

Annual Report and Financial Statements

for year ending 31 July 2022



GLASGOW CLYDE COLLEGE
Annual Report and Financial Statements – For Financial Period 2021/22

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INTRODUCTION FROM THE PRINCIPAL AND CHIEF EXECUTIVE

Welcome to the Financial Statements and Annual Report of Glasgow Clyde College for the 2021/22 academic year. Notwithstanding the numerous challenges the College and our communities have faced, the past year has again been highly successful and continued to see ourselves as a dynamic nucleus in the communities we are so proud to serve. Our unrivalled reputation as one of Scotland's largest and top performing colleges has been further cemented by our many achievements throughout the year; however, none of this would be possible without the support, encouragement, and challenge of our diverse range of partner organisations who ensure that we strive to meet the needs of our students and communities.

During 2021/22, Glasgow Clyde College provided academic, vocational, and technical programmes to circa 17,000 students the majority of which were drawn from our local communities; however, due to our growing national and international profile, a significant proportion of our student population have chosen to study at the College from much further afield. We are delighted that we are the college of choice for such a wide range of students who reflect the diversity found in our local communities. In addition, the College is proactive in its support of the Glasgow Region's economic development by working closely with local Councils, business representative bodies and directly with employers.

The role of the College is not simply limited to providing programmes to our students. The College views itself as an anchor institution across our communities, providing socially progressive solutions to social needs in collaboration with likeminded partners. The students and members of staff of the College are highly proactive in supporting community development projects, volunteering and fundraising by leveraging their skills, talents and abundant energy to transform the lives of those around them.

The work of the College is challenging, relentless and greatly rewarding and thus it is pleasing that so many areas of the College and members of staff receive justified recognition for the quality of their endeavours through national awards and honours. The circa 1,100 members of staff who chose to work at the College are a great credit to us. Their professionalism, talent, energy and unwavering commitment to our students has been undiminished by the challenges we have faced together and overcome over the past year.

Unique to Glasgow is our approach to regional collaboration between the three Colleges and our umbrella body, Glasgow Colleges' Regional Board (GCRB). Glasgow Clyde College is fully committed to working closely with our partner Colleges - Glasgow Kelvin College and City of Glasgow College - to realise our shared ambitions and support the achievement of regional and national priorities and act as a catalyst for economic recovery across the city region.

The Covid-19 pandemic continued to have a significant impact on the operations of the College during the 2021/22 academic year. As new variants of the virus emerged and waves of infection took hold, access to our campuses was greatly restricted to the majority of our students. Members of staff worked tirelessly to ensure that our campuses were as safe and accessible as possible within the scope of prevailing restrictions. Our teaching staff displayed enormous levels of agility in maintaining the quality of the student learning experience by taking pioneering approaches to blended learning. While independent research on student attitudes continued to show very high levels of satisfaction (93.4%) with the College it was evident that the student experience, for many, was adversely impacted and this contributed to a higher-than-normal level of withdrawals which led to a disappointing decline in our attainment rates.

The College serves communities which are blighted by economic disadvantage, in fact, 46% of our students reside in communities which are, according to Scottish Index of Multiple Deprivation (SIMD), the 20% most deprived in Scotland. The financial impact of the Covid pandemic and more recent 'cost of living' crisis has already impacted heavily on these communities.

The College promptly recognised these additional pressures and put in place additional support measures. For example, with the financial support of a local employer, the College introduced free breakfasts for all students in Spring 2022 for the next three years.

It was very pleasing to see the quality of the services provided by the College being publicly recognised by Education Scotland in the report of their Progress Visit which took place in November 2021. The report highlights over thirty areas of positive progress and good practice, it was particularly gratifying to see the acknowledgement of the proactive response of staff to the pandemic, our large investment in e-learning and digital resources and the comprehensive student support approaches. There were a small number of areas where we agreed further improvement was required and action was promptly initiated to do so.

During 2021/22, with the support of the Glasgow Clyde Education Foundation (GCEF) and the Scottish Funding Council (SFC), the College was able to make an investment of £2.8m in maintaining and developing our campuses. The value of our campuses to our students has been underlined by our shared experience of being restricted from using them by the pandemic. Therefore, it is extremely welcome that we have been able to open a new student social space at our Anniesland campus (funded by SFC) and substantially improve the outdoor public realm at the Cardonald campus (funded by GCEF).

The financial situation which faces the college sector, because of spiralling costs and constrained Government funding, has created an operating environment that is extremely challenging. The College has a well-founded reputation as a financially well-managed and prudent organisation. Therefore, it is pleasing that the College has continued its performance of generating small surpluses in each year since formation; in 2021/22 the Adjusted Operating Position was a surplus of £786k. However, the College is now routinely confronted with extremely difficult decisions to maintain its financial sustainability and solvency, and these are increasingly likely to impact on the quality of the service we are able to offer to our students and communities.

In November 2021 Glasgow played host to the 26th United Nations Climate Change Conference (CoP26). Members of staff and students throughout the College were directly involved in activities taking place as part of the conference and in supporting ancillary activities. In addition, curriculum areas across the College engaged in sustainability initiatives during the period of the conference to raise awareness of climate change amongst the student body and wider community. The College recognises that climate change is a major issue, and the likely effect it will have on our environment, people, and economy. For that reason, the College is committed to playing its part in tackling climate change and is a signatory of the Universities and Colleges Climate Commitment for Scotland and College's Scotland Race to Net Zero commitment. To ensure that we deliver against these commitments the College has implemented a comprehensive Climate Change Action Plan for the period up to 2025.

In 2021/22, the Board of Management approved a new Strategic Plan 'Realising Potential' for the period 2022 to 2025. This plan was originally developed in 2019/20; however, with Board approval it was not implemented due to the Covid pandemic. In early 2022 a review of the plan was undertaken, and substantial revision made to ensure it addressed the challenges ahead and the many opportunities on the horizon.

This new strategic plan builds on the foundational works that led to the establishment of our Mission and Vision published in 2020. The plan is built on three key strategic themes which we consider to be critical to the future success of the College. These are: 'inspirational learning and teaching', 'partner of choice' and 'unrivalled student experience'. However, these themes cannot be achieved without being the 'employer of choice' for our members of staff and by creating 'financial resilience through operational excellence' which are our two cross-cutting strategic themes.

Glasgow Clyde College is supported by a dynamic Student Association that gives strong commitment and support to students and colleagues alike. I look forward to working with these teams to continue to build on the many successes realised in 2021/22 and to provide an unrivalled experience for all our students and partners in the years ahead.

Jon Vincent

Principal and Chief Executive

COLLEGE MISSION, VISION, VALUES AND STRATEGIC PLAN

The College's Mission, Vision, and Values as approved by the Board of Management, and the key themes in the College's Strategic Plan are as below:

College Mission

Inspirational Learning; Changing Lives

College Vision

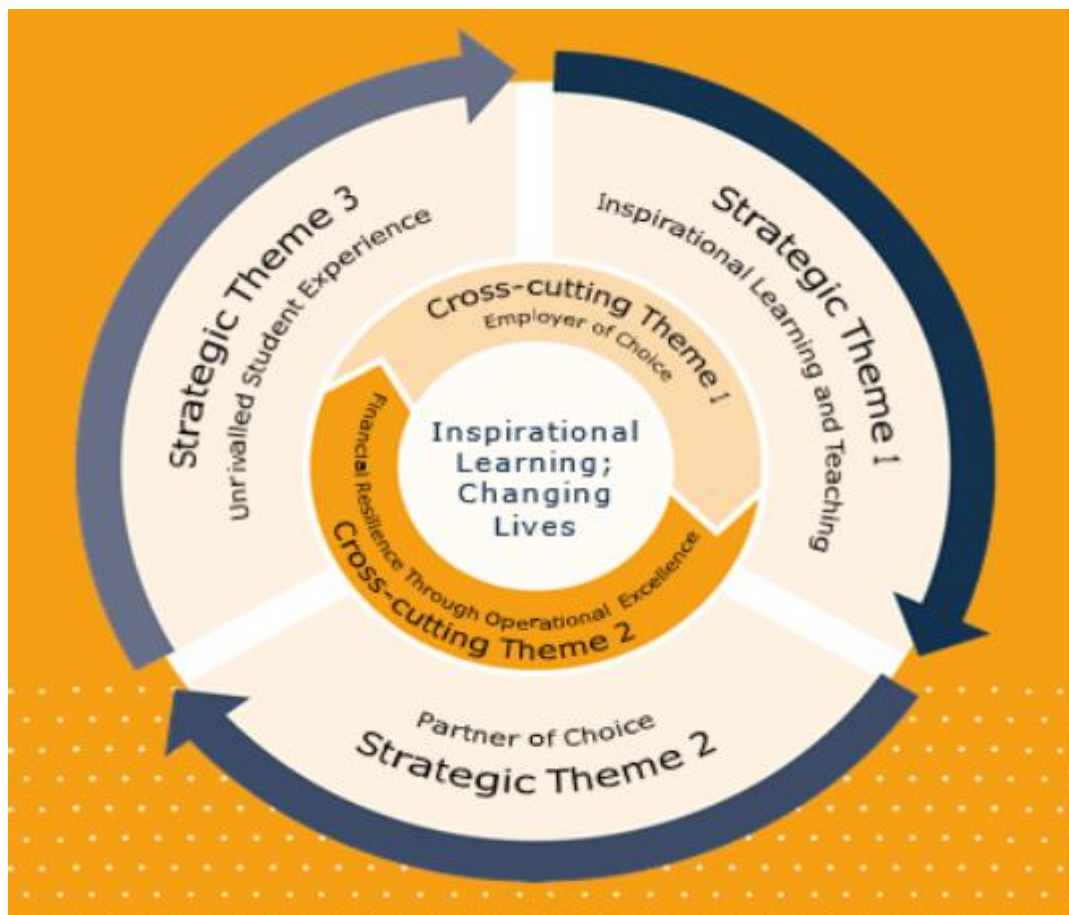
By 2025 Glasgow Clyde College will be celebrated as a socially progressive College which is relentlessly focused on improving the prosperity of the communities it serves. The College will be acknowledged for its unrivalled 'career ready' students, employment focused curriculum, pioneering approaches,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

College Values

Our values are: People Centred, Pioneering, Principled, Passionate

College Strategic Plan 2022-2025

Our Strategic Plan "Releasing Potential" is built around three strategic themes and two cross-cutting themes. These five themes are shown in the Strategic Plan Framework diagram below:



Performance Report

PERFORMANCE REPORT

INTRODUCTION

The financial statements cover all activities of the College for the twelve-month period ended 31 July 2022. 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.

The purpose of the Performance Report for academic year 2021/22 is to provide summary information in respect of the College, its activities and performance against objectives and strategic plan in the year.

