



# Financial Statements 2015/16

## Twelve months to July 2016

**GLASGOW CLYDE COLLEGE  
REPORT AND FINANCIAL STATEMENTS – FOR FINANCIAL PERIOD 2015/16**

<b>CONTENTS</b>	<b>Page</b>
<b>Overview</b>	
Depute Principal's Report	<b>2</b>
<b>Performance Report</b>	<b>3</b>
Organisation Purposes and Activities	<b>3</b>
Performance Analysis	<b>8</b>
Principal Risks and Uncertainties	<b>16</b>
Review of Financial Performance	<b>17</b>
<b>Accountability Report</b>	<b>21</b>
<b>Corporate Governance Report</b>	
Board of Management Report	<b>21</b>
Corporate Governance Statement	<b>28</b>
Statement of the Board of Management's Responsibilities	<b>32</b>
<b>Remuneration and Staff Report</b>	<b>35</b>
<b>Professional Advisers</b>	<b>40</b>
<b>Independent Auditor's Report</b>	<b>41</b>
<b>Statement of Accounting Policies</b>	<b>44</b>
<b>Statement of Comprehensive Income and Expenditure</b>	<b>50</b>
<b>Statement of Changes in Reserves</b>	<b>51</b>
<b>Balance Sheet</b>	<b>52</b>
<b>Statement of Cash Flows</b>	<b>53</b>
<b>Notes to the Financial Statements</b>	<b>54</b>

# OVERVIEW

## DEPUTE PRINCIPAL'S REPORT

Learning and teaching continues to be at the heart of everything we do and Glasgow Clyde College is committed to providing opportunities for the widest spectrum of learners. Our portfolio of courses is built on a sound evidence base and delivered by well qualified and experienced staff. Continuous analysis and evaluation of the courses and services provided has ensured that once again, as evidenced by a student satisfaction rate of 96.4%, we have met learners' needs.

The strength and impact of our partnership, working with an extensive range of employers across almost all curriculum areas, has been recognised in a number of award nominations. These include achieving Highly Commended status in both the SEMTA - Training Partner of the Year award and the SQA Star Awards Partnership of the Year (Glasgow City Council and Glasgow Clyde College) as well as assisting NHS Greater Glasgow & Clyde in their successful SDS Award for Public Sector Employer of the Year for their Modern Apprenticeship programme, which is delivered by the College. Our first Employer Partnership dinner was held in November 2015 to unanimous positive feedback from the wide range of employers present.

Through an extensive range of School/College partnership courses for Glasgow City Council, East Renfrewshire Council and East Dunbartonshire Council where we provide 70 courses for approximately 800 learners, we have worked to meet the Scottish Government's objectives as set out in 'Developing Scotland's Young Workforce'.

We constantly review operational efficiency and effectiveness, as well as improving what we do to ensure a customer focused responsive learning experience. As part of this process we undertook a review of the senior management structure, resulting in a planned 20% reduction in senior management posts. This is being implemented over the period to March 2017. There is also an increased focus on both business transformation and business improvement within College approaches and systems.

A new College Development Plan 2016 - 20 outlines College goals and objectives for the period. The Plan is supported by a series of strategies against which our performance will be measured.

While the College continues to experience the impact of a number of wider sector changes, it also underwent significant change at a local level with the decision by Scottish Ministers to remove almost all Board members in October 2015 and appoint a replacement Board of Management. This was as a result of significant issues relating to Board governance during 2014/15. A Section 22 Report was produced by Audit Scotland in March 2016 in respect of the circumstances arising from February 2015 to October 2015 and which concluded that the new Board appointed in October 2015 and senior managers have taken positive steps to address the weaknesses identified.

Glasgow Clyde College has dedicated able staff who gave strong commitment and support to students and colleagues during what was a very difficult period for the College. There will continue to be challenges ahead. Glasgow Clyde College has proven itself more than prepared and capable of meeting them while continuing to provide an exceptional learning experience for all our students and partners.

## **PERFORMANCE REPORT**

### **ORGANISATION PURPOSE AND ACTIVITIES**

#### **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 twelve month period ended 31 July 2016. The reporting period end for 2013/14 for Incorporated Scottish Colleges was amended from July to March 2014 which aligned with the date Colleges were reclassified as public bodies. The financial period end for Scottish Colleges was subsequently amended again to July and, as such, the 2014/15 period represents the sixteen months 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**

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

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

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

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

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

The College's current Development Plan covers the period from 2016 to 2020. The main elements of the plan are noted below.

**Glasgow Clyde College Vision:** Glasgow Clyde College will contribute to the prosperity and wellbeing of Scotland through exceptional achievement.

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

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

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

The Development Plan for Glasgow Clyde College has four overarching goals as follows:

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

For the goal of ensuring operational effectiveness and efficiency the College has the following key objectives:

- Promoting governance practices that support innovative leadership and guide management behaviours;
- Investing in a high quality, efficient and sustainable Estates and ICT infrastructure capable of adapting to changing curriculum and business needs;
- Managing the College's resources to deliver continued financial security and long term sustainability
- Embedding an ethos of risk-based decision making throughout the College;
- Embracing and developing digital business transformation processes to improve business efficiency and
- Supporting and empowering staff to achieve their maximum potential.

The College has a series of nine main strategies, to support the implementation of the Development Plan. The areas covered by the strategies are as follows :

Learning and Teaching; People; Financial Sustainability; International and Business Development; Partnership; Procurement; Digital; Estates; and Marketing & External Communications.

**Progress on National Priorities**

During financial period 2015/16 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 over 50 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 the College has a Carbon Management Plan.

**STAKEHOLDER RELATIONSHIPS**

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

Students	The College works to meet the individual and economic aspirations of our learners by delivering high quality and innovative learning and teaching. We engage closely with students, specifically the Glasgow Clyde College Student Association involving them in those decisions impacting most directly on them.
----------	---

Staff	The College fully recognises the value of its staff. There has been increased engagement with unions and staff representatives during 2015/16 to seek to achieve greater involvement of staff in the decisions that affect them. Proposals for the creation of a staff governance framework are currently being discussed with the Unions. There are also a range of briefing, and consultation arrangements in place to support effective communication.
Glasgow Colleges Regional Board (GCRB)	The College operates as part of the multi College Glasgow Region. The Glasgow Colleges' Regional Board 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 consistently meets its target level of teaching delivery which it needs to meet for its grant funding.
Colleges Scotland	The College is an active member of Colleges Scotland which is the sector representative body.
Colleges Scotland Employers Association	The College is an active member of the newly created Colleges Scotland Employers Association which it joined in May 2016 and which carries out national collective bargaining on behalf of the sector.
Employers and Industry Bodies	The College has strong productive relationships with relevant local, regional and national employers and sector organisations to support the development and implementation of the curriculum.
Local, National and International Agencies	The College works closely and well with a range of relevant agencies e.g. Skills Development Scotland, Jobs and Business Glasgow, Sector Skills Councils, Glasgow Chamber of Commerce, and Scottish Council for Development in Industry.
Local Authorities and Agencies	The College has excellent partnerships with Glasgow City Council, East Renfrewshire Council and East Dunbartonshire Council.
Universities	The College has developed very effective relationships with a wide range of universities resulting in a number of articulation agreements.

## **COMMITMENT TO QUALITY**

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

## PERFORMANCE ANALYSIS

### MEASURING PERFORMANCE

The College delivered 128,872 Credits in the academic year August 2015 to July 2016 which is 828 credits (0.6%) over its target of 128,044 credits as set by the Scottish Funding Council for academic year 2015/16. This target includes 123,561 core activity credits and 4,483 credits for the on-going SFC administered European Social Fund (ESF) project.

On a headcount basis, the College provided Further and Higher Education to 20,141 students in the period from August 2015 to July 2016 of which 6,779 were full time students and 13,362 were part time students. Non-advanced level education was provided to 4,318 students and advanced level education was provided to 15,823 students.

To monitor performance the College uses a range of performance indicators, which are reviewed by members of the Senior Management Team on a regular basis. The College's performance against key performance indicators for academic year 2015/16 is shown below and is compared to target and to the preceding academic year:

Key Performance Indicator	Purpose	14/15 Actual	14/15 Target	15/16 Actual	15/16 Target
<b>EFFECTIVENESS</b> 1					
Full time FE enrolments completing course on recognised qualifications	Measures student retention to end of course	77%	78%	75%	78%
Successful outcome for FE enrolments on recognised qualifications	Measures student success	64%	64%	64%	65%
Full time HE enrolments completing course on recognised qualifications	Measures student retention to end of course	84%	84%	83%	84%
Successful outcome for HE enrolments on recognised qualifications	Measures student success	73%	75%	72%	75%

<b>Key Performance Indicator</b>	<b>Purpose</b>	<b>14/15 Actual</b>	<b>14/15 Target</b>	<b>15/16 Actual</b>	<b>15/16 Target</b>
<b>EFFICIENCY</b>					
Credits per FTE teaching delivery staff	Measures efficiency in teaching deployment	366	N/A	370	370
Performance against Credits activity target	Measures performance against SFC target	+0.9%	N/A	+0.6%	0.0%
Working days lost through sickness absence	Measures lost staff time	3.1%	3.0%	4.6%	3.0%
Permanent Staff Turnover	Measures level of staff changes	3.8%	< 6.0%	4.7%	< 6.0%
<b>FINANCIAL</b>					
Underlying Operating surplus as % of total income ( <i>before pension adjustments, ALF capital receipts and depreciation cash expenditure</i> )	Measures level of operating surplus generated before key adjustments	0%	0%	0%	0%
Non SFC Income as percentage of total income	Measures reliance on SFC income source	24.7%	24.0%	25.2%	22.9%
Current Assets: current liabilities (excl deferred capital grants)	Measures short term assets to liabilities	1.5	1.5	1.3	1.2
Gearing	Measures level of debt	0.0	0.00	0.0	0.0
Days cash	Measures level of cash	45	40	41	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.

