery, fraud and corruption within the College and from external sources. Fraud is defined as a crime in which some kind of deception is used for personal gain.

The key elements of this policy are:

- adequate preventative measures systems and procedures, which incorporate internal controls, including adequate separation of duties to ensure that, as far as possible, errors, fraud and corruption are prevented;
- systems for detection and investigation, including policy guidance and the Fraud Response Plan;
- understanding and awareness within the College of the College's agreed policies and procedures e.g. Financial Regulations;
- an open, honest and transparent culture; and
- the adoption of a policy for Unethical Behaviour and Whistleblowing.

This policy has been developed with due regard to all relevant legislation including the Bribery Act 2010.

**The Performance Report is approved by the Principal on 11 December 2019:**

**Jon Vincent**  
**Principal**

## ACCOUNTABILITY REPORT

The Accountability Report comprises the Corporate Governance Report and the Remuneration and Staff Report, and is signed by the Chair and the Principal.

## CORPORATE GOVERNANCE REPORT

The Corporate Governance Report comprises the following sections:

- Board of Management Report
- Corporate Governance Statement
- Statement of the Board of Management's Responsibilities

## BOARD OF MANAGEMENT REPORT

The membership of the Board of Management and the related Committees during the financial period 2018/19 is outlined below: -

### a) Members who are not staff or students of the College:

David Newall, Chair	Former University Secretary, University of Glasgow
Sandra Heidinger	Chief People Officer, University of Strathclyde
Gordon McGuinness	Director of Industries and Enterprise, Skills Development Scotland
David Watt	Chartered Accountant
Keith Rosser	Director of Group Risk, Director of Reed Screening, Reed Global
Robert Fraser	Director of Finance, University of Glasgow
Graeme Whiteford	Head of Early Careers and Skills, BAE Systems Naval Ships
Carolyn Davidson (to November 2018)	Strategic Programme Manager, Renfrewshire Council
Mary Docherty	Former Head of Education, North Ayrshire Council
Fiona Godsman	Chief Executive, Scottish Institute for Enterprise
Michael Payne	Customer & Distribution Chief Financial Officer, M&G PLC

None of the above Board members receive any remuneration. Expenses may be claimed for attendance at meetings.

**b) Members who are staff or students of the College:**

Jon Vincent	Principal & Chief Executive Officer, Glasgow Clyde College
Stephen Henson	Teaching Member
Clare Walker	Support Staff Member
Karolina Gasiorowska (to June 2019)	Students' Association President
Fiona Robinson (to June 2019)	Students' Association Vice President
Aranka Szilassy (from August 2019)	Students' Association President
Sissa Rasmussen (from August 2019)	Students' Association Vice President

**Board Attendance**

Attendance at all meetings is routinely monitored. In the period of 1 August 2018 to 31 July 2019 the attendance of Board members at Board of Management meetings was as shown.

<b>NAME</b>	<b>NUMBER OF POSSIBLE MEETINGS</b>	<b>NUMBER OF MEETINGS ATTENDED</b>	<b>PERCENTAGE ATTENDED</b>
David Newall	5	5	100%
Sandra Heidinger	5	4	80%
Carolyn Davidson	2	0	0%
Mary Docherty	5	3	60%
Robert Fraser	5	4	80%
Fiona Godsman	5	4	80%
K Gasiorowska	5	4	80%
S Henson	5	5	100%
G McGuinness	5	3	80%
M Payne	5	4	80%
F Robinson	5	5	100%
K Rosser	5	4	80%
J Vincent	5	5	100%
C Walker	5	4	80%
D Watt	5	4	80%
G Whiteford	5	4	80%

**Board Committees**

The Board has six standing committees; a Remuneration Committee, an Audit Committee, a Finance and Resources Committee, a Learning and Teaching Committee, an Organisational Development Committee and a Nominations Committee. The Nominations Committee met once in 2019 to take forward succession planning and board member recruitment. The Committee takes due regard of the Public Sector Equality Duty, guidance on Board diversity, and aims to recruit where possible to reflect the communities which the three College campuses serve. Recruitment processes are agreed to support the broad aims in these areas and to take account of the current Board Skills Matrix.

Members of the undernoted committees during the financial period 2018/19 were as follows:

**Audit Committee**

David Watt, Chair  
Keith Rosser  
Clare Walker  
Fiona Robinson (to June 2019)  
Michael Payne

**Finance and Resources Committee**

Robert Fraser, Chair  
Jon Vincent, Principal  
Stephen Henson  
David Newall  
Karolina Gasiorowska (to June 2019)

**Learning and Teaching Committee**

Gordon McGuinness, Chair  
Jon Vincent, Principal  
Stephen Henson  
Carolyn Davidson (to November 2018)  
Fiona Godsman  
Karolina Gasiorowska (to June 2019)

**Organisational Development Committee**

Sandra Heidinger, Chair  
Jon Vincent, Principal  
Mary Docherty  
Clare Walker  
Graeme Whiteford  
Fiona Robinson (to June 2019)  
Gordon McGuinness



### **Remuneration Committee**

Sandra Heidinger, Chair  
David Newall  
Gordon McGuinness  
David Watt  
Robert Fraser

### **Nominations Committee**

David Newall, Chair  
Carolyn Davidson (to November 2018)  
Fiona Godsman  
Keith Rosser

### **Board of Management and Committee Meetings for the period 1 August 2018 to 31 July 2019**

The Board of Management met five times during the period 1 August 2018 to 31 July 2019. All of the meetings were planned with no requirement for any Extraordinary Board meetings.

The Board has six standing committees; a Remuneration Committee, an Audit Committee, a Finance and Resources Committee, a Learning and Teaching Committee, an Organisational Development Committee and a Nominations Committee. Terms of Reference for all Committees were updated during the 2017/18 year and will be reviewed again in 2019/20. The Terms of Reference can be found within the Board Handbook.

All of the Committees are formally constituted and comprise of members of the Board of Management which includes the Principal, two Student Members and two Staff members. Each Committee has delegated to it a specific list of functions as per the Committee Terms of Reference, and the primary function of the Board Committees is to support the Board by addressing those specific functions and advising the Board upon related matters.

The Audit Committee met four times during the twelve-month period ending 31 July 2019 with the College's external and internal auditors in attendance as appropriate. At its December 2018 meeting, the Audit Committee met with the External and Internal Auditors in private with no members of the Executive Management Team present. The Committee considers detailed reports together with recommendations for improvements of the College's systems of internal control and management's responses and implementation plans. It also considers reports from Audit Scotland as they affect the College's business and monitors adherence to the regulatory requirements. Whilst senior executives of the College attend meetings of the Audit Committee as necessary, they are not members of the Committee.

The Finance and Resources Committee met four times during the twelve month period ending 31 July 2019. This Committee, inter alia, recommends to the Board of Management the annual revenue and capital budgets and monitors the College's financial performance in relation to the approved budgets, including estates and resources implications.

The Learning and Teaching Committee met three times during the twelve-month period ending 31 July 2019. This Committee considers all aspects relating to the learning experience and identifies any related improvements that can be made. The Committee also formulates the Board's strategy in relation to the future educational direction of the College and actions all matters pertaining to student affairs, including welfare and discipline and student appeals.

The Organisational Development Committee met three times during the twelve-month period ending 31 July 2019. This Committee considers all policy aspects relating to staffing including equality and diversity issues, human resource issues, staff governance, staff well-being and health and safety matters.

The Remuneration Committee determines the remuneration of the most senior staff, including the Principal. The Remuneration Committee met once during the twelve month period ending 31 July 2019.

**The Register of Interests for the Board of Management members who served from 1<sup>st</sup> August 2018 onwards can be found at [https://www.glasgowclyde.ac.uk/assets/000/004/577/Register\\_of\\_Interests\\_2018-19\\_071118\\_final\\_pdf\\_original.pdf](https://www.glasgowclyde.ac.uk/assets/000/004/577/Register_of_Interests_2018-19_071118_final_pdf_original.pdf)**

## **EXECUTIVE MANAGEMENT TEAM**

Jon Vincent, Principal and Chief Executive  
Brian Hughes, Vice Principal, Curriculum & External Relations  
Janet Thomson, Vice Principal, Resources & College Development

**The Register of Interests for the Executive Management Team can be found at [https://www.glasgowclyde.ac.uk/assets/000/004/598/Executive\\_Management\\_Team - Register of Interests 2018-19\\_original.pdf?1543330299](https://www.glasgowclyde.ac.uk/assets/000/004/598/Executive_Management_Team_-_Register_of_Interests_2018-19_original.pdf?1543330299)**

## **DATA SECURITY**

There were no personal data-related incidents reported to the Information Commissioners Office during the 2018/19 financial period.

