



# Financial Statements 2016/17

Twelve months to 31 July 2017

**GLASGOW CLYDE COLLEGE  
REPORT AND FINANCIAL STATEMENTS – FOR FINANCIAL PERIOD 2016/17**

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## OVERVIEW

The overview section of the performance report includes a statement from the Principal providing their perspective on the performance of the College over the period.

## PRINCIPAL'S REPORT

In September 2017, I commenced the role as Principal and Chief Executive of Glasgow Clyde College. The College has much to be proud of with a strong legacy of successfully supporting its local communities and economy. I am excited by the opportunity to work alongside the committed Board of Management and dedicated members of staff to seize the opportunities that are ahead of us.

There will be numerous challenges which face the college sector in years to come. Thus, it is critical that we develop the flexibility, agility and qualities to overcome them and thrive for the sake of our stakeholders.

The College Vision is "Glasgow Clyde College will contribute to the prosperity and well-being of Scotland through exceptional achievement". It is this vision which shapes and drives everything we do and shall continue to do so. It is through deploying the unique skills, talents and capability of our talented members of staff, working with the huge potential of our students, that we will contribute to achieving the aspirations of the Glasgow City Region and beyond.

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

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 95.9%, we have met learners' needs.

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

- achieving Highly Commended status at the SQA Star Awards for Partnership of the Year (Engineering and their range of partnerships) and for Innovation (25 years of the Occupational Therapy Support qualification)
- recognised at the CDN Annual Awards, being highly Commended in the Employer Connections Award (Engineering and their range of partnerships) as well as being Commended in the Promoting a Healthy College category (the work of the Healthy College Group)
- shortlisted at the national TES FE Awards in the Support for Learners category (Glasgow's EVIP programme – Glasgow Clyde College in partnership with Glasgow City Council and Glasgow Kelvin College)
- The College's Marketing department was also recognised at the annual CDN Marketing Awards, receiving Gold in the Integrated Marketing Campaign category (Mainstream Recruitment Campaign), Gold in the Market Research Category (Campaign Research) and Bronze in the Design Category (Make it in Fashion Design).

Developing Scotland's Young Workforce is a key element of the College's delivery and 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 in this initiative.

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

The 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.

There are also significant wider sector changes which the College continues to experience, in particular the rising staff costs following the agreements under national bargaining. Financial planning for a five-year period has been undertaken and reported to the Board with some significant cost pressures in that period and workforce planning is being completed to equip our staff for the future shape of the sector.

Glasgow Clyde College has dedicated able staff who give strong commitment and support to students and colleagues and there will continue to be challenges ahead. I look forward to working with these teams to continue 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 2017. Where information is included regarding the College plans for future years, the College's view has been based on the information available at the time of compiling these financial statements.

### Business Context

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

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

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

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

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

### **Glasgow Clyde College's 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; Access and Inclusion; People; Financial Sustainability; Business Development; Procurement; Digital; Estates; and Marketing.

These strategies cover the period from 2016 to 2020 and each strategy has a range of key themes for development which are being progressed by the College over this period.

### **Progress on National Priorities**

During financial period 2016/17 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 100 Modern Apprentices in line with developments in that sector in the forthcoming years. In addition the College holds the Healthy Working Lives Gold Award and promotes health and wellbeing to staff and students.

- **Safer and Stronger Scotland:** Through our significant involvement in Community Planning Partnerships, the College contributes to the development, and where appropriate, the implementation of local actions with partners to support this objective.
- **Greener Scotland:** The College is committed to an environmentally sustainable Scotland through its own actions as an organisation and through the development and delivery of programmes to support the renewables and utilities sectors. The College is party to the Universities and Colleges' Climate Commitment for Scotland and 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 2016/17 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 progressed through the creation of a staff voice group which will be staff led with representation across the College. There are also a range of briefing, and consultation arrangements in place to support effective communication.
Glasgow Colleges Regional Board (GCRB)	The College operates as part of the multi College Glasgow Region. The Glasgow Colleges' Regional Board allocates the activity and funding to the three Glasgow Colleges of Glasgow Clyde College, City of Glasgow College, and Glasgow Kelvin College, now that it has achieved fundable body status.
Scottish Funding Council	The College receives a substantial proportion of its funding from the Scottish Funding Council (which will now be allocated through GCRB) 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 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 128,696 Credits in the academic year August 2016 to July 2017 which is 1,605 credits (1.3%) over its target of 127,091 credits as set by the Glasgow Colleges Regional Board for academic year 2016/17. This target includes 121,401 core activity credits and 5,690 credits for the on-going SFC administered European Social Fund (ESF) project.

On a headcount basis, the College provided Further and Higher Education to 17,972 students in the period from August 2016 to July 2017 of which 6,847 were full time students and 11,125 were part-time students. There were 21,745 course enrolments in the period, of which 4,434 were advanced level and 17,311 were non-advanced level.

To monitor performance the College uses a range of performance indicators, which are reviewed by members of the Senior Management Team on a regular basis. The College's performance against key performance indicators for academic year 2016/17 is shown below and is compared to target and to the preceding academic year:

Key Performance Indicator	Purpose	15/16 Actual	15/16 Target	16/17 Actual	16/17 Target
<b>EFFECTIVENESS</b> 1					
Full time FE enrolments completing course on recognised qualifications	Measures student retention to end of course	75%	78%	73%	78%
Successful outcome for FE enrolments on recognised qualifications	Measures student success	64%	65%	62%	66%
Full time HE enrolments completing course on recognised qualifications	Measures student retention to end of course	83%	84%	87%	85%
Successful outcome for HE enrolments on recognised qualifications	Measures student success	72%	75%	74%	75%

<b>Key Performance Indicator</b>	<b>Purpose</b>	<b>15/16 Actual</b>	<b>15/16 Target</b>	<b>16/17 Actual</b>	<b>16/17 Target</b>
<b>EFFICIENCY</b>					
Credits per FTE teaching delivery staff	Measures efficiency in teaching deployment	366	370	375	375
Performance against Credits activity target	Measures performance against GCRB target	+0.6%	0.0%	+1.3%	0.0%
Working days lost through sickness absence	Measures lost staff time	4.6%	3.0%	3.9%	4.1%
Permanent Staff Turnover	Measures level of staff changes	4.7%	< 6.0%	4.57%	< 6.0%
<b>FINANCIAL</b>					
Underlying Operating surplus as % of total income ( <i>excluding ring fenced cash</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	25.2%	22.9%	28.3%	25.0%
Current Assets: current liabilities (excl deferred capital grants)	Measures short term assets to liabilities	1.3	1.2	1.3	1.2
Gearing	Measures level of debt	0.0	0.0	0.0	0.0
Days cash	Measures level of cash	41	40	24	20

1: Effectiveness measures are based on latest recommended methodology from SFC, reflecting number of successful students divided by number of students initially enrolled. 2016/17 outcome targets are based on Glasgow Regional Outcome Agreement targets.

Within the set of KPIs on effectiveness in the table above the College has not achieved the set targets for 2016/17 in three of four areas.

The first KPI is in relation to FE retention which was affected by a slight increase in early withdrawal of students during 2016/17 as measured at the 1<sup>st</sup> of November. Also FE retention is affected by a significant proportion of Glasgow Clyde College's learners undertaking full time Highers programmes and retention on these programmes is low. All programmes with low retention have clear targets for improvements and a strong focus has been put on this for 2017/18.

The second KPI relates to attainment of FE programmes which was particularly low in several curriculum areas with large numbers of learners, and these larger areas therefore have a disproportionate impact on overall success levels. These curriculum areas are being targeted for improvement for 2017/18.

For HE success rates which is the fourth KPI above, although these are slightly below target there has been a 2% increase between 2015/16 and 2016/17 affected by part-time enrolments. Specific curriculum areas which are not performing well are being targeted for improvement.

