



Report and Financial Statements 2014/15

Sixteen months to July 2015

**GLASGOW CLYDE COLLEGE
REPORT AND FINANCIAL STATEMENTS – FOR SIXTEEN MONTH FINANCIAL
PERIOD 2014/15**

CONTENTS	Page
Operating and Financial Review	2
Remuneration Report	21
Statement of Corporate Governance and Internal Control	25
Statement of the Board of Management’s Responsibilities	34
Independent Auditor’s Report	36
Statement of Accounting Policies	39
Income and Expenditure Account	43
Statement of Historical Cost Surplus	44
Statement of Total Recognised Gains and Losses	44
Balance Sheet	45
Cash Flow Statement	46
Notes to the Financial Statements	47

OPERATING AND FINANCIAL REVIEW FOR THE SIXTEEN MONTH PERIOD ENDED 31 JULY 2015**1. NATURE, OBJECTIVES AND STRATEGIES**

The Board of Management of Glasgow Clyde College presents the report and audited financial statements in respect of the sixteen month financial period ended 31 July 2015.

Legal and Charitable Status

Glasgow Clyde College is a free standing corporate body under the provisions of the Further and Higher Education (Scotland) Act 1992, and was created from formerly the host entity of Cardonald College merging with Anniesland College and Langside College as at 1 August 2013. The College is governed by a Board of Management and receives the majority of its funding directly from the Scottish Funding Council (SFC). The College is listed on 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.

Scope of the Financial Statements

The financial statements cover all activities of the College for the sixteen month period ended 31 July 2015. The reporting period end for 2013/14 for Scottish Colleges was amended to March which aligned with the date Colleges were reclassified as public bodies. As a result the reporting period for 2013/14 was for the eight month period August 2013 to March 2014. The financial period end for Scottish Colleges has now been amended again to July and hence there is a sixteen month period for 2014/15 which is from April 2014 to July 2015. 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

Glasgow Clyde College's main areas of activity during the period were Further and Higher Education. It provides vocational education and training for its communities - mainly in the south and west of Glasgow as well as from beyond this area, for learners who choose the College for broad based curriculum subjects or for its well-recognised specialist subjects.

The Board of Management sees the role of Glasgow Clyde College as enhancing learning opportunities for individuals and companies 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 in 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 in the workforce 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.

Following the Scottish Government's regionalisation programme for further education, Glasgow Clyde College operates within the Glasgow multi college Region and the Glasgow Colleges Regional Board (GCRB) has been in place since 1st August 2014. 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's Corporate Plan

The College's current Corporate Plan covers the period from 2014 to 2016. The main elements of the plan are noted below.

Glasgow Clyde College Mission: Seeing Potential, Finding Solutions, Achieving More.

Glasgow Clyde College Values: The College's values are:

- Students First
- Innovation
- Aspiration
- High Quality
- Excellence Through Leadership
- Integrity
- Accountability
- Respect

The Corporate Plan for Glasgow Clyde College has six strategic aims as follows:

- **Strategic Aim 1:** Delivering high quality learning and teaching.
- **Strategic Aim 2:** Providing depth, breadth and aspiration throughout the curriculum.
- **Strategic Aim 3:** Promoting excellence through research and innovation.
- **Strategic Aim 4:** Developing effective, confident and resilient students and staff.
- **Strategic Aim 5:** Being the partner of choice.
- **Strategic Aim 6:** Achieving institutional sustainability.

For the strategic aim of achieving institutional sustainability the College has the following key objectives :

- delivering non-SFC income targets through sustainable markets with existing customers and new market developments;
- managing the College's financial performance to achieve a break even position each year;
- establishing a 'digital first' approach across a range of business services; and
- working through the Glasgow Colleges Group to examine opportunities for shared savings.

The College has an approved series of 11 main strategies, to support the implementation of the Corporate Plan. The areas covered by the strategies are as follows :

Learning and Teaching; Portfolio; Communications; Financial; Commercial and International; Procurement; Organisational Development; ICT; Quality Enhancement; Estates; and Marketing.

Progress on National Priorities

During financial period 2014/15 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, which it delivers in partnership with the NHS Greater Glasgow and Clyde by working with them to provide the training for approximately 100 Modern Apprentices in line with developments in that sector in the forthcoming years. In addition the College holds the Healthy Working Lives Gold Award and promotes health and wellbeing to staff and students.
- 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 has in place a Climate Change Action Plan.

To monitor performance the College uses a range of performance indicators, which are reviewed by members of the College Management Team on a regular basis. The College's performance against key performance indicators for academic year 2014/15 is shown below and is compared to target and to the preceding academic year :

Key Indicator	Performance	Purpose	13/14 Actual	14/15 Actual	14/15 Target
EFFECTIVENESS¹					
Full time FE enrolments on recognised qualifications		Measures student retention to end of course	77%	77%	78%
Successful outcome for FE enrolments on recognised qualifications		Measures student success	63%	64%	64%
Full time HE enrolments on recognised qualifications		Measures student retention to end of course	83%	84%	84%
Successful outcome for HE enrolments on recognised qualifications		Measures student success	74%	73%	75%
EFFICIENCY					
WSUMs per FTE teaching delivery staff		Measures efficiency in teaching deployment	504	504	n/a
Performance against WSUMs activity target		Measures performance against SFC target	+0.6%	+0.9%	n/a
Working days lost through sickness absence		Measures lost staff time	3.04%	3.09%	3%
Staff Turnover		Measures level of staff changes	10.1%	Perm: 3.8% Temp: 2.8%	6%

FINANCIAL		13/14 Actual	14/15 Actual	14/15 Target
Operating surplus as % of total income	Measures level of surplus generated	2.6%	Break even	Break even
Non SFC Income as percentage of total income	Measures reliance on SFC income source	23.5%	24.7%	24%
Current Assets: current liabilities	Measures short term assets to liabilities	1.2	1.5	1.5
Gearing	Measures level of debt	0.0	0.0	0.0
Days cash (13/14 based on exp excl tfr to ALF)	Measures level of cash	46	45	40

1: Effectiveness measures are based on latest recommended methodology from SFC, reflecting number of successful students divided by number of students initially enrolled. 2015/16 outcome targets are based on Glasgow Regional Outcome Agreement targets.

2. FINANCIAL POSITION

Financial Results

Overall for the sixteen month period from April 2014 to July 2015, Glasgow Clyde College is reporting a small surplus of £6k. In comparing this to the prior period which was for the eight months to March 2014, the stated position on the income and expenditure account is a deficit of £11.855million however the effective operating surplus for 2013/14 was £862k. (The stated position of the deficit of £11.855million was after the transfer of £14.4million to the Glasgow Clyde Education Foundation at the end of March 2014 and after gains on sale of assets of £1.68million hence the true position excluding these two items was an operating surplus for the eight month period of 2014/15 of £862k.

As a result of lower levels of the core teaching and fee waiver element of funding received from the Scottish Funding Council (SFC) over recent years and the effects of costs savings required due to merger, there have been significant efforts to reduce the permanent staffing cost base over recent years in order to manage within the SFC funding constraints. The delivery of mainstream activity has been supported by successful and extensive income generating training activity.

The College's income was £59.8million for the sixteen month period to 31 July 2015 (£33.3million for the eight month period in 2013/14).

Commercial income, although continuing to perform well in 2014/15, still operates within a very difficult economic background, with on-going risks around the maintenance of some of these income areas. We have to date been successful in securing replacement activity where any planned income has not materialised.

At 31 July 2015, the College has accumulated reserves excluding pension liability of £3.6million and cash balances of £5million. Of the overall cash balance, £2.8million relates to cash held for the Lennartz liability due to HMRC by 2018.

Land and buildings were re-valued in March 2014 resulting in an uplift in fixed asset values of £34.1million reflected in the 2013/14 financial statements. Tangible fixed asset additions during 2014/15 amounted to £2million across all asset categories.

These additions consisted of the Student Services Infrastructure Improvements and Anniesland Supported Learning Project and a range of smaller Faculty Led Capital Projects. In addition there was significant ICT related investment in the College in 2014/15 both in relation to the College's ICT Local Area Network which required to be upgraded, and the investment in a new suite of multi-function printing/photocopy devices which were required to standardise resources across campuses and due to the conclusion of a previous lease arrangement at the Langside campus.

Taxation Status

Glasgow Clyde College is recognised as a charity by HM Revenue and Customs and is not liable to corporation 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 and maximising benefits from its cash activity. However, under the public sector budgeting framework, the College is unable to draw down SFC cash in advance of need and, as such, its capacity to generate interest on deposits is now reduced.

Cash Flows

Cash flow projections are prepared monthly to ensure that cash levels are sufficient to meet the needs of the College. Bank balances are checked on a daily basis and transfers undertaken to achieve best interest opportunities within the College's banking arrangements. Cash flow movements in the period resulted in a net decrease of £0.6million due to payments made in respect of Lennartz and other movements in working capital.

Liquidity

The College used 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 2015 the ratio of current assets: current liabilities was 1.5 and the days cash: expenditure was 34.

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 the invoice is contested. All disputes and complaints are handled as quickly as possible.

3 CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE**Student Numbers and Achievements**

The College delivered 167,913 Weighted Student Unit of Measurement (WSUMs) in the academic year August 2014 to July 2015 which is 1,532 WSUMs (0.9%) over its target of 166,381 WSUMs as set by the Scottish Funding Council for academic year 2014/15. This target includes 162,183 core activity WSUMs and 4,198 WSUMs for the on-going SFC administered European Social Fund (ESF) project.