## **OPENNESS AND FREEDOM OF INFORMATION**

All processing of information within the College during the financial period 2018/19 complies with the appropriate legislation including the General Data Protection Regulation (GDPR), the Data Protection Act 2018 and the Freedom of Information (Scotland) Act 2002.

## **COLLEGE DEVELOPMENT PLAN**

Details in respect of the College's Development Plan are outlined in the Performance Report section. The full document can be found at <https://www.glasgowclyde.ac.uk/development-plan-2016-2020>

## **ESTATES STRATEGY**

Details in respect of the College's Estates Strategy are outlined in the Performance Report section.

## **ACCOUNTING POLICIES**

The Accounting Policies applied by the College are set out in pages 52 to 57. Financial Reporting Standard 102 – Employee Benefits, sets out the treatment of on-going pension obligations and the basis on which provisions have been made. The Board notes that the period end liabilities are sensitive to the underlying assumptions made by the College's representative actuaries.

## **GOING CONCERN AND SUSTAINABILITY**

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.

The Scottish College sector as a whole is facing a range of challenges, which are having a direct impact on the short to medium term financial sustainability of the sector. Some of the challenges are:

- increased staff costs due to National Bargaining;
- the accumulative impact of Nationally determined annual unfunded pay awards; and
- increased employers pension costs;

The College has a medium term Financial Strategy in place, in line with Audit Scotland recommendations for the sector, which seeks to anticipate the likely challenges ahead. As a result of the sector wide challenges outlined above, the College is mitigating these through increased income from out with the Scottish Funding Council and pursuing a reduction in its cost base in order to remain financially sustainable in the short to medium term.

The College Five Year Plan includes ambitious commercial income and contribution growth, a planned phased staff restructuring programme and targeted non-staff cost reductions. The latest version of the plan anticipates a deficit of £263k for 2019/20, very small deficits in 2020/21 and 2021/22, and small surpluses in the subsequent two years. The College is currently in the process of finalising additional funding applications to Glasgow Clyde Education Foundation and, if approved, the College expects to be in a position to further improve the forecast underlying position through the life of the plan.

In addition, in line with previous years, if the full pension deficit outlined in the financial statements is not met from other sources of income, it will be funded by future Grant in Aid. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such income may not be paid in advance of need. Glasgow Clyde College has no reason to believe that either SFC financial support or future Ministerial approval will not be forthcoming or will only provide a reduced support to the College. Therefore the pension deficit in itself is not considered to impact on the College's ability to continue as a going concern in the short to medium term.

In light of the information outlined above, the Board of Management is satisfied that it has adequate resources to continue in operation for the foreseeable future. For this reason, the going concern basis continues to be adopted in the preparation of the financial statements.

## **STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITIES**

The Accountable Officer of Glasgow Clyde College is the Principal. The Principal confirms that:

- (a) as far as he is aware, there is no relevant audit information of which the entity's auditors are unaware;
- (b) the Accountable Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information;
- (c) the annual report and accounts as a whole is fair, balanced and understandable and
- (d) he takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

## **CORPORATE GOVERNANCE STATEMENT**

The purpose of this Corporate Governance Statement is to assist the reader of the financial statements understand how the principles have been applied for the period of the financial statements and for the future of the College going forward.

The Glasgow Colleges Regional Board (GCRB) achieved fundable body status from April 2017 and, as a result, the GCRB Financial Memorandum applies to the College from April 2017 onwards.

It is a condition of the Financial Memorandum with the Scottish Funding Council and GCRB that governing bodies comply with the principles of good governance set out in the 2016 Code of Good Governance for Scotland's Colleges. The Board of Management of Glasgow Clyde College is committed to exhibiting best practice in all aspects of Corporate Governance.

The College complies with all the principles of the 2016 Code of Good Governance for Scotland's Colleges, and it has complied throughout the year ended 31 July 2019.

The College's internal auditor has expressed the opinion that the Board of Management of Glasgow Clyde College has adequate and effective arrangements for risk management, control and governance and that the College has proper arrangements in place to promote and secure Value for Money.

### **Governance Framework**

The Board Governance Framework includes an annual self-evaluation which is carried out July / August each year. This self-evaluation is utilised when agreeing the Board Development Plan in October of each year. In addition the Chair meets with individual Board members to agree personal development goals and assess performance. A 360-degree appraisal is carried out for the Chair and he meets with the Vice-Chair to discuss performance and future development needs and goals. All annual appraisals were completed in August and September 2019.

To ensure the Board are well informed regular briefings and updates are issued and papers of interest, guidance or policy are regularly circulated and monitored. In addition, all Board members have access to the College Development Network Governance area of its website containing a wealth of learning and guidance and members are offered a calendar of training opportunities.

## **Risk Management**

The Board of Management is of the view there is a satisfactory process in place for identifying, evaluating and managing the significant risks faced by the College. The risk management process is regularly reviewed by the Board of Management. The risk register was updated quarterly at Board meetings to reflect the risk scorings impacts of these matters as assessed at each review. Further information in respect of Principal Risks and Uncertainties is outlined in the Performance Report section.

## **Statement On System Of Internal Financial Control**

The College's Board of Management is 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 College has an approved Risk Management Policy which was approved by the Board of Management in 2017 and is subject to regular review. There is also a Risk Register for the College and each identified risk has a member of the Senior Leadership Team identified as the risk owner. The owner is responsible for ensuring that the mitigating counter measures are implemented for each risk, and for reviewing and updating the commentary and rating of each risk on an on-going basis. The Risk Register is reviewed regularly by the Senior Leadership Team and is presented quarterly to the Board of Management.

The Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms which are embedded within the operational units.

The College has a dedicated Clerk to the Board resource who reports to the Chair of the Board.

The Board of Management considers that the College has adequate resources to continue in operational existence for the foreseeable future.

**STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITIES**

In accordance with the College's Articles of Governance, the Board of Management of Glasgow Clyde College is responsible for the administration and management of the affairs of the College, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial period.

The Board of Management is responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the Constitution, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions, the 2018/19 Government Financial Reporting Manual (FReM) issued by the Scottish Government (FReM 2.2.14) where applicable, and other relevant accounting standards. It is the duty of the Board of Management, through its designated office holder, to prepare financial statements for each financial period 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 period.

**In causing the financial statements to be prepared, the Board of Management has ensured that:**

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- the financial statements are prepared on the going concern basis, unless it is inappropriate to presume that the College will continue in operation.

**The Board of Management has a responsibility to:**

- ensure that funds from the Glasgow Colleges Regional Board are used only for the purposes for which they have been given and in accordance with the Further and Higher Education (Scotland) Act 1992, the College's Financial Memorandum with the Funding Council, and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the College and hence to take reasonable steps to prevent and detect fraud;
- ensure reasonable steps have been taken to secure the economical, efficient and effective management of the College's resources and expenditure; and
- ensure sound corporate governance and the proper conduct of the College's operations.

**The key elements of the College's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:**

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic faculties and schools and heads of support and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the College and the Board of Management;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Board of Management; and
- a professional Internal Audit team whose annual programme is agreed by the Audit Committee and endorsed by the Board of Management and whose head provides the Board of Management with a report on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control. Any systems of internal financial control can however, only provide reasonable, but not absolute assurance against material misstatement or loss.

#### **Statement of disclosure to Auditors**

- so far as the Board of Management is aware, there is no relevant audit information of which the College's auditors are unaware; and
- it has taken all the steps that it ought to have taken as a Board of Management to make itself aware of any relevant audit information and to establish that the College's auditors are aware of that information.



## **REMUNERATION AND STAFF REPORT**

### **Introduction**

The College is required to prepare and publish within its financial statements an annual Remuneration Report under the 2018/19 Government Financial Reporting Manual (FRM) issued by the Scottish Government, for the period ending 31 July 2019.

### **Remuneration Policy**

The Remuneration Committee recommends to the Board the salaries and conditions of service of the Principal and members of Senior Management, within the Budget approved by the Board of Management, whilst being sensitive to pay and employment conditions elsewhere in the sector, especially when determining annual salary increases. The Committee meets a minimum of once a year.

### **Remuneration including salary and pension entitlements**

#### **Salary entitlements**

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

<b>Name</b>	<b>Year ended 31 July 2019</b>			<b>Year ended 31 July 2018</b>		
	<b>Salary £'000</b>	<b>Pension Benefit £'000</b>	<b>Total £'000</b>	<b>Salary and Related Contractual Payments £'000</b>	<b>Pension Benefit £'000</b>	<b>Total £'000</b>
Jon Vincent	125-130	20-25	150-155	105-110*	20-25	130-135
Brian Hughes	95-100	10-15	95-100	100-105	0-5	100-105
Janet Thomson	85-90	5-10	125-130	85-90	40-45	130-135
Eric Brownlie (for the period in the acting VP role)	-	-	-	10-15	0-5	10-15

*\*2018 figures represent part year costs for J Vincent*

The information reported in the above tables is calculated based on methodologies provided by the relevant pension agencies. Three members of the senior management above are members of the Scottish Teachers Superannuation Scheme and one is a member of the Strathclyde Pension Fund.