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

## **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 continued to develop its 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 2016/17 programmes were offered in the following areas:

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

Business

Fashion, Textiles and Design

Media and Performing Arts

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

Construction and Land Based Industries

Computing

Energy and Building Services

Engineering

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

Early Years and Social Care

Health and Life Sciences

Sport, Tourism and Hospitality

Hair, Beauty and Complementary Therapies

**Faculty of Access and Continuing Learning**

English for Speakers of Other Languages  
Employability Skills  
Additional Support for Learning  
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 introduced 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, and 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 Local Authority's 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's curriculum serves a number of specialist employment sectors and national markets, and has national recognition as a provider of education in the areas of: textiles, design, fashion, dance, TV production, stringed instruments, journalism, health and care, and water operations. The College is the only provider of land based courses in the Glasgow Region.

The curriculum continued to be developed during 2016/17 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.

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 and on financial sustainability issues. The three Colleges work in partnership and individually to keep the portfolio under continuous review to ensure it meets student, market, legislative and employer demands.

As the Glasgow Colleges Regional Board achieved fundable body status in April 2017, the allocation of teaching activity and funding to each of the three assigned Colleges in Glasgow is now the responsibility of GCRB. During 2016/17 discussions were held at the Glasgow Colleges Group Sustainability Group to develop the Regional revenue funding model for 2017/18.

### **College Developments During 2016/17**

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 was 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 recognised in a range of awards as follows:
  - highly commended at the SQA Star Awards for Partnership of the Year (Engineering and their range of partnerships) and for Innovation (25 years of the Occupational Therapy Support qualification)
  - highly commended at the CDN Annual Awards in the Employer Connections Award (Engineering and their range of partnerships) as well as being commended in the Promoting a Healthy College category (the work of the Healthy College Group)
  - shortlisted at the national TES FE Awards in the Support for Learners category (Glasgow's EVIP programme – Glasgow Clyde College in partnership with Glasgow City Council and Glasgow Kelvin College)
  - The College's Marketing department was also recognised at the annual CDN Marketing Awards, receiving Gold in the Integrated Marketing Campaign category (Mainstream Recruitment Campaign), Gold in the Market Research Category (Campaign Research) and Bronze in the Design Category (Make it in Fashion Design)
- Implementation of a new finance system which is live from August 2017;
- Development of a new College Website which is due to be launched during 2017/18; and
- 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.

### **Glasgow Clyde College Student Association**

There was increased investment by the College in the Glasgow Clyde College Student Association (GCCSA) for 2016/17 with a third Vice President post added to the Association structure, which allowed each Vice President to have a campus responsibility.

The structural changes enabled the sabbatical officers to focus their work upon student engagement with a specific focus on under-represented minority groups such as BME students, ESOL students and ASN students to support a more accessible and inclusive student association. The new structure enabled robust governance and self-evaluation processes to be implemented in line with requirements of the Framework for the Development of Strong and Effective College Students' Associations in Scotland and the How Good is Your College model from Education Scotland.

Following the latest GCCSA self-evaluation process during 2016/17, further changes were proposed to the structure for 2017/18. It was proposed to maintain the sabbatical commitment of the 2016/17 session of one President plus three Vice Presidents as the Association believe this sabbatical arrangement works well. The proposed changes related to the employed officer for the Association, with the proposal to increase the resources to add a second role on a part time basis. The Board continue to be extremely supportive of the Association and agreed to fund this further updated structure for future years.

## **Future College Developments**

Future SFC funding allocations will be made to the College by the GCRB. The Regional Revenue funding model and Regional Capital funding model will be discussed at the Glasgow Colleges Group with the final decisions being the responsibility of the GCRB. As a further future funding development, there are considerations of the funding model at a sector level with a lengthened transition period to the simplified model, and Glasgow as a Region remains underfunded during this period within the model.

The teaching activity target for the Region for 2017/18 was set by SFC and the teaching activity targets for each of the three Glasgow Colleges were agreed within the Regional Outcome Agreement for Glasgow. SFC have commenced a five-year plan for activity targets across the sector to aim to minimise volatility, however this is still at very early stages, and there is a Funding Group reviewing the impacts of the various elements of the SFC funding model at a sector level.

For 2017/18, Glasgow Clyde College will deliver an allocated volume of 128,683 credits as part of the wider Glasgow Region agreed credits target with the Scottish Funding Council, comprising 121,364 core credits of activity plus an additional allocation of 7,319 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 proposed curriculum principles. Through this period there has 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 was developed through the Glasgow Curriculum and Estates Review and this has been implemented over a period of several years with some transfer of activity between the three assigned Colleges. This Curriculum and Estates Review was designed to cover the period from 2015/16 to 2017/18 and the next phase of the Curriculum Plan across the Glasgow Region will be developed from 2018/19.

## **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 the 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. Large scale plant upgrade has been commenced as part of the required works from the condition survey with works commenced from spring/summer of 2017 on the Lifts Replacement, Heating and Ventilation works and Mechanical and Electrical works at the Cardonald campus.

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

Until March 2014 the College funded its capital expenditure from SFC capital formula funding and from its reserves which it had built up for investment purposes. Since reclassification to a public body in April 2014 the College continues to progress its Capital Master plan based on life cycle maintenance needs, investment needs and affordability, which has been done both through use of SFC capital funding and through applications for funding to the Glasgow Clyde Education Foundation. The capital funding levels from SFC have significantly reduced in recent years and also in 2017/18, hence the issue of affordability of maintaining and developing the College estate will be increasingly challenging. There is an estates condition survey now completed for the sector which highlights the level of investment required annually as being significantly higher than the available funds and this may impact positively or negatively on the funds available to the Glasgow Region in the short term. Also within the Glasgow Region there is a specific capital funding allocation policy now implemented for 2017/18 by GCRB which allocates 50% of the total for the Region based on credits and 50% based on representation of need requiring a bidding process for the majority of that proportion hence this is less predictable for estates planning purposes.

There is one main estates project planned for 2017/18 which is the continuation of significant estates investment upgrade works required at the Cardonald campus for the older building plant areas based on the 2014 estates condition survey as indicated above. The most significant of these works is the lift replacement programme of the five main lifts of the Tower Building with the replacements commencing in May 2017 and due to be completed by early 2018. This project has been funded by the Glasgow Clyde Education Foundation (GCEF).

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

## **Sustainability and Climate Change Reporting**

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

The College is a signatory to the Universities and Colleges Climate Change Commitment for Scotland and the College has a Carbon Management Plan in place. There are two primary objectives of the College's Carbon Management Plan which are to achieve a reduction in carbon emissions and to embed carbon management within the culture of the organisation. The target in the College Carbon Management Plan 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 2016/17 by submitting its report by the deadline of 30 November 2017.

# **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 Senior Management Team (the designated risk management group) supports, advises on, and implements this Risk Management Policy.

The Board of Management first set the College Risk Appetite across key risk activity areas in October 2016, with the overall College Risk Appetite assessment at that stage being agreed as cautious. The Board of Management considered the College Risk Appetite again in December 2017, and the updated overall College Risk Appetite assessment was agreed as open.

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 2017 had twelve 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 these risks.

Of the twelve risks at the financial period end, three were financial, six were organisational, and three were governance related risks.

The five highest assessed risks from the College risk register as at 31 July 2017 are shown below:

- adverse funding changes (SFC/SDS/ESF);
- Failure to achieve contracted overall teaching delivery targets for any key partner (SFC/SDS/ESF);
- Failure to achieve surplus targets for non-SFC/commercial activity;
- Negative impact on employee relations (e.g. national bargaining, industrial action, local consultation); and
- Failure of College operational processes/systems /ICT infrastructure (including risk of fraud).