The College's performance against key performance indicators for academic year 2021/22 is shown below for overall and is compared to target and to the preceding academic year:

STUDENT ACTIVITY PERFORMANCE ANALYSIS

Key Performance Indicator	Purpose	20/21 Actual	20/21 Target	21/22 Actual	21/22 Target
EFFICIENCY					
Performance against Credits activity target	Measures performance against GCRB target	-1.5%	0.0%	-3.7%	0.0%
LEARNING AND TEACHING EFFECTIVENESS¹					
Successful outcome for Full Time FE enrolments on recognised qualifications	Measures Full Time FE student success	63.9%	66.0%	57.2%*	65%
Successful outcome for Part Time FE enrolments on recognised qualifications	Measures Part Time FE student success	70.5%	75.0%	68.6%*	73%
Successful outcome for Full Time HE enrolments on recognised qualifications	Measures Full Time HE student success	71.3%	73.0%	60.4%*	73%
Successful outcome for Part Time HE enrolments on recognised qualifications	Measures Part Time HE student success	77.0%	76.0%	71.3%*	79%
% of credits delivered to residents of SIMD10 postcodes	Measures credits in SIMD10 postcodes	31.8%	31.6%	29.4%	32%
% of successful SIMD10 students	Measures SIMD10 student success	66.3%	72.0%	60.1%	70%
% of students satisfied with their learning experience	Measures student satisfaction	89.8%	90.0%	93.4%	95%

¹ Effectiveness measures are based on latest recommended methodology from SFC, reflecting number of successful students divided by number of students initially enrolled and who attended at least one session. 2021/22 targets are based on Glasgow Regional Outcome Agreement targets.

*21/22 is exclusive of covid deferred catch-up enrolments as these were originally 20/21 students and excluded from the 21/22 performance indicator by SFC

OTHER COLLEGE PERFORMANCE ANALYSIS

Key Performance Indicator	Purpose	20/21 Actual	20/21 Target	21/22 Actual	21/22 Target
EFFICIENCY					
Working days lost through sickness absence	Measures lost staff time	3.0%	4.0%	3.18%	4.0%
Permanent Staff Turnover	Measures level of staff changes	3.7%	N/A	4.20%	N/A
Tonnes of CO2 emissions tCO2e	Measures carbon emissions	2,080	N/A	2,015	2,018
FINANCIAL					
Adjusted Operating surplus as % of total income	Measures level of operating surplus generated before key adjustments	1.1%	-0.5%	1.5%	-0.9%
Non SFC Income as percentage of total income	Measures reliance on SFC income source	22.8%	22.4%	21.1%	20.2%
Current assets: current liabilities (excl. deferred capital grants)	Measures short term assets to liabilities	1.2	1.1	1.2	1.1
Days cash	Measures level of cash	62*	21	75*	27

** Days cash increased largely as a result of forecast SFC funding claw backs and movements in working capital due to the COVID-19 pandemic. Further information on cash flows is outlined on page 17 of this report.*

The delivery of the College's curriculum during academic session 2021/22 continued to be significantly impacted by the effects of the COVID-19 pandemic. The college complied with social distancing rules for colleges and universities set by government (of 2metres) which meant that a mixed delivery model was required. No less than 50% of learning was conducted either online or offsite, and, in some months, this rose to 90% of delivery being online. In addition, Glasgow hosted COP 26 in Nov 2022 which necessitated the closing of campuses for 2 weeks, and the Omicron variant of Covid in December 2021 and January 2022 required almost all learning to be moved online.

As shown in the table above, the college failed to achieve its Credit target for session 2021/22 for a second year in a row as a result of the pandemic, having never not achieved the target before that. This was in part due to lower than normal August enrolments in full-time programmes, particularly at HE level, which was down 5% on target. Although some courses failed to form, a greater issue was under-enrolment across large numbers of courses, which impacted on the financial efficiency of the college.

Strong in-year efforts eventually recouped the enrolment target (finally finishing 1% above target), but most of these in-year enrolments were part-time and therefore attracted a lower credit value. This in itself would not have prevented the college meeting its credit target, but historic levels of early withdrawal (16% against a norm of 9%) meant that the college lost funding for those students who did not meet the funding qualification date, resulting in a net outcome of -3.7% on aggregated credit targets.

For a number of years prior to session 2020/21, the college had been making good progress in improving most of the attainment-related Performance Indicators, becoming the second highest performer amongst the 11 largest colleges in Scotland in 2019/20. A great deal of work had been undertaken to improve the learning experience and, in particular, students' "sense of belonging" and improved teaching and learning pedagogy. We had identified that forming relationships with fellow students and staff members improved the retention of students on programmes, which in turn contributed to better learning outcomes. During session 2021/22, however, the negative impact of the restricted level of on-campus activity became evident and all of the four indicators for student attainment suffered as a result. We believe that impact has been mirrored across most of the FE sector in Scotland.

A key issue identified in a student survey was that they did not generally feel a sense of belonging, leading to greater withdrawal from courses and a consequent reduction in the PIs. A withdrawal analysis revealed mental and physical health to be a primary motivation for withdrawal and this was compounded by a buoyant labour market where labour shortages made it easier to find low-skilled employment than at any time since 1974.

There is no official sector wide comparative data available at this time for session 2021/22, although anecdotal evidence from other colleges in the sector suggests that there has been a significant fall in all colleges' performance due to the impact of the COVID-19 pandemic. At Glasgow Clyde College, there are some signs that FE performance is starting to recover but HE attainment was poorer than the previous session across all subject areas, with the exception of Hairdressing and Construction who maintained their 2020/21 levels.

LEARNING AND TEACHING

The College delivered 124,546 credits in the academic year August 2021 to July 2022 (2020/21 credits delivered: 124,661). This is 4,782 credits (3.7%) under its 2021/22 target of 129,328 credits (2020/21 credit target: 126,546) as set by the Glasgow Colleges' Regional Board for academic year 2021/22.

The 2021/22 credits delivered include 121,354 core activity credits (2020/21: 120,593), 3,152 credits for the SFC administered European Social Funding (ESF) (2020/21: 3,998) and 40 credits for Foundation Apprenticeships.

On a headcount basis, the College provided Further and Higher Education to 18,886 students in the period from August 2021 to July 2022 (2019/20: 16,435) of which 6,130 were full time students (2020/21: 6,464) and 12,756 were part-time students (2020/21: 9,971). There were 24,618 course enrolments in the 2021/22 period (2020/21: 21,282), of which 4,797 were advanced level (2020/21: 4,826) and 19,821 were non-advanced level (2020/21: 16,456).

Despite high withdrawal rates, the National Student Survey found that 93.4% of Glasgow Clyde students were satisfied with their college experience, one of the highest satisfaction rates in Scotland. The college also engaged closely with students through the Glasgow Clyde College Student Association, involving them in decision-making. Class representatives enable two-way communications to and from students about important College matters and very high levels of students in the National Learner Satisfaction Survey reported that they felt that the Student Association was able to influence change for the better.

The College's Evaluative Report and Enhancement Plan (EREP) drives improvements in the quality of learning and teaching and delivery of services to students. 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.

Glasgow Clyde College offers a broad range of course opportunities across a wide range of curricular areas. In order to meet the needs of local communities and individuals, programmes are offered ranging from Access level through to Honours degrees. Courses are delivered through the College's four Faculties of the Faculty of Business, Creative and Digital Industries, the Faculty of Engineering, Computing and the Built Environment, the Faculty of Health and Wellbeing, and the Faculty of Access and Continuing Learning.

Programmes are delivered through full-time, part-time, work-based and flexible study, with community outreach also provided. Full details of the courses delivered by the College are available on the College website at www.glasgowclyde.ac.uk.

The College continues to have strong school/college partnership relationships in place with Glasgow City Council, East Renfrewshire Council and East Dunbartonshire Council Education Departments and others. The pandemic did have a significant impact on delivery arrangements for schools in session 2021/22 because Covid arrangements were different for schools than they were for college, transport arrangements were impacted by record numbers of taxi drivers leaving their industry, and the fact that many learners from schools catering to those with special educational needs were shielding.

The Foundation Apprenticeship (FA) Programmes continued to be offered through a partnership which involves the other two colleges in the Glasgow Region although this arrangement was wound down between March and June 2022 in response to changing funding arrangements and financial sustainability reasons. Most FAs in session 2021/22 had to rely on remote or online work placements because of Covid restrictions.

The College has successful progression routes and articulation links with a range of HE providers for a significant number of its programmes and these continued to grow in session 2021/22. The College delivers degree-level provision in the digital media and design area and offers degree level PDAs in Social Care and Childhood Practice. There has been growing interest in partnership work from universities who have been increasingly keen on agreeing articulation commitments into year 2 and year 3 of their programmes, including formerly difficult to access institutions like Strathclyde University and Glasgow University.

In implementing its Strategic Plan, and within the context of the Glasgow Region Outcome Agreement the College intends to:

- continue to deliver as broad a range of curriculum areas as resources allow and demand justifies;
- introduce new areas where there is a proven demand and realign provision to reflect decreased skills need or demand;
- continue to offer routes for students to progress from introductory, pre-vocational/access level provision through to HND programmes within the College in key areas, and where no such option exists within the curriculum, to support progression routes to advanced provision elsewhere within the Region;
- build on expertise in e-learning acquired during the emergency years to both enhance traditional learning models and reach new commercial audiences;
- where appropriate, seek to increase degree provision in specialist areas or work in partnership with universities to create seamless tertiary pathways;
- develop commercial programmes and services both nationally and internationally;
- in conjunction with Local Authority Education Departments provide appropriate senior phase programmes including Foundation Apprenticeships to meet identified sustainable local demand for school/college provision in line with the Developing the Young Workforce agenda;

- work with the Glasgow South and North West Community Planning Partnerships to ensure provision is delivered to support the Local Authority's Improvement Plan identified local needs;
- develop further customised provision and support for young people not in education, employment, or training, or at risk of dropping out of education or training;
- promote and enhance the niche areas within the broad-based curriculum where the College has national recognition as a provider;
- meet the potential growth in demand within Glasgow for training in the health and life sciences sectors;
- maintain the qualified childcare workforce in line with the Scottish Government's plans on higher numbers of hours of childcare provision; and
- maximise the synergies between mainstream curriculum and employer needs.

The College is a member of the Glasgow Colleges Group (GCG). The GCG Learning and Teaching group, comprising senior staff from each of the three colleges, meets regularly to exchange developments and curriculum proposals. This group also includes representatives from GCRB, SDS and the SFC.

GLASGOW CLYDE COLLEGE STUDENT ASSOCIATION

Session 2021/22 saw Glasgow Clyde College Student Association (GCCSA) continue to provide a representative voice for the student population at the College. The challenges of slowly emerging from a pandemic were taken on by a student sabbatical team with a new Student President, 2 new Vice Presidents and a returning Vice President. The team were fully supported by the GCCSA Coordinator and GCCSA Assistant for the academic year with a change in personnel mid-session when the GCCSA Administrator joined the Princes Trust Team on a seconded basis. We have been able to recruit a former GCCSA Vice President to cover the post and this has provided consistency whilst bringing new ideas and working practices to the team.

