

# Annual Report & Financial Statements

August 2018- July 2019



**Glasgow  
Kelvin  
College**



The Board of Management of Glasgow Kelvin College is a Scottish Registered Charity, no. SC021207

## CONTENTS

	Page
1. Performance Report – Overview Report	3
2. Performance Report – Performance Analysis Report	10
3. Accountability Report	18
4. Remuneration & Staff Report	29
5. Auditor's Report	35
6. Statement of Comprehensive Income and Expenditure	38
7. Statement of Changes in Reserves	40
8. Balance Sheet	41
9. Statement of Cash Flows	42
10. Notes to the Financial Statements	43

The financial statements were approved and authorised for issue on 9th December 2019

# **Performance Report of the Board of Management**

**For the year ended 31 July 2019**

## **Introduction**

The Performance Report for the year ended 31 July 2019 provides an overview of the College, its objectives, strategies and targets, its performance over the year, its financial position, the risks it faces and its future plans.

The Performance Report consists of the following sections:

### **1. Overview Report 2018/19**

- 1.1 Introduction
- 1.2 Principal's Review of 2018/19
- 1.3 Statutory Background
- 1.4 Vision and Mission Statements
- 1.5 Purpose, Context, Operational Environment
- 1.6 Objectives & Strategies
- 1.7 Key Risks
- 1.8 Going Concern
- 1.9 Performance Summary

### **2. Performance Analysis Report 2018/19**

- 2.1 Performance Measurement
- 2.2 Performance Analysis & Performance Indicators
- 2.3 Financial Performance
- 2.4 Prompt Payment to Suppliers
- 2.5 Procurement, Anti-bribery & Corruption
- 2.6 Treasury Management
- 2.7 Commitment to Human Rights, Equality and Diversity and Disability Statement
- 2.8 Environmental Sustainability
- 2.9 Staff Involvement
- 2.10 Health & Safety
- 2.11 Openness, Freedom of Information & Data Protection
- 2.12 Taxation & Charitable Status
- 2.13 Quality Enhancement
- 2.14 Professional Advisors

Further information on the College's operational, strategic and financial plans can be found in the College web site: [www.glasgowkelvin.ac.uk](http://www.glasgowkelvin.ac.uk)

## **1. Overview Report 2018/19**

### **1.1 Introduction**

The purpose of the Overview Report for session 2018/19 is to provide summary information in respect of the College, its objectives, strategies and the perceived risks that it faces. This section also provides a high level performance summary which is analysed further in the Performance Report.

### **1.2 Principal's Review of 2018/19**

This section provides an overview of the College performance during session 2018/19. The past year has been challenging but was another successful one for Glasgow Kelvin College. The College has further cemented its position as a key provider of further and higher education in the Glasgow Region and as an institution delivering to the people of Glasgow, it has met its commitments to deliver learning and teaching and has improved its academic performance which means a higher proportion of learners enrolled by the College successfully completed their course. During the year the College:

- exceeded its student activity target set in the Regional Outcome Agreement, enrolled over 13,600 learners;
- improved its academic success rates across FE level programmes;
- invested £1.1m in its infrastructure to ensure that the College is able to offer a high quality learning environment for all learners, this included the development of a new flexible learning area at Easterhouse, new ICT hardware and infrastructure and a number of building improvement projects across all campuses;
- delivered and expanded the Graduate Level Apprenticeship Programme and the regional Foundation Apprenticeship Programme;
- Won an Education Buildings Scotland 2018 Award for Innovation in Delivering a Sustainable Education Facility - Velocity Cycle Hub;
- won a UK Green Gown Award - Awarding Sustainability Excellence for work on the White Ribbon Campaign which seeks to promote equalities and challenge gender based violence, additionally the College was highly commended for this project at the International Green Gown Awards in New York;
- developed new partnerships with employers and grew the Made Barbering Academy with Rebel Rebel;
- expanded its British Council funded programme in India with Skills Councils in India, employers in the textiles and hospitality sectors and organisations which support survivors of domestic abuse and acid attacks; and
- continued to take a sector leading approach to sustainability and climate change, demonstrated by recognition at Scottish, UK and international awards and being confirmed as reporting the biggest proportionate reduction in carbon emission of all Colleges and Universities in Scotland.

### **Learning & Teaching**

The College delivered on its teaching volume commitments agreed in the Glasgow Regional Outcome Agreement which it signed along with Glasgow Colleges' Regional Board and its two sister Glasgow Colleges. It exceeded its core student activity target, exceeded its European Social Fund activity target and contributed to the delivery of additional activity in Glasgow. It also continued to deliver for Glaswegians and, with its commitment to some of the poorest communities in Scotland, provided education and training opportunities to individuals residing in the most deprived postcode areas in the UK. The College enrolled over 13,600 learners during the session with over 87% of these residing in Glasgow.

In total 53% of learners enrolled during the year came from the 10% most deprived communities in Scotland. This equates to 6,730 people resident in the most deprived communities in the Glasgow

area. Additionally, the College focussed its delivery on the priority economic areas identified in the Glasgow Regional Curriculum Review to ensure that education provision met the needs of the local labour market and supported economic development and growth.

The College has made further progress in improving the quality of learning and teaching and in professionalising and developing its workforce. Progress in respect of improved student success rates in FE programmes has been marked during the year and reflects a number of strategies put in place by the College to support its learners to complete their programmes and progress to employment or further study. There has been a slight drop off in success rates in respect of HE provision, the College believes that the national industrial action taken by teaching staff during the year may have contributed to increased withdrawal. There are also other factors contributing to this including increased numbers of learners leaving College to enter the more buoyant labour market. The College is seeking to continue to improve performance in session 2019/20.

In respect of investment in facilities, the new Flexible Learning Centre seeks to pilot models used in HE and in other countries within its Easterhouse Campus. The redevelopment of Science and Engineering facilities in Springburn was completed and the new facility opened by the Depute First Minister, this provides excellent new equipment and lab space for science and engineering programmes. Further significant investment in ICT infrastructure and hardware was also delivered.

### **Curriculum Review**

The College continues to work within the curriculum framework set by GCRB in partnership with the other two Glasgow colleges. It reviews systematically emerging labour market trends, demographic change and anticipated future economic development with a view to ensuring that the curriculum offer remains appropriate.

The College was delighted to open its new Childcare Centre of Excellence in partnership with Jobs and Business Glasgow. This provides capacity for an increase in Childcare and Early Years Education on a single site which is shared with an operational nursery. This development will contribute to increasing the numbers of well trained and qualified early years' workers required to deliver on the Scottish Government's programme to expand the provision of free Childcare.

A further key component of the College approach has been to develop how it delivers and manages work based learning in partnership with Skills Development Scotland (SDS) and employers. Glasgow Kelvin College is now managing an increasing suite of apprenticeship programmes in partnership with SDS, Glasgow City Council, East Renfrewshire Council, East Dunbartonshire Council, Glasgow Colleges Regional Board, City of Glasgow College and Glasgow Clyde Colleges. This work is significantly increasing the number of access routes into apprenticeships throughout the Greater Glasgow area.

### **Estates & Sustainability**

The College has been able to invest in its Estates with funding made available from the sale of City Campus, receipt of funds from the Glasgow Kelvin Learning Foundation and the Scottish Funding Council/Glasgow Colleges Regional Board. A wide range of projects to improve and refresh the College Estate and its learning environments have been completed. Recent investment has improved the quality of all campuses and it is hoped that ongoing and sustainable levels of funding will continue to be made available to support the programme of estates development and maintenance.

The College secured funding from a number of key partners to develop its commitment to operating in an environmentally sustainable way. Firstly, it was delighted to receive confirmation from EAUC that it has achieved the biggest reduction in reported carbon emissions of all Colleges and Universities in Scotland over the past 4 years of participation in the Public Sector Carbon Reporting framework. Secondly, the College has won two major awards for its efforts including a Green Gown Award for Sustainability Excellence for the White Ribbon Campaign and a nomination for the development of a

Cycle Friendly Campus at Springburn. The College also won an Education Buildings Scotland 2018 award for Innovation in Delivering a Sustainable Education Facility, again for the Velocity Cycle Hub.

Other sustainability projects which were progressed during the year include increased recycling and reduced waste, the installation of automatic meter readers, leasing of electric vehicles to replace diesel ones, energy reduction programmes and the development of an exciting project to develop derelict land at the East End Campus into a community garden. Finally, the College is progressing a significant investment in a new Building Management System at its three main campuses and it is intended that this will enable improved management of electricity and gas consumption in future years.

## **Financial Management**

In respect of financial management, the results for the year are not as positive as planned. Using the underlying operating position methodology developed by the Scottish Funding Council (SFC), the College is reporting a small deficit. The primary reason for the deficit was that the SFC decided to review the funding allocations it had set out in its Offer of Grant and reduced funding to the College by £260,000 in January 2019. It was not possible to make changes to operating plans at this stage in the year and reduce expenditure to compensate for the reduction in income. Additionally, spend on teaching staff and youth work provision was higher than budgeted as a result of demand for provision within local communities and long-term absence cover.

Despite the deficit incurred in session 2018/19, the College remains in a relatively healthy financial position as a consequence of operating surpluses in prior years and access to funding provided by the Glasgow Kelvin Learning Foundation.

Additionally, the College has focussed on its longer term financial sustainability and has developed plans designed to ensure it remains financially sustainable. Significant unfunded increases in pay rates for staff have been agreed nationally and will add over £2m to annual payroll costs. As a consequence, it is anticipated that the coming years will be particularly challenging and will require reductions in staffing levels and improved efficiency to enable it to deliver similar activity volumes. Maintaining and improving the quality of service provision will be difficult in these circumstances.

A medium-term financial plan is in place along with 5 year Financial Forecasts which outline the challenge in more detail and provide initial proposals for reducing spend. It is also hoped that the sector will shortly return to a fair and transparent funding model. The College has continued to consult with its staff representatives, act transparently and openly, communicate with staff and protect services for learners. The positive financial performance achieved in recent years ensures the College is in a relatively healthy position to address the financial challenges ahead.

## **Recognition and Awards Gained in 2018/19**

As always, it is particularly encouraging to see the hard work of learners and staff recognised nationally, recent highlights include:

- At the UK Green Gown Awards, The Student Association's White Ribbon campaign won the award for Sustainable Inclusive Social Practice. The GKC Velocity Hub was also a Finalist in the Student Engagement category. Following on from this, at the International Green Gown Awards in New York City, the White Ribbon campaign received a Highly Commended award;
- Deputy First Minister and Cabinet Secretary for Education and Skills, John Swinney MSP, officially opened the new Kelvin Innovation Centre in the Engineering wing at the Springburn Campus where £1.5m investment has created a dynamic and high-tech space with state-of-the-art equipment for project based learning;
- The Velocity Cycle Hub at Springburn Campus won the Innovation in Delivering a Sustainable Education Facility Category at the Education Building Scotland Awards, the only Scottish college to be shortlisted. Additionally, this project received funding from Transport Scotland's first E-Bike Grant Fund to purchase Electric Bikes as part of the active and sustainable travel themes embedded in the Velocity Cycle Hub;

- The EVIP programme (Enhanced Vocational Inclusion Programme), run in partnership with Glasgow Clyde College and Glasgow City Council was shortlisted for a People Make Glasgow – Herald Inspiring City Award and was highly commended. The same partnership also won the SQA Star Award for Promoting Inclusion and claimed the overall Pride o’ Worth Award;
- The College received almost £14k of funding from The Levensat Trust and EB Scotland to design and create the East End Community Garden at East End Campus which will be a sustainable amenity for the local community;
- The College’s work with Indian partners was recognised as a finalist in the British Council International Category by the Association of Colleges Beacon Awards 2019;
- Glasgow Kelvin College was shortlisted in TES Awards Apprenticeship Programme of the Year category for the regional Foundation Apprenticeship programme to provide vocational skills and work experience to young people whilst they still attend school during the Senior Phase;
- Two of Glasgow Kelvin’s students won awards at the Institute of Refrigeration annual awards;
- One of our HNC Working with Communities students achieved a ‘Highly Commended’ in the Young Learner of the Year at the British Education Awards 2019. Additionally, a former Wider Access Student in Maths was awarded the Scottish Degree Student of the Year;
- A College learner, Alistair Kemley, won two gymnastics medals from the Special Olympics in Abu Dhabi, a silver for the pommel horse and a bronze medal in the rings;
- The College teamed up with The Orchard Project to plant over 20 fruit trees at its Springburn Campus with the help of students as part of their Sustainability project;
- At the annual BESA Awards 2019, engineering students sweep the board for the awards with six students carrying off the first prize in their categories;
- The College announced the establishment of several new partnerships in the construction industry to support the redevelopment of North Glasgow, new training arrangements have been established with Keepmoat Homes, Morgan Sindall, Sibbald Training and Tigers Ltd;
- Photography lecturer Simon Murphy’s portrait of Gary Gosse has been selected as a winner of the prestigious Portrait of Britain award run by the British Journal of Photography; and
- Alan Sherry, now retired Principal, received a Lord Provost’s Award for Education.