## REVIEW OF FINANCIAL PERFORMANCE

Overall for the twelve-month period from August 2016 to July 2017, Glasgow Clyde College is reporting a surplus of £39k (2015/16 deficit: £1,052k), this includes accounting for exceptional restructuring costs of £4k (2015/16: £616k). Actuarial gains/(losses) on Defined Benefit Pension Plans for the period were £1,076k (2015/16: (£1,533k)). In addition, due to an interim revaluation of assets at March 2017, there was an Unrealised Surplus on Revaluation of Land and Buildings of £18,526k (2015/16: nil). Therefore the Total Comprehensive Income for the period is reported as £19,641k (2015/16: (£2,585k)).

The reported surplus for the period includes a range of adjustments and the underlying operating position is outlined in the table below.

	2016-17 £'000	2015-16 £'000
<b>Surplus/(deficit) before other gains and losses</b>	<b>39</b>	<b>(1,052)</b>
<b>Add back:</b>		
Depreciation (net of deferred capital grant release)	921	589
Non-cash pension adjustments	1,324	933
Donation to Arms-length Foundation	0	0
<b>Deduct:</b>		
Non-Government capital grants (e.g. ALF capital grant)	(2,084)	(323)
Revenue funding allocated to loan repayments and other capital items	0	0
<b>Underlying operating surplus</b>	<b>200</b>	<b>147</b>

The underlying operating surplus for 2016/17 represents the balance of ring fenced cash for budget priorities which was not fully utilised in academic year 2016/17. It should be noted that the full amount of such cash is fully utilised by the College in the April to March fiscal year cycle in line with government budgeting requirements and, as such, this balance has been ring fenced to support expenditure in fiscal year 2017/18. When this ring fenced cash is excluded the College is reporting a balanced adjusted underlying operating position.

### Cash budget for priorities (previously referred to as net depreciation cash)

One consequence of college reclassification as central government bodies is that, from 1 April 2014, while colleges continued 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 for budgeting purposes and how the colleges spend the cash funds (cash budget for priorities) which were previously earmarked for depreciation.

Spend of the College's cash budget for priorities, and impact on the operating position, is detailed below.

<b>Table of cash budget for priorities spend</b>		
<b>Revenue</b>	<b>2016-17 £'000</b>	<b>2015-16 £'000</b>
Student support	0	0
2015-16 Pay award	300	480
<b>Total impact on operating position</b>	<b>300</b>	<b>480</b>

The College's income was £48.0million for the period to 31 July 2017 (2015/16: £46.9million).

Commercial income, although continuing to perform well in 2016/17, still operates within a very difficult economic background, with on-going risks around the maintenance of some of these income areas. The College achieved over £3Million of income in 2016/17 with a broad base of continuing activity plus the College has been successful in securing replacement activity where any planned income has not materialised. Commercial income received is a mix of UK and international commercially funded activity plus funded projects.

At 31 July 2017, the College has accumulated reserves including pension liability of (£3.2million) (2015/16: (£5.1million)) and cash balances of £2.9million (2015/16: £4.9million). Of the overall cash balance held as at 31 July 2017, £1.5million (2015/16: £2.1million) 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 2016/17 amounted to £4.4million across all asset categories. These additions consisted of ICT Equipment, Infrastructure Improvements, a new Landscape and Horticulture Facility and Major Plant Upgrades which will support energy efficiency initiatives.

Glasgow Clyde College has £58.3million (2015/16: £38.7million) of net assets as at 31 July 2017 after allowing for a calculated net pension liability for the Strathclyde Pension Fund of £9.8million (2015/16: £9.5million). 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.

**Financial Year Resource Position 2016/17**

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 2016/17 are outlined below:

	RDEL £'000	CDEL £'000
Resource budget for year ended 31 March 2017	40,022	1,945
Expenditure against resource budget	39,986	1,945
Net underspend/(overspend) against budget	36	0

The resource outturn is better than forecast due to a non-cash FRS102 adjustment to Unfunded Pensions of £36k.

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

**Taxation Status**

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

**Treasury Policies and Objectives**

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

**Cash Flows**

Cash flow projections are prepared annually, broken down on a monthly basis to ensure that cash levels are sufficient to meet the needs of the College. Cash flow movements in the period resulted in a net decrease of £2million 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 2017 the ratio of current assets: current liabilities excluding deferred capital grants was 1.3 (July 2016: 1.3) and the days cash: expenditure excluding depreciation was 24 (July 2016: 41).

## **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 Principal on 13 December 2017:**

**Jon Vincent**  
**Principal**

# ACCOUNTABILITY REPORT

## CORPORATE GOVERNANCE REPORT

### BOARD OF MANAGEMENT REPORT

The membership of the Board of Management and the related Committees during the financial period 2016/17 is outlined below: -

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

Mr D Newall, Chair	Former University Secretary, University of Glasgow
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 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)	Former 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
Mr R Fraser (from 22 March 2017)	Director of Finance, University of Glasgow

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 (until 28 February 2017)	Principal
Mr S Henson	Teaching Member
Ms C Walker	Support Staff Member
Mr Brian Hughes (from 1 April 2017)	Acting Principal
Ms A Fortuny	Students' Association President
Ms M Ditrichova	Students' Association Vice President

**Board Attendance**

Attendance at all meetings is routinely monitored. In the period of 1<sup>st</sup> August 2016 to 31<sup>st</sup> July 2017 there were 5 Board Meetings with individual's attendance ranging from 60% to 100%.

**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 Nominations Committee is being created to take forward succession planning and board member recruitment to ensure the board's commitment to equality and diversity are incorporated from the early stages of board recruitment.

Members of the undernoted committees during the financial period 2016/17 were 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)  
 Mr K Rosser  
 Ms C Walker  
 Ms M Ditrichova

**Finance and Resources Committee**

Mr D Newall, Chair (until 31<sup>st</sup> July 2017)  
 Mrs S Walsh, Principal (until 28 February 2017)  
 Mr S Henson  
 Mr S Cooley  
 Ms A Fortuny  
 Mr B Hughes, Acting Principal (from 1<sup>st</sup> April 2017)  
 Mr R Fraser (from 29<sup>th</sup> March 2017)

**Learning and Teaching Committee**

Mr G McGuinness, Chair  
Mrs S Walsh, Principal (until 28<sup>th</sup> February 2017)  
Mr B Hughes, Acting Principal (from 1<sup>st</sup> April 2017)  
Mr S Henson  
Ms C Davidson  
Ms F Godsman  
Ms A Fortuny

**Organisational Development Committee**

Ms S Heidinger, Chair  
Mrs S Walsh, Principal (until 28<sup>th</sup> February 2017)  
Mr B Hughes, Acting Principal (from 1<sup>st</sup> April 2017)  
Ms C Walker  
Ms M Docherty  
Mr G Whiteford  
Ms M Ditrichova

**Remuneration Committee**

Ms S Heidinger, Chair  
Mr D Newall  
Mr G McGuinness  
Mr D Watt (from 31 August 2016)

**Nominations Committee**

Mr D Newall, Chair  
Ms C Davidson  
Ms F Godsman  
Mr K Rosser  
Mr G Whiteford

**The Register of Interests for the Board of Management members who served from 1<sup>st</sup> August 2016 onwards 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 (until 28<sup>th</sup> February 2017)  
Mrs E Harris, Depute Principal (until 31<sup>st</sup> March 2017)  
Mr B Hughes, Vice Principal, Curriculum & External Relations (Acting Principal from 1<sup>st</sup> April 2017)  
Ms J Thomson, Vice Principal, Resources & College Development  
Mr E Brownlie, Acting Vice Principal, Curriculum & External Relations (from 1<sup>st</sup> April 2017)

**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**

There were no personal data-related incidents reported to the Information Commissioners Office during the 2016/17 financial period.

**OPENNESS AND FREEDOM OF INFORMATION**

All processing of information within the College during the financial period 2016/17 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.

The Scottish Funding Council (SFC) Financial Memorandum applied to the College from August 2016 to March 2017. The Glasgow Colleges Regional Board (GCRB) achieved fundable body status from April 2017 and, as a result, the GCRB Financial Memorandum applies to the College from April 2017 onwards.