On a headcount basis, the College provided Further and Higher Education to 11,260 students in the period from August 2014 to July 2015 of which 6,296 were full time students and 4,964 were part time students. Non-advanced level education was provided to 7,691 students and advanced level education was provided to 3,569 students.

Curriculum Summary

Glasgow Clyde College plays a key part in supporting economic and social regeneration within Glasgow and beyond.

Glasgow Clyde, formed via a merger of the Colleges of Anniesland, Cardonald and Langside in 2013, has already developed a reputation for high quality learning and teaching. This was reflected in a very successful Education Scotland Review in November 2014 which stated that the College was highly effective in all aspects of its learning and teaching. Glasgow Clyde College continues to build on and develop this reputation with vocational opportunities offered by the College being available from introductory and access level through to HND and degree level provision. During 2014/15 programmes were offered in the following areas:

Faculty of Business and Finance

Business

Computing

Leisure , Sport and Tourism

Faculty of Creative and Cultural Industries

Digital Media and Design

Media and Performing Arts

Fashion ,Textiles and Jewellery

Faculty of Engineering and Built Environment

Construction
Energy and Building Services
Engineering

Faculty of Health and Wellbeing

Early Years and Social Care
Health and Life Sciences
Hair, Beauty and Holistic Therapies

Faculty of Access and Continuing Learning

English for Speakers of Other Languages
Employability Skills
Sport for Learning
Community Learning and Development
Humanities and General Education

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

The College has a very strong schools/college partnership programme in place with Glasgow City Council, East Renfrewshire Council and East Dunbartonshire Council's Education Departments, and this work continues to be a focus for the College. Also the College has very successful progression routes and good articulation links with a range of HE providers for a significant number of its programmes. We have also begun over the last two years to introduce degree level provision in the digital media and design area and will review further options to introduce degree provision where we have specialist skills.

The College widens participation in learning among all sections of the community and, in particular raises aspirations and improves skills levels in the south and west of Glasgow.

Recognising that the south and west of Glasgow is continuing to change in character, both economically and socially, the College continues to adapt its activities to fulfil its role effectively in response to new and emerging local needs.

The College's contribution to its communities and to Glasgow and Scotland's prosperity is enhanced by the areas of excellent specialist and advanced provision it has built up over the years, which complements its offering of broad-based, accessible learning opportunities.

The intention, during and beyond the period of the Corporate Plan, and within the context of the agreed Glasgow Region curriculum, 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; where this is not possible, to support progression routes to advanced provision elsewhere within the Region;
- where appropriate, seek to increase degree provision in specialist areas;
- in conjunction with Local Authority Education Departments provide appropriate programmes 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 Single Outcome Agreement and 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;
- maximise the synergies between mainstream curriculum and employer needs; and
- develop commercial programmes and services both nationally and internationally.

The College is part of the Glasgow Region Colleges structure and as such is responsible to the Glasgow Colleges Regional Board. This in effect means that we work closely with our two partner colleges in Glasgow as part of the Glasgow Colleges Group on a wide range of curriculum and related areas. The Colleges work as a collective and individually to keep the portfolio under continuous review to ensure it meets student, market, legislative and employer demands, including the challenges of the current economic downturn. Glasgow Clyde College 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 the only provider of land based courses in the Glasgow Region.

The curriculum continued to be developed during 2014/15 in new emerging areas including Health and Life Sciences and Digital Media and Design. Also, work is continuing with the Glasgow South and North West Community Planning Partnerships (CPPs) to improve and extend our delivery and support for those deemed most likely to drop out of education and those seeking to re-enter the labour market. An increased level of work is taking place in relation to Developing the Young Workforce.

The relationship between the curriculum and the budget planning process currently ensures full consideration is given to the overall financial viability of the portfolio. Now that the Glasgow Regional Board is in place it is anticipated that this will be carried out in future within the framework of the multi-college Glasgow Region with the Regional Board providing direction on curriculum and funding allocations.

College Developments During 2014/15

Other notable developments and achievements in the College were as follows:

- The continued growth and success of Creative Cardonald, which together with Creative Scotland and Digital Enterprise Glasgow, provides a business incubator facility for new and emerging businesses in the creative sector;
- The securing of a significant contract for Modern Apprenticeship training for NHS Greater Glasgow and Clyde covering a wide range of occupational areas;
- The development and delivery of the MA in Heritage Textiles in partnership with textile employers across the whole of Scotland;
- Delivery of an innovative employability course in partnership with Scottish Power to support young people at risk of offending to seek alternative life options and enter the workplace. This was funded through the Scottish Government Cashback to the Communities programme;
- Continued growth in the number of articulation projects developed and delivered through the SFC additional HN places programme;
- Creation of a very successful partnership with Dumfries House in terms of customised programme delivery and workshops for schools and young people in the area to support the redevelopment of traditional craft skills;
- Increasing level of international links and contracts being established;
- New College student admissions process;
- Implementation of new iTrent Organisational Development system;
- Implementation of new student support funding Tequios system.

Glasgow Clyde College Student Association

Glasgow Clyde College Student Association (GCCSA) were the winners of the NUS Scotland's College Student Association Award 2015, beating off all other college student associations in Scotland. The Student President, Barclay McCrindle, was also runner-up in the NUS Scotland Student Officer of the year.

Success at the NUS Scotland Awards also led to GCCSA being shortlisted as NUS UK Student Association of the year where their achievements were commended. In addition, the President and Vice-President were nominated for Officer Team of the Year at the national awards.

The Student Association also had the great honour of being presented with the SPARQS award for *"a new initiative established by a students' association in partnership with their college which has made the most impact on the enhancement of the student experience"* beating off some excellent projects that other colleges have developed. The award was for the Enhance your Learning and Teaching Experience (ELATE) Group which has made such a difference and impacted upon student engagement in the college. Students have changed their learning experience to a way that they engage with and have taken ownership of the group.

Future College Developments

Glasgow Clyde College will continue to operate as an assigned college within the new Glasgow Regional College structure. In the 2014/15 session and for the 2015/16 session the allocation of teaching activity and funding continued to be set by SFC. In addition a new teaching funding model has been implemented from the start of 2015/16 where teaching activity is now measured in credits rather than WSUMs. For 2015/16, Glasgow Clyde College will deliver an allocated volume of 128,044 credits as part of the wider Glasgow Region agreed credits target with the Scottish Funding Council, comprising 123,561 core credits of activity plus an additional allocation of 4,483 ESF credits.

It is anticipated that the Glasgow Colleges Regional Board will become a fundable body around the end of calendar year 2015, and therefore in future years the allocation of teaching activity and funding will flow from SFC to the GCRB and it will then be the responsibility of GCRB to make the allocations to each of the three assigned Colleges in Glasgow. There are already discussions taking place with the Executive Officer of GCRB on future financial planning emphasising that there needs to be early and effective information flows to try to ensure institutional sustainability can be maintained across the three Glasgow Colleges.

Within the College merger process and through the creation of the Glasgow Region, the College undertook a comprehensive review of its curriculum, which was reflected in a series of curriculum papers setting out the future direction of the Glasgow Clyde College portfolio and the Guiding Curriculum Principles the College will follow. There has also been a significant level of formal work carried out within the Glasgow Colleges Strategic partnership in conjunction with SFC to ensure a coherent curriculum provision across the Glasgow Region. A plan has been developed through the Glasgow Curriculum and Estates Review and this is being implemented over a period of several years with some transfer of activity between the three assigned Colleges.

Estates Strategy

The College's estates strategy has as its two main principles; to maintain and 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 purpose of the College's Estates Strategy is to enable the College to:

- have suitable fit for purpose accommodation;
- use available space efficiently;
- identify the need for rationalisation or reorganisation of space;
- ensure the value of the estate is maintained;
- reduce the impact the College and its activities have on the environment; and
- consider existing or alternative uses of the estate and identify opportunities for innovation and collaboration to meet future needs.

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. The condition of the College's estate is largely good or very good. There are however some parts of Mossbank Drive campus which need some significant capital development within the forthcoming years due to the older age of part of that estate, and this is included in the capital master plan as detailed in the estates condition survey.

In addition as part of the College estates strategy there has been a rationalisation of its estate with the disposal of two sites, at Balshagray and Woodburn, within the last two years.

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 the College continues to progress its Capital Master plan based on life cycle maintenance needs, investment needs and affordability, both through use of SFC capital funding and through applications for funding to the Glasgow Clyde Education Foundation. The capital funding levels from SFC have significantly reduced for 2015/16, hence the issue of affordability of maintaining and developing the College estate will be increasingly challenging.

The Glasgow Curriculum and Estates Review is being progressed which will influence estates planning decisions for the future curriculum for Glasgow and may require some estates changes across some or all of the three Glasgow Colleges.

There are two main estates projects planned for 2015/16. Firstly, there is the project to create new enhanced permanent facilities for landscaping and horticulture teaching to replace the campus facilities previously based at the Woodburn site which was out of date and not fit for purpose. Currently this teaching has been relocated on a temporary basis to facilities rented from Glasgow City Council at their Daldowie and Queens Park sites. Secondly there are significant estates investment upgrade works required at the Cardonald campus for the older building plant areas of the campus based on a recent estates condition survey and these are being planned to commence from the summer of 2016. The College plans to seek funding from the Glasgow Clyde Education Foundation to support these estates projects.