## **Conclusion**

As outlined in this section of the Annual Report, Glasgow Kelvin College has had another successful year. The success of the College has been as a consequence of the hard work of staff and students and through the continuing support received from key partners.

I would also like to take this opportunity to recognise the role Alan Sherry has played in leading Glasgow Kelvin College from its inception in 2013 through to the end of session 2018/19. Alan has worked tirelessly over a number of years to establish Glasgow Kelvin College as a high performing College which is focussed on the needs of the Glasgow economy and Glaswegians.

### **1.3 Statutory Background**

Glasgow Kelvin College was established on 1<sup>st</sup> November 2013. It was created from the merger of North Glasgow College, Stow College and John Wheatley College. North Glasgow College became the host institution and was renamed Glasgow Kelvin College on 1<sup>st</sup> November 2013. It is one of Scotland’s colleges as defined by the Further and Higher Education (Scotland) Act 2005.

The College is primarily funded by the Glasgow Colleges’ Regional Board (GCRB) which is a ‘Fundable Body’ within the terms of the Post 16 Education (Scotland) Act 2013. GCRB has the overall responsibility for the planning and delivery of Further Education in Glasgow. GCRB are in turn funded by the Scottish Funding Council (SFC), a Non-Departmental Public Body of the Scottish Government, whose main role is to distribute funding to Colleges and Universities in Scotland.

The Board of Management of Glasgow Kelvin College is a registered Scottish Charity, Charity number SC021207 (within the provisions of the Charities and Trustee Investment (Scotland) Act 2005).

## **1.4 Mission and Vision**

### **Vision Statement**

*Transforming lives through education.*

### **Mission Statement**

*Glasgow Kelvin College will enhance our learners' aspirations, careers and lives through accessible, inclusive, high quality lifelong learning.*

## **1.5 Purpose, Context, Operational Environment**

Glasgow Kelvin College was created on 1<sup>st</sup> November 2013 as part of the Scottish Government policy to develop a regional, more strategic, approach to organising and delivering Further Education in Scotland. The College works closely with its two partner Glasgow colleges and the Glasgow Colleges' Regional Board (GCRB) to achieve this policy aim.

It delivers a wide range of qualifications and learning opportunities. These range from access provision, delivered in the community, through national certificate, HNC, HND, Foundation Apprenticeships, Graduate Level Apprenticeships and Modern Apprenticeships to degree level provision. Partnership working with local and national agencies enables the College to offer this wide range of learning and teaching opportunities.

In respect of the local context, the College operates in perhaps the most challenging educational environment in Scotland. The majority of local authority wards, which are in close proximity to the College, feature in the Scottish Government's most deprived areas, based upon the indices of multiple deprivation. Glasgow Kelvin College focuses its curriculum delivery on meeting the needs of local people, around 87% of its students reside in Glasgow. It enrolls around 12,000 Glaswegians each year, making it the largest provider of Further Education opportunities for the citizens of Glasgow. A more detailed analysis of College provision and its operational context is available in the Context Statement, published on the College web-site.

During the year, the College curriculum was delivered by its four teaching faculties:

- Business and Creative Industries;
- Health Studies, Care and Learning Development;
- Engineering, Construction and Science; and
- Community and Flexible Learning.

It operates primarily from its four main campus buildings and the Blairtummock Childcare Centre of Excellence which is close to the Easterhouse Campus. The four main campus buildings are:

- Springburn Campus;
- East End Campus;
- Easterhouse Campus; and
- West End Campus.

These facilities are all of a high quality standard and enable the College to deliver its curriculum across the North and East of Glasgow. The College also delivers activity in a large number of community venues across North East Glasgow, in partnership with the North East Sector Community Planning Partnership Board and with the Wheatley Group. The Learning Network comprises an increasing number of learning centres in community venues which are electronically networked to the College.



The College is largely funded by public funds which derive predominately from the SFC. In addition, the College receives fees paid by the Student Awards Agency for Scotland (SAAS), learners and employers. Public funding and funding from partners enables the overwhelming majority of learners to attend College at no direct cost to themselves. Consequently, this means that the College is heavily dependent upon direct financial support from the Scottish Government (via the SFC and GCRB).

### **1.6 Objectives & Strategies**

The College has in place a high level Strategic Plan which is set by the Board of Management and is supported by a number of Operational Plans and Strategies. These strategic objectives have been consulted upon widely and align with the Regional Strategic Plan and the Regional Outcome Agreement (ROA) and the wider political framework in Glasgow. The current Strategic Objectives are set out in the Strategic Plan covering the 2019-2022 period and are:

- 1. Working to develop our students, communities and curriculum – to deliver an accessible, inclusive, high quality learner experience for our students.**
- 2. Working to develop our own skills – to provide a professional learning culture to support, retain and develop our highly skilled, diverse workforce.**
- 3. Working in Partnership – to be a partner of choice for employers and the communities we serve.**
- 4. Working sustainably and collaboratively – to achieve and maintain financial viability.**
- 5. Working responsibly and transparently – to maintain the highest standards of corporate governance and responsibility.**

Additionally, there are a range of specific Plans and Strategies which support the Strategic Plan and the Mission and Vision of the College. These include:

Access & Inclusion Strategy	Gender Action Plan
Learning, Teaching & Assessment Strategy	Workforce Plan
Financial Strategy	Internal Communications Strategy
ICT Strategy	Risk Management Strategy
Value for Money Strategy	Estates Strategy & Climate Change Action Plan

The delivery of the College contribution to the Glasgow Regional Outcome Agreement and working in partnership with the Glasgow Colleges Regional Board and the other Glasgow colleges are priorities for Glasgow Kelvin College.

The Planning documents referred to above are all available on the web site - <http://www.glasgowkelvin.ac.uk/plans-and-strategies>

### **1.7 Key Risks**

The main risk facing the College at present is related to medium term financial sustainability. The Scottish Government has not yet published clear forward expenditure plans for the FE sector but has committed to maintaining the overall volume of Further Education to be delivered by colleges during the period of this parliament. The College therefore expects to deliver close to its current level of activity for the coming years. The Estates Strategy, a Financial Strategy and Workforce Plan have been prepared on this basis. Overall, the College believes its Estates and its Curriculum are appropriate to its current mission and vision and the needs of the Glasgow region and economy. The College fully expects the demand and need for the services it provides to Glaswegians to continue. The College also recognises that industrial relations in the college sector remain challenging and were

damaged significantly during the pay related dispute which took place during session 2018/19, further disruption and associated adverse impacts upon learners remains a risk.

Additionally, Cyber Security and Brexit pose significant risks. The College has secured Cyber Essential Plus accreditation for two years in succession and has invested heavily in its ICT infrastructure to mitigate Cyber Security and associated data security risks. The College is in the process of evaluating the potential impacts which Brexit may have locally and is likewise concerned about the potential for adverse economic and funding impacts. It is seeking to develop new international partnerships prior to the UK leaving the European Union, however, much of the risk associated with Brexit is outwith the control of the College, potential impacts could relate to;

- EU nationals employed by Glasgow Kelvin College;
- EU/International Students;
- Availability of goods and services immediately following Brexit;
- Transport disruption due to fuel shortages;
- a range of programmes supported by EU funds, the associated employment of staff and the opportunities provided for students and staff to participate in mobility visits; and
- changes to legal and regulatory frameworks.

It is clear that Public Funding is likely to be under increasing pressure in the coming years. The College has worked diligently to increase efficiency, deliver better outcomes for learners and improve the value for money its provision delivers. The transition to national collective bargaining has resulted in increased costs and reduced efficiency. Implementing the new agreed rates of pay for teaching staff is placing a significant financial pressure on the College and is making it increasingly difficult to maintain expenditure and investment levels in other areas of activity and spend. There is an on-going risk that the costs of pay increases will not be funded by the Scottish Government.

### **1.8 Going Concern**

The Board of Management considers that the College has adequate resources to continue in operational existence for the foreseeable future. The Board has a medium term Financial Strategy in place. It is anticipated that the College will continue to be funded by Grant in Aid from the Scottish Funding Council/GCRB and will continue to operate on a financially sustainable basis.

### **1.9 Performance Summary**

The College set a large number of operational targets for session 2018/19 and monitors performance against these throughout the year. As stated in the Principal's review of the session, the College has had a successful year in session 2018/19.

The College considers its key objective to be the delivery of student activity levels at the target agreed with GCRB and the SFC. During session 2018/19 the College had a target to deliver 79,516 credits and actually delivered 80,172 credits.

The other main aspect of performance is operating within budget, this was not achieved during the year due to higher than anticipated long term sickness absence costs and the in-year reduction in funding administered by the SFC which totalled £260k and was not anticipated.

## 2. Performance Analysis Report 2018/19

### 2.1 Performance Measurement

The Board has a Strategic Plan in place which sets out its overarching objectives. This aligns with the Regional Outcome Agreement and responds to Glasgow's Local Outcomes Improvement Plan. These all reflect Government policy objectives and are the primary documents the College uses to articulate its plans and objectives. These then form the basis for operational planning and financial planning. Performance is monitored routinely against these plans and is reported in detail to the Board of Management in the middle of the year and at the year end.

In respect of operational targets, a total of 112 targets were set with 93 of these being fully achieved, a further 16 were partially achieved. The remaining 3 targets were removed from the plan as events, outwith the control of the College, meant that they were superseded or became inappropriate.

The College takes a holistic view of its performance, it recognises the importance of managing performance across all aspects of its activity. It reports performance in numerical terms against a number of Key Performance Indicators (KPIs) and also uses a wide range of other information, reports and feedback to develop and improve its services. In addition to financial and enrolment data, this includes quantitative and qualitative analysis of feedback from learners, commendations and complaints, feedback from partners, employers and other service users.

### 2.2 Performance Analysis & Performance Indicators

Overall, the performance of the College during 2018/19 exceeded key targets, in particular the activity target was exceeded and measures of learner success and achievement improved. Increased staffing costs along with an in-year reduction in funding did however mean that the financial position has deteriorated during the year. Additionally, support staff pension fund net liabilities increased substantially. Overall the College remains in a relatively healthy financial position but has had to put cost saving measures in place to improve future financial performance and manage future anticipated cost increases.

The following table provides summary financial and key performance indicators. The College also reports on academic performance separately and within the context of the regional outcome agreement and the targets specified in that document.

Performance Indicator	2015/16	2016/17	2017/18	2018/19
Operating Surplus (Deficit) as a % of Income *	0.6%	0.2%	0.1%	(1.0%)
Non - SFC Income	£6,301,000	£6,109,000	£8,140,000	£7,533,000
Non SFC Income as a % of Total Income**	20%	22%	26%	23%
Staff Costs as a % of Total Expenditure	68%	72%	72%	70%
Credits Delivered	90,346	82,871	81,979	80,172
Credits Target (ROA)	89,527	81,543	80,101	79,516
FTE Teaching Staff	296	274	281	272
Credits per FTE Teacher	305	302	291	295
Current Ratio (current assets / current liabilities)	0.9	0.3	0.4	0.4
Net Current Assets/ (Liabilities)	(£895,000)	(£3,188,000)	(£3,238,000)	(£3,650,000)
Days Cash	10	11	18	15

\* based on underlying surplus methodology established by the SFC

\*\*excludes proceeds from disposal of fixed assets and capital grants

A key efficiency measure is the number of Credits delivered by each full time equivalent teacher, the table above indicates that the efficiency improvement measures put in place by the College delivered a small increase of 4 credits per teacher during the year (a 1.3% improvement). However, this measure does not take account of the step increase in the volume of activity which is not counted within SFC Credit statistics, particularly in respect of the Foundation Apprenticeship Programme (funded by Skills Development Scotland), the Flexible Workforce Development Fund, and articulation activity with local universities. Growth in these areas have meant that non-credit funded activity is now far more significant. The College estimates that activity which is not included in the credits calculation now accounts for the equivalent of circa 6 FTE. This also accounts for a significant proportion of the increase in non-SFC income generated over the past few years.

Over recent years an extensive programme of value for money savings has been implemented which has reduced expenditure on goods and services, this is making it particularly difficult going forward to identify opportunities for further savings.