It is a condition of the Financial Memorandum with the Scottish Funding Council and GCRB that governing bodies comply with the principles of good governance set out in the 2016 Code of Good Governance for Scotland's Colleges. The Board of Management of Glasgow Clyde College is committed to exhibiting best practice in all aspects of Corporate Governance. The College believes there has been compliance with the Code of Good Governance for Scotland's Colleges during the 2016/17 financial period in all material respects.

**Board of Management and Committee Meetings for the period 1<sup>st</sup> August 2016 to 31 July 2017**

The Board of Management met five times during the period 1<sup>st</sup> August 2016 to 31 July 2017. All of the meetings were planned with no requirement for any Extraordinary Board meetings.

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, membership of a Nominations Committee has been selected. The Board is preparing Terms of Reference for the Committee with a view to it taking forward succession planning and board member recruitment to ensure the board's commitment to equality and diversity are incorporated from the early stages of board recruitment. The first meeting of the Nominations Committee will take place during 2017/18.

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

The Audit Committee met four times during the twelve-month period ending 31 July 2017 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 2017, 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 2017. 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 2017. 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 three times during the twelve month period ending 31 July 2017.

### **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.

### **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 2016/17.

### **Risk Management**

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

There was an area of potential risk during the 2016/17 financial period due to the absence of a key member of staff in relation to the absence of the Principal from August 2016 until February 2017 following which the Principal, Mrs Walsh, retired. This potential risk was managed by ensuring sufficient cover was in place and the then Depute Principal, Mrs Harris, undertook the role of Acting Principal from September 2016 until she left the College through a previously agreed voluntary severance arrangement in March 2017. From April 2017 the Depute Principal, Mr Hughes, undertook the role of Acting Principal until the appointment of the new Principal, Mr Vincent, in late September 2017. Whilst there are no specific risks associated with this changeover in senior management it was a period of significant change for the College and hence it is intimated in this section of the financial statements.

### **Written Authorities**

During August 2016 clause 10 of the Articles of Governance of the College Board of Management was invoked, and the then Depute Principal, Mrs Harris, 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 counter measures are implemented for each risk, and for reviewing and updating the commentary and rating of each risk on an on-going basis. The Risk Register is reviewed regularly by the Senior 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 a dedicated Clerk to the Board resource who reports to the Chair of the Board.

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

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

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

The Board of Management is responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the Constitution, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions, the 2016/17 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.



## REMUNERATION AND STAFF REPORT

### Introduction

The College is required to prepare and publish within its financial statements an annual Remuneration Report under the 2016/17 Government Financial Reporting Manual (FRoM) issued by the Scottish Government.

### 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 Remuneration Committee during 2016/17 were:

- Ms S Heidinger (Chair)
- Mr D Newall
- Mr G McGuinness
- Mr D Watt

### 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 2017			Year ended 31 July 2016		
	Salary and Related Contractual Payments £'000	Pension Benefit £'000	Total £'000	Salary £'000	Pension Benefit £'000	Total £'000
Susan Walsh	195-200	5-10	205-210	145-150	45-50	195-200
Eleanor Harris	75-80	0-5	80-85	90-95	30-35	125-130
Brian Hughes	95-100	15-20	115-120	85-90	25-30	115-120
Janet Thomson	85-90	30-35	120-125	85-90	30-35	120-125
Eric Brownlie (for the period in the acting VP role)	25-30	5-10	35-40	-	-	-

The information reported in the above tables is calculated based on methodologies provided by the relevant pension agencies. Four members of the senior management above are members of the Scottish Teachers Superannuation Scheme and one is a member of the Strathclyde Pension Fund. The salary and related contractual payments shown above for the 2016/17 period for Susan Walsh include salary payments, accrued holiday pay, and payment in lieu of notice for her contractual six-month period.

The total annual equivalent salary for each member of the senior management during 2016/17 is as follows:

<b>Name</b>	<b>Position</b>	<b>£'000</b>
Susan Walsh	Principal (1 <sup>st</sup> August 2016 – 28 <sup>th</sup> February 2017)	145-150
Eleanor Harris	Acting Principal (1 <sup>st</sup> October 2016 – 31 <sup>st</sup> March 2017) Vice Principal (1 <sup>st</sup> August 2016 – 30 <sup>th</sup> September 2016)	115-120 90-95
Brian Hughes	Acting Principal (1 <sup>st</sup> April 2017 – 31 <sup>st</sup> July 2017) Vice Principal (1 <sup>st</sup> August 2016 – 31 <sup>st</sup> March 2017)	115-120 85-90
Janet Thomson	Vice Principal (full year) and Acting Depute Principal (1 <sup>st</sup> April 2017 to 31 <sup>st</sup> July 2017)	85-90
Eric Brownlie	Acting Vice Principal (1 <sup>st</sup> April 2017 – 31 <sup>st</sup> July 2017)	85-90

### **Median Remuneration**

Colleges are required by the FRoM 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 2016-17 was £145,000 - £150,000 (2015-16 £140,000-£145,000). This was 3.9 times (2015-16 3.9 times) the median remuneration of the workforce which was £37,835 (2015-16 £37,679).

### **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 final salary schemes to career average schemes from 1 April 2015 and are contracted out of the State Earnings-Related Pension Fund.

The schemes' normal retirement age is 65.

Contribution rates are set annually for all employees and can be found in note 21.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for a 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 2017</b>	<b>Accrued lump sum at pension age at 31 July 2017</b>	<b>Real increase in pension 1 Aug 2016 to 31 July 2017</b>	<b>Real increase in lump sum 1 Aug 2016 to 31 July 2017</b>	<b>CETV at 31 July 2017</b>	<b>CETV at 31 July 2016</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<sup>1</sup></b>	54	0	1	0	842	806	25
<b>Eleanor Harris<sup>2</sup></b>	46	0	1	0	790	759	22
<b>Brian Hughes<sup>3</sup></b>	40	0	1	0	641	608	22
<b>Janet Thomson<sup>4</sup></b>	19	17	2	1	264	227	37
<b>Eric Brownlie<sup>5</sup></b>	26	0	1	0	343	329	10

<sup>1</sup> Susan Walsh was Principal from 1 August 2016 to 28 February 2017.

<sup>2</sup> Eleanor Harris was Vice Principal from 1 August 2016 to 30 September 2016 and then became Acting Principal until her departure on voluntary severance on 31 March 2017. During this time as Acting Principal, an allowance was provided for the additional responsibilities, which has not been included in the pensions benefit calculation above but is included in the total salary in the salary entitlements table.

<sup>3</sup> Brian Hughes was Vice Principal from 1 August 2016 to 31 March 2017 and then became Acting Principal to 31 July 2017. During this time as Acting Principal, an allowance was provided for the additional responsibilities, which has not been included in the pensions benefit calculation above but is included in the total salary in the salary entitlements table.

<sup>4</sup> Janet Thomson was Acting Depute Principal from 1 April 2017 to 31 July 2017 and received an allowance for the additional responsibilities, which has not been included in the pensions benefit calculation above but is included in the total salary in the salary entitlements table.

<sup>5</sup> Eric Brownlie became Acting Vice Principal from 1 April 2017 to 31 July 2017. The information above includes his salary entitlements and pension benefits for his role as Acting Vice Principal during that period.

### 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. Six employees who were approved for voluntary severance in 2015/16 had an agreed end date in 2016/17. One of these was the Depute Principal Eleanor Harris who received a voluntary severance payment totalling £94,808 during the 2016 /17 financial year. This voluntary severance payment was agreed before 31<sup>st</sup> July 2016 and therefore these costs were accrued in the prior year and have not been included in the table below.

The table below summarises the voluntary severance payments for the College by cost band which were agreed during 2016/17.