4 RESOURCES

Glasgow Clyde College is committed to achieving best value from its available resources and this underpins its on-going decision making in procurement and other areas. In addition, the College participates in the Efficient Government Initiative delivering a number of process efficiency improvements. The College has various resources it can deploy in pursuit of its strategic objectives.

Land and Buildings

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

Staffing

The College employed 626 people in 2014/15 (expressed in full time equivalents) of whom 333 (53%) were teaching staff.

During the 2014/15 financial period, commencing on 19th February, the Principal of the College was suspended and this suspension was subsequently lifted on 16th November 2015. During the period of the Principal's absence from the College section 14 of the delegation scheme of the Constitution and Articles of Governance of the College was invoked, and the Depute Principal carried out a deputising role, assuming the delegated powers of the Principal and with the associated authorities.

Financial

Glasgow Clyde College had £135.6million of net assets as at 31 July 2015 after allowing for a calculated net pension liability for the Strathclyde Pension Fund of £7million. 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.

Exceptional Expenditure

During the 2014/15 financial period there was exceptional one-off expenditure of £180k in relation to legal advice received by the Board of Management relating to the suspension of the Principal and relating to the review of governance conducted by the Scottish Funding Council and the Scottish Government. A proportion of this legal expenditure was not procured in line with the requirements of the SFC Financial Memorandum and, as such, resulted in a breach of the SFC delegated limit of £25k for non-competitive action. In addition there was a special internal audit completed by BDO at the request of the Board of Management. This was reported on to the Board of Management at the end of July having reviewed the College's procurement of legal advice and consultants' services during the 2014/15 financial period. A summary lessons learned report was produced with three areas to be addressed for which actions are all being implemented.

5 GOVERNANCE MATTERS

This section of the report should be read in conjunction with the Corporate Governance Statement on page 30.

On 18 February 2015 the Principal wrote to Glasgow Clyde College Board members, the SFC and Scottish Government outlining concerns in relation to governance and indicated the intention to seek advice from the College's legal advisers in respect of matters of propriety, process, procedure, conflict of interest and behaviour.

On 19 February 2015 the Chair of the Glasgow Clyde College Board took the decision to suspend the Principal.

On 23 February 2015 an extraordinary board meeting took place wherein Board members were informed of the Chair of the Board's decision to suspend the Principal and their ratification was sought for that decision. The minutes of the meeting indicate that at least one board member stated they could not support the decision. The Chair also informed members of the appointment of Simpson & Marwick to provide employment law advice specific to this matter.

In March 2015 the Glasgow Clyde College Student Association (GCCSA) submitted a motion of no confidence in the Chair of the College Board.

In March 2015 the SFC instigated a review of governance and management at Glasgow Clyde College and appointed DLA Piper to carry out an investigation in respect of this. The investigation was concluded in June 2015.

Over the period February to September 2015 a series of meetings took place involving the College Board of Management, the SFC, Scottish Government and Glasgow Colleges Regional Board (GCRB). In addition there was extensive correspondence between Glasgow Clyde College Board, the SFC and Scottish Government during that time.

On 8 October 2015 the Cabinet Secretary for Education and Lifelong Learning, Angela Constance, laid an order before the Scottish Parliament to remove from office the Chair and Members of the Board of Glasgow Clyde College who served from February 2015 and were in place on the 8 October 2015 (excluding the Principal) and to appoint a new Chair and Members in their place. Details of the College Board Members who were removed from office are outlined below.

G Chalmers, Chair of Board

J Hamilton, Vice Chair of Board

R Leggett, Chair of Audit Committee

A Ponton, Chair of Organisational Development Committee

L Jacobs, Chair of Finance & Resources Committee

E Proudfoot, Chair of Learning & Teaching Committee

G Reid

P Laverie, Teaching Staff Member

Details of Board Members appointed by the Cabinet Secretary on 8 October 2015 are outlined on page 28. Following the appointment of the new Board of Management a Glasgow Clyde College Governance Action Plan was implemented to address the stated governance issues as outlined in the Policy Note issued by the Cabinet Secretary when removing the Board Members on 8 October 2015.

6 PRINCIPAL RISKS AND UNCERTAINTIES

Glasgow Clyde College's Risk Management Policy as approved by the Board is as follows:

- It is the policy of the Board of Management to ensure that the College's system of internal control is effective in managing risks. This system will include consideration of the following factors:
 - ❖ the nature and extent of the risks facing the College;
 - ❖ the extent and categories of risk which the Board regards as acceptable for the College to bear;
 - ❖ the likelihood of the risks concerned materialising;
 - ❖ the College's ability to reduce the incidence and impact on the business of risks that do materialise; and
 - ❖ the costs of operating particular controls relative to the benefit thereby obtained in managing the related risks.

The College Management Team (the designated risk management group) supports, advises on, and implements this Risk Management Policy.

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 College Management Team reviews and updates the College's Risk Register on a regular basis. The College Risk Register as at the end of the sixteen month financial period to July 2015 had 23 key risks identified and each risk is ranked based on assessment of impact and probability. Each risk is owned by a member of the College Management Team who identify mitigating actions against each risk which are in place to manage each risk.

Of the twenty three risks at the period end, nine were financial, four were organisational, three were external, three were organisational/financial, two were governance risks, one was reputational, and one was operational.

The five highest assessed risks from the College risk register as at 31 July 2015 are shown below:

- failure to achieve financial sustainability for 2015/16 and future years;
- disruption of relationship with key governing organisations;
- adverse SFC revenue funding changes;
- negative impact on employee relations; and
- failure to meet legislative requirements and/or recommended guidance.

During the financial period there was one further area of significant risk for the College which related to the suspension of the Principal which commenced on 19th February with the suspension being lifted on 16th November. The Principal's suspension brought with it a degree of risk and uncertainty for the ongoing period until the matter was concluded.

7 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 as summarised below :-

Students	The College aims to meet the individual and economic aspirations of our learners by delivering high quality and innovative learning and teaching.
Staff	The College fully recognises the value of its staff. The College has a range of briefing, and consultation arrangements in place to ensure effective communication and aims to attract, develop and retain the people the College needs to deliver its organisational objectives.
Glasgow Colleges Regional Board (GCRB)	The College operates as part of the multi College Glasgow Region. The Glasgow Colleges Regional Board will allocate the activity and funding to the three Glasgow Colleges of Glasgow Clyde College, City of Glasgow College, and Glasgow Kelvin College, once it achieves fundable body status.
Scottish Funding Council	The College receives a substantial proportion of its funding from the Scottish Funding Council and has a target level of teaching delivery to meet for their grant funding.
Colleges Scotland	The College is a member of Colleges Scotland which is the sector representative body.
Employers and Industry Bodies	The College has strong relationships with relevant local, regional and national employers to support the development and implementation of the curriculum.

Local, National and International Agencies	The College works closely with a range of relevant agencies e.g. Glasgow Regeneration Agency, Sector Skills Councils, Skills Development Scotland 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, Colleges and Other Providers	The College works within effective regional and national groupings.

8 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 attaining the highest possible standards of learning and teaching.

9 EMPLOYMENT OF DISABLED PERSONS

Glasgow Clyde College considers all applications for employment from disabled persons, bearing in mind the 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 Kitemark.

10 OPENNESS AND FREEDOM OF INFORMATION

All processing of information within the College complies with the appropriate legislation including the Data Protection Act 1998 and the Freedom of Information (Scotland) Act 2002.

11 ACCOUNTING POLICIES

The Accounting Policies applied by the College are set out in pages 33 to 36. Financial Reporting Standard 17 – Retirement 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.

12 DISCLOSURE OF INFORMATION TO AUDITORS

The members who hold office at the date of approval of this report confirm that, so far as the Board of Management is aware, there is no relevant audit information of which the College's auditors are unaware; and the Board of Management 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.

13 PROFESSIONAL ADVISORS

The College's professional advisors are as below:

Audit Scotland appointed Wylie and Bisset as Glasgow Clyde College's external auditors from 2013/14 to 2015/16. BDO were appointed internal auditors by the College from January 2014 through to July 2015 following a tendering exercise.

Bankers: Barclays Bank plc, 120 Bothwell Street, Glasgow G2 7JT

External Auditors: Wylie and Bisset LLP, 168 Bath Street, Glasgow G2 4TP

Solicitors (up to December 2015) Brodies LLP, 15 Atholl Crescent, Edinburgh, EH3 8HA

Solicitors (from December 2015): Anderson Strathern, 50 George Square, Glasgow G2 1EH

Internal Auditors: BDO LLP, 4 Atlantic Quay, 70 York Street, Glasgow G2 8JX

REMUNERATION REPORT

Introduction

The College is required to prepare and publish within its financial statements an annual Remuneration Report under the 2014/15 Government Financial Reporting Model (FReM) issued by the Scottish Government, which came into force for the period ending 31 July 2015.

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. The members of the Committee during 2014/15 were;

- Mr K McKie (Chair until 31 July 2015)
- Mr M Toma (until 25 September 2014)
- Mr G Chalmers (from 26 September 2014)
- Mr R Leggit
- Mr L Jacobs
- Mr J Wilson (until 31 December 2014)
- Mrs E Proudfoot (from 1 January 2015)
- Ms A Ponton

Remuneration including salary and pension entitlements

Salary entitlements

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

Name	16 months ended 31 July 2015			8 months ended 31 March 2014		
	Salary £'000	Pension Benefit £'000	Total £'000	Salary £'000	Pension Benefit £'000	Total £'000
Susan Walsh	195-200	10-15	205-210	95-100	0-5	95-100
Eleanor Harris	120-125	5-10	130-135	60-65	0-5	60-65
Brian Hughes	110-115	5-10	120-125	55-60	0-5	55-60
Janet Thomson	110-115	40-45	155-160	55-60	35-40	90-95

Figures are reported in bands of £5,000.