In relation to the effectiveness performance indicators in the above table, the college annually analyses and reviews performance indicators at course, school, faculty and college level during the self-evaluation process, and actions for improvement are identified and progressed, including amendments to the portfolio where required. The introduction of a new Education Scotland quality framework in 2016 is placing greater emphasis on detailed analysis of success and progression opportunities for all students, including all protected characteristics. Training with staff to support understanding and application of this new framework is currently on going.

## **CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE**

### **Curriculum Summary**

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

Glasgow Clyde College, 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 2015/16 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  
Support 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 school/college partnership programme in place with Glasgow City Council, East Renfrewshire Council and East Dunbartonshire Council Education Departments, and this work continues to be a focus for the College. Also the College has very successful progression routes and articulation links with a range of HE providers for a significant number of its programmes. We have 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 intention, during and beyond the period of the Development Plan, and within the context of the agreed Glasgow Region curriculum is to:

- continue to deliver as broad a range of curriculum areas as resources allow and demand justifies;
- introduce new areas where there is a proven demand and realign provision to reflect decreased skills need or demand;
- continue to offer routes for students to progress from introductory, pre-vocational/access level provision through to HND programmes within the College in key areas; 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 including Foundation Apprenticeships to meet identified sustainable local demand for school/college provision in line with Developing the Young Workforce ;
- work with the Glasgow South and North West Community Planning Partnerships to ensure provision is delivered to support the 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;
- increase the scale of e-learning content development and delivery across the curriculum to better meet with learners expectations
- maximise the synergies between mainstream curriculum and employer needs; and
- develop commercial programmes and services both nationally and internationally.

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 2015/16 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 ensures full consideration is given to the overall financial viability of the portfolio. Now that the Glasgow Colleges 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.

The College is part of the Glasgow Region Colleges structure and as such is responsible to the Glasgow Colleges Regional Board. The College works with our two partner colleges in Glasgow as part of the Glasgow Colleges Group on a wide range of curriculum and related areas. The three Colleges work as a collective and individually to keep the portfolio under continuous review to ensure it meets student, market, legislative and employer demands.

### **College Developments During 2015/16**

Notable developments and achievements in the College were as follows:

- A review of the senior management structure was undertaken, resulting in a planned 20% reduction in senior management posts. This is being implemented over the period to March 2017;
- The senior management review built into responsibilities an increased focus on business transformation and improvement to College approaches and systems;
- The College was highly commended in the following awards. The SEMTA - Training Partner of the Year and the SQA Star Awards Partnership of the Year (Glasgow City Council and Glasgow Clyde College) as well as assisting NHS Greater Glasgow & Clyde in their successful SDS Award for Public Sector Employer of the Year for their Modern Apprenticeship programme, delivered by the College;
- Procurement of a new finance system which is currently being implemented
- Procurement and development of a new College Website which is due to be launched in January 2017;
- Continued growth in the 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;
- Continued embedding of the new iTrent Organisational Development system.

## **Glasgow Clyde College Student Association**

Glasgow Clyde College Student Association (GCCSA) consolidated their position in session 2015/16 by investing the remaining SFC transition funding and additional College funds in a new GCCSA Development Officer role supported by a GCCSA Administrator role, which ensured that an infrastructure could be developed to support the governance and engagement activity of GCCSA. This provided a platform for the implementation of the Framework for the Development of Strong and Effective College Students' Associations in Scotland and the delivery of more robust and inclusive electoral processes for sabbatical officers.

Student driven demand then enabled increased investment from the College in sabbatical representation to be planned for session 2016/17. Targeted engagement activity focused primarily upon the promotion of previously under-represented minority groups such as BME students, ESOL students and ASN students to support a more accessible and inclusive student association.

## **Future College Developments**

Glasgow Clyde College is an assigned college within the Glasgow Regional College structure. For the 2015/16 session the allocation of teaching activity and funding continued to be set by SFC. It is anticipated that the Glasgow Colleges Regional Board will become a fundable body around the start of calendar year 2017, 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.

For 2016/17 the teaching activity target for the Region was set by SFC and the teaching activity targets for each of the three Glasgow Colleges were agreed within the Regional Outcome Agreement for Glasgow. The SFC funding to the Region was set by SFC and thereafter the GCRB proposed SFC funding allocations to each of the three Colleges for 2016/17. The proposed funding model used by GCRB was not agreed by the three Colleges, however the SFC funding allocation values as proposed by GCRB were accepted for 2016/17 by the Glasgow Colleges, with the understanding that further work was required to consider the proposed Regional funding model for the assigned Colleges for future years. This is being taken forward within the Glasgow Colleges Group and there are ongoing 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.

SFC implemented a new funding model for the sector from the start of 2015/16 where teaching activity is now measured in credits and a range of five price groups rather than weighted student units of measurement (WSUMs). There is a Funding Group reviewing the impacts of the various elements of the SFC funding model at a sector level and there may be some amendments over a three year period.

For 2016/17, Glasgow Clyde College will deliver an allocated volume of 127,091 credits as part of the wider Glasgow Region agreed credits target with the Scottish Funding Council, comprising 121,401 core credits of activity plus an additional allocation of 5,690 ESF credits.

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 Group 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. The Curriculum and Estates Review was designed to cover the period from 2015/16 to 2017/18 and a new Curriculum Plan is being developed during session 2016/17.

### **Estates Strategy**

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

The purpose of the College's Estates Strategy is to enable the College to:

- have suitable fit for purpose accommodation which is compliant with all relevant legislation;
- maintain and enhance the student experience;
- use available space efficiently;
- identify the need for rationalisation or reorganisation of space;
- ensure the value of the estate is maintained;
- minimise the impact the College and its activities have on the environment including the College's carbon footprint; 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 Cardonald campus which need some significant capital development within the forthcoming years due to the older age of the Tower Building of that campus, 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 since merger, at Balshagray and Woodburn.

## **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 in April 2014 the College continues to progress its Capital Master plan based on life cycle maintenance needs, investment needs and affordability, which is now done 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 and 2016/17, hence the issue of affordability of maintaining and developing the College estate will be increasingly challenging.

The Glasgow Curriculum and Estates Review has been progressed which has informed related estates planning decisions for the future curriculum for Glasgow. For Glasgow Clyde College there was a transfer of some science provision from Glasgow Kelvin College which was accommodated within the Langside campus with some additional equipment requirements.

There are two main estates projects planned for 2016/17. 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. These teaching facilities are due to be completed for the start of academic session 2017/18. Secondly there are significant estates investment upgrade works required at the Cardonald campus for the older building plant areas based on a recent estates condition survey. The first of these is a lift replacement programme which is a significant project to replace all five main lifts of the Tower Building which commenced from the summer of 2016 with the main works taking place during 2017. These two projects have received funding from the Glasgow Clyde Education Foundation to support them.

## **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. 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, Mossbank Drive in Cardonald and Prospecthill Road in Langside.

### **Sustainability and Climate Change Reporting**

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

The College is a signatory to the Universities and Colleges Climate Change Commitment for Scotland and the College has a Carbon Management Plan in place. There are two primary objectives of the College's Carbon Management Plan which are to achieve a reduction in carbon emissions and to embed carbon management within the culture of the organisation. The target in the College Carbon Management Plan is to reduce the College's annual carbon footprint by 15% by the end of financial year 2020 (with 2013/14 as the baseline year).

In 2015 the Scottish Government introduced an Order requiring all public bodies to submit an annual report to Sustainable Scotland Network (SSN), detailing their compliance with the climate change duties. The College has complied with the reporting requirements for 2015/16 by submitting its report by the deadline of 30 November 2016.

## **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 Board of Management has recently agreed the College Risk Appetite with the overall appetite assessment being cautious.

The Senior 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 Senior Management Team reviews and updates the College's Risk Register on a regular basis. The College Strategic Risk Register as at the end of the twelve month financial period to July 2016 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 Senior Management Team who identifies mitigating actions against each risk which are in place to manage each risk.

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

The five highest assessed risks from the College risk register as at 31 July 2016 are shown below:

- failure to achieve financial sustainability for 2016/17 and future years;
- potential impacts of National Bargaining process;
- industrial action;
- adverse SFC revenue funding changes;
- significant externally driven curriculum change

## **REVIEW OF FINANCIAL PERFORMANCE**

Overall for the twelve month period from August 2015 to July 2016, Glasgow Clyde College is reporting a deficit of £1,052k (2014/15 restated deficit: £769k), this includes accounting for exceptional restructuring costs of £616k (2014/15: £201k). Actuarial losses on Defined Benefit Pension Plans for the period were £1,533k (2014/15: 873k). Therefore the Total Comprehensive Income for the period is reported as (£2,585k) (2014/15: (£1,642k)).