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

### **Glasgow Clyde College Workforce**

The College employed 717 people in 2016/17 (expressed in full time equivalents) of whom 343 (48%) were teaching staff.

For the year to 31 July 2017, in headcount terms the College employed 783 permanent members of staff and 391 temporary staff members. For the same period the college employed in headcount terms 731 females and 443 males.

### **Salaries and Related Costs of the College Workforce**

	<b>12 months ended 31 July 2017</b>	<b>12 months ended 31 July 2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Directly employed staff</b>		
Wages and salaries	24,279	24,754
Social security costs	2,372	1,995
Other pension costs	4,004	3,899
Other staff costs	0	0
<b>Sub total</b>	<b>30,655</b>	<b>30,648</b>
Seconded and agency staff	195	220
<b>Total</b>	<b>30,850</b>	<b>30,868</b>
Average number of FTE	717	732

### **Pension Arrangements**

The College participates in two separate defined pension schemes, which are the Strathclyde Pension Fund (SPF) for support staff, and 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 2017 was £9.8m (2016; £9.5million) 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 21 to the Financial Statements including contribution rates payable.

## **Equal Opportunities**

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

Glasgow Clyde College considers all applications for employment from disabled persons, bearing in mind the 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 13 December 2017 and signed on its behalf by:**

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

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

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

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

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

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

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

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

## **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**

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice 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.

### **Report on the audit of the financial statements**

#### **Opinion on financial statements**

We have audited the financial statements in the annual report and financial statements of Glasgow Clyde College for the year ended 31 July 2017 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, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the college's affairs as at 31 July 2017 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).



# **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**

## **Basis of opinion**

We conducted our audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

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

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

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

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

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

# 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

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

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

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

## Other information in the annual report and financial statements

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

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

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

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

### **Opinion on regularity**

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

### **Responsibilities for regularity**

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

## **Report on other requirements**

### **Opinions on other prescribed matters**

We are required by the Auditor General for Scotland to express an opinion on the following matters.

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

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

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

**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**

In the light of the knowledge and understanding of the college and its environment obtained in the course of the audit, we have not identified material misstatements in the Performance Report or Governance Statement.

We are required by The Charities Accounts (Scotland) Regulations 2006 to report to you if, in our opinion:

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

We have nothing to report in respect of these matters.

Signature \_\_\_\_\_

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

Date \_\_\_\_\_

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

**STATEMENT OF ACCOUNTING POLICIES**

**BASIS OF PREPARATION**

The College is a 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. Where applicable, the Report and Financial Statements also comply with the 2016-17 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.

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

**ACCOUNTING POLICIES & BASIS OF ACCOUNTING**

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

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

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

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

<b>Estimate</b>	<b>Basis of estimation</b>
Valuation of buildings	College buildings are of a specialist nature and are valued on the depreciated replacement cost basis.
Useful economic lives of buildings and equipment	Buildings are depreciated over their expected remaining useful economic life as assessed by an independent, qualified valuer. Buildings owned by the College are split into components and each component is valued and depreciated separately. The economic lives currently in use are in the range of 10 to 60 years.

The estimated useful life of equipment is 4 to 10 years.

The obligations under the Strathclyde Pension Scheme (SPF)

The Board of Management uses actuarial assumptions determined in conjunction with the Scheme's qualified actuaries which are considered reasonable and appropriate.

## **GOING CONCERN**

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

## **REVENUE RECOGNITION**

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

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

For Bursary, Discretionary and Education Maintenance Allowance funds, the grants are excluded from the Statement of Comprehensive Income and Expenditure of the College as these grants are available solely for students, with the College acting as paying agent. Childcare funds from the SFC 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. The college does not depreciate land.

Values are stated as at the latest interim valuation for 31 March 2017, 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 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. 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 ASSETS**

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

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

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

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

**FINANCIAL INSTRUMENTS**

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

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

**CASH AND CASH EQUIVALENTS**

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

## TAXATION

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

**STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE  
YEAR ENDED 31 JULY 2017**

	<u>Note</u>	<u>Year to</u> <u>31 July</u> <u>2017</u>	<u>Year to</u> <u>31 July</u> <u>2016</u>
		£'000	£'000
<b>INCOME</b>			
Funding Council Grants	1	34,438	34,483
SFC Exceptional restructuring income	1	4	616
Tuition Fees and Education Contracts	2	7,538	7,495
Other Grant Income	3	1,729	1,665
Other Operating Income	4	4,287	2,672
Investment Income	5	7	11
<b>Total Income</b>		<b>48,003</b>	<b>46,942</b>
<b>EXPENDITURE</b>			
Staff Costs	6	31,775	31,363
Exceptional restructuring costs	6	4	616
Other Operating Expenses	8	11,552	11,594
Depreciation	11	4,392	4,157
Donation to Arm's-Length Foundation		0	0
Interest Payable	9	241	264
<b>Total Expenditure</b>		<b>47,964</b>	<b>47,994</b>
Surplus/(deficit) on Continuing Operations before tax		<b>39</b>	<b>(1,052)</b>
Taxation		<b>0</b>	<b>0</b>
<b>Surplus/(deficit) on Continuing Operations before tax</b>		<b>39</b>	<b>(1,052)</b>
Unrealised surplus on revaluation of land and buildings		<b>18,526</b>	<b>0</b>
Actuarial gains/(losses) on defined benefit pension plans		<b>1,076</b>	<b>(1,533)</b>
<b>Total Unrestricted Comprehensive Income for the year</b>		<b>19,641</b>	<b>(2,585)</b>

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

**STATEMENT OF CHANGES IN RESERVES  
YEAR ENDED 31 JULY 2017**

	<b>Income and Expenditure Reserve £'000</b>	<b>Revaluation Reserve £'000</b>	<b>Total</b>
<b>Balance at 1 August 2016</b>	<b>(5,149)</b>	<b>43,865</b>	<b>38,716</b>
Surplus from income and expenditure statement	39		39
Actuarial Adjustment	1,076		1,076
Transfer to/from Revaluation Reserve	808	(808)	0
Revaluation of Buildings in year		18,526	18,526
Total comprehensive income for the year	1,923	17,718	19,641
<b>Balance at 31 July 2017</b>	<b>(3,226)</b>	<b>61,583</b>	<b>58,357</b>
<b>Balance at 1 August 2015</b>	<b>(3,179)</b>	<b>44,480</b>	<b>41,301</b>
Deficit from income and expenditure statement	(1,052)		(1,052)
Actuarial Adjustment	(1,533)		(1,533)
Transfer to/from Revaluation Reserve	615	(615)	0
Total comprehensive income for the year	(1,970)	(615)	(2,585)
<b>Balance at 31 July 2016</b>	<b>(5,149)</b>	<b>43,865</b>	<b>38,716</b>

**BALANCE SHEET  
YEAR ENDED 31 JULY 2017**

	<u>Note</u>	<u>31 July</u> <u>2017</u> £'000	<u>31 July</u> <u>2016</u> £'000
<b>FIXED ASSETS</b>			
Tangible Fixed Assets	11	161,021	142,466
<b>Total Fixed Assets</b>		<b>161,021</b>	<b>142,466</b>
<b>CURRENT ASSETS</b>			
Stocks	12	19	22
Debtors	14	2,410	2,072
Investment	13	0	0
Cash at Bank and in Hand	18	2,913	4,874
<b>Total Current Assets</b>		<b>5,342</b>	<b>6,968</b>
<b>Less: Creditors – amounts due within one year</b>	15	(7,460)	(8,906)
<b>NET CURRENT ASSETS</b>		<b>(2,118)</b>	<b>(1,938)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>158,903</b>	<b>140,528</b>
Less: Creditors – amounts due after more than one year	16	(87,443)	(88,957)
<b>NET ASSETS BEFORE PENSION ASSET/LIABILITY</b>		<b>71,460</b>	<b>51,571</b>
Funded Pension Provision	21	(9,764)	(9,479)
Unfunded Pension Provision	17	(3,339)	(3,376)
<b>NET ASSETS AFTER PENSION LIABILITY</b>		<b>58,357</b>	<b>38,716</b>
<b>UNRESTRICTED RESERVES</b>			
Income and expenditure – unrestricted		(3,226)	(5,149)
Revaluation Reserve		61,583	43,865
<b>TOTAL</b>		<b>58,357</b>	<b>38,716</b>