	16 months ended 31 July 2015 Annual Equivalent			8 months ended 31 March 2014 Annual Equivalent		
Name	Salary £'000	Pension Benefit £'000	Total £'000	Salary £'000	Pension Benefit* £'000	Total £'000
Susan Walsh – Annual Equivalent	140-145	10-15	155-160	130-135	180-185	315-320
Eleanor Harris - Annual Equivalent	90-95	5-10	95-100	85-90	135-140	220-225
Brian Hughes - Annual Equivalent	80-85	0-5	85-90	80-85	95-100	175-180
Janet Thomson - Annual Equivalent	80-85	25-30	110-115	81-85	40-45	120-125

Figures are reported in bands of £5,000.

*The figures for Pension Benefit in the 8 months ended 31 March 2014 Annual Equivalent table appear higher due to variations in salaries during the period 1 April 2013 and 31 March 2014.

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

Accrued Pension Benefits

Pension benefits for employees are provided through the Scottish Teacher's 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 are final salary pension schemes. This means that pension benefits are based on the final year's pay and the number of years that the person has been a member of the scheme.

The schemes normal retirements age is 65.

Contribution rates are set annually for all employees and can be found in note 27.

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.

Name	Accrued pension at pension age at 31 July 2015	Accrued lump sum at pension age at 31 July 2015	Real increase in pension 1 April 2014 to 31 July 2015	Real increase in lump sum 1 April 2014 to 31 July 2015	CETV at 31 July 2015	CETV at 31 March 2014	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Susan Walsh	60-65	190-195	0-5	5-10	810-815	725-730	60-65
Eleanor Harris	35-40	110-115	0-5	0-5	730-735	680-685	65-40
Brian Hughes	35-40	115-120	0-5	0-5	585-590	540-545	25-30
Janet Thomson	10-15	16-20	0-5	0-5	195-200	155-160	25-30

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

22 employees left under voluntary exit terms during the year. The total cost of voluntary severance payments made to these employees plus related pension strain payments was £641k, £440k of which was approved and accrued in the 2013/14 financial period, resulting in total restructuring costs in the 2014/15 financial period of £201k.

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 2014-15 was £140,000 -£145,000 (2013-14 £140,000-£145,000). This was 4.1 times (2013-14 4.2 times) the median remuneration of the workforce which was £36,134 (2013-14 £33,936).

Alex Linkston CBE, Chair, Glasgow Clyde College

17th February 2016
Date

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

For the period covered by these financial statements and up to the date of their signing the College had two sets of Board of Management members; the first of which was for the period 1st April 2014 to 8th October 2015 and the second of which was for the period 8th October 2015 onwards.

The reason for this is that on 8th October 2015 the Government laid a Parliamentary Order before the Scottish Parliament to effect the removal of those members of the Board of Management, still active in post, who were in position during the academic session 2014/15 with immediate effect. This covered all members of the Board other than the Principal, the recently elected support staff member, and the recently appointed student representative (with the second student member not yet appointed at that stage).

The membership of the Board of Management and the related Committees for each of the two periods before and after 8th October 2015 is given below:-

1. The Board of Management from 1st April 2014 to 8th October 2015

The Members who served on the Board of Management during the financial period 2014/15 and up to the 8th October 2015 are as listed below:

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

Mr M Toma (Chair until 25 September 2014)	Self-Employed Accountant
Mr G Chalmers (Vice Chair until 25 September 2014, Chair from 26 January 2015)	Director, Resource Efficiency Management Ltd
Mr R Leggett	Partner, Campbell Riddell Breeze Patterson Solicitors LLP
Mr J Hamilton	Chair of Institute of Counselling
Ms A Ponton	Chief Executive, Scottish Credit and Qualifications Framework (SCQF) Partnership
Mr J Wilson (until 31 December 2014)	Head of New Ventures, Scottish Qualifications Authority
Mr L Jacobs	Former Head of Finance and Performance, Glasgow City Community Health Partnership
Mr K McKie (until 31 July 2015)	Independent Management Consultant in Business Transformation and Human Resources
Mr G Reid	Business Development Manager, Kier Construction
Ms E Proudfoot	Former Depute Principal, Langside College

The above Board Members did not receive remuneration other than by way of expenses.

b) Members who were staff or students of the College during the period:

Mrs S Walsh	Principal
Mr P Laverie (until 31 July 2015 and reappointed 8 September 2015)	Teaching Member
Ms S Pickles (until 31 July 2015)	Support staff Member
Ms Clare Walker (from 8 September 2015)	Support staff Member
Mr B McCrindle (until 31 August 2015)	Students' Association President
Ms A Clocherty (until 31 August 2015)	Students' Association Vice President
Ms Hollie Moran from 24 September 2015)	Students' Association President

Board Committees

The Board has five standing committees; a Remuneration Committee, an Audit Committee, a Finance and Resources Committee, a Learning and Teaching Committee, and an Organisational Development Committee. In addition a Search and Nominations Committee will be created when required for recruitment of new Board members.

Members of the Board of Management Committees during the period from 1st April 2014 to 8th October 2015 were as follows:

Audit Committee

Mr R Leggett (Chair)
Mr J Hamilton
Ms E Proudfoot
Mr G Chalmers (until 28 August 2014)
Mr B McCrindle (from 11 June 2014 to 31 August 2015)

Finance and Resources Committee

Mr L Jacobs (Chair)
Mr J Wilson (until 31 December 2014)
Ms S Pickles (until 31 July 2015)
Mr K McKie (until 31 July 2015)
Mr G Reid
Mrs S Walsh (Principal)

Learning and Teaching Committee

Mr J Wilson (Chair until 31 December 2014)
Mr P Laverie (until 31 July 2015)
Mrs S Walsh (Principal)
Ms E Proudfoot (Chair from 1 January 2015)
Mr G Reid
Mr B McCrindle (until 31 August 2015)

Organisational Development Committee

Ms A Ponton (Chair)
Mr K McKie (until 31 July 2015)
Mr J Hamilton
Mr G Reid
Mr P Laverie (until 31 July 2015)
Ms A Clocherty (until 31 August 2015)
Mrs S Walsh (Principal)

Remuneration Committee

Mr K McKie (Chair until 31 July 2015)
Mr M Toma (until 25 September 2014)
Mr G Chalmers (from 26 September 2014)
Mr R Leggit
Mr L Jacobs
Mr J Wilson (until 31 December 2014)
Mrs E Proudfoot (from 1 January 2015)
Ms A Ponton

Search and Nomination Committee

Mr G Chalmers (Chair)
Mr R Leggett
Mr L Jacobs
Mr J Wilson (until 1 January 2015)
Ms A Ponton
Mr K McKie (until 31 July 2015)

Attendance of all meetings is routinely monitored and in the sixteen month period 1st April 2014 to 31st July 2015 the attendance of Board members at all Board including scheduled meetings and extraordinary meetings ranged from 33%–100% during the period, with an average attendance level of 76%.

2. The Board of Management from 8th October 2015 to 30th September 2016

The Parliamentary Order of 8th October stated seven new Board members were appointed to the College Board of Management following the removal order of the previous Board members. The seven new Board members were appointed for the period through to end September 2016. The seven new Board members are as listed in section a) below and the members who are staff or students are in section b) below.

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

Mr A Linkston (Chair from 8 October 2015)	Chair of NHS Forth Valley Health Board.
Ms S Heidinger	Director of Human Resources, University of Strathclyde.
Mr M Yuille	Non-Executive Director of Student Loans Company and Stirling Credit Union.
Mr D Newall	University Secretary, University of Glasgow.
Mr G McGuinness	Head of Industries and Enterprise Networks at Skills Development Scotland.
Mr A Muirhead	Development Director, Ecosse Regeneration Management Ltd.
Ms G Troup	Leadership and Management Consultant.

The above Board Members do not receive remuneration other than by way of expenses.

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

Mrs S Walsh	Principal
Mr S Henson (from 27 November 2015)	Teaching Member
Ms C Walker (from 8 September 2015)	Support Staff Member
Ms H Moran (from 24 September)	Students' Association President
Ms M Ibis (from 9 November)	Students' Association Vice President

Board Committees

As indicated above the Board has five standing committees; a Remuneration Committee, an Audit Committee, a Finance and Resources Committee, a Learning and Teaching Committee, and an Organisational Development Committee. In addition a Search and Nominations Committee will be created when required for recruitment of new Board members.