### Academic Performance Indicators

The table below provides a comparison of the College's indicative 2018/19 Performance Indicators with nationally published data for 2017/18 for the Glasgow Region and Scotland (the most recent available comparators):

	Completed successful	Completed partial success	Withdrawals
Glasgow Kelvin 18/19	76.2%	8.9%	14.9%
Glasgow Kelvin 17/18	74.6%	9.7%	15.7%
Glasgow Kelvin 16/17	75.1%	9.0%	15.9%
Glasgow Kelvin 15/16	75.5%	8.2%	16.3%
Glasgow Kelvin 14/15	74.6%	9.2%	16.2%
Glasgow Kelvin 13/14	72.3%	13.2%	14.5%
<b>Comparators:</b>			
Glasgow Region 17/18	75.3%	8.7%	16.0%
Glasgow Region 16/17	74.7%	9.7%	15.6%
Glasgow Region 15/16	75.5%	9.7%	14.8%
Glasgow Region 14/15	72.0%	10.5%	17.5%
Scotland 17/18	74.0%	10.6%	15.4%
Scotland 16/17	73.3%	11.7%	15.0%
Scotland 15/16	72.0%	13.3%	14.7%
Scotland 14/15	72.4%	13.8%	13.8%

In terms of overall attainment (successful completion), the College continues to perform better than the national comparator data and is broadly in line with the Glasgow Regional average. Its performance in session 2018/19 has improved as a result of improved performance on FE programmes, which represent the majority of College provision. Successful completion on HE programmes reduced slightly during the year. The College is grateful for the efforts made by its teaching staff to improve outcomes for learners.

The College continues to tailor its delivery to the needs of local communities, delivering in excess of 41% of its credits to learners from the most 10% deprived communities in Scotland, 53% of the individuals it enrolls are from such communities, predominantly within Glasgow. Focusing delivery on the needs of the local community presents a number of challenges and, as with all sectors of the education system, success rates for disadvantaged groups tend to be lower than average. Partial success is lower than national norms, and learner satisfaction remains very high at 90% evidencing that learners who stay on programmes are successful and are progressing to further study and

employment. However, withdrawal is still a challenge for the College, particularly in respect of full time provision, although there is some evidence that the improving local labour market is resulting in increasing numbers of learners leaving courses prior to completion to enter employment.

In respect of teaching activity, the target was to deliver 79,516 credits (the measure of learner hours taught) and actually delivery was 80,172 credits or 0.8% above the funded target. In session 2017/18 the College likewise exceeded its activity target and delivered 81,979 credits (1,878 credits above target or 2.3% additional activity). The delivery of additional credits was possible as a result of additional funding from partners which enabled the College to support additional community delivery and provide opportunities for individuals in the process of leaving care. This important activity has been funded by the Big Lottery, Glasgow City Council, the Robertson Trust and the Wheatley Group. Due to the reduced credit target, severe staff cost pressures and need for greater efficiency, the College was forced to reduce slightly the volume of activity it delivered. Despite this, total activity targets were exceeded.

In terms of student headcount, the College enrolled 13,675 learners during the year, this was less than the total of 14,583 learners in session 2017/18.

### **2.3 Financial Performance**

Financial performance during the year was poorer than planned for a number of reasons. The main adverse variances against the budget set by the College are summarised below:

Mid-year reduction in grant income by the SFC	(£260k)
Reduction in planned income from the Glasgow Kelvin Learning Foundation	(£180k)
Additional spend on staff cost to cover absence	(£104k)
Total adverse variance	(£544k)

The College was unable to compensate for the mid-year reduction in income from the SFC, this related to national bargaining funding and meant that the College received less funding than was outlined in the offer of grant and in the original budget approved by the Board of Management. It was also decided not to apply for funding from the Glasgow Kelvin Learning Foundation during 2018/19. Overall, the deficit has been funded from operational surpluses generated in previous years and leaves the College in a weakened but still healthy position as at 31 July 2019.

The balance sheet position has deteriorated as a consequence of the deficit for the year and a very significant increase in net pension liabilities for support staff. The pension liability is calculated independently by the Strathclyde Pension Fund Actuary and has increased to £6.1m during session 2018/19. There also remains a significant liability for pensions and early retirement enhancements inherited from legacy Colleges although these have reduced slightly as Glasgow Kelvin College does not enhance pensions for members of staff leaving employment. The pension adjustments are non-cash and are entirely outwith the control of the College.

The College is disappointed that it has not been able to operate within budget during the year but recognises that this was partly due to factors outwith its control and reflects the extreme financial challenge facing the sector more widely.

The adjusted operating position, as defined by the SFC, is summarised below:

	Year to 31 July 2019 £'000	Year to 31 July 2018 £'000	Year to 31 July 2017 £'000
<b>(Deficit)/surplus before other gains and losses</b>	<b>(2,121)</b>	<b>313</b>	<b>(2,579)</b>
<b>Add back:</b>			
Depreciation (net of deferred capital grant release)	257	-	536
Non-cash pension adjustments	1,572	1,099	845
Donation to Glasgow Kelvin Learning Foundation	-	300	2,800
<b>Deduct:</b>			
Depreciation (net of deferred capital grant release)	-	(575)	-
Additional revenue allocation from disposal proceeds of City Campus	-	-	(1,000)
Non-cash pension adjustments – unfunded liabilities	(41)	(315)	-
Revenue funding allocated to repayment of Lennartz VAT liability	-	(361)	(433)
<b>Adjusted operating (deficit)/surplus</b>	<b>(333)</b>	<b>461</b>	<b>169</b>

One consequence of college reclassification as central government bodies is that, from 1 April 2014, colleges are required to comply with Central Government budgeting rules. This affects, amongst other things, the way in which non-cash depreciation charges are treated and how the colleges spend the cash funds (cash budget for priorities) previously earmarked for depreciation. Therefore, in addition to its Income and Expenditure budget, the College has additional cash resources as a consequence of the way in which non-cash depreciation and deferred grants are budgeted for and accounted for. Spend relating to this additional cash is detailed in the following table:

	Year to 31 July 2019 £'000	Year to 31 July 2018 £'000
<b>Revenue included in Income &amp; Expenditure:</b>		
Pay awards not funded	231	81
<b>Total impact on operating position</b>	<b>231</b>	<b>81</b>
<b>Balance Sheet liabilities:</b>		
Loan repayments – Lennartz	211	361
<b>Total Cash spend on repayment of liabilities</b>	<b>211</b>	<b>361</b>
<b>Total</b>	<b>442</b>	<b>442</b>

## **2.4 Prompt Payment to Suppliers**

The College seeks to develop strong relationships with its suppliers and complies, as far as is possible, with the Confederation of British Industry (CBI) prompt payment code. The policy of the College is to pay all suppliers within 30 days of receipt of an invoice, in practice most invoices are paid significantly earlier than this and all disputes and complaints are handled as quickly as possible. The average time taken to pay suppliers following the receipt of an invoice was 11 days (prior year 9 days). No payments were made in respect of interest on late payments.

## **2.5 Procurement & Anti Bribery & Corruption**

The College continues to seek value for money and savings opportunities to ensure the effective use of resources. The Procurement Strategy and Policy are published on the web-site and have been informed by the Scottish Procurement statutory guidance under the Procurement Reform (Scotland) Act. The College advertises as many opportunities for suppliers as possible on the Scottish Government supported websites - Public Contracts Scotland and Public Contracts Scotland-Tender.

The College works in partnership with Advanced Procurement for Universities and Colleges (APUC), the other colleges in the Glasgow Region to ensure that procurement is organised in an efficient and effective manner across the Glasgow FE Sector. The College was particularly pleased with its 'gold' rating achieved in December 2016 from the Procurement and Commercial Improvement Programme review conducted by APUC.

The College has clear Anti Bribery and Corruption policies and procedures. These are reviewed regularly and are embedded within the Financial Regulations and HR policies and procedures.

## **2.6 Treasury Management**

The College is classified as a public Body and therefore is required to conduct all of its banking with the Government Banking Service currently operated by the Royal Bank of Scotland. The College is required to minimise the cash balances it holds with excess balances deposited within the Government Banking Service. The cash position is reported to the Scottish Funding Council and Glasgow Colleges' Regional Board on a monthly basis.

## **2.7 Commitment to Human Rights, Equality and Diversity and Disability Statement**

The College recognises the strength of a multi-cultural and diverse society and is committed to advancing equality of opportunity for all. The College values the diversity of its workforce and learner population. Its equality policies, procedures and equality outcomes apply to all staff, learners, partnership organisations, contractors and service providers who are required to comply with their requirements. It consults and involves, where appropriate, learners, staff, community organisations and partner agencies as part of the development of its policies and practices. Work is on-going to embed equalities material across the curriculum and this is supported actively by the Students' Association.

The College is a 'Disability Confident Employer', it commits to interview all disabled applicants who meet the essential criteria for employment in an advertised post. Glasgow Kelvin College is committed to ensuring that people with disabilities and people with learning difficulties are treated fairly. It makes reasonable adjustments and seeks to provide additional support to try and ensure that such people are not disadvantaged in respect of access to educational opportunities at the College.

The College is also leading on a number of exciting new initiatives which include the project in India to improve employment opportunities for disabled people and support acid attack survivors, the White Ribbon Campaign to tackle gender based violence and the Mentally Healthy College project.

The Equality Outcomes and Mainstreaming Report are available on the College website.

## **2.8 Environmental Sustainability**

Glasgow Kelvin College is committed to minimising the negative impact its activities have on the environment. In session 2015/16 the College prepared its first Climate Change Action Plan (CCAP) and reported on its environmental performance from session 2014/15 onwards as part of the Scottish Government Public Bodies Climate Change Duties Reporting. The College is fully compliant with the reporting requirements specified in the Climate Change (Scotland) Act 2009. It now has several years of carbon emissions data. The College has achieved the highest reduction in reported carbon emissions over this period of any College or University in Scotland.

The College reported carbon emissions totalling 3,257 tonnes CO<sub>2</sub> in session 2014/15 and the CCAP set a target that this would reduce by 800 tonnes or 25% annually from session 2016/17 onwards, mainly achieved through the rationalisation of the Estate. The College is delighted to report that, in total, annual carbon emissions have reduced by 50% to 1,605 tonnes in session 2018/19. A proportion of this achievement is due to improved conversion factors for electricity as the grid has been de-carbonised and is not all as a result of reduced energy consumption. The College has published its Climate Change Report on its web-site, this provides further detail on emissions. The College also complies in full with the requirements of the Climate Change (Scotland) Act 2009 including the reporting requirements.

The CCAP provides further detail and outlines a number of projects the College has undertaken to manage its environmental impact more effectively. Highlights include the development of a cycle hub at the Springburn Campus and improvement of cycling facilities at other campus buildings. Significant funding for this project has been provided by Cycling Scotland and the local Glasgow City Council Community Planning Partnership board. New energy efficient boilers have been installed at Easterhouse. Waste reduction and improvements in recycling proportions are other areas for targeted improvement. The College now has two electric vehicles which are used daily and which have replaced older diesel vehicles. The College has an Estates/Sustainable Development Committee which oversees the CCAP and the management of the wider environmental impact of the College. Furthermore, the College recognises that it has a responsibility to embed sustainability in its curriculum and has specialisms in construction, engineering, fashion and science which are all areas which now have environmental sustainability at their core. The College is also delighted to have won a national Green Gown award for Sustainability Excellence in recognition of the progress it has made as well as an Education Buildings Scotland 2018 Award for our Cycle Hub.

## **2.9 Staff Involvement**

Glasgow Kelvin College engages extensively with staff and its trades unions. It is a signatory to the National Recognition and Procedures Agreement and has in place appropriate arrangements for engagement with its two recognised trades unions on a local basis with EIS-FELA and UNISON. This is supported by a Joint Negotiating Committee and a Joint Consultative Committee. The College is a member of the Employers' Association which was established to progress National Collective Bargaining. The Board of Management has signed the National Recognition and Procedures Agreement and implemented all agreements reached within the National framework.

There are two staff members on the Board of Management. These individuals also serve on a number of standing committees of the Board. Both were elected from their respective Support and Teaching Staff groups. EIS-FELA and UNISON branches have the opportunity to attend all Board meetings with 'in attendance' status.

The College communicates with staff in a wide variety of formal and informal ways. A regular staff newsletter and blog are made available to all staff. The College has a staff portal to enable communication and sharing of information. Extensive use is also made of social media to provide information. Additionally, the Chair and Principal write routinely to staff to update them on key matters, decisions and events.



## **2.10 Health and Safety**

The management of Health and Safety has four principal aims:

- the provision of a healthy and safe environment for the students and staff in all aspects of College life;
- the promotion of correct attitudes towards health and safety in order to equip students to take care of themselves and others when they have left the College;
- the provision of suitable resources, whether financial, personnel or staff development, necessary to manage the College's health and safety activities; and
- the promotion and implementation of this policy in support of the College's mission statement.

The policy of the Board of Management of Glasgow Kelvin College as an employer, and in keeping with Section 2(3) of the Health and Safety at Work Act 1974 and subsequent regulations, is to ensure that all reasonable practical steps are taken to ensure the health, safety and welfare of all its employees. The Board also acknowledges its responsibility in respect of persons other than its own employees, whether students, members of the public or employees of contracting companies. To further support its Health & Safety procedures the College undertook the RoSPA OHSAS 18001 audit in early 2018 and has implemented, in full, the recommendations arising from this audit. Every member of staff was provided with a comprehensive fire safety programme and this has been consolidated by the implementation of an online fire safety training package. All regular users of computers are now using the AssessRite online training and assessment programme and every Department and Faculty are now conducting quarterly safety inspections of their areas of responsibility.