The total annual equivalent salary for each member of the senior management team during 2018/19 is as follows:

<b>Name</b>	<b>Position</b>	<b>£'000</b>
Jon Vincent	Principal	130
Brian Hughes	Vice Principal	98
Janet Thomson	Vice Principal	90

### **Median Remuneration**

Colleges are required by the FReM to disclose the relationships between the remuneration of the highest paid official and the median remuneration of their workforce.

Based on the 12 month equivalent figures above, the banded remuneration of the highest paid official in the organisation in the financial year 2018-19 was £125,000 - £130,000 (2017-18 £125,000-£130,000). This was 3.2 times (2017-18 3.4 times) the median remuneration of the workforce which was £40,026 (2017-18 £37,426). The range of remuneration was lowest £16,942 to highest £129,633.

### **Accrued Pension Benefits**

Pension benefits for employees are provided through the Scottish Teachers' Superannuation Scheme, 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 Funds are defined benefit pension schemes which changed from final salary schemes to career average schemes from 1 April 2015 and are contracted out of the State Earnings-Related Pension Fund.

The schemes' normal retirement age is 65.

Contribution rates are set annually for all employees and can be found in note 20.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on final pensionable salary and years of pensionable service.

### **Senior Officials Pension**

Pension benefits are provided to senior officials on the same basis as all other staff. The accrued pension benefits for senior officials are set out in the table below, together with the pension contributions made by the College.

<b>Name</b>	<b>Accrued pension at pension age at 31 July 2019</b>	<b>Accrued lump sum at pension age at 31 July 2019</b>	<b>Real increase in pension 1 Aug 2018 to 31 July 2019</b>	<b>Real increase in lump sum 1 Aug 2018 to 31 July 2019</b>	<b>CETV at 31 July 2019</b>	<b>CETV at 31 July 2018</b>	<b>Real increase in CETV</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Jon Vincent</b>	0-5	0-5	0-2.5	0-2.5	50	24	27
<b>Brian Hughes</b>	50-55	150-155	0-2.5	2.5-5	1,216	1,195	21
<b>Janet Thomson</b>	20-25	15-20	2.5-5	0-0.5	348	295	62

### **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 particular 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 as a consequence of their total Local Government service and not just their current appointment.

In considering the accrued pension benefits figures the following contextual information should be taken into account:

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

### **Real increase in CETV**

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

### Compensation for loss of office

The College implemented a voluntary severance scheme during 2018/19 and the scheme was approved in advance by the Scottish Funding Council in line with relevant guidance.

The table below summarises the voluntary severance payments for the College by cost band which were agreed during 2018/19.

Cost band	Number of compulsory redundancies	Number of other departures agreed	Total number by cost band
<£10,000	0	3	3
£10,000 - £20,000	0	2	2
£25,000 - £50,000	0	1	1
£50,000 - £100,000	0	0	0
£100,000 - £150,000	0	0	0
£150,000 - £200,000	0	0	0
<b>Total number</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total cost (£'000)</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Glasgow Clyde College Workforce

The College employed 709 people in 2018/19 (2017/18: 700) expressed in full time equivalents of whom 422 (60%) were teaching staff.

For the year to 31 July 2019, in headcount terms the College employed 844 permanent members of staff (2017/18: 781) and 363 temporary staff members (2017/18: 389). For the same period the college employed in headcount terms 772 females (2017/18: 746) and 435 males (2017/18: 424). The senior management team in headcount terms consisted of 5 females and 8 males.

### Salaries and Related Costs of the College Workforce

	12 months ended 31 July 2019	12 months ended 31 July 2018
	£'000	£'000
<b>Directly employed staff</b>		
Wages and salaries	27,333	25,252
Social security costs	2,610	2,503
Other pension costs excl FRS102 adjustments (2018 restated)	4,241	4,041
Other staff costs	0	0
<b>Sub total</b>	<b>34,184</b>	<b>31,796</b>
Seconded and agency staff	217	229
<b>Total</b>	<b>34,401</b>	<b>32,025</b>
Average number of FTE	709	700

## **Pension Arrangements**

The College participates in two separate defined pension schemes, which are the Strathclyde Pension Fund (SPF) for support staff, the Scottish Teachers Superannuation Scheme (STSS) for teaching staff.

The College accounts for the SPF in accordance with the requirements of FRS102. The College's share of the scheme deficit as at 31 July 2019 was £8.0m (2018: £0.2m) and is included within the reserves. The College treats the STSS Scheme as a defined contribution scheme as the scheme is not able to calculate the individual employers' share of the overall deficit. Further details in regard to the pension arrangements for the College can be found in Note 20 to the Financial Statements including contribution rates payable.

## **Equal Opportunities**

The College has an Equal Opportunities Policy in place, with the aim of ensuring that all staff, students and customers are treated equally regardless of protected characteristic. All Colleges policies and procedures will undergo an equality impact assessment.

Glasgow Clyde College considers all applications for employment from disabled persons, bearing in mind the skills and aptitudes of the individuals concerned. Where an existing employee becomes disabled every effort is made to ensure that their employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion to disabled staff which are, as far as possible, identical to those for other employees. The College holds the Positive About Disabled Kite mark.

## **Health, safety and well-being**

The College has a Health and Safety Committee which assesses the workplace regularly to ensure that our staff work in a safe environment which supports their health and well-being. We currently hold the Gold Healthy Working Lives Award and continue to enhance our work programme in this area.

## **Staff relations**

The College recognises the importance of good industrial relations and effective communication with our staff. There is a Joint Consultation and Negotiation Committee (JCNC) and Management Union Information Exchange Committee (MUIE), which meets regularly, and involves members of our Senior Leadership Team (SLT) and representatives from our staff trade unions, EIS, GMB & Unison. Through this we share information, discuss issues of mutual concern, consult and, where appropriate negotiate.

The College also have a health and safety committee which includes union representatives to help ensure the safety and wellbeing of staff.

**Facility Time**

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the college provided the following support through paid facility time for union officials working at the College during the year ended 31 July 2019.

**Relevant Union Officials**

Number of employees who were relevant union officials during the relevant period:	Full-Time equivalent employee number:
14	14

**Percentage of time spent on facility time**

Percentage:	Number of employees:
0%	0
1%-50%	14
51%-99%	0
100%	0

**Percentage of pay bill spend on facility time**

Total cost of facility time:	£45,322
Total pay bill:	£33,068,868
Percentage of the total pay bill spent on facility time:	0.14%

**Paid trade union activities**

Time spent on trade union activities as a percentage of total paid facility time hours:	3.958%
---	--------

**The Accountability Report is approved by order of the members of the Board of Management on 11 December 2019 and signed on its behalf by:**

**David Newall**  
**Chair of Board of Management**

**Jon Vincent**  
**Principal**

**PROFESSIONAL ADVISORS**

The College's professional advisors are as below:

Audit Scotland appointed Scott Moncrieff as Glasgow Clyde College's external auditors from 2016/17 to 2020/21. Henderson Loggie were appointed internal auditors by the College during 2015/16 and were subsequently reappointed in August 2017 for a period of three years as a result of a tender exercise.

Bankers: Royal Bank of Scotland, 139 St Vincent Street, Glasgow G2 5FY  
Barclays Bank plc, 120 Bothwell Street, Glasgow G2 7JT

External Auditors: Scott Moncrieff, Exchange Place, 3 Semple Street, Edinburgh EH3 8BL

Solicitors (Employment Matters): Anderson Strathern, 50 George Square, Glasgow G2 1EH

Solicitors (Property Matters) Thorntons Law, Whitehall House, 33 Yeaman Shore, Dundee DD1 4BJ

Internal Auditors: Henderson Loggie, The Vision Building, 20 Greenmarket Place, Dundee DD1 4QB

**Independent auditor's report to the members of the Board of Management of Glasgow Clyde College, 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 Glasgow Clyde College for the year ended 31 July 2019 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accompanying financial statements:

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

**Basis of opinion**

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is 3 years. We are independent of the college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



**Conclusions relating to going concern basis of accounting**

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

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

**Risks of material misstatement**

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

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

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

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

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

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

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

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

### **Other information in the annual report and accounts**

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

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

### **Report on regularity of expenditure and income**

#### **Opinion on regularity**

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

**Responsibilities for regularity**

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

**Report on other requirements****Opinions on matters prescribed by the Auditor General for Scotland**

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

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

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

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

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

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

We have nothing to report in respect of these matters.