Activity planning began from the outset of the year and was informed by sabbatical input, strategic priorities, College partnership and external drivers. This process was supported by engagement with external agencies including National Union of Students (NUS), Student partnerships in quality Scotland (SPARQs) and GCRB. Throughout the year, GCCSA was represented across the range of College Committees and working groups and provided planned and meaningful feedback and reports to the Board of Management and its Committees. Regular meetings with the College Executive Management Team facilitated the partnership working that has supported the ongoing success of GCCSA. The team embraced hybrid working throughout their tenure and were one of the first teams to fully return to campus to ensure that student representation was fully available.

GCCSA played a central role in course inductions by attending classes either virtually or face-to-face depending upon the curriculum and student need. This activity was supported by regular liaison with curriculum management structure and curriculum teams, as well as engagement across the range of support areas. An online freshers' event was followed by onsite Christmas activity and regular face to face and online events throughout the academic year.

The academic year saw the completion of several cycling initiatives including branded shelters, bike maintenance and security/safety sessions. A wide range of initiatives included mental health, Gender Based Violence, sports events, food poverty, ICT support, language exchange and equality. GCCSA's contribution to the College community was recognised by the award of White Ribbon status and of the LGBT Charter during the academic session.

GCCSA have continually increased their profile through social media and engagement initiatives and continued to promote a sense of belonging.

A successful election has seen a new sabbatical team ready to drive forward with initiatives in the new academic year.

RESOURCES AND FINANCIAL PLANNING

The main issue for the sector and for the College for the future is financial sustainability over the medium to long term, and this is affected particularly by rising staff costs through annual pay awards associated with national bargaining which are not funded by any associated increase in SFC income.

Members of the Senior Leadership Team and the Board of Management review the College's financial plans regularly and after much discussion on future financial sustainability the College's three-year Financial Forecast Return was approved by the Board of Management at its October 2022 meeting and submitted to the SFC.

The College previously implemented a financial sustainability plan during 2020/21 which included significant staff cost savings and non-staff cost savings for the period 2020/21 and 2021/22. Staff cost savings are naturally a key area for the College's financial planning especially given the proportion of the College's cost base being staff costs which is as a direct result of the nature of teaching and related support service delivery.

The College's future resource planning will need to reduce both its annual staff costs and non-staff cost base significantly to seek to mitigate rising costs through pay awards and other inflationary pressures. It is important to highlight that each additional 1% increase in staff costs equates to circa £400k per annum in additional staff costs.

The College is also seeking to maximise its commercial income and surplus plan over the forthcoming period to aim to alleviate some of the pressures of its future financial plans and financial sustainability. Following the changes to this area through the impact of the COVID-19 pandemic, the commercial income plan has now been revisited and there is a three-year commercial plan through to 2025 which reflects the new range of course delivery models with more online delivery and with a focus on future reskilling and upskilling courses. The progress on this commercial plan will continue to be an area of focus for the College and the Board of Management through the period to 2025 to measure progress on achievement against targets.

ESTATES STRATEGY AND CAPITAL INVESTMENT

The purpose of the College's estates strategy and capital masterplan is to maintain and further develop a high-quality estate which facilitates an appropriate learner experience for students and an effective working environment for staff. The College has buildings and grounds at its three main campuses at Hatfield Drive in Anniesland, Mosspark Drive in Cardonald and Prospecthill Road in Langside.

The College's estates capital master plan is informed by an estates condition survey prepared for the whole College estate in June 2021 plus emerging needs for high priority maintenance during the period since the survey. The Cardonald campus is the oldest part of the College's estate with the main Tower building at that campus being almost 50 years old. The main buildings at the other two campuses are now over 10 years old and are needing significant investment over the coming years, particularly at the Anniesland campus.

There has been a focus on estates high priority maintenance projects in recent years which are those that have been funded through SFC/GCRB to ensure a suitable fit-for-purpose estate is maintained.

Glasgow Clyde College has received an allocation of £1.94Million of these high priority estates maintenance funds for 2021/22. This was used to address projects related to Structure and Roof Works, Building Fabric Works, External Ground Works and Drainage, Heating, Ventilation, Air Conditioning and Water, Electrical Systems and Controls, and Fire and Security Improvements. These works for 2021/22 were spread across each of the three College campuses. In addition, the College completed an upgrade to the student informal circulation space at the Anniesland campus during 2021/22.

The Glasgow Clyde Education Foundation funded an Estates Review for the College, which was completed in October 2019 with a report submitted to the Board by the providers Gardiner & Theobald and BDP. The output of this review was to inform the Estates Strategy and future estates plans and the Board of Management is pursuing two of the approved four key projects. The first of these is improving the Cardonald external environment and public realm which completed in the summer of 2022. The second will create high-quality informal learning spaces on all campuses, enabling students to engage fully with blended learning. The College has approved funding from the Foundation for these two projects.

CLIMATE CHANGE

The College is committed to addressing climate change implications with its staff and students and other stakeholders, and to help to inform their behaviours, College activity and the impacts for the future. During 2021/22 the College signed up to the Race to Net Zero Greenhouse Gases Commitment and a new Climate Change Action Plan (CCAP) was prepared and approved by the Board of Management in June 2022. Also, as per the Scottish Government Order introduced in 2015 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 2021/22 by submitting its report by the deadline of 30 November 2022.

The College's Climate Change Action Plan has a series of actions which are listed by each six-month period and progress against these actions is monitored by the College Climate Change Group and reported to the Audit Committee. The CCAP links each action to the five key activity areas of the UK HE/FE Climate Commission's Climate Action Roadmap for FE Colleges which are: leadership and governance; learning, teaching, and research; estates and operations; partnerships and engagement; and data collection.

The College has performed well in previous carbon emission reduction having reduced its emissions by 54% since 2014/15. The target in the College CCAP from its approval in 2022 is to reduce the College's annual carbon footprint by 3% to 5% annually to 2025. The target in the future Race to Net Zero Commitment signed by the College is to reduce College greenhouse gas emissions to zero by 2050.

REVIEW OF FINANCIAL PERFORMANCE

There have been significant impacts on the College of the COVID-19 pandemic in 2021/22 with the main consequence being on achieving the College SFC credits overall target and income due to restrictions around on-campus attendance during the year, and the associated impact on student retention.

Overall, for the twelve-month period from August 2021 to July 2022, Glasgow Clyde College is reporting a deficit of £3,873k (2020/21 deficit: £4,068k). Actuarial gains on Defined Benefit Pension Plans for the period were £35,647k (2020/21: gains £13,288k). There was an unrealised surplus of £2,685k on Revaluation of Land and Buildings (2020/21: unrealised surplus Nil). Therefore, the Total Comprehensive Income for the period is reported as £34,459k (2020/21: £9,220k).

The College's income was £52.4million for the period to 31 July 2022 (2020/21: £51.3million).

At 31 July 2022, following movements in the pension asset/liability, the College has an accumulated income and expenditure reserve of £29.9million (2020/21: negative £3.4million) and a cash balance of £10.4million (2020/21: £8.5million). Further information in respect of cash balances and the related impact on the College's liquidity position is outlined on pages 17 and 18 of this report.

Fixed assets have remained stable during the year due to additions of £2.8million and a revaluation uplift of £2.7million, being offset by an in-year depreciation charge of £5.5million.

Tangible fixed asset additions and transfers during 2021/22 amounted to £2.8million across all asset categories (2020/21: £2.8million). These additions consisted of a range of SFC Funded Capital Backlog Maintenance projects and the Anniesland campus Student Space project which was funded by SFC Economic Recovery grant. The Cardonald Public Realm project commenced towards the end of the academic year, funded by the Glasgow Clyde Education Foundation.

The Balance Sheet position overall has strengthened in year, primarily as a consequence of the July 2022 Actuarial Valuation in respect of the Strathclyde Pension Fund which resulted in the prior year Net Liability of £12.2million being revalued as a Net Asset of £20.2million, resulting in a favourable movement of £32.4million (2020/21: liability reduction £10.0million). Glasgow Clyde College has £110.3million (2020/21: £75.8million) of net assets as at 31 July 2022.

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.

Cash Budget for Priorities Spend

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

Colleges have each been given a fixed cash budget which must be spent on agreed government priorities. The College's cash budget for priorities allocation for each fiscal year is £612k and spend of this budget and impact on the operating position for the academic year, is detailed below:

Table of cash budget for priorities spend		
Revenue Priorities	2021-22 £'000	2020-21 £'000
2015-16 Pay award	300	300
Voluntary Severance	0	131
Estates costs	126	0
Total impact on operating position	426	431
Capital Priorities		
Provisions pre 1 Apr14 carried on balance sheet: Payments to early retirals	186	181
Total Capital	186	181
Total cash budget for priorities spend	612	612

ADJUSTED OPERATING POSITION

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

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

Adjusted Operating Position	2021-22 £'000	2020-21 £'000
Surplus/(deficit) before other gains and losses	(3,873)	(4,068)
Add back:		
Depreciation (net of deferred capital grant release) on both government-funded and privately funded assets including NPD assets* (Note 1)	1,820	1,841
Non-cash pension adjustment - Net service cost (Note 2)	3,114	2,923
Non-cash pension adjustment - Net interest cost (Note 3)	219	331
Non-cash pension adjustment - Early retirement provision (Note 4)	(266)	(59)
Deduct:		
Non-Govt capital grants (e.g., Arm's Length Foundation capital grant) (Note 5)	(42)	(215)
Cash Budget for Priorities allocated to loan repayments and other balance sheet items - Payments to Early Retirement Provision (Note 6)	(186)	(181)
Adjusted operating surplus	786	572

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

Note 2: The adjustments to the pensions charge represent the net service cost (i.e., the present value of projected benefits resulting from employee service in the current year less cash contributions paid).

Note 3: The net interest cost is the interest accumulated on the pension liability and this is offset against the current year's interest earned on pension assets.

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

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

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

OTHER PERFORMANCE REPORT AREAS

Taxation Status

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

Treasury Policies and Objectives

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

Cash Flows

Cash flow projections are prepared annually, broken down on a monthly basis to ensure that cash levels are sufficient to meet the needs of the College. Cash flow movements in the period resulted in a net increase of £1.9million as a result of the reported 2021/22 Adjusted Operating Surplus of £0.8million and movements in working capital, some of which have occurred as a result of the income being deferred where activity is continuing in academic year 2022/23. Of the overall cash balance held as at 31 July 2022, £2.8million relates to SFC and SAAS funding which is expected to be clawed back. The College is also holding Glasgow Clyde Education Foundation Funding of £1.1million which is ring-fenced in line with the related grant conditions.

SFC's advises that colleges should draw down their full Main Grant funding allocation within the academic year. Furthermore, SFC pay ESF and some other funding on a profile which the College is unable to change. The College did not draw down the full year 2021/22 funding allocations for Deferred Credits or SFC Student Support funding. However, despite taking steps to reduce the in-year drawdown where it was possible to do so, as outlined above the College is holding significant sums of SFC and SAAS funding at July 2022 which is forecast to be clawed back. The College is also holding GCEF cash which is ringfenced in line with the related grant conditions. In addition, there are movements in debtors and creditors which have had an impact on the cash balance. When these factors are taken into account the College's liquidity ratio at July 2022 is 1.2 against a target of 1.1 as outlined below.