The reported deficit for the period is after adjusting for the following:

Funded Pensions FRS102 adjustment	(£979k)
Unfunded Pensions FRS102 adjustment	£46k
Capital Funding received from Arms-Length Foundation	£323k
Use of Depreciation Cash (as outlined below)	(£480k)

If the above adjustments are taken into account the operating surplus of the College is £38k for the 2015/16 financial period.

### **Deficit resulting from the use of depreciation cash**

As a consequence of the college being reclassified as a public body from April 2014, while colleges continue to prepare accounts under the FE/HE Statement of Recommended Practice, they are now also required to comply with Central Government budgeting rules. This affects, amongst other things, the way in which non-cash depreciation charges are treated.

The Scottish Funding Council confirmed in its letter to the College on 30 March 2015 that a deficit resulting from the College following its 30 January 2015 guidance should be treated as a 'technical' deficit and should not be interpreted, on its own, as a challenge to the College's ongoing financial sustainability. Audit Scotland accepts that a deficit arising from the use of cash funding originally provided for non-cash depreciation does not indicate an underlying financial sustainability concern.

For the twelve month period to July 2016 the College utilised depreciation cash in line with the Scottish Funding Council and Scottish Government stated priorities for its use and the impact on the operating position is detailed below.

<b>Table of net depreciation spend</b>	
<b>Revenue</b>	<b>£'000</b>
Student support	0
Pay award	480
<b>Total impact on operating position</b>	<b>480</b>

The College's income was £46.9million for the period to 31 July 2016 (£59.4million for the sixteen month period in 2014/15).

Commercial income, although continuing to perform well in 2015/16, still operates within a very difficult economic background, with on-going risks around the maintenance of some of these income areas. The College has to date been successful in securing replacement activity where any planned income has not materialised.

At 31 July 2016, the College has accumulated reserves excluding pension liability of £4.3million (2014/15: £3.8million) and cash balances of £4.9million (2014/15: £5million). Of the overall cash balance held as at 31 July 2016, £2.1million (2014/15: £2.8million) relates to cash held for the Lennartz liability due to HMRC by 2018. Cash balances will continue to reduce over time until this liability is settled in full.

Tangible fixed asset additions during 2015/16 amounted to £825k across all asset categories. These additions consisted of Infrastructure Improvements and Energy Efficiency Estates Projects.

Glasgow Clyde College has £38.7million (2014/15 restated: £41.3million) of net assets as at 31 July 2016 after allowing for a calculated net pension liability for the Strathclyde Pension Fund of £9.5million (2014/15: £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.

Under the Statement of Recommended Practice 2015 the College is required to restate the 2014/15 net assets position as outlined below. However this adjustment is purely presentational in nature and, as such, has no real impact on the College's financial position.

	£'000
Net assets reported in 2014/15 financial statements	135,603
Transfer of Publicly Funded Deferred Capital Grants to Creditors	(94,452)
Transfer of Foundation Capital Grants to income	<u>150</u>
2014/15 Net assets restated	<u>41,301</u>

### **Financial Year Resource Position 2015/16**

Following the reclassification of colleges as public bodies on 1 April 2014, the College has been required to comply with government accounting and budgeting rules on a fiscal year basis (i.e. to the end of March). The college is given a revenue resource budget (RDEL) and a capital resource budget (CDEL) and must account for this budget on a fiscal year basis. The resource budgets and final outturn for 2015/16 are outlined below:

	RDEL £'000	CDEL £'000
Resource budget for year ended 31 March 2016	49,659	975
Expenditure against resource budget	49,313	975
Net underspend/(overspend) against budget	346	0

The outturn is better than forecast largely due to cash being utilised to service a prior year accrual of £300k for student support expenditure which was incurred in the previous fiscal year however was actually paid in fiscal year 2015/16. Furthermore there was an FRS102 adjustment to Unfunded Pensions of £46k which also had an impact on the final resource position.

In addition, the college received a non-cash budget from the government to cover depreciation costs.

### **Taxation Status**

Glasgow Clyde College has been entered into the Scottish Charity Register and is entitled, in accordance with section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a Charity registered in Scotland. The College is recognised by HM Revenue and Customs as a charity for the purposes of section 467, Income and Corporation Taxes Act 2010 and is exempt from corporation tax on its charitable activities. The College receives no similar exemption in respect of Value Added Tax.

## **Treasury Policies and Objectives**

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

## **Cash Flows**

Cash flow projections are prepared annually, broken down on a monthly basis to ensure that cash levels are sufficient to meet the needs of the College. Cash flow movements in the period resulted in a net decrease of £0.1million 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 2016 the ratio of current assets: current liabilities excluding deferred capital grants was 1.3 (July 2015: 1.5) and the days cash: expenditure excluding depreciation was 41 (July 2015: 45).

## **Creditor Payment Policy**

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

**The Performance Report is approved by the Depute Principal on 21 December 2016:**

**Eleanor Harris  
Depute Principal**

# ACCOUNTABILITY REPORT

## CORPORATE GOVERNANCE REPORT

### BOARD OF MANAGEMENT REPORT

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 1<sup>st</sup> August 2015 to 8<sup>th</sup> October 2015 and the second of which was for the period 8<sup>th</sup> October 2015 onwards.

The reason for this is that on 8<sup>th</sup> 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 2015/16 with immediate effect. This covered all members of the Board other than the Principal, the then recently elected support staff member and the student representatives.

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

#### 1. The Board of Management from 1<sup>st</sup> August 2015 to 8<sup>th</sup> October 2015

The Members who served on the Board of Management from 1 August 2015 to the 8<sup>th</sup> October 2015 are as listed below:

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

Mr G Chalmers Chair	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 L Jacobs	Former Head of Finance and Performance, Glasgow City Community Health Partnership
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 OBE	Principal
Mr P Laverie (from 8 September 2015)	Teaching 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 1 August 2015 to 8 October 2015 were as follows:

**Audit Committee**

Mr R Leggett (Chair)  
Mr J Hamilton  
Ms E Proudfoot  
Mr B McCrindle (until 31 August 2015)

**Finance and Resources Committee**

Mr L Jacobs (Chair)  
Mr G Reid  
Mrs S Walsh OBE (Principal)

**Learning and Teaching Committee**

Ms E Proudfoot (Chair)  
Mr G Reid  
Mr B McCrindle (until 31 August 2015)  
Mrs S Walsh OBE (Principal)

**Organisational Development Committee**

Ms A Ponton (Chair)  
Mr J Hamilton  
Mr G Reid  
Ms A Clocherty (until 31 August 2015)

**Remuneration Committee**

Mr K McKie (Chair until 31 July 2015)

Mr G Chalmers

Mr R Leggett

Mr L Jacobs

Mrs E Proudfoot

Ms A Ponton

**Search and Nomination Committee**

Mr G Chalmers (Chair)

Mr R Leggett

Mr L Jacobs

**The Register of Interests for the Board of Management members who served from 1 August 2015 to 8 October 2015 can be made available on request.**

**2. The Board of Management from 8 October 2015**

The Parliamentary Order of 8<sup>th</sup> 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 (to 14 July 2016 and Chair from 8 October 2015 until 14 July 2016)	Chair of NHS Forth Valley Health Board.
Ms S Heidinger	Director of Human Resources, University of Strathclyde.
Mr M Yuille (to 30 September 2016)	Non-Executive Director of Student Loans Company and Stirling Credit Union.
Mr D Newall (Chair from 15 July 2016)	University Secretary, University of Glasgow.
Mr G McGuinness	Head of Industries and Enterprise Networks at Skills Development Scotland.
Mr A Muirhead (to 30 September 2016)	Development Director, Ecosse Regeneration Management Ltd.
Ms G Troup (to 30 September 2016)	Leadership and Management Consultant.
Mr S Cooley (from 31 August 2016)	Senior Design Engineer, EDF Energy
Ms C Davidson (from 31 August 2016)	Strategic Programme Manager, Renfrewshire Council
Ms M Docherty (from 31 August 2016)	Head of Education, North Ayrshire Council
Ms F Godsman (from 31 <sup>st</sup> August 2016)	Chief Executive, Scottish Institute for Enterprise
Mr K Rosser (from 31 August 2016)	Director of Screening and Compliance Services, REED
Mr D Watt (from 31 August 2016)	Former Director, KPMG LLP
Mr G Whiteford (from 31 August 2016)	Head of Early Careers and Skills, BAE Systems Naval Ships

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 to 30 April 2016)	Students' Association President
Ms M Ibis (from 9 November to 25 March 2016)	Students' Association Vice President
Ms A Fortuny (from 1 April 2016)	Students' Association President
Ms M Ditrichova (from 31 August 2016)	Students' Association Vice President

**Board Attendance**

Attendance at all meetings is routinely monitored. In the period of 1<sup>st</sup> August 2015 to 8<sup>th</sup> October 2015 for the Board in place at that time there was only one Board meeting at which seven Board members attended and three did not attend. In the period 8<sup>th</sup> October 2015 to 31<sup>st</sup> July 2016 there were five Board of Management meetings and attendance ranged from 60% to 100% during that period, with an average attendance level of 83%.