**Conclusions on wider scope responsibilities**

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

**Use of our report**

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

Gary Devlin (for and on behalf of Scott Moncrieff Audit Services)  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

Date.....

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

**STATEMENT OF ACCOUNTING POLICIES****BASIS OF PREPARATION**

The College is a freestanding corporate body under the provisions of the Further and Higher Education (Scotland) Act 1992. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) 2015: Accounting for Further and Higher Education and in accordance with Financial Reporting Standards FRS 102. Where applicable, the Report and Financial Statements also comply with the 2018-19 Government Financial Report Manual (FReM) issued by the Scottish Government. The financial statements conform to the Accounts Direction and other guidance issued by the Scottish Funding Council.

The College is a public benefit entity and has applied the relevant public benefit requirements of FRS102. The financial statements also conform to guidance published by the Scottish Funding Council.

The preparation of financial statements in compliance with FRS 102 requires the use of certain material accounting estimates. It also requires the Board of Management to exercise judgement in applying the College's accounting policies as described below.

The College has a medium term Financial Strategy in place, in line with Audit Scotland recommendations for the sector, which seeks to anticipate the likely challenges ahead. More information in respect of the College Five Year Plan is outlined in the Board of Management Report on pages 34 and 35. If the full pension deficit is not met from other sources of income, it will be funded by future Grant in Aid from the SFC. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such income may not be paid in advance of need. The Board of Glasgow Clyde College has no reason to believe that either the SFC financial support or future Ministerial approval will not be forthcoming or will only provide a reduced support to Glasgow Clyde College. Given the above, it has accordingly been considered appropriate to adopt a going concern basis for the preparation of these accounts.

**ACCOUNTING POLICIES & BASIS OF ACCOUNTING**

The financial statements are prepared in accordance with the historic cost convention, modified by the revaluation of certain fixed assets. The presentation currency is pound sterling and the financial statements are rounded to the nearest thousand.

**JUDGEMENTS IN APPLYING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In preparing the financial statements, the Board of Management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The Board of Management are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

<b>Estimate</b>	<b>Basis of estimation</b>
Valuation of buildings	College buildings are of a specialist nature and are valued on the depreciated replacement cost basis.
Useful economic lives of buildings and plant/equipment	Buildings are depreciated over their expected remaining useful economic life as assessed by an independent, qualified valuer. Buildings owned by the College are split into components and each component is valued and depreciated separately. The economic lives currently in use are in the range of 10 to 60 years. The estimated useful life of plant and equipment is 4 to 10 years.
The obligations under the Strathclyde Pension Scheme (SPF)	The Board of Management uses actuarial assumptions determined in conjunction with the Scheme's qualified actuaries which are considered reasonable and appropriate.

## **GOING CONCERN**

The Board of Management is satisfied that it has adequate resources to continue in operation for the foreseeable future. For this reason, the going concern basis continues to be adopted in the preparation of the financial statements.

## **REVENUE RECOGNITION**

Income from grants, contracts and other services rendered is recognised in the Statement of Comprehensive Income and Expenditure in proportion to the extent of completion of the contract or service concerned. The main annual recurring allocation from the Scottish Funding Council is intended to meet recurrent costs, and is credited direct to the Statement of Comprehensive Income and Expenditure and related costs are reported to the relevant period.

Tuition fees are credited to the Statement of Comprehensive Income and Expenditure account in the period in which they are due to be received.

For Bursary, Discretionary and Education Maintenance Allowance funds, the grants are excluded from the Statement of Comprehensive Income and Expenditure of the College as these grants are available solely for students, with the College acting as paying agent. Childcare funds from the SFC and Glasgow Colleges Regional Board are included in the College Statement of Comprehensive Income and Expenditure.

## **GOVERNMENT GRANTS**

Government revenue grants including the Glasgow Colleges Regional Board funding council block grant are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate.

Where a capital grant is received from government sources, the income is recognised over the life asset.

Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

## **NON EXCHANGE TRANSACTIONS**

Grants from non-government 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.

## **ACCOUNTING FOR RETIREMENT BENEFITS**

The College participates in the Strathclyde Pension Fund (SPF) and the Scottish Teachers Superannuation Scheme (STSS).

The Scottish Teachers Superannuation Scheme is administered by the Scottish Public Pensions Agency. It is a multi-employer defined pension scheme, however, the College is unable to identify its share of the underlying assets and liabilities on a consistent and reliable basis and, therefore, as required by FRS 102 accounts for its participation in the STSS as if it were a defined contribution scheme. As a result, contributions are charged to the Statement of Comprehensive Income and Expenditure as they arise.

This is expected to result in the pension cost being a substantially level percentage of current and future pensionable payrolls. The contributions are determined by qualified actuaries on the basis of periodic valuations using the projected unit basis.

The Strathclyde Pension Fund is administered by Glasgow City Council and requires contributions to be made to its Number 1 fund. The Fund is a defined benefit pension scheme which changed from a final salary scheme to a career average scheme from 1 April 2015 and is contracted out of the State Earnings-Related Pension Fund. Assets and liabilities of the funds are held separately from those of the College. Fund assets are measured using market values. Fund 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 Strathclyde Pension Fund are calculated so as to spread the cost of pension over employees' working lives with the College. The contributions are determined by an actuary on the basis of triennial valuations using the Age Attained Method. The actuaries also review the progress of the scheme in each of the intervening years. Variations from regular cost are spread over the expected average remaining working lifetime of members of the Fund, after making allowances for future withdrawals.

The expected cost of providing staff pensions to employees contributing to the Fund is recognised in the Statement of Comprehensive Income and Expenditure on a systematic basis over the expected average remaining lives of members of the funds in accordance with FRS 102 and recognises retirement benefits as the benefits are earned and not when they are due to be paid.

**SHORT TERM 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.

**FINANCE LEASES**

Leases in which the College assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**OPERATING LEASES**

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

**TANGIBLE FIXED ASSETS****LAND AND BUILDINGS**

Land and buildings in operational use have been included in the balance sheet at valuation which, due to their specialised nature in being used as a College, is stated at depreciated replacement cost. The college does not depreciate land.

Values are stated as at the latest interim valuation for 31 July 2019, based on the valuation report with reference to that date as prepared by Rydens. The College has a policy of undertaking a full revaluation at least every five years, with an interim valuation carried out after three years, such that the market value is not materially different to the current value.

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

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



Depreciation on buildings is provided in the Statement of Comprehensive Income and Expenditure on opening valuation or cost with an equivalent amount being transferred from the revaluation reserve and included in the Statement of Comprehensive Income and Expenditure.

## **PLANT AND EQUIPMENT**

Individual items of plant and equipment or groups of items costing more than £10,000 have been capitalised at cost and are depreciated over their useful economic life. All other plant and equipment is written off to the Statement of Comprehensive Income and Expenditure in the period of acquisition.

Plant and equipment is carried at depreciated historical cost, which is used as a proxy for fair value. Depreciated historical cost is deemed to be more appropriate than revaluing for plant and equipment as it is common for such assets to reduce in value, rather than increase, as they are utilised by the College.

## **MAINTENANCE OF PREMISES**

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

## **STOCK**

Stock is stated at the lower of cost and net realisable value.

## **PROVISION, 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 a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The College has made provision for the enhanced pensions paid to former employees who have taken early retirement for which it is liable. This provision is valued based on an annual actuarial report carried out by an independent actuary. The annual cost is funded from the provision and the provision level is maintained by an annual charge in the Statement of Comprehensive Income and Expenditure.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College.

## **FINANCIAL INSTRUMENTS**

Financial instruments are recognised in the Balance sheet when the College becomes party to the contractual provisions of the instrument. All of the College's financial instruments are classified as 'basic' in accordance with Chapter 11 of FRS102. All of the College's financial instruments are measured at transaction price.

Financial assets are derecognised when the contractual rights to the cash flows from asset to expire, or when the College has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

## **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents includes cash in hand, deposits repayable on demand and overdrafts and other highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

## **TAXATION**

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and, therefore, it meets the definition of a charitable body for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

## **EVENTS AFTER THE REPORTING PERIOD**

Institutions are required to identify events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue and make adjustments or disclosures where these are material to the understanding of the financial statements.

Two types of events can be identified:

- adjusting events are those that provide evidence of conditions that existed at the end of the reporting period, for example information that indicates an asset was impaired at the period end; and
- non-adjusting events are those that indicate conditions that arose after the end of the reporting period, for example a decline in the market value of investments between the period end and the date when the financial statements are authorised for issue.

Whilst adjusting events will result in changes to assets or liabilities included in the financial statements, non-adjusting events only result in disclosure.

**STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE**  
**YEAR ENDED 31 July 2019**

	<u>Note</u>	<u>Year to</u> <u>31 July</u> <u>2019</u>	<u>Year to</u> <u>31 July</u> <u>2018</u>
		£'000	£'000
<b>INCOME</b>			
Funding Council Grants	1	37,600	36,011
SFC Exceptional restructuring income	1	22	-
Tuition Fees and Education Contracts	2	7,133	7,124
Other Grant Income	3	1,765	1,629
Other Operating Income	4	2,504	4,430
Investment Income	5	1	1
<b>Total Income</b>		<b>49,025</b>	<b>49,195</b>
<b>EXPENDITURE</b>			
Staff Costs	6	36,583	33,138
Exceptional restructuring costs	6	67	-
Other Operating Expenses	8	10,602	11,075
Depreciation	11	5,312	5,195
Interest Payable	9	38	283
<b>Total Expenditure</b>		<b>52,602</b>	<b>49,691</b>
Deficit on Continuing Operations before tax		<b>(3,577)</b>	<b>(496)</b>
Taxation	10	-	-
<b>Deficit on Continuing Operations after tax</b>		<b>(3,577)</b>	<b>(496)</b>
Unrealised surplus/(deficit) on revaluation of land and buildings	11	<b>22,178</b>	<b>(169)</b>
Actuarial (losses)/gains on defined benefit pension plans	20	<b>(5,441)</b>	<b>11,273</b>
<b>Total Unrestricted Comprehensive Income for the year</b>		<b>13,160</b>	<b>10,608</b>

The Statement of Comprehensive Income is prepared under the FE/HE SORP. The SORP does not permit colleges to reflect the non-cash budget for depreciation in the Statement of Comprehensive Income. Note 27 provides details of the adjusted operating position on a Central Government accounting basis.

**STATEMENT OF CHANGES IN RESERVES  
YEAR ENDED 31 July 2019**

	<b>Income and Expenditure Reserve £'000</b>	<b>Revaluation Reserve £'000</b>	<b>Total</b>
<b>Balance at 1 August 2018</b>	<b>8,197</b>	<b>60,768</b>	<b>68,965</b>
Deficit from income and expenditure statement	(3,577)		(3,577)
Actuarial Adjustment	(5,441)		(5,441)
Transfer to/from Revaluation Reserve	646	(646)	-
Revaluation of Buildings in year		22,178	22,178
Total comprehensive income for the year	(8,372)	21,532	13,160
<b>Balance at 31 July 2019</b>	<b>(175)</b>	<b>82,300</b>	<b>82,125</b>
<b>Balance at 1 August 2017</b>	<b>(3,226)</b>	<b>61,583</b>	<b>58,357</b>
Deficit from income and expenditure statement	(496)		(496)
Actuarial Adjustment	11,273		11,273
Transfer to/from Revaluation Reserve	646	(646)	-
Revaluation of Buildings in year	-	(169)	(169)
Total comprehensive income for the year	11,423	(815)	10,608
<b>Balance at 31 July 2018</b>	<b>8,197</b>	<b>60,768</b>	<b>68,965</b>

**BALANCE SHEET  
YEAR ENDED 31 July 2019**

	<u>Note</u>	<u>31 July</u> <u>2019</u> £'000	<u>31 July</u> <u>2018</u> £'000
<b>FIXED ASSETS</b>			
Tangible Fixed Assets	11	178,560	158,975
<b>Total Fixed Assets</b>		<b>178,560</b>	<b>158,975</b>
<b>CURRENT ASSETS</b>			
Stocks	12	28	24
Debtors	13	2,735	1,812
Cash at Bank and in Hand	17	2,972	2,632
<b>Total Current Assets</b>		<b>5,735</b>	<b>4,468</b>
<b>Less: Creditors – amounts due within one year</b>	14	(8,541)	(6,935)
<b>NET CURRENT ASSETS</b>		<b>(2,806)</b>	<b>(2,467)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>175,754</b>	<b>156,508</b>
Less: Creditors – amounts due after more than one year	15	(82,659)	(84,270)
<b>NET ASSETS BEFORE PENSION LIABILITY</b>		<b>93,095</b>	<b>72,238</b>
Funded Pension Provision	20	(8,005)	(222)
Unfunded Pension Provision	16	(2,965)	(3,051)
<b>NET ASSETS AFTER PENSION LIABILITY</b>		<b>82,125</b>	<b>68,965</b>
<b>UNRESTRICTED RESERVES</b>			
Income and expenditure – unrestricted		(175)	8,197
Revaluation Reserve		82,300	60,768
<b>TOTAL</b>		<b>82,125</b>	<b>68,965</b>

The financial statements on pages 58 to 60 were approved by the Board of Management on 11 December 2019 and signed on its behalf by:

\_\_\_\_\_  
David Newall,  
Chair, Glasgow Clyde College

\_\_\_\_\_  
Jon Vincent  
Principal,  
Glasgow Clyde College

**STATEMENT OF CASH FLOWS**  
**YEAR ENDED 31 July 2019**

	<u>Year</u> <u>to 31</u> <u>July</u> <u>2019</u>	<u>Year</u> <u>to 31</u> <u>July</u> <u>2018</u>
	£'000	£'000
<b>Cash (out)/inflow from operating activities</b>		
Surplus/(deficit) for the year	(3,576)	(496)
<b>Adjustment for non-cash items;</b>		
Depreciation	5,312	5,195
Decrease/(increase) in stock	(4)	(5)
Decrease/(increase) in debtors	(923)	598
Increase/(decrease) in creditors	(5)	(3,698)
Increase/(decrease) in pension provision	2,342	1,731
Increase/(decrease) in other provision	(87)	(288)
<b>Adjustment for investing or financing activities;</b>		
Investment income	(1)	(1)
Payments to acquire fixed assets	(2,719)	(3,318)
<b>Net cash (outflow)/inflow from operating activities</b>	339	(282)
<b>Cash flows from investing activities;</b>		
Investment Income	1	1
<b>(Decrease)/increase in cash and cash equivalents in the year</b>	340	(281)
Cash and cash equivalents at beginning of the year	2,632	2,913
Movement in net funds for the period	340	(281)
Cash and cash equivalents at the end of the year	<b>2,972</b>	<b>2,632</b>

**NOTES TO THE FINANCIAL STATEMENTS**
**1. SFC/RSB GRANTS**

	<u>Year to</u> <u>31 July</u> <u>2019</u> £'000	<u>Year to</u> <u>31 July</u> <u>2018</u> £'000
FE Recurrent Grant (including fee waiver)	30,148	28,770
Childcare funds	1,745	1,648
Release of SFC deferred capital grants	3,161	3,066
Other SFC grants	2,546	2,527
	<u>37,600</u>	<u>36,011</u>
Exceptional Restructuring Income	22	-
Total	<u>37,622</u>	<u>36,011</u>

	<u>Year to</u> <u>31 July</u> <u>2019</u> £'000	<u>Year to</u> <u>31 July</u> <u>2018</u> £'000
<b>2. TUITION FEES AND EDUCATION CONTRACTS</b>		
FE Fees – UK & EU	111	355
Fees – Non EU	-	22
HE Fees	3,941	3,719
SDS Contracts	542	613
Other Contracts	2,539	2,415
Total	<u>7,133</u>	<u>7,124</u>

	<u>Year to</u> <u>31 July</u> <u>2019</u> £'000	<u>Year to</u> <u>31 July</u> <u>2018</u> £'000
<b>3. OTHER GRANT INCOME</b>		
European Funds	214	84
Other Grant Income	1,126	1,121
Release of Non SFC Government Capital Grants	425	424
	<u>1,765</u>	<u>1,629</u>

	<u>Year to</u> <u>31 July</u> <u>2019</u> £'000	<u>Year to</u> <u>31 July</u> <u>2018</u> £'000
<b>4. OTHER OPERATING INCOME</b>		
Glasgow Clyde Education Foundation revenue projects	266	179
Glasgow Clyde Education Foundation Capital Projects	298	2,527
Catering Income	625	604
Other Income Generating Activities	817	738
Other Income	498	382
	<u>2,504</u>	<u>4,430</u>

**5. INVESTMENT INCOME**

	<u>Year to</u> <u>31 July</u> <u>2019</u> £'000	<u>Year to</u> <u>31 July</u> <u>2018</u> £'000
Other Interest Receivable	1	1
	<u>1</u>	<u>1</u>

**6. STAFF COSTS**

**6.01 Staff Costs:**

	<u>Year to</u> <u>31 July</u> <u>2019</u> £'000	<u>Year to</u> <u>31 July</u> <u>2018</u> £'000 restated
Wages and salaries	27,333	25,252
Social security costs	2,610	2,503
Other pension costs (excluding FRS102 Adjustments)	4,241	4,041
Restructuring Costs	67	-
FRS 102 pension adjustments	2,399	1,342
Total Staff Costs	<u>36,650</u>	<u>33,138</u>