Additionally, a comprehensive Occupational Health surveillance programme was introduced to monitor the safety of staff that may be exposed to occupational hazards and to supplement this Noise & Dust surveys have been carried out in higher risk areas. The one campus containing asbestos has been resurveyed confirming that it is legally compliant and the asbestos within it is being managed safely. Finally, the accident/incident reporting mechanism provides an accurate overview of the level and severity of incidents across all campuses. The Board considers a Health & Safety Annual Report as part of its routine monitoring procedure.

## **2.11 Openness, Freedom of Information & Data Protection**

The College publishes a detailed Publication Schedule approved by the Scottish Information Commission under the Freedom of Information (Scotland) Act 2002. As an organisation it is committed to openness and transparency, the Board of Management, and its standing committees, papers, agendas and minutes are publicly available from the website. In addition, the College website contains details of key corporate governance documents, such as the Board Standing Orders and Scheme of Delegation. The College Guide to Information outlines the information that is published routinely and the process for obtaining further information. The College was highlighted in the Audit Scotland report on the college sector in 2016 as being the only institution which complied fully with the Code of Good Governance for Scotland's Colleges in this respect.

The College has prepared appropriately for the new General Data Protection Regulations which came into effect in May 2018. It has developed a robust approach to GDPR through extensive training of staff, new policies and procedures and improved ICT security arrangements. An audit carried out in relation to data protection provided the College with a grading of "good."

## **2.12 Charitable and Taxation Status**

The Board of Management of Glasgow Kelvin College is a registered Scottish Charity (SC021207) and receives exemptions from corporation tax and capital gains tax. It provides a public benefit and satisfies the provisions of the Charities and Trustee Investments (Scotland) Act 2005. Members of the Board of Management act as the Charity's Trustees. The Corporate Social Responsibility Report within the Directors' Report provides further detail on the charitable activities of the College

## **2.13 Quality Enhancement**

Glasgow Kelvin College aims to provide an excellent, inclusive learning and teaching environment for all learners. Current priorities include the development and improvement in the physical estate and ICT infrastructure; it is recognised that it is the quality of learning and teaching and the student experience that are of fundamental importance.

The College has well established arrangements for self-evaluation that engage all staff and which have a significant focus on professional reflection and on learner/stakeholder engagement. These arrangements have been modified over the last year to take account of the new SFC/Education Scotland Arrangements for assuring and improving the quality of provision and services in Scotland's colleges and the associated *How good is our college?* quality framework. This has included implementing arrangements for classroom observation which complement the observations undertaken by Education Scotland. The College has made the following judgements in respect of its evaluative grades relating to the Education Scotland Framework:

<b>Principle</b>	<b>Grade</b>
Leadership and Quality Culture	Very Good
Delivery of learning and services to support learning	Very Good
Outcomes and Impact	Good

## **2.14 Professional Advisers**

**Bankers** Royal Bank of Scotland, Government Banking Service  
10 Gordon Street  
Glasgow  
G1 3PL

**Solicitors** Morton Fraser  
145 St Vincent Street  
Glasgow  
G2 5JF

**VAT Adviser** Johnston Carmichael  
227 West George Street  
Glasgow  
G2 2ND

**External Auditor**  
(appointed by  
the Auditor General  
for Scotland) Scott Moncrieff  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

**Internal Auditor**  
(appointed by the  
Board of Management) Henderson Loggie  
20 Greenmarket  
Dundee  
DD1 4QB

The Performance Report has been approved by the Board of Management and signed on its behalf by:

Ian Patrick  
**Chair**

9 December 2019

Derek Smeall  
**Principal**

9 December 2019

### **3. Accountability Report**

The College is a Public Body and is accountable to a wide range of stakeholders for the services it provides and the way in which it spends public money. The key principle in respect of accountability is that the College conducts itself in an extremely open and transparent way. It makes as full a disclosure as possible of agendas, minutes and papers associated with its governance processes.

The College operates in a complex governance framework and primarily considers itself to be accountable to the Glasgow Colleges' Regional Board, the Scottish Funding Council, the Scottish Government, the partners whom it works with and receives funding from. These include Glasgow City Council, The Wheatley Group, the Big Lottery, the European Union and the Robertson Trust, local employers, the Office of the Scottish Charities Regulator, awarding bodies who accredit learning at the College, the communities it serves, community based partners it works with and the learners it enrolls.

The Accountability reports seeks to provide further detail on how it does this and reports on progress and performance, it includes:

- 3.1 Corporate Governance Report
  - 3.1.1 Statement of the Board of Management Responsibilities
  - 3.1.2 Governance Statement
  - 3.1.3 Estates Strategy
- 3.2 Directors Report
  - 3.2.1 Membership of the Board of Management
  - 3.2.2 Membership of the Strategic Management Team
  - 3.2.3 Data Protection
  - 3.2.4 Disclosure of Information to the College Auditor
  - 3.2.5 Corporate Social Responsibility
  - 3.2.6 Acknowledgments

#### **3.1 Corporate Governance Report**

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the 2016 Code of Good Governance for Scotland's Colleges. The purpose of the summary is to provide detail on how the principles have been applied by Glasgow Kelvin College throughout the 12-month period ended 31 July 2019. The Board of Management also complies with the principles and guidance for ethical standards in public life set out by the Standards Commission for Scotland. The College has implemented the requirements of the Code of Good Governance in full, and it was fully compliant with the code throughout the year.

The College is extremely proud to have been highlighted by Audit Scotland as an example of best practise in respect of the open and transparent way in which it operates.

##### **3.1.1 Statement of the Board of Management Responsibilities**

The Board of Management are responsible for setting the Mission, Vision and Corporate Strategy. The College governing documents make this clear to both the Board and the Senior Management Team. The legislation governing the sector also makes it clear that Glasgow Colleges' Regional Board has overall responsibility for setting the strategic framework in the Glasgow Region. Glasgow Kelvin College works in partnership with the Regional Board to ensure that its strategies align with those of the Glasgow Region.

The College prepares a strategic plan which is updated annually and contributes significantly to the preparation of the Regional Outcome Agreement and the delivery of the targets and objectives contained therein.

The Board of Management of the College is required to present audited financial statements for each financial period. The Board is also responsible for ensuring that the Annual Report and Accounts are fair, balanced and understandable.

Within the terms and conditions of the Financial Memorandum agreed between the Glasgow Colleges' Regional Board and the Board of Management of the College, the Board, through the Principal, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and the surplus or deficit for that period. In preparing the financial statements the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the College. This will enable it to ensure that the financial statements comply with the Further and Higher Education (Scotland) Act 2005 together with the Financial Memorandum issued thereunder and are presented in accordance with the Accounts Direction issued by the SFC. It has general responsibility for taking such steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

The Board is responsible for ensuring that funds from the SFC/GCRB are used only in accordance with the Financial Memorandum and any other conditions prescribed. The Board must ensure that there are appropriate financial and management controls in place sufficient to safeguard public funds and ensure that they are used only in accordance with the conditions under which they have been made available. In addition, the Board is responsible for securing the economic, efficient and effective management of College resources and expenditure, so that the benefits that should be derived from the application of public funds by the Board are not put at risk.

The Board of Management is aware of the need for effective financial control and acknowledges its responsibility for the system for such control operated by the College. The system provides reasonable (although not absolute) assurance that its assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of financial regulations, regular management information and administrative procedures, including the segregation of duties. The College requires observance of, and compliance with, an approved scheme of delegation, financial regulations and financial procedures.

The major components of the system include:

- detailed budget planning involving input from staff, with the annual budget and financial strategy being approved by the Board of Management;
- devolved budgets being approved by the Board, with budget holders being given detailed briefings about their individual budget responsibilities;
- regular reviews by the Financial Control Committee of financial reports which indicate performance against budget, following meetings with individual budget holders;
- setting targets to measure financial and other performance;
- procedures for the Board to review and agree amendments to budgets;
- clearly defined capital investment control guidelines;

- it has also implemented Codes of Conduct and policies and procedures both for staff members and members of the Board which are designed to support systems of internal control; and
- the Public Interest Disclosure Policy outlines the whistle-blowing procedures within the College.

The College engages Internal Auditors, the work of whom concentrates on areas of key activities determined by an analysis of the areas of greatest risk and in accordance with an audit needs assessment with the annual internal audit plan approved by the Board of Management. The Internal Auditors report to the Audit & Risk Committee and the Principal on a regular basis and have direct access to the Chair of the Audit & Risk Committee. The Internal Auditors issue an annual report which gives an opinion of the adequacy, reliability and effectiveness of the internal control system.

The External Auditor is appointed by the Auditor General for Scotland. The Internal and External Auditors are invited to meetings of the Audit & Risk Committee and are provided an opportunity to meet with the Audit & Risk Committee in private each year. The College review of the system of financial control is conducted substantially through the work of the Internal Auditors, the Board of Management, the Financial Control Committee, and the Audit & Risk Committee.

The Board of Management is responsible for the maintenance and integrity of the corporate and financial information included on the College website.

### **3.1.2 Governance Statement**

The College has a robust system of Corporate Governance in place which is fully compliant with the Code of Good Governance for Scotland's Colleges.

#### **Governance Framework**

The governance framework the College adheres to includes the Scheme of Delegation, the Publication Scheme, Board Policies and Regulations, Procedures for the Recruitment of Board Members, Standing Orders, Members Skills Matrix analysis, compliance with the Scottish Public Finance Manual (SPFM), Risk Management processes and an assurance framework including internal and external audit arrangements.

The College advertises externally for Board members. Recommendations for possible membership are made to the Board by its Nominations Committee supported by the independent Clerk to the Board and an external independent person. No member of the College management team is involved in the selection process for Board Members. All appointments of new members are formally approved by the Glasgow Colleges' Regional Board, not the Glasgow Kelvin College Board of Management. The Board of Management comprises of up to a maximum of 18 members, including student and staff representatives. The roles of Chair and Vice-Chair of the Board of Management are separated from the role of the Principal. The Board approve the Corporate Strategy for each year prior to the start of the year. The Board are fully engaged in the development of the College's priorities and then approve the Strategy which informs operational planning and performance reporting processes.

The Board of Management meets at least five times per year and has established several Standing Committees, including a Financial Control Committee, an Audit & Risk Committee, a Human Resources Committee, a Learning & Teaching Committee, an Academic Board, an Executive Committee, a Remuneration Committee and a Nominations Committee. All of these are formally constituted with terms of reference and comprise mainly lay members of the Board of Management, one of whom is Chair.

The Executive Committee is authorised to act on behalf of the Board and its standing committees to deal with urgent matters between cycles of Board and its standing committee meetings as set out in the Scheme of Delegation. The Remuneration Committee's remit includes the remuneration of the Principal, the College Strategic Management Team and those employees not covered by national bargaining. It is chaired by the Vice Chair of the Board. The Nominations Committee's role includes making recommendations on the appointment and re-appointment of Board Members to Glasgow

Colleges Regional Board (GCRB), in line with Ministerial Guidance on College Board member appointments. There are also specific recruitment processes for the appointment of the Principal and recommending the appointment of the Chair of the Board.

The Financial Control Committee has the primary responsibility to review College annual revenue and capital budgets, monitor in-year financial performance data and review the Annual Accounts. The Financial Control Committee *inter alia* recommends to the Board of Management the College annual revenue and capital budgets and its Annual Accounts. This Committee also oversees the implementation of the Estates Strategy and the Capital Investment Plan. The Committee also has oversight of the operation of student support funds.

The Audit & Risk Committee meets at least four times per year, with the External and Internal Auditors in attendance. The Committee advises the College on the appointment of the internal auditors and the auditors' remuneration. The Internal Auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan, and report their findings to management and the Audit & Risk Committee. College Management are responsible for the implementation of agreed audit recommendations and the internal auditors undertake follow up reviews to ensure that such recommendations have been implemented. The Audit & Risk Committee considers detailed reports together with recommendations for the improvement of College systems of internal control and management responses and implementation plans. It also receives and considers reports from the Scottish Funding Council, Audit Scotland and the Public Audit and Post-Legislative Scrutiny Committee of the Scottish Parliament as they affect College business and monitors adherence to the regulatory requirements. It also has responsibility for Risk Management in the College. It oversees the Risk Management Strategy, Risk Appetite Statement and Risk Register on behalf of the Board. It is responsible for the oversight of the College response to the Scottish Government's Public Sector Cyber Security Action Plan. Whilst College management may be invited to attend meetings of the Audit & Risk Committee as necessary, they are not members of the Committee. Duplication of membership is avoided between the Audit & Risk Committee and the Financial Control Committee. The Audit & Risk Committee meets in private with the Internal and External Auditors at least once per year. The Board of Management seek to ensure that at least one member of the Committee has substantial financial management experience.