The financial statements on pages 50 to 52 were approved by the Board of Management on 13 December 2017 and signed on its behalf by:

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

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

**STATEMENT OF CASH FLOWS  
YEAR ENDED 31 JULY 2017**

	<u>Year to 31 July 2017</u>	<u>Year to 31 July 2016</u>
	£'000	£'000
<b>Cash (out)/inflow from operating activities</b>		
Surplus/(deficit) for the year	39	(1,052)
<b>Adjustment for non-cash items;</b>		
Depreciation	4,392	4,157
Decrease/(increase) in stock	3	(4)
Decrease/(increase) in debtors	(338)	(473)
Increase/(decrease) in creditors	(2,960)	(2,870)
Increase/(decrease) in pension provision	1,361	979
Increase/(decrease) in other provision	(37)	(46)
<b>Adjustment for investing or financing activities;</b>		
Investment income	(7)	(11)
Payments to acquire fixed assets	(4,421)	(825)
<b>Net cash (outflow)/inflow from operating activities</b>	(1,968)	(145)
<b>Cash flows from investing activities;</b>		
Investment Income	7	11
<b>(Decrease)/increase in cash and cash equivalents in the year</b>	(1,961)	(134)
Cash and cash equivalents at beginning of the year	4,874	5,008
Movement in net funds for the period	(1,961)	(134)
Cash and cash equivalents at the end of the year	<b>2,913</b>	<b>4,874</b>

NOTES TO THE FINANCIAL STATEMENTS

1. SFC GRANTS

	<u>Note</u>	<u>Year to</u> <u>31 July</u> <u>2017</u> £'000	<u>Year to</u> <u>31 July</u> <u>2016</u> £'000
FE Recurrent Grant (including fee waiver)		27,991	27,992
Childcare funds		1,504	1,228
Release of SFC deferred capital grants		2,981	3,045
Merger Funding – Student Association		0	122
Other SFC grants		1,962	2,096
		<u>34,438</u>	<u>34,483</u>
Exceptional Restructuring Income		4	616
Total		<u>34,442</u>	<u>35,099</u>

2. TUITION FEES AND EDUCATION CONTRACTS

	<u>Year to</u> <u>31 July</u> <u>2017</u> £'000	<u>Year to</u> <u>31 July</u> <u>2016</u> £'000
FE Fees – UK & EU	265	312
Fees – Non EU	8	35
HE Fees	3,827	3,966
SDS Contracts	619	388
Other Contracts	2,820	2,794
Total	<u>7,538</u>	<u>7,495</u>

3. OTHER GRANT INCOME

	<u>Year to</u> <u>31 July</u> <u>2017</u> £'000	<u>Year to</u> <u>31 July</u> <u>2016</u> £'000
European Funds	114	69
Other Grant Income	1,125	1,073
Release of Non SFC Government Capital Grants	490	523
	<u>1,729</u>	<u>1,665</u>

4. OTHER OPERATING INCOME

	<u>Year to</u> <u>31 July</u> <u>2017</u> £'000	<u>Year to</u> <u>31 July</u> <u>2016</u> £'000
Glasgow Clyde Education Foundation revenue projects	489	589
Glasgow Clyde Education Foundation Capital Projects	2,084	323
Catering Income	628	622
Other Income Generating Activities	637	664
Other Income	449	474
	<u>4,287</u>	<u>2,672</u>

**5. INVESTMENT INCOME**

	<u>Year to</u> <u>31 July</u> <u>2017</u> £'000	<u>Year to</u> <u>31 July</u> <u>2016</u> £'000
Other Interest Receivable	7	11
	<u>7</u>	<u>11</u>

**6. STAFF COSTS**

**6.01 Staff Costs:**

	<u>Year to</u> <u>31 July</u> <u>2017</u> £'000	<u>Year to</u> <u>31 July</u> <u>2016</u> £'000
Wages and salaries	24,279	24,754
Social security costs	2,372	1,995
Other pension costs (excluding FRS102 Adjustment)	4,004	3,899
Restructuring Costs	4	616
FRS 102 pension adjustment	1,120	715
Total Staff Costs	<u>31,779</u>	<u>31,979</u>

	<u>Year to</u> <u>31 July</u> <u>2017</u>	<u>Year to</u> <u>31 July</u> <u>2016</u>
Executive Management	620	536
Academic/Teaching Departments	19,793	20,275
Academic/Teaching Support Services	3,939	3,775
Research grants and contracts	0	0
Administration and Central Services	4,766	4,603
Premises	1,101	1,034
Catering	286	285
Sub-total Wages & Salaries	<u>30,505</u>	<u>30,508</u>
Unfunded Pension Costs	150	140
Exceptional restructuring costs	4	616
Funded Pensions FRS102 adjustment	1,120	715
Total Wages and Salaries (including exceptional restructuring costs)	<u>31,779</u>	<u>31,979</u>



**6.02 Staff Numbers;**

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

	<u>Year to 31</u> <u>July 2017</u>	<u>Year to 31</u> <u>July 2016</u>
Executive Management	4	4
Academic/Teaching Departments	421	433
Academic/Teaching Support Services	115	111
Administration and Central Services	131	136
Premises	35	35
Catering	11	13
<b>TOTAL</b>	<u>717</u>	<u>732</u>

Through the National Bargaining process, the following pay awards were implemented during academic year 2016/17.

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

April 2017 to Mar 2018: £425 per FTE was awarded to all support staff.

The Senior Management Team, which is not covered by National Bargaining, received a pay award of 1% for period April 2017 to March 2018 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 2017</u>	<u>Year to 31</u> <u>July 2016</u>
£60,001 to £70,000 per annum	8	11
£70,001 to £80,000 per annum	2	0
£80,001 to £90,000 per annum	1	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	0	1
£150,001 and over	1	0
<b>TOTAL</b>	<u>13</u>	<u>15</u>

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>2017</u> £'000	<u>Year to</u> <u>31 July</u> <u>2016</u> £'000
Severance	0	159
Payment in lieu of notice	76	0
Pension Payments	0	0
<b>TOTAL</b>	<u>76</u>	<u>159</u>

## 7. SENIOR POST HOLDERS EMOLUMENTS

	<u>Year to</u> <u>31 July</u> <u>2017</u> Number	<u>Year to</u> <u>31 July</u> <u>2016</u> Number
The number of senior post-holders including the Principal was:	4	4

	Cost £'000	Cost £'000
Senior post-holders annual emoluments are made up as follows:		
Salaries and related contractual payments	490	415
Benefits in Kind	0	0
Employer's Pension Contributions	67	72
Total Emoluments	<u>557</u>	<u>487</u>

	£'000	£'000
The above emoluments include amounts payable to the Principal during the financial reporting period (who is also the highest paid Senior Post Holder) were:		
Salary and related contractual payments	195	148
Employer's Pension Contributions	15	27
	<u>210</u>	<u>175</u>

£'000

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

Salary	98
Employer's Pension Contributions	16
	114
	114

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>2017</u>	<u>Year to</u> <u>31 July</u> <u>2016</u>
	£'000	£'000
Teaching Departments	2,719	2,779
Administration and Central Services	2,124	2,546
Premises Costs	3,172	3,098
Catering Costs	402	469
Childcare	1,504	1,228
Other	1,436	1,254
Lennartz Adjustment	0	0
Agency Staff Costs	195	220
<b>Total</b>	<b>11,552</b>	<b>11,594</b>

Other Operating Expenses include:

	£'000	£'000
<b>Auditor's remuneration</b>		
External audit of Financial Statements	27	38
Internal audit Services	19	36
External audit – non-audit services	0 <sup>6</sup>	0
Hire of other assets – Operating lease	10	0

<sup>6</sup> During the year 2016/17, external audit – non-audit services of £500 were provided.