Members of the undernoted committees as agreed at the extraordinary meeting of the new Board of Management on 16th October 2015 are as follows:

Audit Committee

Mr M Yuille, Chair
Ms G Troup, Vice Chair
Ms S Heidinger
Mr G McGuinness
Ms C Walker
Ms M Ibis

Finance and Resources Committee

Mr A Muirhead, Chair
Mr D Newall, Vice Chair
Mr A Linkston
Mrs S Walsh, Principal
Mr S Henson
Ms H Moran (from 12 November 2015)

Learning and Teaching Committee

Ms G Troup, Chair
Mr A Linkston, Vice Chair
Mrs S Walsh, Principal
Mr M Yuille
Ms H Moran, Student President
Mr S Henson

Organisational Development Committee

Ms S Heidinger, Chair
Mr G McGuinness, Vice Chair
Mr A Muirhead
Mrs S Walsh, Principal
Ms M Ibis
Ms C Walker

Remuneration Committee

Mr A Linkston, Chair
Mr M Yuille
Ms G Troup
Ms S Heidinger
Mr A Muirhead

Search and Nomination Committee

Mr D Newall, Chair
Mr A Linkston
Ms G Troup
Mr A Muirhead
Mr M Yuille

Corporate Governance Statement

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

During the sixteen month period of the financial statements the College had in place governance arrangements which aimed to comply with the provisions of the UK Corporate Governance Code in so far as they apply to the Scottish College sector. In December 2014 the Scottish Funding Council introduced the Code of Good Governance for Scotland's Colleges which the Board discussed and noted at its December 2014 and March 2015 meetings. This Code was applied retrospectively to the start of the 2014/15 financial period. The College believes there has not been full compliance with the Code of Good Governance for Scotland's Colleges during 2014/15.

The Board of Management of Glasgow Clyde College in place from 8th October 2015 is committed to exhibiting best practice in all aspects of Corporate Governance. The Board will ensure that ongoing arrangements fully comply with the governance principles as set out in the 2014 Code of Good Governance for Scotland's Colleges.

National Bargaining and the National Recognition & Procedures Agreement (NRPA)

The Board of Management have discussed the return to national collective bargaining and the signing of the National Recognition and Procedures Agreement (NRPA) at a number of Board meetings since the NRPA was first introduced to the sector.

Whilst the Board and Senior Executive of the College are supportive of the return to National Bargaining, there are concerns around the implications for Board members, as charity trustees of the College, if the NRPA in its current form is signed. As trustees, the Board members must always act in the best interests of the charity and there is the potential that agreements reached at a national level could impact negatively on the College's financial position if implemented by the College, resulting in a deficit financial position. In taking such action the Board members could be viewed as being in breach of Charity legislation. Extensive work is taking place to try and find an acceptable resolution to this position.

Board of Management and Committee Meetings for the period April 2014 to 31 July 2015

The Board of Management met sixteen times during the sixteen month period ending 31 July 2015, which consisted of six planned meetings as per the annual calendar, and ten Extraordinary Board meetings to address specific issues arising during 2014/15.

The Board has five standing committees; a Remuneration Committee, an Audit Committee, a Finance and Resources Committee, a Learning and Teaching Committee, and an Organisational Development Committee. At appropriate times a Search and Nominations Committee will be created when required by anticipated Board membership, retirement or casual vacancy.

All of these 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 remits, 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 sixteen month period ending July 2015 with the College's external and internal auditors in attendance as appropriate. 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 the Scottish Funding Council 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 five times during the sixteen month period ending July 2015, and this Committee inter alia recommends to the Board of Management the annual revenue and capital budgets, monitors the College's financial performance in relation to the approved budgets, including estates and resources implications.

The Learning and Teaching Committee met four times during the sixteen month period ending July 2015. 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 four times during the sixteen month period ending July 2015. 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.

College Corporate Plan

The Board of Management is consulted on an on-going basis each year on the College's plans and supporting strategies and the Board approves the College's Corporate Plan.

Governance Framework

The Board Governance Framework includes an annual self-evaluation for the Board and its Committees, and members are offered a calendar of training opportunities. During 2014/15 members of the Board of Management completed a self-evaluation process which each member discussed with the Chair however this process was not fully formally documented. The annual self -evaluation process for the Board and its Committees was not completed.

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 new Board of Management can only comment on this process for the period of their appointment on 8th October up to the date of approval of the College's financial statements. The risk management process is regularly reviewed by the Board of Management.

There was one area of significant risk during the 2014/15 financial period which was in relation to the suspension of the Principal and regarding subsequent associated review reports being undertaken by the Scottish Funding Council and the Scottish Government. The risk register was updated at each full Board meeting to reflect the risk scorings impacts of these matters as assessed at each review. The Principal's suspension has now been lifted as of 16th November.

Written Authorities

During the period of the Principal's absence from the College section 14 of the delegation scheme of the Constitution and Articles of Governance of the College was invoked, and the Depute Principal carried out a deputising role, assuming the delegated powers of the Principal and with the associated authorities.

Data Security

During the 2014/15 financial period, there was an instance of a breach of data security in relation to actions by some Board members who served during this period. The College was not able to satisfactorily complete the investigation into the matter and as such found itself unable to come to a decision on the significance of the incident. The College therefore referred the matter to the Information Commissioner to ensure it met all necessary requirements. Board members who were appointed on 8th October 2015 are aware of this and will aim to ensure this matter is concluded as soon as possible. At the date of signing of the financial statements the College had received acknowledgement from the Information Commissioner's Office that it had received notification of a breach of data security and that this had been forwarded to its Enforcement Department. The College will be contacted by the Information Commissioner in due course.

Additional Information

In June 2015, a complaint was raised to the Commissioner for Ethical Standards in Public Life in Scotland in relation to certain actions of the Chair of the Board of Management. This complaint was not upheld.

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 2013. There is also a Risk Register for the College and each identified risk has a member of the College Management Team identified as the risk owner. The owner is responsible for ensuring that the mitigating countermeasures 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 College Management Team and is presented quarterly to the Board of Management.

The College Management 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 an independent Secretary to the Board. This post became vacant at the end of June 2015 and interim arrangements have been put in place pending full replacement to the role.

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 Constitution, 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 2013/14 Government Financial Reporting Model (FReM) issued by the Scottish Government (FReM 2.2.14), 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 Scottish Funding Council 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.

Alex Linkston CBE, Chair, Glasgow Clyde College

17 February 2016

Date

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

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

We have audited the financial statements of Glasgow Clyde College for the period ended 31 July 2015 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 Income and Expenditure Account, the Statement of Historical Cost Surpluses and Deficits, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 125 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Board of Management and auditor

As explained more fully in the Statement of Responsibilities of the Board of Management, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We are also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Generic scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the college's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Management; and the overall presentation of the financial statements. It also involves obtaining evidence about the regularity of expenditure and income.

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

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements, irregularities, or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the college's affairs as at 31 July 2015 and of its surplus for the period 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).

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.

Opinion on other prescribed matters

In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Ministers; and
- the information given in the Operating and Financial Review for the financial period for which the financial statements are prepared is consistent with the financial statements.

**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**

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the statement of corporate governance does not comply with Scottish Funding Council requirements.

We have nothing to report in respect of these matters.

[Signature]

Ross McLauchlan BAcc CA, for and on behalf of Wylie & Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Wylie & Bisset LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

STATEMENT OF ACCOUNTING POLICIES

BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice (SORP) 2007: 'Accounting in Further and Higher Education' and the 2014-15 Government Financial Reporting Model (FReM) issued by the Scottish Government and in accordance with applicable accounting standards. The financial statements conform to the Accounts Direction and other guidance issued by the Scottish Funding Council.

The College's treatment of tangible fixed assets complies with Financial Reporting Standard (FRS) 15 'Tangible Fixed Assets'.

BASIS OF ACCOUNTING

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

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

RECOGNITION OF INCOME

Income from grants, contracts and other services rendered is recognised in the income and expenditure account in proportion to the extent of completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the financial period in which it is earned. The main annual recurrent allocation from the Scottish Funding Council, which is intended to meet recurrent costs, is credited direct to the income and expenditure account and related costs are reported in the relevant period.

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

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.

TANGIBLE FIXED ASSETS**a) 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. Values are stated as at the latest valuation for 31 March 2014, based on the valuation report with reference to that date as prepared by Ryden.

Depreciation on buildings is provided in the income and expenditure account on opening valuation or cost at approximately 2%-7% per annum with an equivalent amount being transferred from the revaluation reserve and included in the statement of historical cost surplus and deficits for the period.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant and released to the income and expenditure account over the expected useful economic life of the buildings.

Properties that have been declared surplus to the College's requirements have been valued on the basis of Market Value.

b) Equipment

Individual items of equipment or groups of items costing more than £10,000 have been capitalised at cost and are depreciated over their useful economic life at rates varying between 10% and 33%. All other equipment is written off to the income and expenditure account in the period of acquisition.

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant and released to the income and expenditure account over the expected useful economic life of the related equipment.

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 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 income and expenditure account in the period in which it is incurred.

STOCKS

Stocks are stated at the lower of cost or net realisable 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.

The College receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

PROVISIONS

Provisions are recognised when the College has a present or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit 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 calculated based on actuarial tables which take account of the enhancement payable, the age, sex and marital status of the former employee. The annual cost of the enhancement is funded from the provision and the provision level is maintained by an annual charge in the income and expenditure account.

RETIREMENT BENEFITS

The College participates in two multi-employer defined benefit pension schemes.

Teaching staff may join the Scottish Teachers' Superannuation Scheme (STSS), which is administered by the Scottish Public Pensions Agency. The College is unable to identify its share of the underlying assets and liabilities of the STSS on a consistent and reasonable basis and, therefore, as required by FRS 17 'Retirement Benefits', accounts for its participation in the STSS as if it were a defined contribution scheme. As a result, contributions are charged to the income and expenditure account 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.