Liquidity

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

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

At the end of July 2022, the ratio of current assets: current liabilities excluding deferred capital grants was 1.2 (July 2021: 1.2) and the days cash: expenditure excluding depreciation was 75 (July 2021: 62).

Creditor Payment Policy

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

Modern Slavery and Human Trafficking Statement

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

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

The College's statement can be found at [Slavery Act Statement | Glasgow Clyde College](#)

Anti-Bribery, Fraud and Corruption Policy

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

The key elements of this policy are:

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

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

The Performance Report is approved by the Principal and Chief Executive on 8 December 2022:

Jon Vincent
Principal and Chief Executive

Date: 8 December 2022

Accountability Report

ACCOUNTABILITY REPORT

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

CORPORATE GOVERNANCE REPORT

The Corporate Governance Report comprises the following sections:

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

BOARD OF MANAGEMENT REPORT

The membership of the Board of Management and its related Committees during the year to 31 July 2022 and up to the date of signing these statements is outlined below:

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

David Newall, Chair	Former University Secretary, University of Glasgow
Mary Docherty	Former Head of Education, North Ayrshire Council
Fiona Godsman	Self Employed, Business Strategy Consultant
Sandra Heidinger	Special Adviser to the Principal, University of Strathclyde
Gordon McGuinness	Director of Industries and Enterprise, Skills Development Scotland
Runa McNamara	Company Director – Amethyst Global Ltd
Alan O' Donnell	Director – Qualifi a UK Awarding Organisation
Lindsey Paterson	Director Easee UK Ltd and Electro-peds Ltd
Michael Payne	Former partner-PricewaterhouseCoopers LLP a professional services organisation
Keith Rosser (up to 30 June 2022)	Customer & Distribution Chief Financial Officer, M&G PLC
Margaret Swiderska	Director of Group Risk, Director of Reed Screening, Reed Global
David Watt	Group Finance Manager The Medical and Dental Defence Union of Scotland Chartered Accountant

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

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

William French	Teaching Staff Member (from 14 December 2021)
Stephen Henson	Teaching Staff Member (up until 13 December 2021)
Amie Logan	Students' Association Vice-President
Johanna Thompson	Students' Association President
Jon Vincent	Principal & Chief Executive Officer, Glasgow Clyde College
Clare Walker	Support Staff Member

Board Attendance

The majority of Board and Committee meetings for the period 1 August 2021 to 31 July 2022 were held remotely with all papers circulated electronically. In line with Scottish Government guidance at the time, the March and June 2022 Board meetings were held on campus and the Board also held an overnight development event on 7/8 September 2021. The following table demonstrates Board members' attendance at Board meetings in the period 1 August 2021 to 31 July 2022 (the development event is included as one day for the purposes of this table).

NAME	NUMBER OF POSSIBLE MEETINGS	NUMBER OF MEETINGS ATTENDED	PERCENTAGE ATTENDED
M Docherty	5	4	80%
W French	3	3	100%
F Godsman	5	3	60%
S Heidinger	5	3	60%
S Henson	2	0	0%
A Logan	5	4	80%
G McGuinness	5	5	100%
R McNamara	5	5	100%
D Newall	5	5	100%
A O'Donnell	5	4	80%
L Paterson	5	5	100%
M Payne	5	3	60%
K Rosser	5	2	40%
M Swiderska	5	5	100%
J Thompson	5	5	100%
J Vincent	5	5	100%
C Walker	5	4	80%
D Watt	5	5	100%

Committees of the Board

The Board has six standing committees:

- Audit Committee;
- Finance and Resources Committee;
- Learning and Teaching Committee;
- Nominations Committee;
- Organisational Development Committee; and
- Remuneration Committee

All Committees are formally constituted and are made up of members of the Board of Management which includes the Principal, two Student Members and two Staff members. The membership of Committees is regularly reviewed to ensure an appropriate balance of skills, experience, independence and knowledge to enable the Committee to discharge its duties and responsibilities effectively.

The Board has delegated specific functions to each Committee as contained in each Committee's Terms of Reference which are regularly reviewed. Senior executives of the College attend Committee meetings and present reports as necessary.

The following table provides information on the function of each Committee and on the number of meetings in the period 1 August 2021 to 31 July 2022.

Glasgow Clyde College Annual Report and Financial Statements

NAME	FUNCTION	MEMBERSHIP
Audit (4 meetings)	<p>The Committee satisfies itself as to the adequacy and effectiveness of the College's internal financial and management systems and advises the Board on the College's process for risk, control and corporate governance.</p> <p>The Committee reviews the Internal Auditor's and External Auditor's reports on the effectiveness of the College's internal controls and risk management systems together with the relevant management responses and implementation plans.</p> <p>It also considers reports from Audit Scotland as they affect the College's business and monitors adherence to the regulatory requirements.</p> <p>At its December 2021 meeting, the Audit Committee met (by video) with the External and Internal Auditors in private with no members of the Executive Management Team present.</p>	<p>David Watt, Chair Amie Logan Michael Payne Margaret Swiderska Clare Walker</p>
Finance and Resources (4 meetings)	<p>The Committee recommends the annual revenue and capital budgets to the Board of Management and monitors the College's financial performance in relation to the approved budgets, including estates and resources implications.</p>	<p>David Newall, Chair William French Lindsey Paterson Johanna Thompson Keith Rosser Jon Vincent</p>
Learning and Teaching (3 meetings)	<p>The Committee provides assurance to the Board in relation to the effectiveness of the strategic direction of learning, teaching and assessment in the College.</p>	<p>Gordon McGuinness, Chair William French Fiona Godsman Runa McNamara Alan O'Donnell Johanna Thompson Jon Vincent</p>
Organisational Development (3 meetings)	<p>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.</p>	<p>Sandra Heidinger, Chair Mary Docherty Amie Logan Gordon McGuinness Jon Vincent Clare Walker</p>
Remuneration (2 meetings)	<p>The Committee determines the remuneration of the most senior staff, including the Principal within an agreed funding envelope.</p>	<p>Sandra Heidinger, Chair Gordon McGuinness David Newall David Watt</p>
Nominations (1 meeting)	<p>The Committee makes proposals for succession planning and board member recruitment. The Committee takes due regard of the Public Sector Equality Duty and guidance on Board diversity. Recruitment processes are agreed on to support the Board's aims in these areas and to take account of the current mix of Board member skills.</p> <p>The Committee's remit also includes responsibility for consideration of the governance framework within which the Board of Management operates.</p>	<p>David Newall, Chair Fiona Godsman Alan O'Donnell Keith Rosser Clare Walker</p>

The Board maintains a current register of interests for all Board members. Board members declare any conflicts of interest in the business of the meeting prior to the commencement of each meeting of the Board and its Committees.

The Register of Interests for the Board of Management members who served from 1 August 2021 onwards can be found at

<https://www.glasgowclyde.ac.uk/about-us/board-of-management/register-of-interests>

Executive Management Team

Jon Vincent, Principal and Chief Executive Officer

John Rafferty, Deputy Principal

Janet Thomson, Vice Principal, Resources & College Development

The Register of Interests for the Executive Management Team can also be found at

<https://www.glasgowclyde.ac.uk/about-us/board-of-management/register-of-interests>

Data Security, Data Protection and Freedom of Information

There were no personal data-related incidents reported to the Information Commissioners Office during the 2021/22 financial period. All processing of information within the College during the financial period 2021/22 complied with the appropriate legislation including the General Data Protection Regulation (GDPR), the Data Protection Act 2018 and the Freedom of Information (Scotland) Act 2002.

The college received 24 FOI requests during this session. 23 were handled within the recommended timescales and 1 fell out with the proposed timeline because of the scale and complexity of the request and the requirement to seek external advice on the issue before responding. Some common themes included college expenditure; environmental and sustainability issues and ethical issues.

Accounting Policies

The Accounting Policies applied by the College are set out in pages 41 to 45. Financial Reporting Standard 102 – Employee Benefits sets out the treatment of on-going pension obligations and the basis on which provisions have been made. The Board notes that the period end liabilities are sensitive to the underlying assumptions made by the College's representative actuaries.

GOING CONCERN AND FINANCIAL SUSTAINABILITY

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

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

- increased staff costs due to National Bargaining pay awards;
- increased employers' pension costs;
- wider economic factors including escalating fuels costs and pay and non-pay inflation; and
- ongoing financial and non-financial impacts of the COVID-19 pandemic.

The College has a three-year financial plan and a medium-term Financial Sustainability Strategy in place, in line with Audit Scotland recommendations for the sector, which seeks to anticipate the likely challenges ahead. As a result of the sector-wide challenges outlined above, the College has been mitigating these through staff cost and non-staff cost reductions to reduce its cost base in order to aim to remain financially sustainable in the short to medium term. This has been successful to date with savings already implemented, particularly through the significant changes of the academic management restructure.

The College is preparing these financial statements on a going concern basis as it is expected to have sufficient funds to continue to trade and to meet its liabilities as they fall due in the twelve months from the signing of these financial statements based on the budget and forecasts prepared. The College has a three-year financial plan to deliver financial sustainability in future years which has been discussed in detail with the College Senior Leadership Team and with the Board of Management. This plan has proposed mitigating actions for staff costs and non-staff costs with restructuring and savings, and a significant growth plan for commercial income.

However, the future financial position of the College is challenging as it is forecasting operating deficits in the next five-year period. Deficit projections range from £8.4 million to £11.9 million in total over the five-year financial plan forecast period, depending on which assumptions are adopted. All working assumptions confirm that the College anticipates having to take significant decisions on spending priorities and its operating model in the coming years. The flat cash funding settlement outcome notified from the Scottish Government will require a substantial savings programme to be implemented and the College forecasts that this may result in a significant reduction of its workforce over the next three years. The scale of these reductions challenge the financial sustainability of the College's current operating model and may require rationalisation of education provision which could have a consequential effect on future funding levels. The impact on student experience and the wider impact on measures of positive outcomes for students have yet to be determined.

In light of the information outlined above, the Board of Management is satisfied that it has adequate resources to continue in operation for at least twelve months from the date of signing of this report. For this reason, the going concern basis continues to be adopted in the preparation of the financial statements.

Statement of Accountable Officer's Responsibilities

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

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

CORPORATE GOVERNANCE STATEMENT

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

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

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

The College complies with all the principles of the 2016 Code of Good Governance for Scotland's Colleges, and it has complied throughout the year ended 31 July 2022. The last externally facilitated review of the Board's effectiveness was completed in March 2021 and an annual self-evaluation will be carried out at the Board's development day in September 2022.

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

Governance Framework

The Board's Governance Framework includes an assessment of the Board's performance in achieving objectives set within the context of a Board Development Plan which was updated in June 2021, following the externally facilitated review and will be reviewed at the September 2022 development day.

The Chair meets annually with individual Board members to discuss performance and personal development needs. The Vice-Chair/Senior Independent Member oversees a 360-degree appraisal for the Chair and the feedback on the Chair's performance and future objectives are discussed. Each Committee member is asked to provide feedback on the performance of the respective Committee chairs to the Board Chair who discusses that feedback with the relevant chairs highlighting any suggested areas for improvement.