The Human Resources Committee agrees a range of policies relating to the human resource management of the College including recruitment and selection procedures for both academic and support staff. It monitors the management of staff absence and considers strategic matters associated with the Human Resources function. This Committee also oversees the College approaches to Organisational Development, Health & Safety and Equality and Diversity.

The Learning & Teaching Committee is concerned with the strategic policy associated with the delivery of the academic plan and the quality of the learner experience. It has a significant role in monitoring the delivery and operational effectiveness of the academic plan, quality arrangements and self-evaluation processes.

In respect of the Academic Board's responsibilities, the Board of Management receives guidance and advice on academic policy and the maintenance of the quality of educational provision from this Committee. Membership comprises College management, student and staff representatives.

There is a full and comprehensive Board self-evaluation programme carried out on an annual basis in respect of the performance of the Board of Management and its Standing Committees; this evaluation includes an evaluation of the performance of the Chair of the Board and each Standing Committee Chair. The Chair has individual meetings with all Board members. A full and detailed report covering the Board evaluation activity is presented to the September Board meeting each year and, at this meeting, the process for the following Academic Year is also agreed. All actions flowing from the self-evaluation activities are detailed on the Governance Action Plan and are actioned accordingly. Progress in relation to the Governance Action Plan is reported to the Audit and Risk and the Board of Management twice each Academic Year.

This statement is prepared by management members, reviewed by the whole SMT and Clerk to the Board of Management, reviewed by the Board Financial Control Committee and the Board Audit and Risk Committee before sign off from the Board of Management.

### **Risk Management, Internal Control and Assurance**

The Board of Management is responsible for the College system of internal control and for reviewing its effectiveness annually. It is also responsible for the Risk Management Strategy, setting the Risk Appetite and reviewing the Risk Register which seeks to record key business risks, quantify their potential impact and likelihood and describe actions taken in mitigation. The system of internal control and risk management 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 operates a Risk Management Committee which draws its membership from across all aspects of the operational management team and includes members of the Strategic Management Team. The Strategic Management Team and the Audit & Risk Committee also receive regular reports from the internal audit and 'health, safety and environmental monitoring' functions which include recommendations for improvement. The Audit & Risk Committee role in this area is confined to a high level review of the arrangements for internal financial control. The Human Resources Committee has responsibility for monitoring adherence to the College Health & Safety policy. The Board of Management agenda includes a regular item for consideration of risk and control and receives reports thereon from the Strategic Management Team and the Audit & Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Additionally, the College has an Assurance Framework in place. This is intended to be comprehensive and cover all aspects of College operations and is aligned with the Risk Register. The Assurance Framework is based upon the three lines of assurance or defence model:

- **First Line** - Management assurance from front line or operational areas.
- **Second Line** - Oversight of management activity including effective management information, separated from those involved in front line delivery.
- **Third Line** - Independent expert and objective assurance.

The Assurance Map provides a summary of the main sources of assurance falling within the above definitions with particular emphasis on second and third line sources of assurance as these are the sources of assurance that the Board of Management are likely to place greatest reliance upon.

The Assurance Map then endeavours to provide an assessment of the current sources of assurance and to identify areas where there is a perceived need for further or improved assurance. The Assurance Framework additionally assists in ensuring that Governance, Risk Management and control measures are in place in respect of all aspects of College activity. The document also ensures the College is compliant with the requirements of the Scottish Government Audit and Assurance Committee Handbook published in July 2018.

The Board of Management is of the view that there is an ongoing process for identifying, evaluating and managing the College's major risks. In addition to the work of the Risk Management Committee, the College maintains a risk register which is considered and reviewed regularly by the Board and its Audit & Risk Committee. All formal meetings have Risk Management as a standing agenda item and all formal Board and Committee papers have a Risk Management section included within them.

At present, the major risks facing the College include future funding allocations for Further Education and to the Glasgow Region, the costs associated with National Bargaining and potential employee relations difficulties, cyber security and the ability of the College to maintain its estate and asset base in the long term.

The Risk Management Strategy has been approved by the Board and accords with the internal control guidance as applicable to the further education sector. Risk Management is also included as part of the Internal Audit plan. The College has identified its strategic risks as:

- Financial Sustainability and future Public Funding levels;
- Increasing staff costs and the costs of National Bargaining; and
- Cyber Security.

The College has appointed an independent Clerk to the Board in line with the requirements of the Code of Good Governance. These Governance arrangements have been in place throughout the period from 1 August 2018 to 31 July 2019.

### **Going Concern Statement**

The Board of Management considers that the College has adequate resources to continue in operational existence for the foreseeable future. The Board has a medium term Financial Strategy in place which seeks to anticipate the likely challenges ahead. If the full pension deficit is not met from other sources of income, it will be funded by future Grant in Aid from the Scottish Funding Council. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such income may not be paid in advance of need. The Board of Glasgow Kelvin College has no reason to believe that either the SFC financial support or future Ministerial approval will not be forthcoming or will only provide a reduced support. Given the above, it has accordingly been considered appropriate to adopt a going concern basis for the preparation of these accounts.

### **Conclusion**

The College is extremely proud of the governance arrangements it has in place. Its Board has remained committed to operating in an open, transparent and publicly accountable way and was particularly pleased that its approach was praised as best practise in the sector by Audit Scotland. The College is therefore confident that it complies with the principles of the 2016 Code of Good Governance for Scottish Colleges, and it has complied throughout the year ended 31 July 2019.

### **3.1.3 Estates Strategy**

The Board of Management approved a refreshed Estates Strategy during session 2017/18. The main aspect of this was to update it following the successful rationalisation of the estate to four campuses. With this achieved, the remainder of the estate is in good condition overall and is well utilised. The focus of the refreshed strategy is on property maintenance, environmental performance/carbon reduction and ensuring the Estates continues to adapt and evolve to meet the needs of the developing curriculum. The strategy concluded that the Estate is fit for purpose, well utilised and that there is limited opportunity for rationalisation of the estate at current activity volumes.

Recent priorities have included repairs to the fabric of buildings, redecoration and modernisation of the learning and teaching environment, the development of a new Childcare Centre of Excellence and the development of new facilities to modernise the delivery of the Science, and Engineering curriculum. The full strategy and the Capital Investment Plan are available on the College web-site.

### **3.2 Directors Report**

The Directors Report provides details of membership of the Board of Management and attendance of Board Members at committee meetings. It also provides details of the senior staff at the College who likewise are involved in making decisions in respect of the services provided by the institution and its strategic direction. All minutes and agendas for formal meetings are available on the intranet as are the majority of papers which support decisions made in line with the Publication Scheme.



Registers of interest are maintained for all individuals currently serving and listed in the Directors Report. These are updated every 6 months for members of the Board of Management and once per year for senior staff. These are available at:

<http://www.glasgowkelvin.ac.uk/wordpress/wp-content/uploads/governance/Board-Management-Register-Interests.pdf>

<http://www.glasgowkelvin.ac.uk/wordpress/wp-content/uploads/governance/Register-of-Interests-Strategic-Management-Team.pdf>

The Board of Management holds to itself the responsibilities for the ongoing strategic direction of the College, approval of major developments and the receipt of regular reports from College Management on operational performance and delivery. The strategic direction of the College is heavily influenced by the Ministerial Letter of Guidance, the policy priorities of the Scottish Government alongside the Strategic Plan for the Glasgow Region set by GCRB.

### 3.2.1 Membership of the Board of Management

The membership and attendance in respect of the Board of Management is provided below:

Ian Patrick (Chair)	Former Director of College Partnerships - UWS
Elizabeth Robertson (Vice Chair)	Councillor, Inverclyde Council
Derek Smeal (from 1 August 2019)	Principal
Alan Robertson (until 31 July 2019)	Project Manager, East Refrewshire Council
Bryan Ross (until 31 July 2019)	Support Staff Representative
Fiona Taylor (from 1 August 2019)	Support Staff Representative
Alan Sherry (until 31 July 2019)	Principal
Pamela Currie	Teaching Staff Representative
Clark Whyte	Community Education Worker
Mohammed Razaq	Executive Director, West of Scotland Regional Equality Council Ltd
Stephen Birrell	Programme Officer, Glasgow City Council
Anne McTaggart	Councillor, Glasgow City Council
Joe Wilson (until 31 July 2019)	Self-employed
John Hogg	Director, University of Strathclyde
Deborah Thomson	Production Accountant, BBC Scotland
Robert Doyle	Relationship Manager, RM Education
Shaun McLaughlin (until 31 July 2019)	Student Association President
Laura Birch	Senior Commercial Manager, Scottish Enterprise
Marion Allison	Chief Executive, CLD Standards Council
William Jeffrey (from 1 August 2019 until 26 September 2019)	Student Association President
Harjinter Singh (from 1 August 2019 until 26 September 2019)	Student Association Vice President
Elaine Clafferty (Co-opted until 31 October 2019 And full member thereafter)	Teaching and Associate Dean – Glasgow Caledonian University
Michael O'Donnell (from 31 October 2019)	Marketing Manager, SQA
Eileen O'Neil (Co-opted)	Lecturer, Glasgow Caledonian University
Iain McCaskey (Co-opted from 31 October 2019)	Head of BESA for Scotland, Northern England And Northern Ireland.
Independent Clerk to the Board of Management	Douglas Wilson

M Razaq is the Board's Senior Independent Member.

Board member attendance at formal meetings is detailed overleaf.

Glasgow Kelvin College	Board of Management					Audit & Risk Committee				Financial Control Committee			
	03/09/2018	08/10/2018	03/12/2018	04/03/2019	11/06/2019	18/09/2018	15/11/2018	28/03/2019	20/06/2019	11/09/2018	21/11/2018	20/02/2019	15/05/2019
Ian Patrick (Chair)	/	/	/	/	/					/	/	/	/
Elizabeth Robertson (Vice Chair)	/	/	/	/									
Alan Sherry	/	/	/	/	/	/	/	/	/	/		/	/
Bryan Ross	/	/	/		/	/	/	/	/				
Mohammed Razaq	/	/			/					/	/	/	/
Clark Whyte	/	/	/	/	/								
Alan Robertson		/	/		/	/	/	/	/				
Laura Birch	/	/	/	/	/					/	/	/	/
Robert Doyle		/	/	/	/					/		/	/
Deborah Thomson	/	/	/		/	/			/				
Joe Wilson	/			/	/	/	/	/	/				
Anne McTaggart	/	/		/		/		/	/				
Stephen Birrell				/	/					/	/		/
John Hogg	/		/	/	/	/	/		/				
Shaun McLaughlin	/	/	/	/	/								
Marion Allison	/	/	/	/	/					/		/	/
Pamela Currie	/	/	/										
Eileen O'Neil	/	/	/	/	/	/	/	/					
Elaine Clafferty	/	/	/	/	/								
William Jeffrey		/	/	/									
Douglas Wilson	/	/	/	/	/		/	/	/				

Glasgow Kelvin College	Learning & Teaching Committee				Remuneration Committee	HR Committee				Executive Committee
	19/09/2018	13/12/2018	07/02/2019	09/05/2019	03/12/2018	29/09/2018	28/11/2018	27/02/2019	29/05/2019	25/06/2019
Ian Patrick (Chair)	/	/	/	/	/	/	/	/		/
Elizabeth Robertson (Vice Chair)	/	/	/	/	/					/
Alan Sherry	/		/	/		/	/	/	/	
Bryan Ross		/	/							
Mohammed Razaq						/		/		
Clark Whyte		/	/	/	/	/	/	/	/	/
Alan Robertson					/	/	/	/	/	
Laura Birch										
Robert Doyle										
Deborah Thomson						/				
Joe Wilson		/		/						
Anne McTaggart						/				/
Stephen Birrell						/		/	/	
John Hogg										
Shaun McLaughlin	/	/	/	/						
Marion Allison		/	/							
Pamela Currie		/								
Eileen O'Neil										
Elaine Clafferty	/	/	/	/						
William Jeffrey		/	/							
Douglas Wilson					/					

### **3.2.2 Membership of the Senior Management Team**

The Board of Management appoint a senior management team to oversee the management of the College. Throughout academic year 2018/19 the team consisted of:

Principal & Chief Executive	Alan Sherry
Vice Principal – HR and Organisational Development	Audrey Miller
Vice Principal – Finance & Corporate Services	James Gow
Vice Principal – Curriculum & Quality Enhancement (until 23 April 2019)	Alan Inglis
Acting Vice Principal – Curriculum & Quality Enhancement (from 15 April 2019 until 27 September 2019)	Dr John Laird

Dr John Laird took up post as Acting Vice Principal on a short term secondment basis from Education Scotland as a temporary replace for A Inglis who retired. A Sherry also retired as College Principal on 31 July 2019 and was replaced by Derek Smeall from 1 August 2019.

The Strategic Management Team meet weekly and appropriate briefings are provided to staff via the College newsletter.