	<u>Year to</u> <u>31 July</u> <u>2019</u>	<u>Year to</u> <u>31 July</u> <u>2018</u> restated
Executive Management	416	409
Academic/Teaching Departments	23,003	21,610
Academic/Teaching Support Services	4,124	3,862
Administration and Central Services	4,995	4,455
Premises	1,294	1,159
Catering	352	301
Sub-total Wages & Salaries	<u>34,184</u>	<u>31,796</u>
Exceptional restructuring costs	67	-
Unfunded Pension Provision adjustment	95	(106)
Funded Pensions FRS102 adjustment	2,304	1,448
Total Wages and Salaries (including exceptional restructuring costs)	<u>36,650</u>	<u>33,138</u>



**6.02 Staff Numbers;**

The average number of persons (including senior post holders) employed by the College during the period, expressed as full-time equivalents (FTE) was:

	<u>Year to 31</u> <u>July 2019</u>	<u>Year to 31</u> <u>July 2018</u> restated
Executive Management	3	3
Academic/Teaching Departments	422	421
Academic/Teaching Support Services	110	108
Administration and Central Services	125	120
Premises	37	37
Catering	12	11
<b>TOTAL</b>	<u>709</u>	<u>700</u>

Through the National Bargaining process, the following pay awards were implemented during academic year 2018/19.

As instructed by Colleges Scotland Employers Association, the migration from the current salary scales to the new National Pay Scale commenced in order to generate a notional salary for April 2019. Harmonisation of Teaching salaries began in April 2017 in which 25% of the difference between the current and the notional was added to the annual salary, with a further 25% a year later and the final 50% added to the annual salary to complete the harmonisation in April 2019. In April 2019, the actual salary paid was the notional salary identified in the migration process.

In addition to the above pay migration, in line with an instruction from the Colleges Scotland Employers Association, the following teaching staff pay awards were agreed in 2018/19 and paid in August 2019. The related costs to July 2019 have been included in the financial statements.

- April 2017 to March 2019 - Non-consolidated payment of £400 per FTE
- April 2019 to August 2020 – Consolidated award of £1,500 per FTE

Agreement was reached by Colleges Scotland Employers Association and Support Unions in October 2018 which resulted in a pay award for support staff for period April 2019 to March 2020 as follows: 3% on salary points < or equal to £36,500, 2% on salary points > £36,500, minimum payment of £650 (FTE), maximum payment of £1600 (FTE) for those earning £80k or more and within scope of the NRPA. The related costs for period April 2019 to July 2019 have been included in the financial statements.

The Senior Management Team, which is not covered by National Bargaining, received a pay award of 2% for period April 2019 to March 2020 as determined by the Remuneration Committee. Where appropriate the related award was capped at £1,600 per FTE, in line with public sector pay policy.

The number of staff in headcount terms, including senior post-holders and the Principal, who received emoluments in the following ranges were:

	<u>Year to 31 July 2019</u>	<u>Year to 31 July 2018</u>
£60,001 to £70,000 per annum	*9	8
£70,001 to £80,000 per annum	-	1
£80,001 to £90,000 per annum	**1	**1
£90,001 to £100,000 per annum	**1	-
£100,001 to £110,000 per annum	-	**2
£110,001 to £120,000 per annum	-	-
£120,001 to £130,000 per annum	**1	-
£130,001 to £140,000 per annum	-	-
£140,001 to £150,000 per annum	-	-
£150,001 and over	-	-
<b>TOTAL</b>	12	12

\* Includes 1 post on a job-share basis

\*\*Senior post holders

Payments in respect of compensation for loss of office are provided in the accounts in the period when severance is approved. Aggregate compensation for loss of office for staff whose earnings were more than £50,000 per annum or where the costs of all of the elements of a proposed arrangement amount to more than £75,000 comprised:

	<u>Year to 31 July 2019</u> £'000	<u>Year to 31 July 2018</u> £'000
Severance	-	-
Payment in lieu of notice	-	-
Pension Payments	-	-
<b>TOTAL</b>	-	-

## 7. SENIOR POST HOLDERS EMOLUMENTS

	<u>Year to 31 July 2019</u> Number	<u>Year to 31 July 2018</u> Number
The number of senior post-holders including the Principal was:	3	3
	Cost	Cost
Senior post-holders annual emoluments are made up as follows:	£'000	£'000
Salaries and related contractual payments	317	313
Benefits in Kind	-	-
Employers Pension Contributions	57	56
Total Emoluments	374	369

The above emoluments include amounts payable to the Principal during the financial reporting period (who is also the highest paid Senior Post Holder) were:

	£'000	£'000
Salary and related contractual payments	130	109
Employers Pension Contributions	22	19
	<u>152</u>	<u>128*</u>

*\*2018 figures represent part year costs*

In the Principal's absence an Acting Principal was appointed and the related emoluments for the Acting Principal post were as follows:

Salary and related contractual payments	-	20
Employers Pension Contributions	-	3
	<u>-</u>	<u>23</u>

The Principal is an ordinary member of the Scottish Teachers Superannuation Scheme. The College's contributions to the scheme were paid at the same rate as for other members of academic staff.

The members of the Board of Management, other than the Principal and 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.

## **8. OTHER OPERATING EXPENSES**

	<u>Year to</u> <u>31 July</u> <u>2019</u>	<u>Year to</u> <u>31 July</u> <u>2018</u>
	£'000	£'000
Teaching Departments	2,333	2,362
Administration and Central Services	1,437	2,174
Premises Costs	2,862	2,892
Catering Costs	461	451
Childcare	1,745	1,648
Other	1,547	1,319
Agency Staff Costs	217	229
<b>Total</b>	<u>10,602</u>	<u>11,075</u>

	<u>Year to</u> <u>31 July</u> <u>2019</u> £'000	<u>Year to</u> <u>31 July</u> <u>2018</u> £'000
Other Operating Expenses include:		
<b>Auditor's remuneration</b>		
External audit – non-audit services	-	21
External audit of Financial Statements	36	35
Internal audit Services	33	23
Hire of other assets – Operating lease	7	5

<b>9. INTEREST PAYABLE</b>	<u>Year to</u> <u>31 July</u> <u>2019</u> £'000	<u>Year to</u> <u>31 July</u> <u>2018</u> £'000
Unfunded Pension finance costs	-	-
FRS102 Net Interest Charge	38	283
	<u>38</u>	<u>283</u>

## 10. TAXATION

The Board does not consider that the College was liable for any corporation tax arising out of its activities during the period.

## 11. TANGIBLE FIXED ASSETS

	Land & Buildings	Plant & Equipment	Assets in the course of construction	Total
<b>COST/VALUATION</b>	£'000	£'000	£'000	£'000
<b>As at 1 August 2018</b>	161,947	10,605	1,008	173,560
Additions	1,768	522	428	2,718
Disposals/Adjustments	-	-	-	-
Transfers	1,008	-	(1,008)	-
Revaluation	11,433	-	-	11,433
<b>As at 31 July 2019</b>	<u>176,156</u>	<u>11,127</u>	<u>428</u>	<u>187,711</u>
<b>DEPRECIATION</b>				
<b>As at 1 August 2018</b>	6,111	8,474	-	14,585
Provided during period	4,635	677	-	5,312
Disposals/Adjustments	-	-	-	-
Revaluation	(10,746)	-	-	(10,746)
<b>As at 31 July 2019</b>	<u>-</u>	<u>9,151</u>	<u>-</u>	<u>9,151</u>
<b>NET BOOK VALUE</b>				
As at 1 August 2018	<u>155,836</u>	<u>2,131</u>	<u>1,008</u>	<u>158,975</u>
As at 31 July 2019	<u>176,156</u>	<u>1,976</u>	<u>428</u>	<u>178,560</u>

At valuation	76,326	-	-	76,326
Financed by Capital Grant	96,657	1,976	428	99,061
Inherited/Other	3,173	-	-	3,173
<b>Total as at 31 July 2019</b>	<b>176,156</b>	<b>1,976</b>	<b>428</b>	<b>178,560</b>

The land and buildings of the College have been included in the balance sheet on the basis of a valuation conducted by Rydens as at 31 July 2019

The land and buildings owned and occupied by the College at 31 July 2019 comprise property, which may not be disposed of, without prior approval of the Scottish Funding Council as follows:

- Hatfield Drive, Anniesland Campus – education and administration
- Mosspark Drive, Cardonald Campus – education and administration
- Prospecthill Road, Langside Campus – education and administration

Should publicly funded assets be sold, the College may be liable to surrender the proceeds under the terms of the Financial Memorandum with the Scottish Funding Council.