**9. INTEREST PAYABLE**

	<u>Year to</u> <u>31 July</u> <u>2017</u> £'000	<u>Year to</u> <u>31 July</u> <u>2016</u> £'000
Unfunded Pension finance costs	0	0
FRS102 Net Interest Charge	241	264
	<hr/> 241	<hr/> 264

**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 2016</b>	147,784	9,565	177	157,526
Additions	2,818	420	1,183	4,421
Disposals/Adjustments	0	0	0	0
Transfers	177		(177)	0
Revaluation	8,464	0	0	8,464
<b>As at 31 July 2017</b>	<b>159,243</b>	<b>9,985</b>	<b>1,183</b>	<b>170,411</b>
<b>DEPRECIATION</b>				
<b>As at 1 August 2016</b>	7,818	7,242	0	15,060
Provided during period	3,766	626	0	4,392
Disposals/Adjustments	0	0	0	0
Revaluation	(10,062)	0	0	(10,062)
<b>As at 31 July 2017</b>	<b>1,522</b>	<b>7,868</b>	<b>0</b>	<b>9,390</b>
<b>NET BOOK VALUE</b>				
As at 1 August 2016	139,966	2,323	177	142,466
As at 31 July 2017	<b>157,721</b>	<b>2,117</b>	<b>1,183</b>	<b>161,021</b>
At valuation	55,609	0	0	55,609
Financed by Capital Grant	98,194	2,117	1,183	101,494
Inherited/Other	3,918	0	0	3,918
<b>Total as at 31 July 2016</b>	<b>157,721</b>	<b>2,117</b>	<b>1,183</b>	<b>161,021</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 31 March 2017. 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 2017 comprise property, which may not be disposed of, without prior approval of the Scottish Funding Council as follows:

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

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

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

	<b>2017</b>
	<b>£'000</b>
Cost	116,992
Aggregate depreciation based on cost	20,951
<b>Net book value based on cost</b>	<b><u>96,041</u></b>

<b>12. STOCKS</b>	<u>Year to 31 July 2017</u>	<u>Year to 31 July 2016</u>
	£'000	£'000
Goods for Resale	<u>19</u>	<u>22</u>

<b>13. INVESTMENTS</b>	<u>Year to 31 July 2017</u>	<u>Year to 31 July 2016</u>
	£'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**

	<u>Year to 31 July 2017</u>	<u>Year to 31 July 2016</u>
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade Debtors – net of provision for doubtful debts	400	461
Debts due from students - net of provision for doubtful debts	76	93
European Funding	0	0
Prepayments and Accrued Income	1,934	1,518
Other Debtors	0	0
	<u>2,410</u>	<u>2,072</u>

**15. CURRENT TRADE AND OTHER PAYABLES**

	<u>Year to 31</u> <u>July 2017</u>	<u>Year to</u> <u>31 July</u> <u>2016</u>
	£'000	£'000
Payments received in advance	181	111
Trade Creditors	369	849
Deferred Income	338	598
Deferred Capital Grants	3,471	3,520
Other Taxation (PAYE) and Social Security (NI)	588	729
VAT accumulated under the Lennartz Principle	581	766
VAT	162	184
Accruals	1,190	1,610
Bursaries and Discretionary funds for future disbursement	0	0
Other Creditors	580	539
	<u>7,460</u>	<u>8,906</u>

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

	<u>Year to 31</u> <u>July 2017</u>	<u>Year to 31</u> <u>July 2016</u>
	£'000	£'000
Deferred Capital Income	86,542	87,622
VAT accumulated under the Lennartz Principle	901	1,335
	<u>87,443</u>	<u>88,957</u>

**17. PROVISIONS FOR LIABILITIES AND CHARGES**

	<u>31 July</u> <u>2017</u>	<u>31 July</u> <u>2016</u>	
	£'000	£'000	£'000
<b>At 1 August</b>			
Balance at 1 August as previously stated	3,376	3,376	3,422
Payments made in period	150	150	140
Provision adjustment required in period	(187)	(187)	(186)
<b>Balance at end of period</b>	<u>3,339</u>	<u>3,339</u>	<u>3,376</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 2016</b>	Cash Flows	<b>At 31 July 2017</b>
	£'000	£'000	£'000
Cash	4,874	(1,961)	2,913
Investments	0	0	0
<b>TOTAL</b>	<b>4,874</b>	<b>(1,961)</b>	<b>2,913</b>

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

	<u>Note</u>	<u>Year to 31 July 2017</u> £'000	<u>Year to 31 July 2016</u> £'000
Interest received – bank		7	11
Net cash inflow from returns on investments and servicing of finance		7	11

**20. FINANCIAL COMMITMENTS**

	Land & Buildings	Plant & Machinery	Other Leases	<u>Year to July 2017</u> £'000	<u>Year to July 2016</u> £'000
	£'000	£'000	£'000	£'000	£'000
Payable during the year	0	0	10	10	0
Future minimum lease payment due:					
Not later than 1 year	0	0	10	10	0
Later than 1 year and not later than 5 years	0	0	0	0	0
Later than 5 years	0	0	0	0	0
<b>Total lease payments due</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>10</b>	<b>0</b>



## 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:

	<u>Year to 31</u> <u>July 2017</u>	<u>Year to 31</u> <u>July 2016</u>
	<b>£000s</b>	<b>£000s</b>
Contribution to STSS	2,487	2,457
Contribution to SPF	1,367	1,301
<b>Total Pension Cost for period</b>	<b>3,854</b>	<b>3,758</b>
Contribution rates:		
STSS	17.20%	17.20%
SPF	19.30%	19.30%

### Scottish Teachers Superannuation Scheme (STSS)

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

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 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 2017 was £1,794,471 of which employer's contributions totalled £1,367,096 and employee's contributions totalled £427,374.

**Reconciliation of opening and closing balances;**

	Year ended 31 July 2017 £000's	Year ended 31 July 2016 £000's
Present Value of funded defined benefit obligations	(68,863)	(60,886)
Fair value of Plan Assets	59,099	51,407
Net over/(under) funding in funded plans	<u>(9,764)</u>	<u>(9,479)</u>
Net Liability	<u>(9,764)</u>	<u>(9,479)</u>

**Principal Actuarial Assumptions**

Major assumption used:	<b>As at 31 July 2017</b>	<b>As at 31 July 2016</b>
Pension increases	2.50%	1.90%
Rate of increase in salaries	4.50%	3.90%
Expected return of assets	2.70%	2.40%
Discount rate for liabilities	2.70%	2.40%

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

Period Ended:	<b>As at 31 July 2017</b>	<b>As at 31 July 2016</b>
Equities	71%	73%
Bonds	14%	16%
Property	11%	11%
Cash	4%	0%

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 2017</b>	<b>As at 31 July 2016</b>
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**Analysis of the amount shown in the balance sheet**

Fair value of plan assets	59,099	51,407
Present value of funded liabilities	(68,863)	(60,886)
Deficit in the scheme – net pension liability recorded within pension provisions	<b>(9,764)</b>	<b>(9,479)</b>

**Analysis of the amount charged to staff costs;**

Current service cost	(2,479)	(2,018)
Past service cost	0	0
Total service costs	<b>(2,479)</b>	<b>(2,018)</b>

**Analysis of the amount charged to pension interest;**

Interest cost	(1,482)	(1,868)
Interest income on planned assets	1,241	1,604
Net interest	<b>(241)</b>	<b>(264)</b>