**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 16<sup>th</sup> October 2015 up to the date of the signing of the financial statements are as follows:

**Audit Committee**

Mr M Yuille, Chair (to 28 <sup>th</sup> September 2016)
Mr D Watt (from 31 <sup>st</sup> August 2016 and Chair from 29 <sup>th</sup> September 2016)
Ms G Troup, Vice Chair (to 31 <sup>st</sup> August 2016)
Ms S Heidinger (to 31 <sup>st</sup> August 2016)
Mr G McGuinness (to 31 <sup>st</sup> August 2016)
Ms C Walker
Ms M Ibis (to 25 <sup>th</sup> March 2016)
Mr K Rosser (from 31 <sup>st</sup> August 2016)
Ms M Ditrichova (from 31 <sup>st</sup> August 2016)

**Finance and Resources Committee**

Mr A Muirhead, Chair (to 31<sup>st</sup> August 2016)  
Mr D Newall, Chair (from 31<sup>st</sup> August 2016, previously Vice Chair)  
Mr A Linkston (to 14<sup>th</sup> July 2016)  
Mrs S Walsh, Principal  
Mr S Henson  
Ms H Moran (from 12 November 2015 to 30<sup>th</sup> April 2016)  
Mr S Cooley (from 31<sup>st</sup> August 2016)  
Ms A Fortuny (from 31<sup>st</sup> August 2016)

**Learning and Teaching Committee**

Ms G Troup, Chair (to 31<sup>st</sup> August 2016)  
Mr G McGuinness, Chair (from 31<sup>st</sup> August 2016)  
Mr A Linkston, Vice Chair (to 14<sup>th</sup> July 2016)  
Mrs S Walsh, Principal  
Mr M Yuille (to 31<sup>st</sup> August 2016)  
Ms H Moran, Student President (from 12<sup>th</sup> November 2015 to 30<sup>th</sup> April 2016)  
Mr S Henson  
Ms C Davidson (from 31<sup>st</sup> August 2016)  
Ms F Godsman (from 31<sup>st</sup> August 2016)  
Ms A Fortuny (from 31<sup>st</sup> August 2016)

**Organisational Development Committee**

Ms S Heidinger, Chair  
Mr G McGuinness, Vice Chair (to 31<sup>st</sup> August 2016)  
Mr A Muirhead (to 31<sup>st</sup> August 2016)  
Mrs S Walsh, Principal  
Ms M Ibis (to 25<sup>th</sup> March 2016)  
Ms C Walker  
Ms M Docherty (from 31<sup>st</sup> August 2016)  
Mr G Whiteford (from 31<sup>st</sup> August 2016)  
Ms M Ditrichova (from 31<sup>st</sup> August 2016)

**Remuneration Committee**

Mr A Linkston, Chair (to 14<sup>th</sup> July 2016)  
Ms S Heidinger (Member from 16<sup>th</sup> October 2015, Chair from 31<sup>st</sup> August 2016)  
Mr M Yuille (to 31<sup>st</sup> August 2016)  
Ms G Troup (to 31<sup>st</sup> August 2016)  
Mr A Muirhead (to 31<sup>st</sup> August 2016)  
Mr D Newall (from 31<sup>st</sup> August 2016)  
Mr G McGuinness (from 31<sup>st</sup> August 2016)  
Mr D Watt (from 31<sup>st</sup> August 2016)

**Search and Nomination Committee**

Mr D Newall, Chair  
Mr A Linkston (to 31<sup>st</sup> August 2016)  
Ms G Troup (to 31<sup>st</sup> August 2016)  
Mr A Muirhead (to 31<sup>st</sup> August 2016)  
Mr M Yuille (to 31<sup>st</sup> August 2016)  
Ms C Davidson (from 31<sup>st</sup> August 2016)  
Ms F Godsman (from 31<sup>st</sup> August 2016)  
Mr K Rosser (from 31<sup>st</sup> August 2016)  
Mr G Whiteford (from 31<sup>st</sup> August 2016)

**The Register of Interests for the Board of Management members who served from 8<sup>th</sup> October 2015 can be found at <http://www.glasgowclyde.ac.uk/about-us/board-of-management/register-of-interests>**

**EXECUTIVE MANAGEMENT TEAM**

Mrs S Walsh OBE, Principal and Chief Executive  
Mrs E Harris, Depute Principal  
Ms J Thomson, Vice Principal – Resources & College Development  
Mr B Hughes, Vice Principal, Curriculum & External Relations  
**The Register of Interests for the Executive Management Team can be found at <http://www.glasgowclyde.ac.uk/about-us/board-of-management/register-of-interests>**

**DATA SECURITY**

During the 2015/16 financial period, there was an instance of a potential 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 appointed on 8<sup>th</sup> October 2015 were made aware of this. The Information Commissioner's Office informed the College on 24<sup>th</sup> February 2016 that it had considered the information provided and decided that no further action was necessary at that stage as they did not believe that the case, as reported to them, met the criteria set out in their Data Protection Regulatory Action Policy.

**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.

**ACCOUNTING POLICIES**

The Accounting Policies applied by the College are set out in pages 44 to 49. Financial Reporting Standard 102 – Employee Benefits, sets out the treatment of on-going pension obligations and the basis on which provisions have been made. The Board notes that the period end liabilities are sensitive to the underlying assumptions made by the College’s representative actuaries.

**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.

**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 period of the financial statements and for the future of the College going forward.

During the period of the financial statements the College had in place governance arrangements which complied 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. For the period of 1<sup>st</sup> August 2015 to 8<sup>th</sup> October 2015 matters related to the then Board’s actions were subject to the removal order subsequently issued by the Scottish Government. The College believes there has been full compliance with the Code of Good Governance for Scotland’s Colleges from October 8<sup>th</sup> 2015 through to the end of the 2015/16 financial period.

The Board of Management of Glasgow Clyde College in place from 8 October 2015 is committed to exhibiting best practice in all aspects of Corporate Governance. The Board has ensured 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 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 were supportive of the return to National Bargaining, there were concerns around the implications for Board members, as charity trustees of the College, if the NRPA in its original form was signed. These concerns were subsequently addressed through the formation of the Employers' Association for the Scottish College sector and the NRPA was then signed by the Chair of the Board of Management.

**Board of Management and Committee Meetings for the period August 2015 to 31 July 2016**

The Board of Management met six times during the period August 2015 to 31 July 2016, which consisted of five planned meetings, and one Extraordinary Board meeting.

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 five times during the twelve month period ending 31 July 2016 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 four times during the twelve month period ending 31 July 2016, 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 three times during the twelve month period ending 31 July 2016. This Committee considers all aspects relating to the learning experience and identifies any related improvements that can be made. The Committee also formulates the Board's strategy in relation to the future educational direction of the College and actions all matters pertaining to student affairs, including welfare and discipline and student appeals.

The Organisational Development Committee met three times during the twelve month period ending 31 July 2016. This Committee considers all policy aspects relating to staffing including equality and diversity issues, human resource issues, staff governance, staff well-being and health and safety matters.

The Remuneration Committee determines the remuneration of the most senior staff, including the Principal. The Remuneration Committee met once during the twelve month period ending 31 July 2016.

### **College Development 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 Development Plan. The Board attended an away day in May 2016 to discuss and develop the College Development Plan.

### **Governance Framework**

The Board Governance Framework includes an annual self-evaluation for the Board, and members are offered a calendar of training opportunities. Board members completed an evaluation process for the financial period 2015/16.

### **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 Board of Management can only comment on this process for the period of their appointment on 8 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. The risk register was updated at each full Board meeting to reflect the risk scorings impacts of these matters as assessed at each review.

There was an area of risk during the 2015/16 financial period which was in relation to the suspension of the Principal in February 2015 and regarding subsequent associated review reports undertaken by the Scottish Funding Council and the Scottish Government. The Principal's suspension was subsequently lifted and she returned to her full duties from 7<sup>th</sup> December 2015.

**Written Authorities**

During the period of the Principal's absence from the College section 14 of the then 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.

**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 Senior 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 Senior Management Team and is presented quarterly to the Board of Management.

The Senior 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.

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 2015/16 Government Financial Reporting Manual (FReM) issued by the Scottish Government (FReM 2.2.14) where applicable, and other relevant accounting standards. It is the duty of the Board of Management, through its designated office holder, to prepare financial statements for each financial period which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that period.

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

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

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

- ensure that funds from the 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.

**GOVERNANCE MATTERS**

During the previous financial period 2014/15 and up to early October 2015 there were governance related matters linked to the Board Of Management at the College. 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 an 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 then Chair of the Glasgow Clyde College Board took the decision to suspend the Principal.

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. The Scottish Government then undertook an assessment of the working of the Board of Management.

On 8 October 2015 the Cabinet Secretary for Education and Lifelong Learning, at that time, 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, the then recently elected support staff member and the student members) and to appoint a new Chair and Members in their place.

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 Board Members on 8 October 2015.

The new Board of Management created a sub group to review the circumstances relating to the suspension of the Principal. Following this review the suspension was lifted in November 2015.