To ensure the Board is well informed regular briefings and updates are issued and papers of interest, guidance or policy are regularly circulated and monitored. In addition, all Board members have access to the College Development Network and the training opportunities available.

RISK MANAGEMENT

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

The Board of Management is of the view that 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 College has a Strategic Risk Register which is regularly updated and reported quarterly to Board meetings which reflect the risk scorings based on impact and likelihood of each risk as assessed at each review.

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

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

The College has an on-going process to develop and embed the system of internal control, including financial, organisational and governance risk management which is designed to protect the College's operations, assets and reputation. This work is reviewed by the Audit Committee at each quarterly meeting.

Based on the College's on-going activity and planned developments, the Senior Leadership Team reviews and updates the College's Strategic Risk Register on a regular basis. The College Strategic Risk Register as at the date of the signing of the financial statements has thirteen key risks identified and each risk is ranked based on assessment of impact and probability. Each risk is owned by a member of the Senior Leadership Team who identifies mitigating actions. Further information in respect of the College's Risks is included in the Key Issues and Risks section above.

KEY ISSUES AND RISKS

The College has recently completed a full review of its Strategic Risk Register and the new Risk Register now has thirteen risks. Of these thirteen risks three are scored as high after mitigating actions, five are scored as medium after mitigating actions, and five are scored as low after mitigating actions.

The three risks which have a high residual risk score, and their mitigating actions are as below:

Risk	Mitigating Action
Implications of national bargaining and possible negative impact on employee relations	<ul style="list-style-type: none"> i) engagement with national process through College Employers Scotland, Colleges Scotland, Principals Forum, and GCRB ii) Emphasis made on imperative of financial sustainability and affordability issues caused by increased staffing costs and flat cash SFC funding; iii) relationships locally to maintain and build communications with trade unions to ensure good flow of any information on national negotiations; iv) effective clear, consistent communications in College with unions and with wider stakeholders and related message management; v) ensure proper consultation and early engagement on any local changes; vi) business continuity planning used to ensure all stakeholders appropriately communicated with in any potential industrial action; vii) engage with awarding bodies on any potential service change.
Failure to achieve SFC credits target and claw back of funding	<ul style="list-style-type: none"> i) design and plan a curriculum that meets the needs of the community and attracts students; ii) deliver a curriculum portfolio that maximises SFC credits yield; iii) systematic monitoring of credits levels throughout the year; iv) efficient deployment of human and physical resources to deliver the curriculum and credits.
Failure to manage College financial sustainability through period of financial plan	<ul style="list-style-type: none"> i) revenue budget prepared annually and three-year financial plan; ii) financial plans developed and monitored by College Senior Leadership Team. Portfolio planning key element of cost base and monitored on ongoing basis; iii) cost reduction plans continue to be implemented with reduction in staff levels and significant cuts in non-staff budgets across the College; iv) process of review of all areas to seek cost reductions, as well as seeking further efficiency through improved business processes; v) successful bid to GCEF for additional funding support through to 22/23.

Statement On System of Internal 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. There is also a Strategic Risk Register for the College, and each identified risk has a member of the Senior Leadership Team identified as the risk owner. The owner is responsible for ensuring that the mitigating counter measures are implemented for each risk, and for reviewing and updating the commentary and rating of each risk on an on-going basis. The College Strategic Risk Register is reviewed regularly by the Senior Leadership Team and is presented quarterly to the Audit Committee and the Board of Management. The College Risk Appetite has been set by the Board of Management.

The Senior Leadership Team (SLT) receives reports on key financial and non-financial performance matters with risk implications considered for each report, and the SLT 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 based on the College's three-year financial plan as approved by the Board of Management.

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 2021/22 Government Financial Reporting Manual (FReM) 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 a going concern basis, unless it is inappropriate to presume that the College will continue in operation.

The Board of Management has a responsibility to:

- ensure that funds from the Glasgow Colleges' Regional Board are used only for the purposes for which they have been given and in accordance with the Further and Higher Education (Scotland) Act 1992, the College's Financial Memorandum with the Funding

Council, and any other conditions which the Funding Council may from time to time prescribe;

- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the College and hence to take reasonable steps to prevent and detect fraud;
- ensure reasonable steps have been taken to secure the economical, efficient and effective management of the College's resources and expenditure; and
- ensure sound corporate governance and the proper conduct of the College's operations.

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

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

Statement of disclosure to the Auditor

- so far as the Board of Management is aware, there is no relevant audit information of which the College's auditor is 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 auditor is 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 2021/22 Government Financial Reporting Manual (FRoM) issued by the Scottish Government, for the period ending 31 July 2022.

Remuneration Policy

The Remuneration Committee determines the salaries and conditions of service of the Principal and members of Senior Leadership Team, within the Budget approved by the Board of Management, and having regard to the Scottish Government's Public Sector Pay Policy. The Committee meets a minimum of once a year.

The Depute Principal Brian Hughes left his post in October 2021, and was replaced by John Rafferty, who joined the Executive Management Team as Deputy Principal.

Remuneration including salary and pension entitlements

Salary entitlements

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

Name	Year ended 31 July 2022			Year ended 31 July 2021		
	Salary £'000	Pension Benefit £'000	Total £'000	Salary £'000	Pension Benefit £'000	Total £'000
Jon Vincent	130-135	25-30	155-160	130-135	30-35	160-165
John Rafferty (appointed October 2021)	90-95	120-125	215-220	-	-	-
Janet Thomson	90-95	35-40	130-135	90-95	35-40	130-135
Brian Hughes (Left October 2021)	25-30	(30-35)	(0-5)	100-105	40-45	145-150

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

The total annual equivalent salary for each member of the senior management team during 2021/22 is as follows:

Name	Position	£'000
Jon Vincent	Principal	130-135
John Rafferty	Deputy Principal (appointed October 2021)	95-100
Janet Thomson	Vice Principal	90-95
Brian Hughes	Vice Principal (Left October 2021)	100-105

Median Remuneration

Colleges are required by the FReM to disclose the relationship between the remuneration of the highest paid official and the median remuneration of their workforce. We have also included the 25th and 75th percentiles.

	2021-22 £'000	2020-21 £'000	% Change	2021-22 Ratio	2020-21 Ratio
Range of workforce remuneration (excluding highest paid)	19 – 96	18 – 101	-	-	-
Highest paid official remuneration	133	133	-	-	-
Ratio: Median	39	38	3%	3.4	3.5
Ratio: 25th percentile	28	28	0%	4.7	4.7
Ratio: 75th percentile	43	42	2%	3.0	3.2

Based on the 12-month equivalent figures above, the banded remuneration of the highest paid official in the organisation in the financial year 2021-22 was £130,000 - £135,000 (2020-21 £130,000 - £135,000). This was 3.4 times (2020-21 3.5 times) the median remuneration of the workforce which was £39,264 (2020-21 £38,264), this was an increase of 3% from the previous financial year. The range of remuneration was from the lowest at £18,992 to highest at £133,500.

The 25th percentile in the financial year 2021-22 was £28,349 (2020-21 £28,349). The highest paid official in the organisation in the financial year was 4.7 times (2020-21 4.7 times) the 25th percentile of the workforce.

The 75th percentile in the financial year 2021-22 was £43,357 (2020-21 £42,357). The highest paid official in the financial year was 3.0 times (2020-21 3.2 times) the 75th percentile remuneration of the workforce, this was an increase of 2% from the previous financial year.

Accrued Pension Benefits

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

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

The schemes' normal retirement age is 65. Contribution rates are set annually for all employees and can be found in note 20.

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

Senior Officials Pension

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

Name	Accrued pension at pension age at 31 July 2022	Accrued lump sum at pension age at 31 July 2022	Real increase in pension 1 Aug 2021 to 31 July 2022	Real increase in lump sum 1 Aug 2021 to 31 July 2022	CETV at 31 July 2022	CETV at 31 July 2021	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Jon Vincent	10-15	0-5	0-5	0-5	151	122	29
John Rafferty	30-35	70-75	5-10	10-15	608	487	121
Janet Thomson	25-30	15-20	0-5	0-5	474	432	42
Brian Hughes	50-55	160-165	0-5	0-5	1,322	1,352	(34)

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 2021/22 and the scheme was approved in advance by GCRB and the Scottish Funding Council in line with relevant guidance.

Eight employees left under voluntary severance terms during this reporting period with the majority of them leaving on 31 July 2022. Overall, these employees received a combined total of compensation payments of £270k. There is also a small provision in these financial statements which is for the current remaining planned level of voluntary severance.

The table below summarises the voluntary severance payments for the College by cost band which were agreed during 2021/22.

Cost band	Number of compulsory redundancies	Number of other departures agreed	Total number by cost band
<£10,000	-	-	-
£10,000 - £25,000	-	2	2
£25,000 - £50,000	-	6	6
£50,000 - £100,000	-	-	-
£100,000 - £150,000	-	-	-
£150,000 - £200,000	-	-	-
Total number	-	8	8
Total cost (£'000)	-	270	270

Glasgow Clyde College Workforce

The College employed 717 people in 2021/22 (2020/21: 716) expressed in full time equivalents of whom 427 (60%) were teaching staff (2020/21: 430 (60%)).

For the year to 31 July 2022, in headcount terms the College employed 1,137 people, (2020/21: 1,126) which included 831 permanent members of staff (2020/21: 834) and 306 temporary staff members (2020/21: 292). For the same period the college employed in headcount terms 715 females (2020/21: 712) and 422 males (2020/21: 414). The senior management team in headcount terms consisted of 6 females and 6 males.

Salaries and Related Costs of the College Workforce

	12 months ended 31 July 2022	12 months ended 31 July 2021
	£'000	£'000
Directly employed staff		
Wages and salaries	29,823	28,026
Social security costs	2,886	2,731
Other pension costs excl FRS102 adjustments	5,394	5,389
Sub total	38,103	36,146
Seconded and agency staff	120	9
Total	38,223	36,155
Average number of FTE	717	716

Staff turnover is included in the KPI table on page 9.

Pension Arrangements

The College participates in two separate defined pension schemes, which are the Strathclyde Pension Fund (SPF) for support staff, the Scottish Teachers Superannuation Scheme (STSS) for teaching staff. The College accounts for the SPF in accordance with the requirements of FRS102. The College's share of the scheme surplus/(deficit) as at 31 July 2022 was surplus £29.9m (2021: deficit £12.2m). The College treats the STSS Scheme as a defined contribution scheme as the scheme is not able to calculate the individual employers' share of the overall deficit. Further details in regard to the pension arrangements for the College can be found in Note 20 to the Financial Statements including contribution rates payable.

Equal Opportunities

The College has an Equal Opportunities Policy in place and is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. All Colleges policies and procedures undergo an equality impact assessment.

The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees. The College is a Disability Confident employer.