Administrative and support staff may join the Strathclyde Pension Fund, which is administered by Glasgow City Council and which requires contributions to be made to its Number 1 fund. The Fund is a defined benefit pension scheme, providing benefits based on final pensionable pay up to March 2015 and career average pay from April 2015, which is contracted out of the State Earnings-Related Pension Fund. Assets and liabilities of the Fund 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 pensions 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 profit and loss account on a systematic basis over the expected average remaining lives of members of the funds in accordance with FRS 17 'Retirement Benefits', and recognises retirement benefits as the benefits are earned and not when they are due to be paid.

INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDED 31 JULY 2015

	<u>Note</u>	<u>2015</u>	<u>2014</u>
		£'000	£'000
INCOME			
Funding Council Grants	1	44,862	24,857
SFC Exceptional restructuring income		201	643
Tuition Fees and Education Contracts	2	9,082	4,814
Other Grant Income	3	2,634	1,340
Other Operating Income	4	2,418	1,414
Investment Income	5	635	253
Total Income		59,832	33,321
EXPENDITURE			
Staff Costs	6	37,221	19,446
Exceptional restructuring costs	6	201	804
Exceptional restructuring costs – non staff		0	0
Other Operating Expenses	8	16,081	9,086
Depreciation	11	5,723	3,123
Transfer to Arm's-Length Foundation		600	14,400
Interest Payable	9	0	0
Total Expenditure		59,826	46,859
Surplus/(deficit) on Continuing Operations after Depreciation of Tangible Fixed Assets and before tax		6	(13,538)
Gain/(loss) on disposal of assets		0	1,683
Taxation	10	0	0
Surplus/(deficit) on Continuing Operations after Depreciation of Tangible Fixed Assets, Disposal of Assets & Tax		6	(11,855)

The Income and Expenditure Account is in respect of continuing operations.

STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS FOR THE PERIOD ENDED 31 JULY 2015

	<u>Note</u>	<u>2015</u> £'000	<u>2014</u> £'000
Surplus/(deficit) on Continuing Operations before taxation		6	(11,855)
Difference between Historical Cost Depreciation and the Actual Charge for Period on the Revalued amount		820	0
Transfer from Revaluation Reserve in respect of depreciation on revalued fixed assets	19	(820)	0
Historical Cost Surplus/(deficit) for the period before and after Tax		<u>6</u>	<u>(11,855)</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD ENDED 31 JULY 2015

	<u>Note</u>	<u>2015</u> £'000	<u>2014</u> £'000
Surplus/(deficit) on continuing operations		6	(11,855)
Prior period adjustment		0	(767)
Other pension scheme movement		0	198
Actuarial (loss)/gain in respect of pension provision	19	(1,798)	(2,484)
Revaluation adjustment		0	33,451
Total recognised gain/(loss) since last annual report		<u>(1,792)</u>	<u>18,543</u>
Reconciliation			
Opening reserves as previously stated		42,943	25,167
Prior period adjustment		<u>0</u>	<u>(767)</u>
Opening reserves as restated		42,943	24,400
Total recognised gain/(loss) relating to the period		<u>(1,792)</u>	<u>18,543</u>
Closing reserves		<u>41,151</u>	<u>42,943</u>

REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS 2014/15

BALANCE SHEET AS AT 31 JULY 2015	Note	<u>2015</u> £'000	<u>2014</u> £'000
FIXED ASSETS			
Tangible Fixed Assets	11	145,799	149,504
Total Fixed Assets		<u>145,799</u>	<u>149,504</u>
CURRENT ASSETS			
Stocks	12	18	18
Debtors	14	1,599	6,832
Investment	13	0	0
Cash at Bank and in Hand		5,008	5,597
Total Current Assets		<u>6,625</u>	<u>12,447</u>
Less: Creditors – amounts due within one year	15	<u>4,441</u>	<u>10,443</u>
NET CURRENT ASSETS		<u>2,184</u>	<u>2,004</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		147,983	151,508
Less: Creditors – amounts due after more than one year	16	1,991	2,920
PROVISIONS FOR LIABILITIES AND CHARGES	17	<u>3,422</u>	<u>3,339</u>
NET ASSETS BEFORE PENSION ASSET/LIABILITY		142,570	145,249
Net Pension (liability)	19	<u>(6,967)</u>	<u>(5,151)</u>
NET ASSETS AFTER PENSION LIABILITY		<u>135,603</u>	<u>140,098</u>
DEFERRED CAPITAL GRANTS	18	<u>94,452</u>	<u>97,155</u>
INCOME AND EXPENDITURE ACCOUNT, excluding PENSION RESERVE		3,638	2,794
PENSION RESERVE		<u>(6,967)</u>	<u>(5,151)</u>
INCOME AND EXPENDITURE ACCOUNT, including PENSION RESERVE	19	(3,329)	(2,357)
Revaluation Reserve	19	44,480	45,300
Total Reserves		<u>41,151</u>	<u>42,943</u>
TOTAL		<u>135,603</u>	<u>140,098</u>

The financial statements on pages 43 to 46 were approved by the Board of Management on 17 February 2016 and signed on its behalf by:

Alex Linkston CBE,
 Chair, Glasgow Clyde College

Susan H Walsh OBE,
 Principal & Chief Executive,
 Glasgow Clyde College

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 JULY 2015

	<u>Note</u>	<u>2015</u>	<u>2014</u>
		£'000	£'000
Cash (out)/inflow from operating activities	20	(614)	(13,380)
Returns on investments and servicing of finance	21	25	39
Taxation	10	0	0
Capital expenditure and financial investment	22	0	445
Increase in investments		0	0
Financing	24	0	0
Management of Liquid Resources	25	0	0
Increase/(decrease) in cash in the period		<u>(589)</u>	<u>(12,896)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

		<u>2015</u>	<u>2014</u>
Increase/(decrease) in cash		(589)	(12,896)
Cash inflow/(outflow) from liquid resources	25	<u>0</u>	<u>0</u>
Movement in net funds in the period		(589)	(12,896)
Net funds at start of period	23	<u>5,597</u>	<u>18,493</u>
Net Funds at end of period	23	<u>5,008</u>	<u>5,597</u>

NOTES TO THE FINANCIAL STATEMENTS

1. SFC GRANTS

	<u>Note</u>	<u>2015</u> £'000	<u>2014</u> £'000
FE Recurrent Grant (including fee waiver)		36,708	20,046
Childcare funds		1,851	1,051
Release of deferred capital grants	18	4,046	2,885
Merger Funding – Student Association		111	67
Other SFC grants		2,146	808
		<u>44,862</u>	<u>24,857</u>
Exceptional Restructuring Income		201	643
Total		<u>45,063</u>	<u>25,500</u>

2. TUITION FEES AND EDUCATION CONTRACTS

	<u>2015</u> £'000	<u>Restated</u> <u>2014</u> £'000
FE Fees – UK & EU	354	297
Fees – Non EU	7	12
HE Fees	5,549	2,442
SDS Contracts	449	203
Other Contracts	2,723	1,860
Total	<u>9,082</u>	<u>4,814</u>

3. OTHER GRANT INCOME

	<u>2015</u> £'000	<u>Restated</u> <u>2014</u> £'000
European Funds	181	253
Other Grant Income	1,778	964
Release of Deferred Capital Grants	18	123
	<u>2,634</u>	<u>1,340</u>

4. OTHER OPERATING INCOME

	<u>2015</u> £'000	<u>Restated</u> <u>2014</u> £'000
Catering Income	759	537
Other Income Generating Activities	976	593
Other Income	683	284
	<u>2,418</u>	<u>1,414</u>

5. INVESTMENT INCOME

	<u>2015</u> £'000	<u>2014</u> £'000
Other Interest Receivable	25	39
Net return on pension assets	27	214
FRS17 Interest	0	0
	<u>635</u>	<u>253</u>

6. STAFF COSTS

6.01 Staff Numbers:

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

	<u>2015</u> Cost £'000	<u>2014</u> Cost £'000
Executive Management	752	347
Academic/Teaching Departments	24,101	12,518
Academic/Teaching Support Services	2,138	1,334
Research grants and contracts	0	0
Administration and Central Services	7,483	4,094
Premises	1,325	719
Catering	399	198
Sub-total Wages & Salaries	<u>36,198</u>	<u>19,210</u>
Exceptional restructuring costs	201	804
Unfunded Pension costs	395	237
Funded Pensions FRS17 adjustment	628	(1)
Total Wages and Salaries (including exceptional restructuring costs)	<u>37,422</u>	<u>20,250</u>

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

	<u>2015</u>	<u>2014</u>
Executive Management	4	4
Academic/Teaching Departments	333	324
Academic/Teaching Support Services	55	46
Administration and Central Services	188	186
Premises	32	28
Catering	14	11
TOTAL	<u>626</u>	<u>599</u>

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

	<u>2015</u>	<u>Restated</u> <u>2014</u>
£50,001 to £60,000 per annum	1	1
£60,001 to £70,000 per annum	11	12
£70,001 to £80,000 per annum	0	0
£80,001 to £90,000 per annum	2	2
£90,001 to £100,000 per annum	1	1
£100,001 to £110,000 per annum	0	0
£110,001 to £120,000 per annum	0	0
£120,001 to £130,000 per annum	0	0
£130,001 to £140,000 per annum	0	0
£140,001 to £150,000 per annum	1	1
TOTAL	<u>16</u>	<u>17</u>

6. STAFF COSTS (cont.)

The College offered severance on a business case basis during the period which was banded based on length of service with a maximum severance payment equal to 13 months' salary for staff exceeding 14 years continuous service.