The Governance Action Plan has been regularly reviewed by the Board of Management. At its meeting on 22 June 2016, the Board of Management agreed that the Governance Action Plan had been fully implemented. Following that meeting, a final report was provided to the Scottish Funding Council and the Scottish Government.

## REMUNERATION AND STAFF REPORT

### Introduction

The College is required to prepare and publish within its financial statements an annual Remuneration Report under the 2015/16 Government Financial Reporting Manual (FRoM) issued by the Scottish Government where applicable, which came into force for the period ending 31 July 2016.

### 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 2015/16 were;

- Mr A Muirhead (Chair)
- Mr M Yuille
- Mr A Linkston
- Ms S Heidinger
- Ms G Troup

### Remuneration including salary and pension entitlements

#### Salary entitlements

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

Name	Year ended 31 July 2016			16 months ended 31 July 2015		
	Salary £'000	Pension Benefit £'000	Total £'000	Salary £'000	Pension Benefit £'000	Total £'000
Susan Walsh	145-150	45-50	190-195	195-200	10-15	205-210
Eleanor Harris	90-95	30-35	125-130	120-125	5-10	130-135
Brian Hughes	85-90	25-30	115-120	110-115	5-10	120-125
Janet Thomson	85-90	30-35	120-125	110-115	40-45	155-160

*Figures are reported in bands of £5,000.*

Name	Year ended 31 July 2016 Annual Equivalent			16 months ended 31 July 2015 Annual Equivalent		
	Salary £'000	Pension Benefit £'000	Total £'000	Salary £'000	Pension Benefit £'000	Total £'000
Susan Walsh – Annual Equivalent	145-150	45-50	190-195	140-145	10-15	155-160
Eleanor Harris - Annual Equivalent	90-95	30-35	125-130	90-95	5-10	95-100
Brian Hughes - Annual Equivalent	85-90	25-30	115-120	80-85	0-5	85-90
Janet Thomson - Annual Equivalent	85-90	30-35	120-125	80-85	25-30	110-115

*Figures are reported in bands of £5,000.*

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.

### **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 2015/16 was £145,000 - £150,000 (2014/15 £140,000-£145,000). This was 3.9 times (2014/15 4.1 times) the median remuneration of the workforce which was £37,679 (2014/15 £36,134).

### **Accrued Pension Benefits**

Pension benefits for employees are provided through the Scottish Teacher's Superannuation Scheme (STSS), which is notionally funded and the Local Government Pension Scheme (LGPS).

Both STSS and LGPS Funds are defined benefit pension schemes which changed from a final salary schemes to career average schemes from 1 April 2015 and are contracted out of the State Earnings-Related Pension Fund.

The schemes normal retirements age is 65.

Contribution rates are set annually for all employees and can be found in note 23.

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

**Senior Officials Pension**

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

<b>Name</b>	<b>Accrued pension at pension age at 31 July 2016</b>	<b>Accrued lump sum at pension age at 31 July 2016</b>	<b>Real increase in pension 1 August 2015 to 31 July 2016</b>	<b>Real increase in lump sum 1 August 2015 to 31 July 2016</b>	<b>CETV at 31 July 2016</b>	<b>CETV at 31 July 2015</b>	<b>Real increase in CETV</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Susan Walsh</b>	50-55	0-5	0-5	0-5	780-785	710-715	65-70
<b>Eleanor Harris</b>	40-45	0-5	0-5	0-5	740-745	680-685	55-60
<b>Brian Hughes</b>	35-40	0-5	0-5	0-5	585-590	540-545	45-50
<b>Janet Thomson</b>	15-20	15-20	0-5	0-5	225-230	195-200	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

The College implemented a voluntary severance scheme during 2015/16 and the scheme was approved in advance by the Scottish Funding Council in line with relevant guidance. 9 employees left under voluntary exit terms during the year and the total cost of voluntary severance for these employees was £249k. A further 6 employees were approved for voluntary severance in 2015/16 who will exit the organisation during 2016/17 and the total costs of voluntary severance which have been accrued in 2015/16 for these employees is £367k, resulting in total restructuring costs in the 2015/16 financial period of £616k.

The table below summarises the exit packages by cost band.

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	2	2
£10,000 - £20,000	0	1	1
£25,000 - £50,000	0	9	9
£50,000 - £100,000	0	3	3
£100,000 - £150,000	0	0	0
£150,000 - £200,000	0	0	0
<b>Total number of exit packages</b>	<b>0</b>	<b>15</b>	<b>15</b>
<b>Total cost (£)</b>	<b>0</b>	<b>£616,285</b>	<b>£616,285</b>

### Salaries and Related Costs

	12 months ended 31 July 2016	16 months ended 31 July 2015
	£'000	£'000
<b>Directly employed staff</b>		
Wages and salaries	24,754	29,609
Social security costs	1,995	2,330
Other pension costs	3,899	4,654
Other staff costs	0	0
<b>Sub total</b>	<b>30,649</b>	<b>36,593</b>
Seconded and agency staff	220	355
<b>Total</b>	<b>30,869</b>	<b>36,948</b>
Average number of FTE	683	670

## **Pension Arrangements**

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

The College accounts for the SPF in accordance with the requirements of FRS102. The College's share of the scheme deficit as at 31 July 2016 was £9.479m (2015; £6.967m) and is included within the reserves. The College treats the STSS Scheme as a defined contribution scheme as the scheme is not able to calculate the individual employers' share of the overall deficit. Further details in regard to the pension arrangements for the College can be found in Note 23 to the Financial Statements including contribution rates payable.

## **Glasgow Clyde College Workforce**

The College employed 683 people in 2015/16 (expressed in full time equivalents) of whom 403 (59%) were teaching staff.

For the year to 31 July 2016, in headcount terms the College employed 722 permanent members of staff and 218 temporary staff members.

The college employed in headcount terms 602 females and 338 males at 31 July 2016.

## **Equal Opportunities**

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

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

**The Accountability Report is approved by order of the members of the Board of Management on 21 December 2016 and signed on its behalf by:**

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

**Eleanor Harris**  
**Depute Principal**

# 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

## 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. Henderson Loggie were appointed internal auditors by the College during 2015/16 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

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

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

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

## **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 year ended 31 July 2016 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, and Statement of Cash Flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Financial Reporting Standard (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.

### **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 and accounts 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 2016 and of its deficit 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 Performance Report for the financial year 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 and the part of the Remuneration and Staff Report to be audited 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**

The College is a free standing corporate body under the provisions of the Further and Higher Education (Scotland) Act 1992. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) 2015: Accounting for Further and Higher Education and in accordance with Financial Reporting Standards FRS 102. The Financial Statements have also been prepared in accordance with the 2015-16 Government Financial Report Model (FReM) issued by the Scottish Government. The financial statements conform to the Accounts Direction and other guidance issued by the Scottish Funding Council.

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

### **BASIS OF ACCOUNTING**

The financial statements are prepared in accordance with the historic 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 that 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.

### **GOING CONCERN**

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

### **REVENUE RECOGNITION**

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

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

**GOVERNMENT GRANTS**

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

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

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

**NON EXCHANGE TRANSACTIONS**

Grants from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met.

Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

**ACCOUNTING FOR RETIREMENT BENEFITS**

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

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

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

The Strathclyde Pension Fund is administered by Glasgow City Council and requires contributions to be made to its Number 1 fund. The Fund is a defined benefit pension scheme which changed from a final salary scheme to a career average scheme from 1 April 2015 and is contracted out of the State Earnings-Related Pension Fund. Assets and liabilities of the funds are held separately from those of the College. Fund assets are measured using market values. Fund liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

Contributions to the Strathclyde Pension Fund are calculated so as to spread the cost of pension over employees' working lives with the College. The contributions are determined by an actuary on the basis of triennial valuations using the Age Attained Method. The actuaries also review the progress of the scheme in each of the intervening years. Variations from regular cost are spread over the expected average remaining working lifetime of members of the Fund, after making allowances for future withdrawals.

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

### **SHORT TERM EMPLOYMENT BENEFITS**

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

### **FINANCE LEASES**

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

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

### **OPERATING LEASES**

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

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

Land and buildings in operational use have been included in the balance sheet at valuation which, due to their specialised nature in being used as a College, is stated at depreciated replacement cost. 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. The College has a policy of undertaking a full revaluation at least every five years, with an interim valuation carried out after three years, such that the market value is not materially different to the current value.

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

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

Depreciation on buildings is provided in the Statement of Comprehensive Income and Expenditure on opening valuation or cost at approximately 2%-7% per annum with an equivalent amount being transferred from the revaluation reserve and included in the Statement of Comprehensive Income and Expenditure.

**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 Statement of Comprehensive Income and Expenditure in the period of acquisition.

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 Statement of Comprehensive Income and Expenditure in the period in which it is incurred.

**STOCK**

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

**PROVISION, CONTINGENT LIABILITIES AND CONTINGENT**

Provisions are recognised in the financial statements when the College has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

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

**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.

**RESERVES**

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the College, are held as a permanently restricted fund which the College must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

## **TRANSITION TO 2015 SORP**

The College prepared its financial statements in accordance with the Statement of Recommended Practice 2015: Accounting for further and higher education for the first time in 2015/16. The transition has had an impact on the Colleges reported financial position and financial performance. Please refer to note 29 for the impact of the 2015 SORP on the Colleges financial position and financial performance.