**Analysis of other comprehensive income;**

Return on assets	5,776	4,900
Other experience	0	645
Changes in financial assumptions	(4,700)	(7,078)
Changes in demographic assumptions	0	0
Return on assets excluding amounts included in net interest	0	0
	<b>1,076</b>	<b>(1,533)</b>

**Analysis of the movement in deficit during the year;**

Deficit in scheme at start of the year	(9,479)	(6,967)
Current service costs	(2,479)	(2,018)
Employer contributions	1,359	1,303
Net interest costs	(241)	(264)
Actuarial Gain/(Loss)	1,076	(1,533)
Deficit in scheme at end of year	<b>(9,764)</b>	<b>(9,479)</b>

	<b>As at 31 July 2017</b>	<b>As at 31 July 2016</b>
	£'000	£'000
<b>Asset and Liability Reconciliation</b>		
<b>Amount charged to Comprehensive Income and Expenditure;</b>		
Employer service cost (net of employee contribution)	(1,120)	(715)
Interest on obligation	(241)	(264)
Actuarial loss on scheme assets	1,076	(1,533)
	<b>(285)</b>	<b>(2,512)</b>
<b>Changes in the fair value of scheme assets;</b>		
Opening fair value of scheme assets	51,407	44,217
Net Interest	1,241	1,604
Plan participants contributions	425	413
Contributions by the employer	1,359	1,303
Benefits paid	(1,109)	(1,030)
Expected return on assets	5,776	4,900
	<b>59,099</b>	<b>51,407</b>
<b>Changes in the present value of the designed benefit obligation;</b>		
Opening defined benefit obligation	60,886	51,184
Current service costs	2,479	2,018
Past service costs	0	0
Interest cost	1,482	1,868
Plan participants contribution	425	413
Benefits paid	(1,109)	(1,030)
Actuarial Loss	4,700	6,433
<b>Closing defined benefit obligation</b>	<b>68,863</b>	<b>60,886</b>
<b>Closing position as at 31 July</b>	<b>(9,764)</b>	<b>(9,479)</b>

## **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.

David Newall, Chair of the College Board of Management, is a member of the Glasgow Colleges Regional Board. In 2016/17 the College recognised income of £34,442,000 from the regional board and as at 31 July 2017 there was a debtor balance of £38,755. Mr Newall was also Director of Administration and Secretary of Court of the University of Glasgow during the financial year. In 2016/17 the College recognised income of £57,875 from said university.

College board member Robert Fraser is Director of Finance of the University of Glasgow. In 2016/17 the College recognised income of £57,875 from said university.

Sandra Heidinger, Vice Chair of the College Board of Management, is Director of Human Resources of Strathclyde University. In 2016/17 the College recognised income of £37,233 and expenditure of £1,750 with said university and as at 31 July 2017 there was a creditor balance held of £1,750.

College board members Keith Rosser and Fiona Godsman are members of the board of Glasgow Clyde Education Foundation. In 2016/17 the College recognised income of £2,573,000 from the Foundation.

Mr Rosser is also Director of Screening and Compliance Services of REED. In 2016/17 the College recognised expenditure of £63,413 with REED and as at 31 July 2017 there was a creditor balance held of £1,116.

College board member Gordon McGuinness is Director of Industries and Enterprise of Skills Development Scotland (SDS). In 2016/17 the College recognised income of £617,664 from SDS. Mr McGuinness is also a member of the Scottish Qualifications Authority (SQA) Advisory Council. In 2016/17 the College recognised income of £8,330 and expenditure of £738,106 with SQA. As at 31 July 2017 there was a creditor balance held of £76.

College board member Graeme Whiteford is Head of Early Careers and Skills at BAE Systems. In 2016/17 the College recognised income of £154,575 with BAE Systems and as at 31 July 2017 there was a debtor balance held of £76,963.

Janet Thomson, Vice Principal Resources and College development, is a member of the board of Advanced Procurement for Universities and Colleges (APUC). In 2016/17 the College recognised expenditure of £58,212 with APUC.

23 FE Bursary and other Student Support Funds

	FE Bursary	FE Hardship	HE Hardship	Other	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance b/fwd</b>	0	0	4	0	4	5
Opening SFC Debtor	0	0	0	(86)	(86)	0
Allocation received in year	6,868	879	302	447	8,496	8,355
Closing SFC Debtor	0	0	0	36	36	86
Less Contribution to prior period shortfall	0	0	0	0	0	(198)
Shortfall funded by College	0	0	0	0	0	77
	<u>6,868</u>	<u>879</u>	<u>306</u>	<u>397</u>	<u>8,450</u>	<u>8,325</u>
Expenditure Repaid as clawback	(6,879)	(792)	(274)	(397)	(8,342)	(8,443)
Virements	0	0	(4)	0	(4)	(5)
	16	(87)	0	0	(71)	127
<b>Balance c/fwd</b>	<u>5</u>	<u>0</u>	<u>28</u>	<u>0</u>	<u>33</u>	<u>4</u>
<b>Represented by:</b>						
Retained by College for students	0	0	0	0	0	0
Repayable as Clawback	5	0	28	0	33	4
	<u>5</u>	<u>0</u>	<u>28</u>	<u>0</u>	<u>33</u>	<u>4</u>

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 2017	Year ended 31 July 2016
	£'000	£'000
Balance b/fwd	0	0
Allocation received in period	1,433	1,355
	<hr/> 1,433	<hr/> 1,355
Expenditure	(1,504)	(1,228)
Repaid to SFC as clawback	0	0
Virements	71	(127)
<b>Balance c/fwd</b>	<hr/> <b>0</b>	<hr/> <b>0</b>
<b>Represented by:-</b>		
Repayable to Funding Council as clawback	0	0
Retained by College for students	0	0
	<hr/> <b>0</b>	<hr/> <b>0</b>

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**

	<u>Year to 31</u> <u>July 2017</u>	<u>Year to 31</u> <u>July 2016</u>
	£'000	£'000
Contracted for at end of period	<hr/> 3,756	<hr/> 1,478

**26. CONTINGENT LIABILITIES**

The College had no material contingent liabilities at 31 July 2017.

**27. NON-CASH ALLOCATION**

	<u>Year to 31</u> <u>July 2017</u>	<u>Year to 31</u> <u>July 2016</u>
	£'000	£'000
Surplus/(deficit) before other gains and losses (FE/HE SORP basis)	39	(1,052)
Add back: Non cash allocation for depreciation (net of deferred capital grant)	921	589
Operating surplus/(deficit) on Central Government accounting basis	<hr/> <b>960</b>	<hr/> <b>(463)</b>

Following reclassification, colleges received an additional non-cash budget to cover depreciation but this additional budget is not recognised under the FE/HE SORP accounting rules. As a result, colleges may show a deficit up to the equivalent value of nett depreciation (where available funds are spend on revenue items) in order to meet government accounting rules and the requirement to spend the entire cash allocation in the fiscal year.

Under the FE/HE SORP, the college recorded an operating surplus of £39k for the year ended 31 July 2017. After taking account of the Government non-cash budget, the college shows an 'adjusted' surplus of £960k on a Central Government accounting basis. This demonstrates that the college is operating sustainably within its funding allocation.

## **28. BALANCE SHEET PRESENTATION**

The 2015/16 financial statements presented separate reserve lines for 'Income and Expenditure' and 'Pension Reserve'. In line with the 2015 SORP model balance sheet, the 2016/17 financial statements present these entries together as 'Income and Expenditure'. There has been no change in the total reserves position reported:

	<b>2015/16 Signed Financial Statements</b>	<b>Changed</b>	<b>2015/16 position reported in 2016/17 financial statements</b>
	£'000	£'000	£'000
Income and expenditure	4,330	-9,479	-5,149
Pension Reserve	-9,479	9,479	0
Revaluation Reserve	43,865	0	43,865
	<hr/> 38,716	0	<hr/> 38,716



**APPENDIX 1**

**2016-17 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 2016-17 (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 2017.
- 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