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>2015</u> £'000	<u>2014</u> £'000
Severance	0	0
Payment in lieu of notice	0	0
Pension Payments	0	0
TOTAL	<u>0</u>	<u>0</u>

6.02 Staff Costs for the Above Persons:

	<u>2015</u> £'000	<u>2014</u> £'000
Wages and salaries	29,609	16,180
Social security costs	2,330	1,130
Other pension costs (excluding FRS17 Adjustment)	4,654	2,137
Restructuring Costs	201	804
FRS17 pension adjustment	628	(1)
TOTAL STAFF COSTS	<u>37,422</u>	<u>20,250</u>

The 2014/15 pay award was 1% increase for teaching and support staff.

7. SENIOR POST HOLDERS EMOLUMENTS

	<u>2015</u> Number	<u>2014</u> Number
The number of senior post-holders including the Principal was:	4	4
Senior post-holders annual emoluments are made up as follows:	£'000	£'000
Salaries	543	271
Benefits in Kind	0	0
Employer's Pension Contributions	86	43
Total Emoluments	<u>629</u>	<u>314</u>

£'000 £'000

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

Salary	193	97
Employer's Pension Contributions	29	14
	<u>222</u>	<u>111</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>2015</u>	<u>2014</u>
	£'000	£'000
Teaching Departments	3,404	1,749
Administration and Central Services	3,424	2,003
Premises Costs	4,307	1,822
Residences and Catering	584	455
Childcare	1,851	1,051
Other	2,156	1,162
Lennartz Adjustment	0	713
Agency Staff Costs	355	131
Total	<u>16,081</u>	<u>9,086</u>

Other Operating Expenses include:

	£'000	£'000
Auditor's remuneration		
External Audit of Financial Statements	41	26
Internal Audit Services	38	4
Other Services	0	15
Hire of other assets – Operating lease	248	124

9. INTEREST PAYABLE

	<u>2015</u>	<u>2014</u>
	£'000	£'000
Unfunded Pension finance costs	0	0
FRS17 Pension finance costs (note 27)	0	0
	<u>0</u>	<u>0</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	Total
COST/VALUATION	£'000	£'000	£'000
As at 1 April 2014	146,898	11,473	158,371
Additions	886	1,132	2,018
Disposals	0	(2,853)	(2,853)
As at 31 July 2015	147,784	9,752	157,536
DEPRECIATION			
As at 1 April 2014	0	8,867	8,867
Provided during period	4,452	1,271	5,723
Disposals	0	(2,853)	(2,853)
As at 31 July 2015	4,452	7,285	11,737
NET BOOK VALUE			
As at 1 April 2014	146,898	2,606	149,504
As at 31 July 2015	143,332	2,467	145,799
At valuation	40,848	0	40,848
Financed by Capital Grant	96,869	2,432	99,301
Inherited/Other	5,615	35	5,650
Total as at 31 July 2015	143,332	2,467	145,799

Notes

The land and buildings of the College have been included in the balance sheet on the basis of a valuation conducted by Ryden as at 7 March 2014. Fixed asset values have been subsequently adjusted for capital spend and other adjustments.

The land and buildings owned and occupied by the College at 31 March 2014 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
- Mossspark 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:

	2015
	£'000
Cost	116,992
Aggregate depreciation based on cost	19,007
Net book value based on cost	<u>97,985</u>

12. STOCKS	<u>2015</u>	<u>2014</u>
	£'000	£'000
Goods for Resale	<u>18</u>	<u>18</u>

13. INVESTMENTS	<u>2015</u>	<u>2014</u>
	£'000	£'000
The current asset investments held by the College represent funds held on fixed short term deposit	0	0

14. DEBTORS	<u>2015</u>	<u>2014</u>
Amounts falling due within one year:	£'000	£'000
Trade Debtors – net of provision for doubtful debts	326	700
Debts due from students - net of provision for doubtful debts	140	214
European Funding	51	212
Prepayments and Accrued Income	1,040	5,706
Other Debtors	42	0
	<u>1,599</u>	<u>6,832</u>

15. CREDITORS: Amounts falling due within one year:

	<u>2015</u>	<u>2014</u>
	£'000	£'000
Payments received in advance	147	1,521
Trade Creditors	972	1,200
Deferred Income	520	1,141
Other Taxation (PAYE) and Social Security (NI)	581	523
VAT accumulated under the Lennartz Principle	766	766
VAT and Social Security	219	14
Accruals	835	3,325
Bursaries and Discretionary funds for future disbursement	0	626
Student Residences	0	890
Other Creditors	401	437
	<u>4,441</u>	<u>10,443</u>

16. CREDITORS: Amounts falling due after more than one year:

	<u>2015</u>	<u>2014</u>
	£'000	£'000
VAT accumulated under the Lennartz Principle	1,991	2,920
	<u>1,991</u>	<u>2,920</u>

17. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>2015</u>	<u>2014</u>
	Unfunded pension	Total
	£'000	£'000
At 1 August	£'000	£'000
Balance at 1 August as previously stated	3,339	3,618
Prior period adjustment	<u>0</u>	<u>767</u>
Balance at 1 August as restated	3,339	4,385
Transfer to Creditors < 1yr	0	(890)
Payments made in period	395	(138)
Provision adjustment required in period	<u>(312)</u>	<u>(18)</u>
Balance at end of period	<u>3,422</u>	<u>3,339</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.

18. DEFERRED CAPITAL GRANTS	SFC / SOEID	OTHER GRANTS	TOTAL
	£'000	£'000	£'000
At 1 April 2014			
Land and Buildings	91,631	4,353	95,984
Equipment	1,085	86	1,171
Receivable			
Land and Buildings	735	150	885
Equipment	1,133	0	1,133
Released to Income and Expenditure Account			
Land and Buildings	(3,419)	(663)	(4,082)
Equipment	(627)	(12)	(639)
At 31 July 2015			
Land and Buildings	88,947	3,840	92,787
Equipment	1,591	74	1,665
Total	<u>90,538</u>	<u>3,914</u>	<u>94,452</u>

19. RESERVES	2015	2014
	£'000	£'000
Revaluation Reserve		
At start of period	45,300	11,849
Transfer to Income and Expenditure Account in respect of:		
- Disposals	0	(652)
- Depreciation on revalued assets	(820)	0
Uplift in valuation	0	34,103
At end of period	<u>44,480</u>	<u>45,300</u>
Income and Expenditure Reserve		
At start of period as previously stated	(2,357)	12,551
Prior period adjustment	0	(767)
At start of period as restated	(2,357)	11,784
Surplus/(deficit) for the period	6	(11,855)
Transfer from revaluation reserve	820	0
Other pension scheme movement	0	198
Actuarial gain/(loss) in pension scheme	(1,798)	(2,484)
At end of period	<u>(3,329)</u>	<u>(2,357)</u>

Represented by:

Income & Expenditure reserve

At start of period as previously stated	2,794	15,431
Prior period adjustment	<u>0</u>	<u>(767)</u>
At start of period as restated	2,794	14,664
Surplus/(deficit) for the period	6	(11,855)
Transfer to pension reserve	18	(213)
Other pension scheme movement	0	198
Transfer from revaluation reserve	820	0
	<u>3,638</u>	<u>2,794</u>

Pension Reserve

At start of period as restated	(5,151)	(2,113)
Prior period adjustment	<u>0</u>	<u>(767)</u>
At start of period as previously stated	(5,151)	(2,880)
Current service costs	(2,123)	(708)
Past service gains/(loss)	0	(103)
Losses of curtailments	0	0
Employer contributions	1,495	810
Net Return on Assets/Liabilities	3,241	1,471
Interest cost on liabilities	(2,631)	(1,257)
Actuarial gain/(loss) and past service credit	(1,798)	(2,484)
At end of period	<u>(6,967)</u>	<u>(5,151)</u>

Summary

Income & expenditure reserve (excluding Pension Fund)	3,638	2,794
Pension Reserve	<u>(6,967)</u>	<u>(5,151)</u>
At end of period	<u>(3,329)</u>	<u>(2,357)</u>

20. RECONCILIATION

	<u>Note</u>	<u>2015</u> £'000	<u>2014</u> £'000
Reconciliation of operating surplus/(deficit) to net cash flow from operating activities			
Operating Surplus after Depreciation of assets at valuation and tax		6	(11,855)
Pension costs less contribution payable		628	1
Depreciation	11	5,723	3,123
Gain on Sale of Fixed Assets		0	(1,683)
(Increase)/Decrease in Assets held for resale		0	1,311
(Increase)/Decrease in Stocks		0	(5)
Deferred capital grants released to income	18	(4,721)	(3,471)
(Increase)/Decrease in debtors	14	5,233	(4,838)
(Decrease)/Increase in Provisions		83	(1,046)
Increase/(Decrease) in creditors	15, 16	(6,931)	5,336
Interest receivable – bank interest	5	(25)	(39)
- net return on pension assets		(610)	(214)
Net cash (outflow)/inflow from operating activities		(614)	(13,380)

21. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	<u>Note</u>	<u>2015</u> £'000	<u>2014</u> £'000
Interest received – bank		25	39
Net cash inflow from returns on investments and servicing of finance	5	25	39

22. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	<u>Note</u>	<u>2015</u> £'000	<u>2014</u> £'000
Purchase of tangible fixed assets	11	(2,018)	(2,292)
Receipts from sale of fixed tangible assets		0	1,228
Capital Grants Received	18	2,018	1,509
Net cash (outflow) from capital expenditure		0	445

23. ANALYSIS OF CHANGES IN NET FUNDS

	At 31 March 2014	Cash Flows	Other Changes	At 31 July 2015
	£'000	£'000	£'000	£'000
Cash	5,597	(589)	0	5,008
Investments	0	0	0	0
TOTAL	5,597	(589)	0	5,008

24. FINANCING

	2015	2014
	£'000	£'000
Repayment of amounts borrowed	0	0
	<u>0</u>	<u>0</u>

25. MANAGEMENT OF LIQUID RESOURCES

	2015	2014
	£'000	£'000
Withdrawals from deposits	0	0
Placing of deposits	0	0
	<u>0</u>	<u>0</u>

26. FINANCIAL COMMITMENTS

	2015	2014
	£'000	£'000
Non-cancellable operating leases expiring 2-5 years	0	186

27. 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:

	16 mos to 31 Jul 2015	8 mos to 31 March 2014
	£000s	£000s
Contribution to STSS	2,713	1,271
Contribution to SPF	1,546	1,025
FRS17 Adjustments	628	(1)
Total Pension Cost for period	<u>4,887</u>	<u>2,295</u>

Contribution rates:

STSS	14.90%	14.90%
SPF	19.30%	19.30%

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the STSS was 31 March 2012.