## **CHANGES IN ACCOUNTING POLICY**

The College has changed its accounting policies for the treatment of government grants to comply with section 17 of the SORP. Under section 17.11 where government grants are to be treated under the accruals model, the college is now required to record deferred capital grant income as deferred income within its creditors.

The College has changed its accounting treatment of non-exchange transactions to comply with section 18 of the SORP which required all non-exchange transactions to be treated under the performance model.

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE  
YEAR ENDED 31 JULY 2016

	<u>Note</u>	<u>Year to</u> <u>31 July</u> <u>2016</u>	<u>Restated</u> <u>16 Months</u> <u>to 31 July</u> <u>2015</u>
		£'000	£'000
<b>INCOME</b>			
Funding Council Grants	1	34,483	44,862
SFC Exceptional restructuring income	1	616	201
Tuition Fees and Education Contracts	2	7,495	9,082
Other Grant Income	3	1,665	2,634
Other Operating Income	4	2,672	2,568
Investment Income	5	11	25
<b>Total Income</b>		<b>46,942</b>	<b>59,372</b>
<b>EXPENDITURE</b>			
Staff Costs	6	31,363	37,221
Exceptional restructuring costs	6	616	201
Other Operating Expenses	8	11,594	16,081
Depreciation	11	4,157	5,723
Transfer to Arm's-Length Foundation		0	600
Interest Payable	9	264	315
<b>Total Expenditure</b>		<b>47,994</b>	<b>60,141</b>
Surplus/(deficit) on Continuing Operations before tax		<b>(1,052)</b>	<b>(769)</b>
Taxation		<b>0</b>	<b>0</b>
<b>Surplus/(deficit) on Continuing Operations before tax</b>		<b>(1,052)</b>	<b>(769)</b>
Unrealised surplus on revaluation of land and buildings		<b>0</b>	<b>0</b>
Actuarial losses on defined benefit pension plans		<b>(1,533)</b>	<b>(873)</b>
		<b>(2,585)</b>	<b>(1,642)</b>
<b>Total Comprehensive Income for the year</b>			
<b>Represented by;</b>			
Restricted comprehensive income for the year		<b>(1,533)</b>	<b>(873)</b>
Unrestricted comprehensive income for the year		<b>(1,052)</b>	<b>(769)</b>
		<b>(2,585)</b>	<b>(1,642)</b>

**STATEMENT OF CHANGES IN RESERVES  
YEAR ENDED 31 JULY 2016**

	Income and Expenditure Reserve	Pension Reserve	Revaluation Reserve	Total
<b>Balance at 1 August 2015 (restated)</b>	<b>3,788</b>	<b>(6,967)</b>	<b>44,480</b>	<b>41,301</b>
Deficit from income and expenditure statement	(1,052)			(1,052)
Actuarial Adjustment		(1,533)		<b>(1,533)</b>
Transfer to Revaluation Reserve	615		(615)	0
Transfer to Pension Reserve	979	(979)		0
Total comprehensive income for the year	<b>542</b>	<b>(2,512)</b>	<b>(615)</b>	<b>(2,585)</b>
<b>Balance at 31 July 2016</b>	<b>4,330</b>	<b>(9,479)</b>	<b>43,865</b>	<b>38,716</b>
Balance at 1 April 2014	2,794	(5,151)	45,300	42,943
Deficit from income and expenditure statement	(769)			(769)
Actuarial Adjustment		(873)		(873)
Transfer to Revaluation Reserve	820		(820)	
Transfer to Pension Reserve	943	(943)		
Total comprehensive income for the year	994	(1,816)	(820)	
<b>Balance at 31 July 2015 (restated)</b>	<b>3,788</b>	<b>(6,967)</b>	<b>44,480</b>	<b>41,301</b>

**BALANCE SHEET  
YEAR ENDED 31 JULY 2016**

	<u>Note</u>	<u>31 July</u> <u>2016</u> £'000	<u>Restated</u> <u>31 July</u> <u>2015</u> £'000
<b>FIXED ASSETS</b>			
Tangible Fixed Assets	11	142,466	145,799
<b>Total Fixed Assets</b>		<b>142,466</b>	<b>145,799</b>
<b>CURRENT ASSETS</b>			
Stocks	12	22	18
Debtors	14	2,072	1,599
Investment	13	0	0
Cash at Bank and in Hand	18	4,874	5,008
<b>Total Current Assets</b>		<b>6,968</b>	<b>6,625</b>
<b>Less: Creditors – amounts due within one year</b>	15	(8,906)	(8,013)
<b>NET CURRENT ASSETS</b>		<b>(1,938)</b>	<b>(1,388)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>140,528</b>	<b>144,411</b>
Less: Creditors – amounts due after more than one year	16	(88,957)	(92,721)
<b>NET ASSETS BEFORE PENSION ASSET/LIABILITY</b>		<b>51,571</b>	<b>51,690</b>
Funded Pension Provision	21	(9,479)	(6,967)
Unfunded Pension Provision	17	(3,376)	(3,422)
<b>NET ASSETS AFTER PENSION LIABILITY</b>		<b>38,716</b>	<b>41,301</b>
<b>UNRESTRICTED RESERVES</b>			
Income and expenditure – unrestricted		4,330	3,788
Pension reserve		(9,479)	(6,967)
Revaluation Reserve		43,865	44,480
<b>TOTAL</b>		<b>38,716</b>	<b>41,301</b>

The financial statements on pages 50 to 52 were approved by the Board of Management on 21 December 2016 and signed on its behalf by:

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

\_\_\_\_\_  
Eleanor Harris  
Depute Principal,  
Glasgow Clyde College

**STATEMENT OF CASH FLOWS  
YEAR ENDED 31 JULY 2016**

	<u>Note</u>	<u>Year to 31 July 2016</u>	<u>Restated 16 months to 31 July 2015</u>
		£'000	£'000
<b>Cash (out)/inflow from operating activities</b>			
Deficit for the year		(1,052)	(769)
<b>Adjustment for non-cash items;</b>			
Depreciation		4,157	5,723
Decrease/(increase) in stock		(4)	0
Decrease/(increase) in debtors		(473)	5,233
Increase/(decrease) in creditors		(2,870)	(9,784)
Increase/(decrease) in pension provision		979	943
Increase/(decrease) in other provision		(46)	83
<b>Adjustment for investing or financing activities;</b>			
Investment income		(11)	(25)
Payments to acquire fixed assets		(825)	(2,018)
<b>Net cash (outflow)/inflow from operating activities</b>		(145)	(614)
<b>Cash flows from investing activities;</b>			
Investment Income		11	25
<b>(Decrease)/increase in cash and cash equivalents in the year</b>		(134)	(589)
Cash and cash equivalents at beginning of the year		5,008	5,597
Movement in net funds for the period		(134)	(589)
Cash and cash equivalents at the end of the year		<b>4,874</b>	<b>5,008</b>

NOTES TO THE FINANCIAL STATEMENTS

1. SFC GRANTS

	<u>Note</u>	<u>Year to</u> <u>31 July</u> <u>2016</u>	<u>16</u> <u>months</u> <u>to 31</u> <u>July</u> <u>2015</u> <u>£'000</u>
FE Recurrent Grant (including fee waiver)		27,992	36,708
Childcare funds		1,228	1,851
Release of SFC deferred capital grants		3,045	4,046
Merger Funding – Student Association		122	111
Other SFC grants		2,096	2,146
		<u>34,483</u>	<u>44,862</u>
Exceptional Restructuring Income		616	201
Total		<u>35,099</u>	<u>45,063</u>

2. TUITION FEES AND EDUCATION CONTRACTS

	<u>Year to</u> <u>31 July</u> <u>2016</u>	<u>16</u> <u>months</u> <u>to 31</u> <u>July</u> <u>2015</u> <u>£'000</u>
FE Fees – UK & EU	312	354
Fees – Non EU	35	7
HE Fees	3,966	5,549
SDS Contracts	388	449
Other Contracts	2,794	2,723
Total	<u>7,495</u>	<u>9,082</u>

3. OTHER GRANT INCOME

	<u>Year to</u> <u>31 July</u> <u>2016</u>	<u>16</u> <u>months</u> <u>to 31</u> <u>July</u> <u>2015</u> <u>£'000</u>
European Funds	69	181
Other Grant Income	1,073	1,778
Release of Non SFC Government Capital Grants	523	675
	<u>1,665</u>	<u>2,634</u>

<b>4. OTHER OPERATING INCOME</b>	<b><u>Year to</u> <u>31 July</u> <u>2016</u></b>	<b><u>Restated</u> <u>16</u> <u>months</u> <u>to 31</u> <u>July</u> <u>2015</u></b>
	£'000	£'000
Glasgow Clyde Education Foundation revenue projects	589	41
Glasgow Clyde Education Foundation Capital Projects	323	150
Catering Income	622	759
Other Income Generating Activities	664	976
Other Income	474	642
	<u>2,672</u>	<u>2,568</u>