If fixed assets had not been re-valued, they would have been included at the following amounts:

	<b>2019</b>
	<b>£'000</b>
Cost	116,992
Aggregate depreciation based on cost	19,660
<b>Net book value based on cost</b>	<b>97,332</b>

## 12. STOCKS

	<u>Year to 31 July 2019</u>	<u>Year to 31 July 2018</u>
	£'000	£'000
Goods for Resale	28	24

## 13. TRADE AND OTHER RECEIVABLES

	<u>Year to 31 July 2019</u>	<u>Year to 31 July 2018</u>
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade Debtors – net of provision for doubtful debts	725	295
Debts due from students - net of provision for doubtful debts	110	69
European Funding	-	-
Prepayments and Accrued Income	1,900	1,448
	<u>2,735</u>	<u>1,812</u>

**14. CURRENT TRADE AND OTHER PAYABLES**

	<u>Year to 31</u> <u>July 2019</u>	<u>Year to</u> <u>31 July</u> <u>2018</u>
	£'000	£'000
Payments received in advance	190	178
Trade Creditors	265	306
Deferred Income	261	173
Deferred Capital Grants	3,586	3,490
Other Taxation (PAYE) and Social Security (NI)	639	624
VAT accumulated under the Lennartz Principle	410	532
VAT	118	125
Accruals	2,291	858
Other Creditors	781	649
	<u>8,541</u>	<u>6,935</u>

**15. NON CURRENT TRADE AND OTHER PAYABLES**

	<u>Year to 31</u> <u>July 2019</u>	<u>Year to 31</u> <u>July 2018</u>
	£'000	£'000
Deferred Capital Income	82,659	83,901
VAT accumulated under the Lennartz Principle	-	369
	<u>82,659</u>	<u>84,270</u>

**16. PROVISIONS FOR LIABILITIES AND CHARGES**

	<u>31 July</u> <u>2019</u>	<u>31 July</u> <u>2018</u>
	Unfunded pension	Total
	£'000	£'000
<b>At 1 August</b>	£'000	£'000
Balance at 1 August as previously stated	3,051	3,339
Payments made in period	(181)	(182)
Provision adjustment required in period	95	(106)
<b>Balance at end of period</b>	<u>2,965</u>	<u>3,051</u>

The unfunded pension liability is in respect of future pension liabilities arising from early retirals. The valuation of the College's liabilities relating to the unfunded early retirement provision has been undertaken by an independent firm of actuaries.

17. ANALYSIS OF CHANGES IN NET FUNDS

	At 31 July 2018	Cash Flows	At 31 July 2019
	£'000	£'000	£'000
Cash	2,632	340	2,972
Investments	-	-	-
<b>TOTAL</b>	<b>2,632</b>	<b>340</b>	<b>2,972</b>

18. RETURN ON INVESTMENTS AND SERVICING OF FINANCE

	<u>Note</u>	<u>Year to</u> <u>31 July</u> <u>2019</u> £'000	<u>Year to</u> <u>31 July</u> <u>2018</u> £'000
Interest received – bank	5	1	1
Net cash inflow from returns on investments and servicing of finance		1	1

19. FINANCIAL COMMITMENTS

	Land & Buildings	Plant & Machinery	Other Leases	<u>Year to</u> <u>July</u> <u>2019</u> £'000	<u>Year to</u> <u>July</u> <u>2018</u> £'000
	£'000	£'000	£'000	£'000	£'000
Payable during the year	-	-	7	7	5
Future minimum lease payment due:					
Not later than 1 year	-	-	12	12	-
Later than 1 year and not later than 5 years	-	-	5	5	-
Later than 5 years	-	-	-	-	-
<b>Total lease payments due</b>	<b>-</b>	<b>-</b>	<b>24</b>	<b>24</b>	<b>5</b>

## 20. PENSIONS AND SIMILAR OBLIGATIONS

The College's employees belong to one of two principal pension schemes, The Strathclyde Pension Fund (SPF) and the Scottish Teachers' Superannuation Scheme (STSS):

The total pension cost for the College was:

	<u>Year to 31</u> <u>July 2019</u>	<u>Year to 31</u> <u>July 2018</u>
	<b>£000s</b>	<b>£000s</b>
Contribution to STSS	2,678	2,605
Contribution to SPF	1,557	1,437
<b>Total Pension Cost for period</b>	<b>4,235</b>	<b>4,042</b>
Contribution rates:		
STSS	17.20%	17.20%
SPF	19.30%	19.30%

### Scottish Teachers Superannuation Scheme (STSS)

Under the definitions set out in Financial Reporting Standard 102, the Scottish Teachers Superannuation Scheme is a multi-employer pension scheme, however the College is unable to identify its share of the underlying assets and liabilities of the scheme, therefore FRS102 allows the college to account for contributions from this scheme as if it were a defined contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

The latest actuarial valuation of the STSS has concluded and was based on scheme data as at 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%. In addition, the valuation also measured the movement in the employer cost cap.

However, the written statement of 30 January 2019 by the Chief Secretary to the Treasury (CST) directed that the employer cost cap rectification of the unfunded public service schemes should pause. The statement also confirmed that the proposed increase in the scheme employer contribution rate to 23% should continue given the potential costs that would be faced by schemes resulting from the McCloud/Sargeant Court of Appeal decision on 20 December 2018 (Case number A2/2018/0635).

The Court of Appeal found that the transitional protections applied as part of the 2015 reforms discriminated on the grounds of age although the UK Government has sought leave to appeal that decision. The valuation report reflects the CST's written statement.

Under existing legislation the next valuation will be based on scheme data as at 31st March 2020 and will set the employer contribution rate for the period 1 April 2023 to 31 March 2027.



**FRS102**

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 has taken advantage of the exemption in FRS 102 and has accounted 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**

The Strathclyde Pension Fund is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the period ended 31 July 2019 was £2,044,718 of which employer's contributions totalled £1,556,898 and employee's contributions totalled £487,820.

**Reconciliation of opening and closing balances;**

	<b>Year ended 31 July 2019 £000's</b>	<b>Year ended 31 July 2018 £000's</b>
Present Value of funded defined benefit obligations	(78,366)	(64,751)
Fair value of Plan Assets	70,361	64,529
Net over/(under) funding in funded plans	<u>(8,005)</u>	<u>(222)</u>
Net Liability	<u>(8,005)</u>	<u>(222)</u>

**Principal Actuarial Assumptions**

Major assumption used:	<b>As at 31 July 2019</b>	<b>As at 31 July 2018</b>
Pension increases	2.4%	2.4%
Rate of increase in salaries	3.6%	3.6%
Expected return on assets	2.1%	2.8%
Discount rate for liabilities	2.1%	2.8%

**Major categories of plan assets as a percentage of total planned assets**

Period Ended:	<b>As at 31 July 2019</b>	<b>As at 31 July 2018</b>
Equities	65%	64%
Bonds	24%	22%
Property	10%	11%
Cash	1%	3%

Mortality has been assumed as future life expectancies at age 65 of:

	Males	Females
Current pensioners	20.7 years	22.9 years
Future pensioners	22.2 years	24.6 years

	<b>As at 31 July 2019</b>	<b>As at 31 July 2018</b>
<b>Analysis of the amount shown in the balance sheet</b>		
Fair value of plan assets	70,361	64,529
Present value of funded liabilities	(78,366)	(64,751)
Deficit in the scheme – net pension liability recorded within pension provisions	<b>(8,005)</b>	<b>(222)</b>
<b>Analysis of the amount charged to staff costs;</b>		
Current service cost	(3,033)	(2,881)
Past service cost	(815)	-
Total service costs	<b>(3,848)</b>	<b>(2,881)</b>
<b>Analysis of the amount charged to pension interest;</b>		
Interest cost	(1,856)	(1,888)
Interest income on planned assets	1,818	1,605
Net interest	<b>(38)</b>	<b>(283)</b>
<b>Analysis of other comprehensive income;</b>		
Return on assets	3,146	3,028
Other experience	-	3,002
Changes in financial assumptions	(11,718)	5,150
Changes in demographic assumptions	3,131	93
	<b>(5,441)</b>	<b>11,273</b>
<b>Analysis of the movement in deficit during the year;</b>		
Deficit in scheme at start of the year	(222)	(9,764)
Current service costs	(3,848)	(2,881)
Employer contributions	1,544	1,433
Net interest costs	(38)	(283)
Actuarial Gain/(Loss)	(5,441)	11,273
Deficit in scheme at end of year	<b>(8,005)</b>	<b>(222)</b>

<b>Asset and Liability Reconciliation</b>	<b>As at 31 July 2019</b>	<b>As at 31 July 2018</b>
	£'000	£'000
<b>Amount charged to Comprehensive Income and Expenditure;</b>		
Employer service cost (net of employee contribution)	(2,304)	(1,448)
Interest on obligation	(38)	(283)
Actuarial movement on scheme assets	(5,441)	11,273
	<b>(7,783)</b>	<b>9,542</b>
 <b>Changes in the fair value of scheme assets;</b>		
Opening fair value of scheme assets	64,529	59,099
Net Interest	1,818	1,605
Plan participants contributions	482	452
Contributions by the employer	1,544	1,433
Benefits paid	(1,158)	(1,088)
Expected return on assets	3,146	3,028
	<b>70,361</b>	<b>64,529</b>
 <b>Changes in the present value of the designed benefit obligation;</b>		
Opening defined benefit obligation	64,751	68,863
Current service costs	3,033	2,881
Past service costs	815	-
Interest cost	1,856	1,888
Plan participants contribution	482	452
Benefits paid	(1,158)	(1,088)
Actuarial Loss/gain	8,587	(8,245)
<b>Closing defined benefit obligation</b>	<b>78,366</b>	<b>64,751</b>
 <b>Closing position as at 31 July</b>	<b>(8,005)</b>	<b>(222)</b>

## **21. RELATED PARTY TRANSACTIONS**

The Board of Management of Glasgow Clyde College is a body incorporated under the Post-16 Education (Scotland) Act 2013 which is a modification of the Further and Higher Education (Scotland) Acts 1992 and 2005 and is funded by the Glasgow Colleges Regional Board.