Diversity and Inclusion

Glasgow Clyde College report on our Public Sector Equality Duties on a bi-annual basis to ensure that we are able to meet the requirements set down by the Equality Act 2010. The College has an Equality, Diversity, and Inclusion (EDI) Committee which acts as an advocate for the equality agenda within Glasgow Clyde College and the wider community. The EDI Committee oversees compliance with the equality, diversity and inclusion obligations and duties set out within the Equality Act 2010 and other relevant legislation and government guidance and the membership consists of learners and staff. The College has a clear set of values, and these are being used to further build staff confidence to disclose information concerning their protected characteristics, thus allowing us more reliable data to report upon and ultimately act upon that will remove any remaining barriers for staff with protected characteristics and promote a more inclusive workforce.

The College has recently launched its new Strategic Plan which is fully supported by the Equality Outcomes agreed for the new Public Sector Equality Duty reporting cycle. Projects are continuing to ensure progress against the Equality Outcomes and to ensure mainstreaming of equalities is pursued across all aspects of College delivery. A number of specific initiatives continue to promote staff and student safety, to increase awareness of challenges faced by specific groups with shared protected characteristics, to support the health and wellbeing of staff and students and to promote the embedding of EDI within the curriculum. Initiatives are designed to promote the concept of the wider College Community to include staff, students and other stakeholders and to ensure that College services support, and are representative of, the wider communities in which we operate.

Health, safety, and well-being

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

Staff relations

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

Facility Time

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the college provided the following support through paid facility time for union officials working at the College during the year ended 31 July 2022.

Relevant Union Officials

Number of employees who were relevant union officials during the relevant period:	Full-Time equivalent employee number:
9	9

Percentage of time spent on facility time

Percentage:	Number of employees:
0%	0
1%-50%	9
51%-99%	0
100%	0

Percentage of pay bill spend on facility time

Total cost of facility time:	£45,904
Total pay bill:	£37,542,000
Percentage of the total pay bill spent on facility time:	0.12%

Paid trade union activities

Time spent on trade union activities as a percentage of total paid facility time hours:	5.49%
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PROFESSIONAL ADVISORS

The College's professional advisors are as below:

Audit Scotland appointed Azets Audit Services (formerly Scott Moncrieff) as Glasgow Clyde College's external auditor from 2016/17 to 2020/21. In light of the COVID-19 pandemic, this appointment was extended by Audit Scotland for a further year to cover the 2021/22 period.

Henderson Loggie were appointed internal auditors of the College in August 2017 for a period of three years as a result of a tender exercise. This appointment was extended for a further year as a result of the COVID-19 pandemic. A more recent joint tender exercise was carried out by the College in partnership with Glasgow Colleges' Regional Board and City of Glasgow College. As a result of the joint tender, Henderson Loggie were appointed for a period of three years from August 2021.

Bankers:	Royal Bank of Scotland, 139 St Vincent Street, Glasgow G2 5FY Barclays Bank plc, 120 Bothwell Street, Glasgow G2 7JT
External Auditor:	Azets Audit Services, Exchange Place, 3 Semple Street, Edinburgh EH3 8BL
Solicitors:	Anderson Strathern, 50 George Square, Glasgow G2 1EH
Internal Auditor:	Henderson Loggie, The Vision Building, 20 Greenmarket Place, Dundee DD1 4QB

The Accountability Report is approved by order of the members of the Board of Management on 8 December 2022 and signed on its behalf by:

David Newall
Chair of Board of Management

Jon Vincent
Principal and Chief Executive

Date: 8 December 2022

Date: 8 December 2022

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

Reporting on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Glasgow Clyde College for the year ended 31 July 2022 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Balance Sheet, and Statement of Cash Flows and notes to the financial statements, including principal 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 2022 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern basis of accounting

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

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

These conclusions are not intended to, nor do they, provide assurance on the college's current or future financial sustainability. However, we report on the college's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

Risks of material misstatement

We report in our Annual Audit Report, the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Board of Management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

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

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

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Reporting on other requirements

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

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

Other information

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

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

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

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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

Gary Devlin (for and on behalf of Azets Audit Services)

Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date:

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

STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation

The College is a freestanding corporate body under the provisions of the Further and Higher Education (Scotland) Act 1992. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) 2019: 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 2021-22 Government Financial Report Manual (FReM) issued by the Scottish Government. The financial statements conform to the Accounts Direction and other guidance issued by the Scottish Funding Council.

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

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

The College has a medium-term Financial Strategy in place, in line with Audit Scotland recommendations for the sector, which seeks to anticipate the likely challenges ahead.

Given the above, it has accordingly been considered appropriate to adopt a going concern basis for the preparation of these accounts.

Accounting Policies and Basis of Accounting

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

Judgements in Applying Policies and Key Sources of Estimation Uncertainty

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

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

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

Going Concern

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

Revenue Recognition

Income from grants, contracts and other services rendered is recognised in the Statement of Comprehensive Income 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 related costs are reported to the relevant period.

Tuition fees are credited to the Statement of Comprehensive Income 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 of the College as these grants are available solely for students, with the College acting as paying agent. Childcare funds from the SFC and Glasgow Colleges Regional Board are included in the College Statement of Comprehensive Income.

Government Grants

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

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

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

Non-Exchange Transactions

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

Accounting for Retirement Benefits

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

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

This is expected to result in the pension cost being a substantial level percentage of current and future pensionable payrolls. The contributions are determined by qualified actuaries based on 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 based on 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 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.

The College will consider capping the value of any net pension asset at a maximum value no greater than the net present value of the future services costs as at the end of the accounting period.

Short Term Employment Benefits

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

Finance Leases

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

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

Operating Leases

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

Tangible Fixed Assets

Land and Buildings

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

Values are stated as at the latest interim valuation for 31 July 2022, based on the valuation report with reference to that date as prepared by Avison Young. The College has a policy of undertaking a full revaluation at least every five years. In the years where no formal valuation is performed, a review of the impact of indexation of the formal valuation may be performed by the valuer.

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

Plant and Equipment

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

Assets of lesser value may be capitalised where they form part of a group of similar assets purchased in the same financial year and costing over £30,000 in total.

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

Maintenance of Premises

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

Stock

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

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised in the financial statements when the College has a present obligation (legal or constructive) as a result of a past event, it is probable that 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.

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 the College's financial instruments are classified as 'basic' in accordance with Chapter 11 of FRS102. All the College's financial instruments are measured at transaction price.

Financial assets are derecognised when the contractual rights to the cash flow 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 include cash in hand, deposits repayable on demand and overdrafts and other highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Taxation

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

Events after the Reporting Period

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

Two types of events can be identified:

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

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

Financial Statements

FINANCIAL STATEMENTS**STATEMENT OF COMPREHENSIVE INCOME****YEAR ENDED 31 July 2022**

	<u>Note</u>	<u>Year to</u> <u>31 July</u> <u>2022</u>	<u>Year to 31</u> <u>July 2021</u>
		£'000	£'000
INCOME			
Funding Council Grants	1	41,316	39,602
Tuition Fees and Education Contracts	2	5,900	5,842
Other Grant Income	3	2,021	1,505
Other Operating Income	4	3,131	4,360
Total Income		52,368	51,309
EXPENDITURE			
Staff Costs	5	40,951	39,010
Exceptional restructuring costs	5	(187)	1,396
Other Operating Expenses	7	9,703	9,282
Depreciation	10	5,555	5,358
Interest Payable	8	219	331
Total Expenditure		56,241	55,377
Deficit on Continuing Operations before tax		(3,873)	(4,068)
Taxation	9	-	-
Deficit on Continuing Operations after tax		(3,873)	(4,068)
Unrealised surplus on revaluation of land and buildings	10	2,685	-
Actuarial gains on defined benefit pension plans	18	35,647	13,288
Total Unrestricted Comprehensive Income for the year		34,459	9,220

The Statement of Comprehensive Income is prepared under the FE/HE SORP. The SORP does not permit colleges to reflect the non-cash budget for depreciation in the Statement of Comprehensive Income. Note 24 provides details of the adjusted operating position on a Central Government accounting basis.

STATEMENT OF CHANGES IN RESERVES
YEAR ENDED 31 July 2022

	Income and Expenditure Reserve £'000	Revaluation Reserve £'000	Total
Balance at 1 August 2021	(3,382)	79,192	75,810
Deficit on Continuing Operations after tax	(3,873)	-	(3,873)
Actuarial gains on defined benefit pension plans	35,647	-	35,647
Unrealised surplus on revaluation of land and buildings	-	2,685	2,685
Total Unrestricted Comprehensive Income for the year	31,774	2,685	34,459
Transfer to/from Revaluation Reserve	1,554	(1,554)	-
Balance at 31 July 2022	29,946	80,323	110,269
Balance at 1 August 2020	(14,156)	80,746	66,590
Deficit on Continuing Operations after tax	(4,068)	-	(4,068)
Actuarial gains on defined benefit pension plans	13,288	-	13,288
Total Unrestricted Comprehensive Income for the year	9,220	-	9,220
Transfer to/from Revaluation Reserve	1,554	(1,554)	-
Balance at 31 July 2021	(3,382)	79,192	75,810

BALANCE SHEET**YEAR ENDED 31 July 2022**

	Note	31 July 2022 £'000	31 July 2021 £'000
FIXED ASSETS			
Tangible Fixed Assets	10	171,296	171,310
Total Fixed Assets		171,296	171,310
CURRENT ASSETS			
Stocks	11	23	23
Debtors	12	4,129	3,217
Cash and cash equivalents	16	10,433	8,535
Total Current Assets		14,585	11,775
Less: Creditors – amounts due within one year	13	(15,527)	(13,104)
Less: Other Provisions due within one year	15	(619)	(600)
Total Current Liabilities		(16,146)	(13,704)
NET CURRENT LIABILITIES		(1,561)	(1,929)
TOTAL ASSETS LESS CURRENT LIABILITIES		169,735	169,381
Less: Creditors – amounts due after more than one year	14	(77,471)	(78,810)
NET ASSETS BEFORE PENSION ASSET/(LIABILITY)		92,264	90,571
Funded Pension Asset/(Liability)	18	20,159	(12,155)
Unfunded Pension Provision	15	(2,154)	(2,606)
NET ASSETS AFTER PENSION ASSET/(LIABILITY)		110,269	75,810
RESERVES			
Income and expenditure reserve		29,946	(3,382)
Revaluation reserve		80,323	79,192
TOTAL		110,269	75,810

The financial statements were approved by the Board of Management on 7 December 2022 and signed on its behalf by:

David Newall,
 Chair
Glasgow Clyde College

Date: 8 December 2022

Jon Vincent
 Principal and Chief Executive
Glasgow Clyde College

Date: 8 December 2022

STATEMENT OF CASH FLOWS
YEAR ENDED 31 July 2022

	<u>Year to</u> <u>31 July</u> <u>2022</u>	<u>Year to</u> <u>31 July</u> <u>2021</u>
	£'000	£'000
Cash (out)/inflow from operating activities		
(Deficit) for the year	(3,873)	(4,068)
Adjustment for non-cash items;		
Depreciation	5,555	5,358
Decrease/(increase) in debtors	(912)	(957)
Increase/(decrease) in creditors	1,084	1,847
Increase/(decrease) in Funded pension provisions	3,333	3,254
Increase/(decrease) in Unfunded pension provisions	(452)	(240)
Increase/(decrease) in other provision	19	500
Interest payable	219	331
Capital grant income received	(2,539)	(2,157)
Net cash inflow from operating activities	<u>2,434</u>	<u>3,868</u>
Cash flows from financing activities;		
Payments to acquire fixed assets	(2,856)	(2,758)
Capital grant income received	2,539	2,157
Net cash outflow from financing activities	<u>(317)</u>	<u>(601)</u>
Cash flows from investing activities;		
Interest payable	(219)	(331)
	<u>(219)</u>	<u>(331)</u>
Increase in cash and cash equivalents in the year	<u>1,898</u>	<u>2,936</u>
Cash and cash equivalents at beginning of the year	8,535	5,599
Movement in net funds for the period	1,898	2,936
Cash and cash equivalents at the end of the year	<u>10,433</u>	<u>8,535</u>

NOTES TO THE FINANCIAL STATEMENTS

1. SFC/RSB GRANTS	<u>Year to</u> <u>31 July</u> <u>2022</u> £'000	<u>Year to</u> <u>31 July</u> <u>2021</u> £'000
FE Recurrent Grant	33,923	32,174
Childcare funds	1,082	847
Release of SFC deferred capital grants	3,332	3,129
SFC Maintenance Grant	881	945
Other SFC grants	2,098	2,507
Total	41,316	39,602
	<u>Year to</u> <u>31 July</u> <u>2022</u> £'000	<u>Year to</u> <u>31 July</u> <u>2021</u> £'000
2. TUITION FEES AND EDUCATION CONTRACTS		
FE Fees – UK & EU	140	102
Fees – Non-EU	6	36
HE Fees	3,445	3,682
SDS Contracts	149	247
Other Contracts	2,160	1,775
Total	5,900	5,842
	<u>Year to</u> <u>31 July</u> <u>2022</u> £'000	<u>Year to</u> <u>31 July</u> <u>2021</u> £'000
3. OTHER GRANT INCOME		
European Funds	103	126
Other Grant Income	1,515	991
Release of Non SFC Government Capital Grants	403	388
	2,021	1,505
	<u>Year to</u> <u>31 July</u> <u>2022</u> £'000	<u>Year to</u> <u>31 July</u> <u>2021</u> £'000
4. OTHER OPERATING INCOME		
Glasgow Clyde Education Foundation revenue projects	492	2,273
Glasgow Clyde Education Foundation Capital Projects	42	215
Catering Income	392	22
Other Income Generating Activities	771	542
Income from Coronavirus Job Retention Scheme	11	771
Other Income	1,423	537
	3,131	4,360

5. STAFF COSTS**5.01 Staff Costs:**

	<u>Year to</u> <u>31 July</u> <u>2022</u> £'000	<u>Year to</u> <u>31 July</u> <u>2021</u> £'000
Wages and salaries	29,823	28,026
Social security costs	2,886	2,731
Other pension costs (excluding FRS102 Adjustments)	5,394	5,389
Restructuring Costs	(187)	1,396
FRS 102 funded pension adjustments	3,114	2,923
FRS102 unfunded pension adjustments	(266)	(59)
Total Staff Costs	<u>40,764</u>	<u>40,406</u>

	<u>Year to</u> <u>31 July</u> <u>2022</u>	<u>Year to</u> <u>31 July</u> <u>2021</u>
Executive Management	491	479
Academic/Teaching Departments	25,749	24,494
Academic/Teaching Support Services	5,152	4,648
Administration and Central Services	5,104	4,930
Premises	1,253	1,229
Catering	354	366
Sub-total Wages & Salaries	<u>38,103</u>	<u>36,146</u>
Exceptional restructuring costs	(187)	1,396
Unfunded Pension Provision adjustment	(266)	(59)
Funded Pensions FRS102 adjustment	3,114	2,923
Total Wages and Salaries (including exceptional restructuring costs)	<u>40,764</u>	<u>40,406</u>

5.02 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 2022</u>	<u>Year to 31</u> <u>July 2021</u>
Executive Management	3	3
Academic/Teaching Departments	427	430
Academic/Teaching Support Services	110	111
Administration and Central Services	127	121
Premises	39	38
Catering	11	13
TOTAL	<u>717</u>	<u>716</u>

2021/22 Pay Awards

Teaching Staff

Through the National Bargaining process, in line with an instruction from College Employers Scotland, the following teaching staff pay awards were agreed in 2021/22.

Effective from 1 September 2021 a consolidated Pay Award of £1,000 for all unpromoted and promoted lecturer scale points.

From 1 September 2020, the Lecturers' Pay Scale was:

National Pay Scale	1 September 2020	1 September 2021
Point 1	34,170	35,170
Point 2	36,217	37,217
Point 3	38,264	39,264
Point 4	40,310	41,310
Point 5	42,357	43,357

From 1st September 2020, the Promoted Lecturer Fixed Points was:

National Fixed Points	1 September 2020	1 September 2021
Fixed Point 1	46,257	47,257
Fixed Point 2	49,394	50,394
Fixed Point 3	52,530	53,530

The Pay Award was applied pro rata for part time employees and staff who commenced or left employment part way through this period. The Pay Award did not apply to staff on existing conserved salaries.

Support Staff

Through the National Bargaining process, in line with an instruction from College Employers Scotland, the following support staff pay awards were agreed in 2021/22.

Effective from 1 September 2021 a consolidated Pay Award of £1,000 for all support staff salary points.

Senior Leadership Team

The Senior Leadership Team, which is not covered by National Bargaining, received a pay increase of 1.5% from April 2022 as determined by the Remuneration Committee.

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

	<u>Year to 31</u> <u>July 2022</u>	<u>Year to 31</u> <u>July 2021</u>
£60,001 to £70,000 per annum	9	9
£70,001 to £80,000 per annum	-	-
£80,001 to £90,000 per annum	-	-
£90,001 to £100,000 per annum	2	1
£100,001 to £110,000 per annum	-	1
£110,001 to £120,000 per annum	-	-
£120,001 to £130,000 per annum	-	-
£130,001 to £140,000 per annum	1	1
£140,001 to £150,000 per annum	-	-
£150,001 and over	-	-
TOTAL	12	12

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 £60,000 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>2022</u> £'000	<u>Year to</u> <u>31 July</u> <u>2021</u> £'000
Severance	-	52
TOTAL	-	52

6. SENIOR POST HOLDERS EMOLUMENTS

	<u>Year to</u> <u>31 July</u> <u>2022</u> Number	<u>Year to</u> <u>31 July</u> <u>2021</u> Number
The number of senior post-holders including the Principal was:	3	3
	Cost	Cost
Senior post-holders' annual emoluments are made up as follows:	£'000	£'000
Salaries and related contractual payments	336	329
Employers Pension Contributions	73	72
Total Emoluments	409	401
The above emoluments include amounts payable to the Principal during the financial reporting period (who is also the highest paid Senior Post Holder) were:	£'000	£'000
Salary and related contractual payments	134	134
Employers Pension Contributions	31	31
	165	165

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.

7. OTHER OPERATING EXPENSES

	<u>Year to</u> <u>31 July</u> <u>2022</u>	<u>Year to</u> <u>31 July</u> <u>2021</u>
	£'000	£'000
Teaching Departments	2,130	1,758
Administration and Central Services	1,719	2,485
Premises Costs	3,060	2,210
Catering Costs	364	64
Childcare	1,082	847
Other	1,228	1,909
Agency Staff Costs	120	9
Total	<u>9,703</u>	<u>9,282</u>

	<u>Year to</u> <u>31 July</u> <u>2022</u>	<u>Year to</u> <u>31 July</u> <u>2021</u>
	£'000	£'000
Other Operating Expenses include:		
Auditor's remuneration		
External audit – non-audit services	-	-
External audit of Financial Statements	42	38
Internal audit Services	36	32
Hire of other assets – Operating lease	0	2

8. INTEREST PAYABLE

	<u>Year to</u> <u>31 July</u> <u>2022</u>	<u>Year to</u> <u>31 July</u> <u>2021</u>
	£'000	£'000
Unfunded Pension finance costs	-	-
FRS 102 Net Interest Charge	219	331
	<u>219</u>	<u>331</u>

9. TAXATION

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

10. TANGIBLE FIXED ASSETS

	Land & Buildings	Plant & Equipment	Assets in the course of construction	Total
COST/VALUATION	£'000	£'000	£'000	£'000
As at 1 August 2021	178,230	12,971	-	191,201
Additions	1,353	1,248	259	2,860
Revaluation	(11,910)	-	-	(11,910)
As at 31 July 2022	167,673	14,219	259	182,151
DEPRECIATION				
As at 1 August 2021	9,690	10,201	-	19,891
Provided during period	4,901	654	-	5,555
Revaluation	(14,591)	-	-	(14,591)
As at 31 July 2022	0	10,855	-	10,855
NET BOOK VALUE				
As at 1 August 2021	168,540	2,770	-	171,310
As at 31 July 2022	167,673	3,364	259	171,296
At valuation	165,206	-	-	165,206
Financed by Capital Grant	-	3,364	259	3,623
Inherited/Other	2,467	-	-	2,467
Total as at 31 July 2022	167,673	3,364	259	171,296

Up to 31 July 2022, before the revaluation, net book value of the land and buildings stood at £164,988,000 after the depreciation charge for the year. The valuation as at 31 July 2022 revalued land and buildings at a total value of £167,673,000 creating an overall revaluation increase of £2,685,000.

The land and buildings of the College have been included in the balance sheet on the basis of a valuation conducted by Avison Young as at 31 July 2022. Fixed assets have been subsequently adjusted for capital additions/transfers and related depreciation.

The land and buildings owned and occupied by the College at 31 July 2022 comprise property, which may not be disposed of, without prior approval of the Scottish Funding Council as follows:

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

11. STOCKS

	<u>Year to 31 July 2022</u>	<u>Year to 31 July 2021</u>
	£'000	£'000
Goods for Resale	23	23

12. TRADE AND OTHER RECEIVABLES

	<u>Year to 31 July 2022</u>	<u>Year to 31 July 2021</u>
	£'000	£'000
Amounts falling due within one year:		
Trade Debtors – net of provision for doubtful debts	283	121
Debts due from students - net of provision for doubtful debts	29	80
Prepayments and Accrued Income	3,817	3,016
	<u>4,129</u>	<u>3,217</u>

13. CURRENT TRADE AND OTHER PAYABLES

	<u>Year to 31 July 2022</u>	<u>Year to 31 July 2021</u>
	£'000	£'000
Payments received in advance	220	178
Trade Creditors	91	369
Deferred Income	3,893	2,628
Deferred Capital Grants	3,735	3,518
Other Taxation (PAYE) and Social Security (NI)	832	804
VAT	3	(8)
Accruals	4,451	3,485
Other Creditors	2,302	2,130
	<u>15,527</u>	<u>13,104</u>

14. NON-CURRENT TRADE AND OTHER PAYABLES

	<u>Year to 31 July 2022</u>	<u>Year to 31 July 2021</u>
	£'000	£'000
Deferred Capital Income	77,471	78,810
	<u>77,471</u>	<u>78,810</u>

15. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>31 July 2022</u>	<u>31 July 2021</u>	<u>31 July 2022</u>	<u>31 July 2021</u>
	Other Provisions	Unfunded pension	Total	Total
	£'000	£'000	£'000	£'000
At 1 August				
Balance at 1 August as previously stated	600	2,606	3,206	2,946
Movements in period	(600)	(186)	(786)	(181)
Early retiral provision adjustment		(266)	(266)	
Other provisions adjustment in year	619	-	619	441
Balance at end of period	<u>619</u>	<u>2,154</u>	<u>2,773</u>	<u>3,206</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.