<b>5. INVESTMENT INCOME</b>	<b><u>Year to</u> <u>31 July</u> <u>2016</u></b>	<b><u>Restated</u> <u>16</u> <u>months</u> <u>to 31</u> <u>July</u> <u>2015</u></b>
	£'000	£'000
Other Interest Receivable	11	25
	<u>11</u>	<u>25</u>

**6. STAFF COSTS**  
**6.01 Staff Costs:**

	<b><u>Year to</u> <u>31 July</u> <u>2016</u></b>	<b><u>16</u> <u>months</u> <u>to 31</u> <u>July</u> <u>2015</u></b>
	£'000	£'000
Wages and salaries	24,754	29,609
Social security costs	1,995	2,330
Other pension costs (excluding FRS102 Adjustment)	3,899	4,654
Restructuring Costs	616	201
FRS 102 pension adjustment	715	628
Total Staff Costs	<u>31,979</u>	<u>37,422</u>

	<u>Year to</u> <u>31 July</u> <u>2016</u> £'000	<u>16</u> <u>months</u> <u>to 31</u> <u>July</u> <u>2015</u> £'000
Executive Management	545	752
Academic/Teaching Departments	19,762	24,101
Academic/Teaching Support Services	1,526	2,138
Research grants and contracts	0	0
Administration and Central Services	7,356	7,483
Premises	1,034	1,325
Catering	285	399
Sub-total Wages & Salaries	<u>30,508</u>	<u>36,198</u>
Unfunded Pension Costs	140	201
Exceptional restructuring costs	616	395
Funded Pensions FRS102 adjustment	715	628
Total Wages and Salaries (including exceptional restructuring costs)	<u>31,979</u>	<u>37,422</u>

## 6.02 Staff Numbers;

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

	<u>Year to</u> <u>31 July</u> <u>2016</u>	<u>Restated</u> <u>16</u> <u>months</u> <u>to 31</u> <u>July</u> <u>2015*</u>
Executive Management	4	4
Academic/Teaching Departments	362	353
Academic/Teaching Support Services	41	48
Administration and Central Services	225	216
Premises	37	35
Catering	14	14
<b>TOTAL</b>	<u>683</u>	<u>670</u>

\*The FTE comparators for the prior period to 31 July 2015 have been restated to include the consolidated FTE for employees with multiple posts.

Through the National Bargaining process the following pay awards were implemented during academic year 2015/16.

April 2015 to March 2016: £300 per FTE was paid to all teaching and support staff.

April 2016 to March 2017: £550 per FTE was paid to all teaching staff and £100 per FTE was paid to all support staff. The award paid to support staff was a partial award only as support staff unions have not accepted a pay offer for the period April 2016 to March 2017 and, as such, negotiations are ongoing in respect of this.

The Senior Management Team, which is not covered by National Bargaining, received a pay award of 1% for period April 2015 to March 2016 in line with public sector pay policy.

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

	<u>Year to 31</u> <u>July 2016</u>	<u>16</u> <u>months</u> <u>to 31 July</u> <u>2015</u>
£60,001 to £70,000 per annum	11	11
£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
<b>TOTAL</b>	15	15

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 12 months' salary for staff.

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

	<u>Year to</u> <u>31 July</u> <u>2016</u>	<u>16</u> <u>months</u> <u>to 31</u> <u>July</u> <u>2015</u>
	£'000	£'000
Severance	159	0
Payment in lieu of notice		0
Pension Payments	0	0
<b>TOTAL</b>	159	0

7. SENIOR POST HOLDERS EMOLUMENTS

	<u>Year to</u> <u>31 July</u> <u>2016</u>	<u>16</u> <u>months</u> <u>to 31</u> <u>July</u> <u>2015</u>
	Number	Number
The number of senior post-holders including the Principal was:	4	4
	Cost	Cost
Senior post-holders annual emoluments are made up as follows:	£'000	£'000
Salaries	415	543
Benefits in Kind	0	0
Employer's Pension Contributions	72	86
Total Emoluments	<u>487</u>	<u>629</u>

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

	£'000	£'000
Salary	148	193
Employer's Pension Contributions	27	29
	<u>175</u>	<u>222</u>

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

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

**8. OTHER OPERATING EXPENSES**

	<u>Year to</u> <u>31 July</u> <u>2016</u>	<u>16</u> <u>months</u> <u>to 31</u> <u>July</u> <u>2015</u>
	£'000	£'000
Teaching Departments	2,779	3,404
Administration and Central Services	2,546	3,424
Premises Costs	3,098	4,307
Residences and Catering	469	584
Childcare	1,228	1,851
Other	1,254	2,156
Lennartz Adjustment	0	0
Agency Staff Costs	220	355
<b>Total</b>	<u>11,594</u>	<u>16,081</u>

Other Operating Expenses include:

	£'000	£'000
<b>Auditor's remuneration</b>		
External Audit of Financial Statements	38	41
Internal Audit Services	36	32
Other Services	0	0
Hire of other assets – Operating lease	0	248

**9. INTEREST PAYABLE**

	<u>Year to</u> <u>31 July</u> <u>2016</u>	<u>Restated</u> <u>16</u> <u>months</u> <u>to 31</u> <u>July</u> <u>2015</u>
	£'000	£'000
Unfunded Pension finance costs	0	0
FRS102 Net Interest Charge	264	315
	<u>264</u>	<u>315</u>

**10. TAXATION**

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

11. TANGIBLE FIXED ASSETS

	Land & Buildings	Plant & Equipment	Assets in the course of construction	Total
<b>COST/VALUATION</b>	£'000	£'000	£'000	£'000
<b>As at 1 August 2015</b>	147,784	9,752	0	157,536
Additions	0	647	177	824
Disposals/Adjustments	0	(840)	0	(840)
<b>As at 31 July 2016</b>	<b>147,784</b>	<b>9,559</b>	<b>177</b>	<b>157,520</b>
<b>DEPRECIATION</b>				
<b>As at 1 August 2015</b>	4,452	7,285	0	11,737
Provided during period	3,366	791	0	4,157
Disposals/Adjustments	0	(840)	0	(840)
<b>As at 31 July 2016</b>	<b>7,818</b>	<b>7,236</b>	<b>0</b>	<b>15,054</b>
<b>NET BOOK VALUE</b>				
As at 1 August 2015	143,332	2,467	0	145,799
As at 31 July 2016	<b>139,966</b>	<b>2,323</b>	<b>177</b>	<b>142,466</b>
At valuation	37,482	0	0	37,482
Financed by Capital Grant	96,869	2,323	177	99,369
Inherited/Other	5,615	0	0	5,615
<b>Total as at 31 July 2016</b>	<b>139,966</b>	<b>2,323</b>	<b>177</b>	<b>142,466</b>

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
- Mossbank Drive, Cardonald Campus – education and administration
- Prospecthill Road, Langside Campus – education and administration

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

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

	<b>2016</b>
	<b>£'000</b>
Cost	116,992
Aggregate depreciation based on cost	<u>21,759</u>
<b>Net book value based on cost</b>	<b><u>95,233</u></b>

<b>12. STOCKS</b>	<b><u>31 July</u></b>	<b><u>31 July</u></b>
	<b>2016</b>	<b>2015</b>
	£'000	£'000
Goods for Resale	<u>22</u>	<u>18</u>

<b>13. INVESTMENTS</b>	<b><u>31 July</u></b>	<b><u>31 July</u></b>
	<b>2016</b>	<b>2015</b>
	£'000	£'000

The current asset investments held by the College represent funds held on fixed short term deposit	0	0
--	---	---

**14. TRADE AND OTHER RECEIVABLES**

	<b><u>31 July</u></b>	<b><u>31 July</u></b>
	<b>2016</b>	<b>2015</b>
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade Debtors – net of provision for doubtful debts	461	326
Debts due from students - net of provision for doubtful debts	93	140
European Funding	0	51
Prepayments and Accrued Income	1,518	1,040
Other Debtors	<u>0</u>	<u>42</u>
	<b><u>2,072</u></b>	<b><u>1,599</u></b>

**15. CURRENT TRADE AND OTHER PAYABLES**

	<u>31 July</u> <u>2016</u> £'000	<u>31 July</u> <u>2015</u> £'000
Payments received in advance	111	147
Trade Creditors	849	972
Deferred Income	598	520
Deferred Capital Grants	3,520	3,572
Other Taxation (PAYE) and Social Security (NI)	729	581
VAT accumulated under the Lennartz Principle	766	766
VAT and Social Security	184	219
Accruals	1,610	835
Bursaries and Discretionary funds for future disbursement	0	0
Other Creditors	539	401
	<u>8,906</u>	<u>8,013</u>

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

	<u>31 July</u> <u>2016</u> £'000	<u>31 July</u> <u>2015</u> £'000
Deferred Capital Income	87,622	90,730
VAT accumulated under the Lennartz Principle	1,335	1,991
	<u>88,957</u>	<u>92,721</u>

**17. PROVISIONS FOR LIABILITIES AND CHARGES**

	<u>31 July</u> <u>2016</u>	<u>31 July</u> <u>2015</u>	
	Unfunded pension	Total	Total
<b>At 1 August</b>	£'000	£'000	£'000
Balance at 1 August as previously stated	3,422	3,422	3,339
Payments made in period	140	140	395
Provision adjustment required in period	(186)	(186)	(312)
<b>Balance at end of period</b>	<u>3,376</u>	<u>3,376</u>	<u>3,422</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. ANALYSIS OF CHANGES IN NET FUNDS**

	<b>At 31 July 2015</b>	Cash Flows	<b>At 31 July 2016</b>
	£'000	£'000	£'000
Cash	5,008	(134)	4,874
Investments	0	0	0
<b>TOTAL</b>	<b>5,008</b>	<b>(134)</b>	<b>4,874</b>

**19. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	<u>Note</u>	<u>Year to 31 July 2016</u>	<u>16 months to 31 July 2015</u>
		£'000	£'000
Interest received – bank		11	25
Net cash inflow from returns on investments and servicing of finance		11	25

**20. FINANCIAL COMMITMENTS**

The College has no obligations under finance leases.