### **3.2.3 Data Protection**

The College is committed to the highest standards of Data Protection and has put in place arrangements to ensure compliance with the General Data Protection Regulations. The College has in place a Data Protection Policy and a suite of supporting processes and procedures, including robust ICT Systems security measures. There were no data protection incidents reported to the Information Commissioner's Office during the year.

### **3.2.4 Disclosure of Information to the College Auditor**

In the case of each of the persons who are members of the Board at the time when the report is approved the following applies:

- a) so far as the member is aware, there is no relevant information that could reasonably be expected to have an impact on the financial statements or the audit of which the College's auditor is unaware, and
- b) he/she has taken all the steps that he/she ought to have taken as a member in order to make himself/herself aware of any relevant information that could reasonably be expected to have an impact on the financial statements or the audit and to establish that the College's auditor is aware of that information.

### **3.2.5 Corporate Social Responsibility**

The Board of Management is committed to operating in a socially responsible way. There are a number of strands of activity which contribute to the overall social footprint of the College.

Primarily, the College seeks to educate and up-skill its learners to enable them to secure employment or progress in their careers and contribute to business, the economy and economic growth. The College also seeks to ensure all its learners maximise their potential gaining employability and citizenship skills during their time at College. The statistics which outline the number of learners enrolled by the College, and the challenges in respect of poverty experienced by many of them, are summarised in the performance report and the context statement. The College is extremely proud of the fact that it is Glasgow's College i.e. it enrolls more learners from the City than the other two colleges in the region. The other key strands of Corporate Social Responsibility include:

- Environmental Sustainability;
- Charitable Activity;
- Provision of access to publicly funded facilities which are managed by the College;
- Partnership Working; and
- Commitment to Equality.

These themes are reported on throughout the Performance Report, some particular highlights during session 2018/19 are listed below:

- provision of programmes of Further and Higher Education (up to degree level) for students on a full and a part time basis;
- learner's fees waived with a total value of £2.7m with £553k of these waived at the College's own cost largely to allow free access to the learning network;
- programmes of vocational education and training for both young people and adults;
- a vocational education programme for school pupils (as part of its contribution to the Senior Phase, Developing Scotland's Young Workforce and to raising attainment within the City);
- a range of courses which promote access and articulation to Higher Education including pre apprenticeship programmes targeted at senior phase school pupils;
- programmes of education and training for students with additional support needs;
- programmes of education and training for young people who are care experienced with financial support from the Big Lottery and Robertson Trust;
- support for a network of community-based learning centres and community information technology initiatives which are delivered in partnership with a large number of regional and local community partners;
- free use of College facilities to community groups and partners with a value of £34,000 to 35 separate organisations;
- an extensive programme of community-based learning;
- support for, and provision of, local youth work initiatives;
- provision of free sanitary products for female students;
- free access to information technology for local residents throughout the North and East of the City;
- library services and flexible learning opportunities for local people; and
- assistance with capacity building and governance arrangements of local charities by provision of senior staff time to participate in the oversight of such organisations.

These activities have all contributed to the advancement of education in Glasgow. The College considers that it has discharged its Charitable Purpose and met the Public Benefit Test defined in the Charities and Trustee (Scotland) Act 2005. It has also published its statutory report on Participation Requests and Asset Transfer Requests as required by the Community Empowerment (Scotland) Act 2015. This report again outlines the College commitment to its communities and partnership working and is available on the College web-site.

### **3.2.6 Acknowledgements**

The College would wish to acknowledge:

- Grant-in-aid and other funding it received from the Scottish Funding Council via the Glasgow Colleges' Regional Board;
- Financial assistance from the European Structural Fund to enhance vocational education and training at the College. These monies have enabled the College to continue to provide additional or enhanced services for students who meet European Union priorities;
- Financial support from the British Council for the College's Work in India;

- Financial support it continues to receive from the local authority, Glasgow Housing Association, The Wheatley Group and Skills Development Scotland;
- Grant support from the Big Lottery in respect of provision for young people leaving care;
- Grant Support from the Robertson Trust;
- Support from Cycling Scotland, Bright Green Business, Glasgow City Council, the Levensseat Trust, EB Scotland and the Energy Saving Trust for their contributions to the Environmental Sustainability projects at the College; and
- Grant assistance from the local Community Planning Partnerships.

#### **4. Remuneration and Staff Report**

The College is required to prepare and publish within its financial statements an annual Remuneration Report under the Government Financial Reporting Model (FReM) issued by the Scottish Government. This report sets out the remuneration and accrued pension benefits of the Strategic Management Team. The following disclosures within the remuneration report are subject to audit: single total figure of remuneration for each senior official, CETV disclosures for each senior official, fair pay disclosures (median remuneration), exit packages, and analysis of staff numbers and costs.

##### **Remuneration Policy**

The remuneration for the Principal is set by the Remuneration Committee which is chaired by the Vice-Chair of the Board of Management. The Principal's pay, and any pay increase, is fully disclosed. The Remuneration Committee consider in full the guidance included in the Code of Good Governance for Scotland's Colleges when setting the Principal's remuneration. The other members of the Senior Management Team are not considered to be covered by National Bargaining and therefore their remuneration is likewise set by the Remuneration Committee. This is also done in an open and transparent way. The Clerk to the Board attends meetings of the Remuneration Committee to ensure appropriate independent advice is available to Committee members. The Remuneration policy for future years is that the College expects current national bargaining arrangements will apply to most staff, the remuneration policy and pay increases for staff out-with these arrangements will continue to be set by the Remuneration Committee.

Remuneration for all posts in the Strategic Management Team, including the Principal were set at merger and no pay award was made for 2013/14 or 2014/15. The Remuneration Committee decided to award members of the Strategic Management team the same pay increase as was negotiated nationally for teaching staff. The national agreement applied was 1% consolidated from April 2015, £100 in April 2016 and £450 consolidated from 1 April 2016.

In September 2017 the Remuneration Committee approved a pay award for the Principal and Strategic Management Team to apply from 1 April 2017. These rates were set to align exactly with the increases awarded to Curriculum Team Managers through the National Bargaining Processes. This action ensured that Heads of Faculty, Directors and members of the Strategic Management Team received increases in line with other staff and pay differentials were maintained to reflect role responsibilities. The increases agreed were 1.8% to apply from 1 April 2017, 1.8% to apply from 1 April 2018 and 3.6% to apply from 1 April 2019, subject to performance review. Members of the Management Team did not receive the cost of living increase that other staff received. The Glasgow Colleges' Regional Board are consulted with during the process of setting the objectives, terms and conditions relating to the principals of the assigned colleges.

## Remuneration including salary and pension entitlements

### Salary Entitlements

The following tables provides detail of the remuneration and pension interests of senior management. None of the Senior Management Team received any non-cash benefit (benefit in kind) during the current or prior year. 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 below, together with the pension contributions made by the College.

Name	Year to 31 July 2019			Year to 31 July 2018		
	Salary £'000	Pension Benefit £'000	Total £'000	Salary £'000	Pension Benefit £'000	Total £'000
Alan Sherry	136	39	175	125	29	154
Alan Inglis	70	23	93	89	21	110
Audrey Miller	91	52	143	89	50	139
James Gow	91	50	141	89	48	137

During the year Alan Inglis worked for Skills Development Scotland on a secondment basis for 2 days per week from January 2018, the salary cost associated with this was reimbursed.

### Pension Entitlements

Name	Accrued pension at pension age at 31 July 2019 £'000	Accrued lump sum at pension age at 31 July 2019 £'000	Real increase in pension year to 31 July 2019 £'000	Real increase in lump sum year to 31 July 2019 £'000	Cash equivalent transfer value at 31 July 2019 £'000	Cash equivalent transfer value at 31 July 2018 £'000	Real increase in cash equivalent transfer value £'000
Alan Sherry	59	177	2	7	1,416	1,329	87
Alan Inglis	42	127	1	4	1,022	967	55
Audrey Miller	34	52	3	2	577	493	84
James Gow	31	40	3	1	418	341	77

#### Notes

- Dr John Laird remained an employee of Education Scotland throughout his period of secondment.
- The salaries in the above table represent the amounts earned in the financial period and include all allowances paid. No bonuses or overtime payments are made to members of the Strategic Management Team.
- The value of pension benefits is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The x20 multiplier aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20-year period which is the estimated life span following retirement.

The details in the above table are provided by the pension funds and are subject to external audit.

### Median Remuneration

Public Bodies are required to disclose the relationship between the remuneration of the highest paid official and the median remuneration of their workforce. The remuneration of the highest paid official in the organisation in financial year 2018/19 was £135,779 (2017-18 £126,172). This was 3.3 times (2017-18 3.2 times) the median remuneration of the workforce which was £41,526 (2017-18 £38,894). The lowest paid members of staff are placed on the

bottom scale point of our grade 1 scale, this was £17,293 as at 1 August 2018 (£16,643 as at 1 August 2017).

### **Accrued Pension Benefits**

Pension benefits for employees are provided through the Scottish Teacher's 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) administered by the Strathclyde Pension Fund.

Both the STSS and LGPS are defined benefit pension schemes where pension benefits are based on the salary earned and the number of years that the person has been a member of the scheme. The schemes normal retirement age varies depending on the scheme regulations and the age of members. Contribution rates are set annually for all employees and can be found in note 24.

Further information on the operation of both pension funds are available from the fund web sites:

<https://www.spfo.org.uk>; and  
<http://www.sppa.gov.uk>

### **Senior Official 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 tables, together with the pension contributions made by the College.

### **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 eligible service and not just their current appointment. In considering the accrued pension benefits figure the following contextual information should be taken into account:

- 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; and
- 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.

### **Staff Numbers and Costs**

Normal staff costs now account for around 71% of expenditure. The notes to the accounts provide an analysis of staff number and costs. Note 6 outlines staff costs and how these are



split between staff employed on temporary contracts and permanent contracts. In respect of staff head-count the following table provides an analysis:

Staff Category	Male		Female		Total	
Permanent Total	234	40%	239	41%	473	82%
Temporary Total	44	8%	63	11%	107	18%
Grand Total	278	48%	302	52%	580	100%

The College is committed to advancing equality and diversity it publishes a very detailed equalities mainstreaming report and associated documentation as required in accordance with The Equality Act (2010) (Specific Duties) Regulations 2011 and these available on the College web site. The Mainstreaming Report provides an analysis in respect of staff and learners in respect of all equalities strands. In respect of gender balance, the above table illustrates that its staffing complement is relatively evenly split between male and female. The Mainstreaming Report provides a complete analysis of the staffing complement by gender and all of the other protected characteristics.

The College seeks to minimise its use of agency staff, during session 2018/19 it employed a small number of agency staff to cover short term or short notice vacancies. Total spend was £183k for 2.8 FTE employed on this basis. This includes 1FTE employed by Advance Procurement for Universities and Colleges who primarily works for Glasgow Kelvin College and 0.3 FTE for the shared service Data Protection Officer Role, employed by HEFESTIS.

### Sickness Absence

The College reports on its sickness absence to its Human Resources Committee on a regular basis. It recognises that staff absence is costly in financial terms and can adversely impact on learning and teaching. It therefore seeks to manage absence diligently in accordance with its Attendance Management and Support Policy. Detailed reports on absence are available on the College web site as presented to the Board of Management and its Standing Committees. Summary data for 2018/19 and the three prior years is provided in the table below:

### Staff Absence Percentage by Staff Category and All Staff

Staff Group	Session 2015/16	Session 2016/17	Session 2017/18	Session 2018/19
SMT/OMT	3.2%	2.2%	1.1%	4.9%
Permanent Teaching	6.1%	4.9%	4.8%	5.5%
Temporary Teaching	2.8%	2.9%	0.8%	4.2%
Support Staff	5.7%	6.1%	5.7%	5.3%
<b>All Staff</b>	<b>5.6%</b>	<b>5.2%</b>	<b>4.9%</b>	<b>5.4%</b>

Addressing absence rates has been an important target in the Value for Money Strategy, unfortunately absence rates rose again in session 2018/19 which in turn resulted in additional staffing costs.

### Staff Policies

Glasgow Kelvin College has a wide range of policies and procedures in place which govern Human Resources and Organisational Development. The policies ensure the College complies with employment legislation and promotes a positive organisational culture which encourages the development of its employees through professional learning. Its policies are also designed to ensure that the College supports its employees who may experience personal difficulties from time to time and specifically the College seeks to make reasonable adjustments for any member of staff who is disabled or develops an illness or disability which

has an impact on their role. Under the Confident Employer' Initiative any disabled applicant who meets the essential criteria on the person specification/role profile will be invited for interview. The College also seeks to ensure that specific arrangements are in place for the training and development of all staff including those with disability whether they are disabled prior to appointment or become disabled during the course of their employment at the College. The College has a medium term workforce plan in place which seeks to ensure that the College encourages staff development and that individuals manage their own development career progression. This helps ensure that succession planning is effective.