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 arm's length and in accordance with normal project and procurement procedures.

College board member David Watt is an external member of the Audit and Risk Committee at the University of Glasgow and College board member Robert Fraser is the Director of Finance at the University of Glasgow. In 2018/19 the College recognised income of £58,830 from the University of Glasgow for training provision and as at 31 July 2019 there was no debtor balance. In 2018/19 the College recognised expenditure of £20,322 with the University of Glasgow and as at 31 July 2019 there was no creditor balance held.

Sandra Heidinger, Vice Chair of the College Board of Management, is Chief People Officer of University of Strathclyde. In 2018/19 the College recognised income of £42,347 from the University of Strathclyde mainly for Training Academy work in year and as at 31 July 2019 there was a debtor balance of £42,072. In 2018/19 the College recognised expenditure of £2,390 with the University of Strathclyde and as at 31 July 2019 there was no creditor balance held.

College board members Keith Rosser and Fiona Godsman are members of the board of Glasgow Clyde Education Foundation which is as required in the Foundation's constitution. In 2018/19 the College recognised income of £563,869 from the Foundation to support approved capital and revenue projects and as at 31 July 2019, there was a debtor balance of £110,495.

Mr Rosser is also a Director of Group Risk and Reed Screening at REED Global. In 2018/19 the College recognised expenditure of £62,177 with REED for short term staff appointments and as at 31 July 2019 there was a creditor balance held of £1,788.

College board member Gordon McGuinness is Director of Industries and Enterprise of Skills Development Scotland (SDS). In 2018/19 the College recognised income of £541,516 with SDS for a range of different training provision including Apprenticeships and expenditure of £1,756. As at 31 July 2019 there was a debtor balance held of £8,717. Mr McGuinness is also a member of the Scottish Qualifications Authority (SQA) Advisory Council. In 2018/19 the College recognised income of £250 and expenditure of £709,350 with SQA mainly for registration fees for all advanced and non-advanced courses. As at 31 July 2019 there was a debtor balance held of £250 and a creditor balance held of £1,715.

College board member Graeme Whiteford is Head of Early Careers and Skills at BAE Systems. In 2018/19 the college recognised income of £151,655 with BAE systems for training provision largely for Apprentices and as at 31 July 2019 there was a debtor balance of £1,245.

Janet Thomson, Vice Principal Resources and College Development, is a member of the board of Advanced Procurement for Universities and Colleges (APUC). In 2018/19 the College recognised expenditure of £44,064 with APUC for the procurement service received and for shared services from APUC. As at 31 July 2019 there was a creditor balance held of £2,303.

Brian Hughes, Vice Principal Curriculum and External Relations, is a member of the board of West of Scotland Colleges' Partnership (WoSCoP). In 2018/19 the College recognised expenditure of £35,300 with WoSCoP as partnership fees to be in that organisation. As at 31 July 2019 there was no creditor balance held.

22. FE BURSARY AND OTHER STUDENT SUPPORT FUNDS

	FE Bursary	FE Hardship	HE Hardship	Other: EMA	Year ended 31 July 2019	Year ended 31 July 2018
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance b/fwd</b>	108	-	9	-	117	33
Opening SFC Debtor	-	-	-	(14)	(14)	(36)
Allocation received in year	7,906	600	309	379	9,194	8,750
Closing SFC Debtor	-	-	-	-	-	14
	8,014	600	318	365	9,297	8,761
Expenditure Repaid as clawback	(7,697)	(623)	(303)	(365)	(8,988)	(8,468)
Virements	(108)	-	(9)	-	(117)	(33)
	(109)	23	-	-	(86)	(143)
<b>Balance c/fwd</b>	100	-	6	-	106	117
<b>Represented by:</b>						
Retained by College for students	-	-	-	-	-	-
Repayable as Clawback	100	-	6	-	106	117
	100	-	6	-	106	117

All Bursary and Student Support Grants are available solely for students, the College acting only as paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income and Expenditure.

23. FE CHILDCARE FUNDS

	Year ended 31 July 2019	Year ended 31 July 2018
	£'000	£'000
Balance b/fwd	-	-
Allocation received in period	1,659	1,505
Expenditure Repaid to SFC as clawback	(1,745)	(1,648)
Virements	86	143
<b>Balance c/fwd</b>	-	-
<b>Represented by:-</b>		
Repayable to Funding Council as clawback	-	-
Retained by College for students	-	-

Further Education Childcare Fund transactions are included within the College Statement of Comprehensive Income and Expenditure in accordance with Accounts Direction issued by the Scottish Funding Council.

**24. CAPITAL COMMITMENTS**

	<u>Year to 31</u> <u>July 2019</u>	<u>Year to 31</u> <u>July 2018</u>
	£'000	£'000
Contracted for at end of period	137	1,103

**25. CONTINGENT LIABILITIES**

The College had no material contingent liabilities at 31 July 2019.

**26. FINANCIAL INSTRUMENTS**

	<u>Year</u> <u>ended 31</u> <u>July 2019</u>	<u>Year</u> <u>ended 31</u> <u>July 2018</u>
	£'000	£'000
<b>Financial Assets</b>		
Financial assets measured at transaction price	5,431	4,232
<b>Financial Liabilities</b>		
Financial liabilities measured at transaction price	2,595	1,814

Financial assets measured at transaction price comprise cash and cash equivalents, trade debtors and other debtors (excluding VAT debtor).

Financial liabilities measured at transaction price comprise trade creditors, other creditors (excluding VAT creditor) and accruals.

**27. IMPACT OF DEPRECIATION BUDGET ON STATEMENT OF COMPREHENSIVE INCOME**

Following reclassification, incorporated colleges received a non-cash budget to cover depreciation but this additional budget is not recognised under the FE/HE SORP accounting rules. 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.

Under the FE/HE SORP, the college recorded an operating deficit of £3,577k for the year ended 31 July 2019. After adjusting for the non-cash allocation provided under government rules, the college shows an “adjusted” deficit of £1,981k on a Central Government accounting basis. The deficit is attributable to other factors reflected in the adjusted operating table and the college is therefore operating sustainably within its funding allocation.

	<u>Year to 31</u> <u>July 2019</u>	<u>Year to 31</u> <u>July 2018</u>
	£'000	£'000
Surplus/(deficit) before other gains and losses (FE/HE SORP basis) for academic year	(3,577)	(496)
Add: Depreciation budget for government funded assets (net of deferred capital grant) for academic year	1,596	1,654
Operating surplus/(deficit) on Central Government accounting basis for academic year	<b>(1,981)</b>	<b>1,158</b>

## **28. EVENTS AFTER THE REPORTING PERIOD**

There were no events occurring after the year-end which require to be disclosed.



**APPENDIX 1**

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

1. It is the Scottish Funding Council's direction that institutions comply with the 2015 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts.
2. A new SORP ("the 2019 SORP") was issued in October 2018 and this must be adopted for accounting periods beginning on or after 1 January 2019 and thereafter. Early adoption is permitted as described in Section 27 ('Transition to the 2019 SORP') of the 2019 SORP.
3. Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RSB) (for assigned colleges).
4. Incorporated colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2018-19 (FReM) where applicable.
5. Incorporated colleges and Glasgow Colleges' Regional Board are reminded that they must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2019.
6. The annual report and accounts should be signed by the chief executive officer / Executive Director and by the chair, or one other member of the governing body.
7. Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council

5 July 2019

<http://www.sfc.ac.uk/publications-statistics/guidance/2019/SFCGD142019.aspx>