**21. 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:**

	<b>Year to 31 July 2016</b>	<b>16 months to 31 July 2016</b>
	<b>£000s</b>	<b>£000s</b>
Contribution to STSS	2,457	2,713
Contribution to SPF	1,301	1,546
<b>Total Pension Cost for period</b>	<b>3,758</b>	<b>4,259</b>

Contribution rates:

STSS	17.20%	14.90%
SPF	19.30%	19.30%

**Scottish Teachers Superannuation Scheme (STSS)**

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

A full actuarial valuation was carried out at 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. During the year, contributions were payable increased to 17.2% as from September 2015. Employer rates are reviewed every five years following a scheme valuation by the Government Actuary.

**FRS102**

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

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The College has set out above the information on the scheme and the implications for the College in terms of the anticipated contribution rates.

### **Strathclyde Pension Fund**

The Strathclyde Pension Fund is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the period ended 31 July 2016 was £1,710,651 of which employer's contributions totalled £1,301,293 and employee's contributions totalled £409,358.

### **Reconciliation of opening and closing balances;**

	Year ended 31 July 2016 £000's	16 months to 31 July 2015 £000's
Present Value of funded defined benefit obligations	(60,886)	(51,184)
Fair value of Plan Assets	51,407	44,217
Net over/(under) funding in funded plans	<u>(9,479)</u>	<u>(6,967)</u>
Net Liability	<u>(9,479)</u>	<u>(6,967)</u>

### **Principal Actuarial Assumptions**

Major assumption used:	<b>As at 31 July 2016</b>	<b>As at 31 July 2015</b>
Pension increases	1.90%	2.60%
Rate of increase in salaries	3.90%	4.50%
Expected return of assets	2.40%	3.60%
Discount rate for liabilities	2.40%	3.60%

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

	<b>As at 31 July 2016</b>	<b>As at 31 July 2015</b>
<b>Analysis of the amount shown in the balance sheet</b>	51,407	44,217
Fair value of plan assets	(60,886)	(51,184)
Present value of funded liabilities	<b>(9,479)</b>	<b>(6,967)</b>
Deficit in the scheme – net pension liability recorded within pension provisions		
<b>Analysis of the amount charged to staff costs;</b>		
Current service cost	(2,018)	(2,123)
Past service cost	0	0
Total service costs	<b>(2,018)</b>	<b>(2,123)</b>
<b>Analysis of the amount charged to pension interest;</b>		
Interest cost	(1,868)	(2,631)
Interest income on planned assets	1,604	2,316
Net interest	<b>(264)</b>	<b>(315)</b>
<b>Analysis of other comprehensive income;</b>		
Return on assets	4,900	1,427
Other experience	645	2,871
Changes in financial assumptions	(7,078)	(1,336)
Changes in demographic assumptions	0	(3,835)
Return on assets excluding amounts included in net interest	0	0
	<b>(1,533)</b>	<b>(873)</b>
<b>Analysis of the movement in deficit during the year;</b>		
Deficit in scheme at start of the year	(6,967)	(5,151)
Current service costs	(2,018)	(2,123)
Employer contributions	1,303	1,495
Net interest costs	(264)	(315)
Actuarial Loss	(1,533)	(873)
Deficit in scheme at end of year	<b>(9,479)</b>	<b>(6,967)</b>
	<b>As at 31 July 2016</b>	<b>As at 31 July 2015</b>
<b>Asset and Liability Reconciliation</b>	£'000	£'000
<b>Amount charged to Comprehensive Income and Expenditure;</b>		
Employer service cost (net of employee contribution)	(715)	(628)
Interest on obligation	(264)	(315)
Actuarial loss on scheme assets	(1,533)	(873)
	<b>(2,512)</b>	<b>(1,816)</b>

**Changes in the fair value of scheme assets;**

Opening fair value of scheme assets	44,217	39,764
Net Interest	1,604	2,316
Plan participants contributions	413	468
Contributions by the employer	1,303	1,495
Benefits paid	(1,030)	(1,253)
Expected return on assets	4,900	1,427
	<b>51,407</b>	<b>44,217</b>

**Changes in the present value of the designed benefit obligation;**

Opening defined benefit obligation	51,184	44,915
Current service costs	2,018	2,123
Past service costs	0	0
Interest cost	1,868	2,631
Plan participants contribution	413	468
Benefits paid	(1,030)	(1,253)
Actuarial Loss	6,433	2,300
<b>Closing defined benefit obligation</b>	<b>60,886</b>	<b>51,184</b>

**Closing position as at 31 July 2016** **(9,479)** **(6,967)**

## 22 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 Scottish Qualifications Authority in respect of examination fees paid on behalf of students.

23 FE Bursary and other Student Support Funds

	FE Bursary	FE Hardship	HE Hardship	Other	Year ended 31 July 2016	16 months ended 31 July 2015
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance b/fwd</b>	0	0	5	0	5	521
Adjustment to Balance b/fwd	0	0	0	0	0	53
Allocation received in period	6,762	1,026	292	275	8,355	10,603
SFC Debtor	0	0	0	86	86	(618)
Less Contribution to prior period shortfall	(198)	0	0	0	(198)	0
Current period shortfall funded by College	77	0	0	0	77	200
	6,641	1,026	297	361	8,325	10,759
Expenditure	(6,768)	(1,026)	(288)	(361)	(8,443)	(9,888)
Repaid to Funding Council	0	0	(5)	0	(5)	(238)
Virements	127	0	0	0	127	(628)
<b>Balance c/fwd</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>5</b>
<b>Represented by:</b>						
Retained by College for students	0	0	0	0	0	5
Repayable to Funding Council as Clawback	0	0	4	0	4	0
	0	0	4	0	4	5

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

**24. FE CHILDCARE FUNDS**

	Year ended 31 July 2016	16 months ended 31 July 2015
	£'000	£'000
Balance b/fwd	0	0
Allocation received in period	1,355	1,488
SFC Debtor	0	(265)
	<hr/> 1,355	<hr/> 1,223
Expenditure	(1,228)	(1,851)
Repaid to SFC as clawback	0	0
Virements	(127)	628
<b>Balance c/fwd</b>	<hr/> 0	<hr/> 0
<b>Represented by:-</b>		
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 Statement of Comprehensive Income and Expenditure in accordance with Accounts Direction issued by the Scottish Funding Council.

**25. CAPITAL COMMITMENTS**

	12 months to 31 July 2016	16 months to 31 July 2015
	£'000	£'000
Contracted for at end of period	<hr/> 1,478	<hr/> 507

**26. CONTINGENT LIABILITIES**

The College had no material contingent liabilities at 31 July 2016.

**27. TRANSITION TO FRS102 AND THE 2015 SORP**

As explained in the accounting policies, these are the College's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 July 2016, the comparative information presented in these financial statements for the 16 months to 31 July 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2015. In preparing its FRS 102, SORP based Statement of Financial Position, the College has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS 102 and the SORP has affected the Colleges financial position and financial performance is set out in the following tables.

	<b>Year ended 31 July 2016 £000's</b>	<b>Year ended 31 July 2015 £000's</b>
<b>Financial Position;</b>		
Total reserves under 2007 SORP	129,858	135,603
SFC/Other Government Capital Grant moved to deferred income	(91,142)	(94,302)
Total effect of transition to FRS102	(91,142)	(94,302)
Total Reserves under 2015 SORP	<b>38,716</b>	<b>41,301</b>
<b>Financial Performance;</b>	<b>£000's</b>	<b>£000's</b>
Surplus for the year under 2007 SORP	(396)	6
Pension Adjustment	(979)	(925)
Capital Grant Income	323	150
	<b>(1,052)</b>	<b>(769)</b>

**APPENDIX 1**

**2015-16 Accounts direction for Scotland's colleges and universities**

- 1 It is the Scottish Funding Council's direction that colleges and universities comply with the 2015 *Statement of Recommended Practice: Accounting for Further and Higher Education* (SORP) in preparing their annual report and accounts.
- 2 Colleges and universities must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (for assigned colleges).
- 3 Incorporated colleges are also required to comply with the Government Financial Reporting Manual 2015-16 (FReM) where applicable.
- 4 Incorporated colleges are reminded that they must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2016.
- 5 The annual report and accounts should be signed by the chief executive officer and by the chair, or one other member of the governing body.
- 6 Incorporated colleges should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council  
24 August 2016