Contributions were payable to the STSS at a rate of 7.15% of pensionable pay as from 1 April 2002, 7.4% from April 2003, 12.5% from 1 October 2003, 13.5% from 1 April 2007 and 14.9% from 1 April 2009. Employer rates are reviewed every five years following a scheme valuation by the Government Actuary.

Principal Actuarial Assumptions

Rate of return on investments in excess of rate of increase in salaries	0.90%	0.90%
Rate of return on investments in excess of rate of increase in pensions	4.20%	4.20%

Under the definitions set out in Financial Reporting Standard (FRS 17) retirement Benefits, the Scottish Teachers Superannuation Scheme 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 17 and accounted for contributions to 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 contributions rate.

Strathclyde Pension Fund

The Strathclyde Pension Fund is a funded defined benefit scheme, with the assets held in separate trustees administered funds. The total contribution made for the period ended 31 July 2015 was £2,087,646 of which employer's contributions totalled £1,619,646 and employees' contributions totalled £468,000. The latest actuarial valuation of the Strathclyde Pension Fund was 31 March 2008.

Present Value of funded defined benefit obligations	(51,184)	(44,915)
Fair value of Plan Assets	<u>44,217</u>	<u>39,764</u>
Net over/(under) funding in funded plans	(6,967)	(5,151)
 Net Liability	 <u>(6,967)</u>	 <u>(5,151)</u>

Principal Actuarial Assumptions

Rate of return on investments in excess of rate of increase in salaries	(0.9%)	0.7%
Rate of return on investments in excess of rate of increase in pensions	1%	2.9%

For the purposes of FRS17, an actuarial valuation was calculated by actuaries as at 31 March 2014 and 31 July 2015

Major assumption used:	As at 31 July 2015	As at 31 March 2014
Pension increases	2.60%	2.80%
Rate of increase in salaries	4.50%	5.10%
Expected return of assets	3.60%	6.00%
Discount rate for liabilities	3.60%	4.30%

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

	Males	Females
Current pensioners	22.1	23.6
Future pensioners	24.8	26.2

	Long-term rate of return expected at 31 July 2015	Value at 31 July 2015	Long-term rate of return expected at 31 March 2014	Value at 31 March 2014
Equities	3.60%	33,163	6.60%	30,221
Bonds	3.60%	5,306	3.70%	4,772
Property	3.60%	5,306	4.80%	2,783
Cash	3.60%	442	3.70%	1,988
		<u>44,217</u>		<u>39,764</u>
Total Market Value of Assets				
Present value of scheme liabilities		(51,184)		(44,915)
Deficit in the scheme		<u>(6,967)</u>		<u>(5,151)</u>

Analysis of the amount charged to income and expenditure account.

	As at 31 July 2015	As at 31 March 2014
	£'000	£'000
Current Service cost	2,123	708
Past service costs/(gains)	0	103
Total Operating Charge/(gain)	<u>2,123</u>	<u>811</u>

Analysis of pension finance costs/(income)

Expected return on pension scheme assets	(3,241)	(1,471)
Interest of pension liabilities	2,631	1,257
Pension finance costs/(income)	<u>(610)</u>	<u>(214)</u>
Net revenue account cost	<u>1,513</u>	<u>597</u>

Amount recognised in the statement of recognised gains and losses (STRGL)

Expected return on pension assets less actual return	502	(438)
Experience gains and losses arising on the scheme liabilities	2,871	812
Change in financial assumptions underlying the scheme liabilities	(5,171)	(2,858)
Actuarial gain/(loss) recognised in STRGL	<u>(1,798)</u>	<u>(2,484)</u>

Movement in deficit during period

Deficit in scheme at start of period as restated	(5,151)	(2,113)
Prior year adjustment	0	(767)
Deficit in scheme as at start of period as previously stated	(5,151)	(2,880)
Movement in period:		
Current service charge	(2,123)	(708)
Contributions	1,495	810
Past service costs	0	(103)
Net interest/return on assets	610	214
Actuarial gains/(losses)	(1,798)	(2,484)
Deficit in scheme at end of period	<u>(6,967)</u>	<u>(5,151)</u>

27 Pensions and similar (continued)

	As at 31 July 2015	As at 31 March 2014
	£'000	£'000
Asset and Liability Reconciliation		
Reconciliation of Liabilities		
Liabilities at start of period as restated	44,915	40,376
Prior Year Adjustment	<u>0</u>	<u>767</u>
Liabilities at start of period as previously stated	44,915	41,143
Service Cost	2,123	708
Interest Cost	2,631	1,257
Employee contributions	468	184
Actuarial loss/(gain)	2,300	2,046
Benefits paid	(1,253)	(526)
Past Service cost	0	103
Liabilities at end of period	<u>51,184</u>	<u>44,915</u>
Reconciliation of Assets		
Assets at start of period	39,764	38,263
Expected return on assets	3,241	1,471
Actuarial loss	502	(438)
Employer contributions	1,495	810
Employee contributions	468	184
Benefits paid	(1,253)	(526)
Assets at end of period	<u>44,217</u>	<u>39,764</u>

History of experience gains and losses

Fair Value of Employer Assets	44,217	39,764
Present Value of Defined Benefit Obligation	(51,184)	(44,915)
Deficit	<u>(6,967)</u>	<u>(5,151)</u>
Experience Gains on Assets	502	(438)
Experience Gains on Liabilities	2,871	812

Employer contributions for the year to July 2016 have been estimated at approximately £1,309,000.

28 Related Party Transactions

The Board of Management of Glasgow Clyde College is a body incorporated under the Further and Higher Education (Scotland) Act 1992 and is funded by the Scottish funding Council.

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. During the period Glasgow Clyde College had material transactions with the Student Awards Agency for Scotland, receiving from them fees paid on behalf of Higher National students, and also Scottish Qualifications Authority in respect of examination fees paid on behalf of students.

29 FE Bursary and other Student Support Funds

	FE Bursary	FE Hardship	HE Hardship	Other	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000
Balance b/fwd	0	386	121	14	521	785
Adjustment to Balance b/fwd	35	18	0	0	53	(157)
Allocation received in period	8,334	1,018	278	973	10,603	5,813
SFC Debtor	(618)	0	0	0	(618)	618
College Contribution	200	0	0	0	200	0
	7,951	1,422	399	987	10,759	7,059
Expenditure	(8,087)	(452)	(362)	(987)	(9,888)	(5,910)
Repaid to Funding Council	0	(206)	(32)	0	(238)	(814)
Virements	136	(764)	0	0	(628)	186
Balance c/fwd	0	0	5	0	5	521
Represented by:						
Retained by College for students	0	0	0	0	0	521
Repayable to Funding Council as Clawback	0	0	5	0	5	0
	0	0	5	0	5	521

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 Income and Expenditure Account.

30. FE CHILDCARE FUNDS

	2015	2014
	£'000	£'000
Balance b/fwd	0	31
Allocation received in period	1,488	786
SFC Debtor	(265)	265
	<hr/> 1,223	<hr/> 1,082
Expenditure	(1,851)	(1,051)
Repaid to SFC as clawback	0	155
Virements	628	(186)
Balance c/fwd	<hr/> 0	<hr/> 0
Represented by:-		
Repayable to Funding Council as clawback	0	0
Retained by College for students	0	0
	<hr/> 0	<hr/> 0

Further Education Childcare Fund transactions are included within the College Income & Expenditure account in accordance with Accounts Direction issued by the Scottish Funding Council.

31. CAPITAL COMMITMENTS

	2015	2014
	£'000	£'000
Contracted for at end of period	<hr/> 507	<hr/> 0

32. POST BALANCE SHEET EVENTS

There were no post balance sheet events.

33. CONTINGENT LIABILITIES

The College had no contingent liabilities at 31 July 2015.

34. PRIOR YEAR ADJUSTMENTS

There were no prior year adjustments.



Telephone: 0141 272 9000
Email: info@glasgowclyde.ac.uk

Anniesland Campus, 19 Hatfield Drive, Glasgow G12 0YE
Cardonald Campus, 390 Moss Park Drive, Glasgow G52 3AY
Langside Campus, 50 Prospect Hill Road, Glasgow G42 9LB