Some of the key policies designed to achieve the College's Human Resources and Organisational Development objectives and support employees include:

- Attendance Management Policy;
- Dignity and Respect Policy and Procedure;
- Disciplinary Policy and Procedure;
- Equality and Diversity Policy;
- Family Friendly and Flexible Working Policy;
- Grievance Policy and Procedure;
- Health and Safety Policy;
- Lone Working Policy;
- No Smoking (Smoke Free) Policy;
- Policy and Procedure for PVG and Criminal Records Check;
- Professional Learning Policy;
- Recruitment and Selection Policy; and
- Safeguarding Young People and Vulnerable Adults Policy.

These policies are all available on the web site or on request and apply to all staff including those with disabilities. Consultation on the content of these policies has taken place with the recognised Trade Unions and relevant stakeholders. They reflect current best practice and provide a positive platform and framework for the effective management and engagement of staff.

Policies are circulated to staff/required stakeholders as required and are available both on the College intranet and the College website. They are amended, as necessary, in line with legislation changes following consultation with employee representatives and stakeholders. They are also reviewed on a 2 or 3-yearly basis by the Strategic Management Team/Board of Management Human Resources Committee and Board of Management.

### **Trade Union Facility Time**

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017 and the terms of the Recognition and Procedural Agreement the College has with its two recognised Trades Unions, UNISON and EIS-FELA there is an allowance for union facility time. The College provided the following support through paid facility time for union officials working at the College during the year ended 31 March 2019:

<b>Union</b>	<b>Number of employees who were relevant officials during the year</b>	<b>No. of Facility Time Hours per Week</b>	<b>Total Cost (£) Year to 31 July 2019</b>
UNISON	5	36 hrs	32,852
EIS/FLEA	7	28 hrs remission from teaching	66,259
<b>Total</b>	<b>12</b>	<b>64 hrs</b>	<b>99,111</b>

**Percentage of time spent on facility time:**

Percentage	Number of employees
0%	568
1%-50%	12
51%-99%	0
100%	0

**Percentage of pay bill spent on facility time:**

Total cost of facility time	£99,111
Total pay bill	£24,281,000
Percentage of pay bill spent on facility time	0.4%

In addition to the above costs, union representatives employed by the College are allocated time off to contribute to national bargaining processes, the College is reimbursed for these costs.

**Compensation for loss of office & exit packages**

The College did not operate a severance scheme during 2018/19, therefore there were no compensation payments for loss of office or any exit packages.

The Accountability Report has been approved by the Board of Management and signed on its behalf by:

Ian Patrick     9 December 2019  
**Chair**

Derek Smeall     9 December 2019  
**Principal**

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

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

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

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

In our opinion the accompanying financial statements:

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

#### **Basis of opinion**

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is 6 years. We are independent of the college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

#### **Risks of material misstatement**

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

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

As explained more fully in the Statement of the Board of Management's Responsibilities, the Board of Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Board of

Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

#### **Opinion on regularity**

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

#### **Responsibilities for regularity**

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

## **Report on other requirements**

### **Opinions on matters prescribed by the Auditor General for Scotland**

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

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

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

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

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

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

We have nothing to report in respect of these matters.

### **Conclusions on wider scope responsibilities**

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

### **Use of our report**

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

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

Date.....

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

# Financial Statement for the year ended 31 July 2019

## Statement of Comprehensive Income and Expenditure for the year ended 31 July 2019

	Notes	Year to 31 July 2019 £'000	Year to 31 July 2018 £'000
<b>Income</b>			
Funding Council grants	2	24,987	23,540
Tuition fees	3	5,245	4,335
Other income	4	2,227	3,026
Donation from Learning Foundation	8	61	809
Investment income	5	-	-
<b>Total income</b>		<b>32,520</b>	<b>31,710</b>
<b>Expenditure</b>			
Staff costs	6/7	24,281	22,094
Fundamental restructuring costs	6	-	68
Other operating expenses	8	7,838	6,251
Donation to Learning Foundation	8	-	300
Depreciation & impairment	11	2,471	2,446
Interest payable	9	51	238
<b>Total expenditure</b>		<b>34,641</b>	<b>31,397</b>
<b>(Deficit)/surplus before other gains or losses</b>		<b>(2,121)</b>	<b>313</b>
Gain on disposal of fixed assets		2	-
<b>(Deficit)/surplus before tax</b>		<b>(2,119)</b>	<b>313</b>
Taxation		-	-
<b>(Deficit)/surplus for the year</b>		<b>(2,119)</b>	<b>313</b>
Actuarial loss in respect of pension scheme	24	(3,399)	8,424
<b>Total comprehensive (expense)/income for the year</b>		<b>(5,518)</b>	<b>8,737</b>

The notes on Pages 43 to 67 form part of these accounts.

## Financial Statement for the year ended 31 July 2019

### Statement of Comprehensive Income and Expenditure for the year ended 31 July 2019 (contd.)

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

		<b>Year to 31 July 2019 £'000</b>	<b>Year to 31 July 2018 £'000</b>
	<b>Notes</b>		
(Deficit)/surplus before other gains and losses (FE/HE SORP basis)		(2,121)	313
Add back/(deduct): Non-cash allocation for depreciation (net of deferred capital grant)	11/16	259	(575)
<b>Operating deficit on Central Government accounting basis</b>		<b><u>(1,862)</u></b>	<b><u>(262)</u></b>

Following reclassification, colleges received additional non-cash budget to cover depreciation but this additional budget is not recognised under the FE/HE SORP accounting rules. As a result, colleges show a deficit equivalent to net depreciation (where funds are spent on revenue items) in order 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 £2,121k for the year ended 31 July 2019. After taking account of the Government non-cash budget, the college shows an “adjusted” deficit of £1,862k on a Central Government accounting basis.

The notes on Pages 43 to 67 form part of these account.



**Financial Statement for the year ended 31 July 2019**  
**Statement of Changes in Reserves for the year ended 31 July 2019**

	<b>Notes</b>	<b>Income and expenditure reserve £'000</b>	<b>Revaluation reserve £'000</b>	<b>Total reserves £'000</b>
<b>Balance at 1 April 2017</b>		<b>(7,286)</b>	<b>11,715</b>	<b>4,429</b>
Surplus for the year		8,737	-	8,737
Transfers from revaluation reserve	18	291	(291)	-
Revaluation of fixed assets				
<b>Balance at 31 July 2018</b>		<b>1,742</b>	<b>11,424</b>	<b>13,166</b>

		<b>Income and expenditure reserve £'000</b>	<b>Revaluation reserve £'000</b>	<b>Total reserves £'000</b>
<b>Balance at 1 August 2018</b>		<b>1,742</b>	<b>11,424</b>	<b>13,166</b>
Deficit for year		(5,518)	-	(5,518)
Transfer from revaluation reserve	18	267	(267)	-
Revaluation of fixed assets	18	-	4,946	4,946
<b>Balance at 31 July 2019</b>		<b>(3,509)</b>	<b>16,103</b>	<b>12,594</b>

The notes on Pages 43 to 67 form part of these accounts.

**Financial Statement for the year ended 31 July 2019**  
**Balance Sheet as at 31 July 2019**

		<b>As at 31 July 2019 £'000</b>	<b>As at 31 July 2018 £'000</b>
	<b>Notes</b>		
<b>Fixed Assets</b>			
Tangible assets	11	60,560	56,981
<b>Current Assets</b>			
Debtors	12	1,466	1,016
Cash and cash equivalents	13	<u>1,301</u>	<u>1,433</u>
		<u>2,767</u>	<u>2,449</u>
Creditors : amounts falling due within one year	14	<u>(6,417)</u>	<u>(5,687)</u>
<b>Net current liabilities</b>		<u><b>(3,650)</b></u>	<u><b>(3,238)</b></u>
<b>Total assets less current liabilities</b>		<b>56,910</b>	<b>53,743</b>
Creditors: amounts falling due after more than one year	15	(35,196)	(36,387)
<b>Provisions</b>			
Pension provisions	17	(9,120)	(4,190)
<b>Total net assets</b>		<u><b>12,594</b></u>	<u><b>13,166</b></u>
<b>Reserves</b>			
Revaluation reserve	18	16,103	11,424
Income and expenditure reserve		(3,509)	1,742
<b>Total reserves</b>		<u><b>12,594</b></u>	<u><b>13,166</b></u>

The financial statements were approved by the Board of Management on 9 December 2019 and were signed on its behalf by:

Ian Patrick  
Chair

9 December 2019

Derek Smeall  
Principal

9 December 2019

The notes on pages 43 to 67 form part of these accounts.

# Financial Statement for the year ended 31 July 2019

## Statement of Cash Flows

		Year to 31 July 2019 £'000	Year to 31 July 2018 £'000
	Notes		
<b>Net cash (outflow)/inflow from operating activities</b>			
(Deficit)/surplus for the period		(2,121)	313
<b>Adjustment for non-cash items</b>			
Depreciation and impairment of assets at valuation	11	2,471	2,446
(Increase) in debtors	12	(450)	(372)
(Decrease) in creditors	14	(461)	(755)
Increase in pension provision	17	1,531	785
<b>Adjustment for financing activities</b>			
Interest receivable	5	-	-
Interest payable	9	51	238
Proceeds of the sale of fixed assets		2	-
<b>Net cash inflow from operating activities</b>		<b>1,023</b>	<b>2,655</b>
<b>Cash flows from investing activities</b>			
Interest receivable	5	-	-
Payments made to acquire fixed assets	11	(1,104)	(1,762)
		<b>(1,104)</b>	<b>(1,762)</b>
<b>Cash flows from financing activities</b>			
Interest payable	9	(51)	(238)
		<b>(51)</b>	<b>(238)</b>
<b>(Decrease)/increase in cash in the period</b>		<b>(132)</b>	<b>655</b>
Cash and cash equivalents at beginning of the year		1,433	778
Cash and cash equivalents at end of the year		<b>1,301</b>	<b>1,433</b>
		<b>(132)</b>	<b>655</b>

The notes on Pages 43 to 67 form part of these accounts.

## **Statement of Principal Accounting Policies**

### **General Information**

Glasgow Kelvin College is defined as a 'fundable body' by the provisions of the Further and Higher Education (Scotland) Act 2005. It is primarily funded by the Scottish Funding Council (SFC), a Non-Departmental Public Body of the Scottish Government, whose main role is to distribute funding to Colleges and Universities in Scotland. The Glasgow Colleges' Regional Board was granted 'fundable body' status on 1 April 2018 and since that date the College has been funded directly by the Glasgow Colleges' Regional Board.

The financial statements have been prepared in accordance with the Further and Higher Education (Scotland) Act 1992, the 2015 Statement of Recommended Practice (SORP) 2015: Accounting in Further and Higher Education and in accordance with applicable Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Government Financial Reporting Manual 2016-17 (FReM). The financial statements conform to the accounts direction published by the Scottish Funding Council (SFC) in July 2019.

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 presentation currency is pound sterling and the financial statements are rounded to the nearest thousand. These financial statements comprise the results of the College only.

The Board of Management is responsible for setting the strategic direction of the College within the parameters of the Glasgow Regional Outcome Agreement and for overseeing its operational management. The Board of Management of Glasgow Kelvin College is a registered Scottish Charity, Charity number SC021207 (within the provisions of the Charities and Trustee Investment (Scotland) Act 2005). The registered address is 123 Flemington Street, Springburn, Glasgow, G21 4TD.

### **Accounting Policies**

#### **Introduction and accounting basis**

The financial statements are prepared on the historical cost basis of accounting subject to the revaluation of certain fixed assets and in accordance with applicable accounting standards. The accounting policies of the College are set out below:

#### **Judgements in applying policies and key sources of estimation uncertainty**

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

## Statement of Principal Accounting Policies (contd.)

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

<b>Estimate</b>	<b>Basis of estimation</b>
Valuation of buildings	College buildings are of a specialist nature and are valued on the depreciated replacement cost basis.
Useful economic lives of buildings and equipment	<p>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. Land owned by the College is not depreciated. The economic lives currently in use are in the range 18.75 to 115 years.</p> <p>The estimated useful life of equipment is 4 to 10 years.</p>
Recoverable amount of trade debtors	Trade debtors are reviewed by appropriately experienced senior management team members with appropriate provision for non-payment of debt being charged to the financial statements as required.
The obligations under the Strathclyde Pension Scheme (SPF)	The Board of Management has relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate.

## Recognition of income

Income from government grants, contracts and other services rendered is recognised in the Statement of Comprehensive Income and Expenditure in proportion to the extent of completion of the contract or service concerned.

Government Capital Grants, at amounts approved by The Scottish Government or government agency, are paid directly to the College as required to meet its liabilities during the development process. This is treated as a deferred capital grant and is released to income in accordance with the accrual model over the useful life of the asset it relates to on completion of the development phase. The accrual model requires the College to recognise income on a systematic basis over the period in which the College recognises the related costs for which the grant is intended to compensate.