16. CASH AND CASH EQUIVALENTS

	At 31 July 2021	Cash Flows	At 31 July 2022
	£'000	£'000	£'000
Cash at bank and in hand	8,535	1,898	10,433
TOTAL	8,535	1,898	10,433

17. FINANCIAL COMMITMENTS

	Land & Buildings	Plant & Machinery	Other Leases	<u>Year to 31 July 2022</u>	<u>Year to 31 July 2021</u>
	£'000	£'000	£'000	£'000	£'000
Payable during the year	-	-	-	-	2

18. 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 July 2022</u>	<u>Year to 31 July 2021</u>
	£000s	£000s
Contribution to STSS	3,805	3,976
Contribution to SPF	1,597	1,593
Total Pension Cost for period	5,402	5,569
Contribution rates:		
STSS	23.00%	23.00%
SPF	19.30%	19.30%

Scottish Teachers Superannuation Scheme (STSS)

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

The latest actuarial valuation of the STSS has concluded and was based on scheme data as at March 2016. The valuation has set the rate payable for the scheme for the period 1 September 2019 to 31 March 2023 and that rate is 23%. In addition, the valuation also measured the movement in the employer cost cap.

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

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

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

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 2022 was £2,089,482 of which employer's contributions totalled £1,593,336 and employee's contributions totalled £496,146.

Reconciliation of opening and closing balances;

	Year ended 31 July 2022 £000's	Year ended 31 July 2021 £000's
Present Value of funded defined benefit obligations	(65,378)	(96,225)
Fair value of Plan Assets	85,537	84,070
Net Asset/(Liability)	20,159	(12,155)

Principal Actuarial Assumptions

Major assumption used:	As at 31 July 2022	As at 31 July 2021
Pension increases	2.8%	2.9%
Rate of increase in salaries	3.5%	3.6%
Expected return on assets	3.5%	1.6%
Discount rate for liabilities	3.5%	1.6%

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

Period Ended:	As at 31 July 2022	As at 31 July 2021
Equities	60%	66%
Bonds	27%	24%
Property	11%	9%
Cash	2%	1%

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

	Males	Females
Current pensioners	19.6 years	22.4 years
Future pensioners	21.0 years	24.5 years

Analysis of the amount charged to staff costs;

	As at 31 July 2022	As at 31 July 2021
Current service cost	(4,720)	(4,517)
Past service cost	-	-
Total service costs	(4,720)	(4,517)

Analysis of the amount charged to pension interest;

	As at 31 July 2022	As at 31 July 2021
Interest cost	(1,568)	(1,307)
Interest income on planned assets	1,349	976
Net interest	(219)	(331)

Analysis of other comprehensive income;

	As at 31 July 2022	As at 31 July 2021
Return on assets	(500)	14,422
Other experience	(176)	4,144
Changes in financial assumptions	35,910	(7,898)
Changes in demographic assumptions	413	2,620
Total	35,647	13,288

Analysis of the movement in deficit during the year;		
Deficit in scheme at start of the year	(12,155)	(22,189)
Current service costs	(4,720)	(4,517)
Employer contributions	1,606	1,594
Net interest costs	(219)	(331)
Actuarial Gain/(Loss)	35,647	13,288
Surplus/(Deficit) in scheme at end of year	20,159	(12,155)
	As at 31 July 2022	As at 31 July 2021
	£'000	£'000
Asset and Liability Reconciliation		
Amount charged to Comprehensive Income;		
Employer service cost (net of employee contribution)	(3,114)	(2,923)
Interest on obligation	(219)	(331)
Actuarial movement on scheme assets	35,647	13,288
	32,314	(10,034)
Changes in the fair value of scheme assets;		
Opening fair value of scheme assets	84,070	69,470
Net Interest	1,349	976
Plan participants contributions	499	497
Contributions by the employer	1,606	1,594
Benefits paid	(1,487)	(1,433)
Other experience	(500)	(1,456)
Expected return on assets	0	14,422
	85,537	84,070
Changes in the present value of the designed benefit obligation;		
Opening defined benefit obligation	96,225	91,659
Current service costs	4,720	4,517
Past service costs	-	-
Interest cost	1,568	1,307
Plan participants contribution	499	497
Benefits paid	(1,487)	(1,433)
Actuarial (gain)/loss	(35,910)	7,898
Changes in demographic assumptions	(413)	(2,620)
Other experience	176	(5,600)
Closing defined benefit obligation	65,378	96,225
Closing position as at 31 July	20,159	(12,155)

19. RELATED PARTY TRANSACTIONS

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

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

College Board member David Watt is an independent external member of the Audit and Risk Committee at the University of Glasgow. In 2021/22 the College recognised income of £4,295 from the University of Glasgow. In 2021/22 the college recorded £4,669 in expenditure from Glasgow University. As at 31 July 2022 the debtors balance was nil, and the creditors balance was nil.

Sandra Heidinger, Vice Chair of the College Board of Management, is Special Adviser to the Principal of University of Strathclyde. In 2021/22 the College recognised income of £11,041 from the University of Strathclyde. In 2021/22 the college recorded £3,595 of expenditure with Strathclyde University. The debtors balance as at 31 July 2022 was nil and there was no creditor balance.

Runa McNamara and Clare Walker are members of the board of Glasgow Clyde Education Foundation which is as required in the Foundation's constitution. In 2021/22 the College recognised income of £533,000 from the Foundation to support approved capital and revenue projects and as at 31 July 2022 there was no debtor's balance.

Keith Rosser is a Director of Disclosure Scotland and a Director of Reed Screening at REED Global. In 2021/22 the College recognised expenditure of £91,823 with REED for short term staff appointments and as at 31 July 2022 there was a creditor balance of £12,327. In 2021/22, the College recognised expenditure of £47,537 with Disclosure Scotland and as at 31st July 2022 there was no creditor balance.

College Board member Gordon McGuinness is Director of Industries and Enterprise of Skills Development Scotland (SDS). In 2021/22 the College recognised income of £549,554 with SDS for a range of different training provision including Apprenticeships. As at 31 July 2022, there was no creditor balance and a debtor balance of £10,670.

Jon Vincent, Principal & Chief Executive Officer, is a member of the board of the Energy Skills Partnership (ESP). In 2021/22 the College recognised expenditure of £5,000 with ESP for membership subscription and there was no creditor balance at 31 July 2022.

Janet Thomson, Vice Principal Resources and College Development, is a member of the board of Advanced Procurement for Universities and Colleges (APUC). In 2021/22 the College recognised expenditure of £33,202 with APUC for the procurement service received and for shared services from APUC. As at 31 July 2022 the creditor balance was nil.

20. FE BURSARY AND OTHER STUDENT SUPPORT FUNDS

	FE Bursary	FE Hardship	HE Hardship	Other: EMA	Year to 31 July 2022	Year to 31 July 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Balance b/fwd	347	60	163	1	571	538
Allocation received in year	7,794	1,079	718	264	9,855	8,903
	8,141	1,139	881	265	10,426	9,441
Expenditure	(7,353)	(1,079)	(415)	(264)	(9,111)	(8,156)
Repaid as claw back	(347)	(50)	(163)	(1)	(561)	(714)
Virements	-	-	-	-	-	-
Balance c/fwd	441	10	303	-	754	571
Represented by:						
Retained by College for students	-	-	21	-	21	-
Repayable as Claw back	441	10	282	-	733	571
	441	10	303	-	754	571

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.

21. FE CHILDCARE FUNDS

	Year to 31 July 2022	Year to 31 July 2021
	£'000	£'000
Balance b/fwd	-	396
Allocation received in period	1,082	847
		1,243
Expenditure	(1,082)	(847)
Repaid to SFC as claw back	-	(396)
Virements	-	-
Balance c/fwd	-	-
Represented by:-		
Repayable to Funding Council as claw back	-	-
Retained by College for students	-	-
	-	-

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

22. CAPITAL COMMITMENTS

	<u>Year to 31</u> <u>July 2022</u>	<u>Year to 31</u> <u>July 2020</u>
	£'000	£'000
Contracted for at end of period	468	580

23. CONTINGENT LIABILITIES

The College had no material contingent liabilities at 31 July 2022 (2020/21: none).

24. IMPACT OF DEPRECIATION BUDGET ON STATEMENT OF COMPREHENSIVE INCOME

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

Under the FE/HE SORP, the college recorded an operating deficit of £3,873k for the year ended 31 July 2022. After adjusting for the non-cash allocation provided under government rules, the college shows an “adjusted” surplus of £786K on a Central Government accounting basis. The deficit is attributable to other factors reflected in the adjusted operating table on page 17 of this report which are largely non-cash pension adjustments, and the college is therefore operating sustainably within its funding allocation.

	<u>Year to 31</u> <u>July 2022</u>	<u>Year to 31</u> <u>July 2021</u>
	£'000	£'000
Deficit before other gains and losses (FE/HE SORP basis) for academic year	(3,873)	(4,068)
Add: Depreciation budget for government funded assets (net of deferred capital grant) for academic year	1,625	1,630
Operating Deficit on Central Government accounting basis for academic year	(2,248)	(2,438)

25. EVENTS AFTER THE REPORTING PERIOD

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

APPENDIX 1

2021-22 Accounts direction for Scotland's colleges and Glasgow Colleges' Regional Board

1. It is the Scottish Funding Council's direction that institutions¹ comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts².
2. Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RSB) (for assigned colleges).
3. Incorporated colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2021-22 (FReM) where applicable. In cases where there is a conflict between the FReM and the SORP, the latter will take precedence.
4. Incorporated colleges and Glasgow Colleges' Regional Board must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2022.
5. The annual report and accounts should be signed by the chief executive officer / Executive Director and by the chair, or one other member of the governing body.
6. Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council

18 July 2022

1 The term "institutions" includes colleges and Glasgow Colleges' Regional Board.

2 Glasgow Colleges' Regional Board's accounts are prepared on a consolidated basis, incorporating the results of City of Glasgow College, Glasgow Clyde College and Glasgow Kelvin College. New College Lanarkshire's accounts are also prepared on a consolidated basis, incorporating the results of South Lanarkshire College.

[Accounts direction for Scotland's colleges 2021-22 \(sfc.ac.uk\)](https://www.sfc.ac.uk)