Government revenue grants are recognised using the accrual model which means the College recognises the grant in income on a systematic basis over the period in which the College recognises the related costs for which the grant is intended to compensate.

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

## **Statement of Principal Accounting Policies (contd.)**

Tuition fees are credited to the income and expenditure account in the period in which they are due to be received. The Board of Management waives fees in line within the National Fee Waiver Policy which gives free access to education and training to those who are unemployed, have low income or are receiving other forms of benefit.

Income from the European Social Fund (ESF) is accounted for to the extent that it has been received prior to the date of approval of the accounts or that its recovery is expected with reasonable certainty.

All investment income from short-term deposits is credited to the income and expenditure account in the period in which it is earned. The main annual recurrent allocation from the SFC was recognised in the period in which it was received and is credited to the income and expenditure account.

### **Maintenance of premises**

The cost of maintenance is charged to the income and expenditure account in the period in which it is incurred.

### **Operating leases**

Related costs in respect of operating leases are charged to the Statement of Comprehensive Income and Expenditure on a straight line basis over the term.

### **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 organization 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.

### **Provisions**

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

### **Subsequent events**

Subsequent events after the end of the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. In accordance with FRS 102 the College is 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.

## **Statement of Principal Accounting Policies (contd.)**

### **Fixed assets**

#### **a Land and buildings**

The College complies with FRS 102 and has a policy of revaluing land and building assets every 5 years, with interim valuations in year 3.

College buildings are of a specialist nature and are valued on the depreciated replacement cost basis. Buildings are depreciated over their expected remaining useful economic life as assessed by GVA, Chartered Surveyor an independent, qualified valuer. Buildings owned by the College are split into components and each component is valued and depreciated separately. Land owned by the College is not depreciated. The economic lives currently in use are in the range 10 to 115 years.

Where assets are funded with specific grants, the related grants are credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the asset on a basis consistent with the depreciation policy. Assets under construction are recognised in the balance sheet to the extent that money has been paid or a liability incurred. Assets under construction are not depreciated until they are brought into use.

An annual impairment review is carried out for all fixed assets, if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable the asset is impaired.

#### **b Equipment**

Individual items of equipment costing less than £10,000 are written off to the income and expenditure account in the period of acquisition. Investment in ICT projects costing in excess of £10,000 have also been capitalised where individual items may have cost less than £10,000. The depreciation charge reflects the estimated useful life of the assets as follows:

Equipment	4 – 10 years
ICT Hardware and Software	4 years

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

### **Retirement benefits**

The College participates in two multi-employer defined benefit pension schemes. Teaching staff may join the Scottish Teachers' Superannuation Scheme (STSS), which is administered by the Scottish Public Pensions Agency. Glasgow Kelvin College is unable to identify its share of the underlying assets and liabilities of the STSS and therefore, as required by FRS 102 'Retirement Benefits', accounts for its participation in the STSS as if it were a defined contribution scheme. Contributions are charged to the Statement of Comprehensive Income as they arise. This is expected to result in the pension cost being a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of periodic valuations using the projected unit basis.

## **Statement of Principal Accounting Policies (contd.)**

Non-teaching staff may join the Strathclyde Pension Fund (SPF) which is administered by Glasgow City Council and which requires contributions to be made to its number 1 fund. The Fund is a defined benefit pension scheme, providing benefits based on final pensionable pay and length of service, which is contracted out of the State Earning-Related Pension Fund.

Assets and liabilities of the Fund are held separately from those of Glasgow Kelvin 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 Fund are calculated so as to spread the cost of pensions over employees' working lives with the College. The contributions are determined by an actuary on the basis of triennial valuations using the Age Attained Method. The actuaries also review the progress of the scheme in each of the intervening years. Variations from regular costs are spread over the expected average remaining working lifetime of members of the Fund, after making allowances for future withdrawals. The expected cost of providing staff pensions to employees contributing to the Fund is recognised in the Statement of Comprehensive Income and Expenditure Account on a systematic basis over the expected average remaining lives of members of the Fund in accordance with FRS 102 and recognises retirement benefits as the benefits are earned and not when they are due to be paid.

### **Financial instruments**

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

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

### **Employee 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.

### **Cash and cash equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

### **Interest receivable**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.



## **Statement of Principal Accounting Policies (contd.)**

### **Debtors**

Short term debtors are measured at transaction price, less any impairment.

### **Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities are measured at fair value, net of transaction costs.

### **Agency arrangements**

The College acts as an agent in the collection and payment of certain Student Support Funds. These funds are excluded from the College Statement of Comprehensive Income and Expenditure, and movements have been disclosed in the notes to the accounts. Where the College has more discretion in the manner in which funds are disbursed, and those funds do not meet the definition of agency funds, the income and expenditure relating to these funds are shown in the College Statement of Comprehensive Income and Expenditure.

### **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.

## 2. Funding Council Grants (SFC)

		Year to 31 July 2019 £'000	Year to 31 July 2018 £'000
	Notes		
SFC recurrent grant (including fee waiver)		20,752	19,339
Release of deferred capital grants	16	1,176	1,612
FE & HE childcare funds	27/28	1,411	1,019
Maintenance grants		509	571
Other SFC grants		634	804
Strategic funding		505	195
<b>Total</b>		<b>24,987</b>	<b>23,540</b>

## 3. Tuition Fees

		Year to 31 July 2019 £'000	Year to 31 July 2018 £'000
Higher Education students		1,755	1,849
UK Further Education students		89	215
Non – EU Further Education students		10	17
Education contracts		2,806	1,704
Other contracts		585	550
<b>Total</b>		<b>5,245</b>	<b>4,335</b>

## 4. Other Income

		Year to 31 July 2019 £'000	Year to 31 July 2018 £'000
	Notes		
Rental income		49	17
Other grant income		281	216
Release from deferred grants non–SFC	16	1,036	1,409
Settlement of contractual claim		-	400
Income generating activities		191	289
Glasgow City Council - Integrated Grant Fund		520	545
Big Lottery funding		150	150
<b>Total</b>		<b>2,227</b>	<b>3,026</b>

Other Income includes the receipt of restricted funds from Glasgow City Council's Integrated Grant Fund to support the College's community based learning network, digital inclusion, youth work and capacity building programmes. It also includes the receipt of restricted funds from the Big Lottery to support the College's programme for young people leaving care.

## 5. Investment Income

	Year to 31 July 2019 £'000	Year to 31 July 2018 £'000
Bank interest receivable	-	-

## 6. Staff Costs

- a. The average monthly number of persons (including senior post holders) employed by the college during the year, expressed as full time equivalents was:

	Year to 31 July 2019 No.	Year to 31 July 2018 No.
Academic / Teaching departments	272	281
Academic / Teaching services	126	101
Administration & central services	59	60
Premises	22	24
<b>Total</b>	<b>479</b>	<b>466</b>

b. Staff Costs for the above persons:	£'000	£'000
Academic / Teaching departments	14,383	14,182
Academic / Teaching services	5,468	4,201
Administration & central services	3,548	2,855
Premises	882	856
Staff restructuring	-	68
<b>Total</b>	<b>24,281</b>	<b>22,162</b>

Analysed as follows:

	Year to 31 July 2019 £'000	Year to 31 July 2018 £'000
Wages and salaries	17,685	16,822
Social Security costs	1,921	1,757
Pension costs	4,675	3,515
Staff restructuring	-	68
<b>Total</b>	<b>24,281</b>	<b>22,162</b>

## 6. Staff Costs (contd.)

There were no costs incurred during 2018/19 in respect of voluntary severance or compensation for loss of office. Staff costs for 2017/18 include £68k in voluntary severance payments for 3 members of staff who left during that year. These payments were approved by the College Remuneration Committee and the Board of Management and were fully funded by the Scottish Funding Council. Pay awards for most staff are now negotiated nationally. The College has fully implemented national agreements.

Teaching staff received the final element of the nationally negotiated harmonisation increase from 1 April 2018 which was the equivalent of between a 3% and 3.8% pay rise depending on the grade of staff. This process has increased pay rates by between 6% and 7.6% and has been funded by the SFC. In addition, teaching staff received an inflation increase of £1,500 per FTE which is the equivalent of between 3% and 4.7% from 1 April 2019. Additionally, teaching staff received an unconsolidated payment of £400 per FTE. The total of the consolidated pay increases has increased teaching staff costs by circa 6.7% on average from 1 April 2019.

Staff on support staff contracts were awarded a nationally negotiated inflationary pay award totalling 3% for staff earning below £36,500 and 2% for those earning above. This applies from 1 April 2019, additionally a further increase of 4/12 this has been agreed to cover the period from 1 April 2020 to 31 July 2020.

Increases for senior staff outwith the National Bargaining framework, the Principal, 3 Vice Principals, 5 Directors and 4 Heads of Faculty mirrored the increase awarded to promoted teaching staff harmonisation element and therefore were awarded a 3.6% increase from 1 April 2019.

- c. The number of staff, including three senior post-holders and the principal, who received emoluments (excluding employer National Insurance, pension contributions and compensation for loss of office) in the following ranges were:

	Higher paid staff Year to 31 July 2019 No.	Higher paid staff Year to 31 July 2018 No.
£60,001 to £70,000	5	4
£70,001 to £80,000	1	-
£80,001 to £90,000	-	3
£90,001 to £100,000	2	-
£120,001 to £130,000	-	1
£130,001 to £140,000	1	-
<b>Total</b>	<b>9</b>	<b>8</b>

### Compensation for Loss of Office

The College operated a voluntary severance scheme during 2017/18, it did not operate a voluntary severance scheme during 2018/19, therefore there are no payments of compensation for loss of office to report. In the prior year compensation totalling £68k was paid for three members of staff who left under voluntary exit terms in March 2018.

## 7. Senior Post-Holder Emoluments

	Year to 31 July 2019 No.	Year to 31 July 2018 No.
The number of senior post-holders including the Principal was:	<u>4</u>	<u>4</u>
	<b>£'000</b>	<b>£'000</b>
Senior post-holders annual emoluments were made up as follows:		
Salaries	387	392
Voluntary severance	-	-
Benefits in kind	-	-
Pension contributions	69	71
<b>Total emoluments</b>	<b><u>446</u></b>	<b><u>463</u></b>

The above emoluments include amounts payable to the Principal of:

	Year to 31 July 2019 £'000	Year to 31 July 2018 £'000
Salary	136	125
Benefits in kind	-	-
Compensation for loss of office	-	-
Pension contributions	22	22
<b>Total emoluments</b>	<b><u>158</u></b>	<b><u>147</u></b>

The Highest paid member of staff during financial period 2018/19 was the Principal of Glasgow Kelvin College.

The pension contributions in respect of the principal and senior post holders are in respect of employer's actual contributions to the Teachers Superannuation Scheme (Scotland) and the Local Government Superannuation Scheme. These are paid at the same rates as for other employees. The members of the Board of Management, other than the Principal and other members of staff, did not receive any payment from the College other than reimbursement of travel and subsistence expenses incurred in the course of their duties.

## 8. Other Operating Expenses

	Year to 31 July 2019 £'000	Year to 31 July 2018 £'000
Premises costs	1,822	1,667
Teaching services	1,993	1,300
Teaching departments	1,034	969
Administration and central services	863	806
Agency staff costs	183	54
HE & FE childcare	1,411	1,019
Estates maintenance projects	532	436
<b>Total</b>	<b>7,838</b>	<b>6,251</b>

Estates maintenance projects have been funded by the Glasgow Kelvin Learning Foundation £33k (2018 - £309k), SFC £482k (2018 - £127k), and other £17k (2018 – NIL).

In 2013/14 the Glasgow Kelvin Learning Foundation, an independent trust, was established with the purposes of supporting further and higher education colleges in Glasgow. Total donations from the College to the Foundation in the period to 31 March 2014 amounted to £3,200k and £2,800k in the year to 31 July 2017 following the sale of City Campus. A further £300k was donated to the Foundation in the year to 31 July 2018. The College will be able to apply to the Foundation for financial support for future projects, primarily to support the Capital Investment Plan. To date, the College has received £3,422k in financial assistance from the Foundation including £635k during 2018/19.

	Year to 31 July 2019 £'000	Year to 31 July 2018 £'000
Operating lease payments	97	90
External auditors' remuneration	36	35
Other remuneration payable to external auditors	-	1
Amounts receivable by other audit firms in respect of:		
Internal audit including EMA and Student funds audit	21	20
Other services provided by internal auditors	-	2
Independent Clerk to the Board of Management (includes payroll cost from Nov 2018 onwards)	12	9

## 8. Other Operating Expenses (contd.)

Operating lease commitments as at 31 July 2019:

	Year to 31 July 2019 £'000	Expires in less than one year £'000	Expires between 1 and 5 years £'000
Other leases	97	94	14
<b>Total</b>	<b>97</b>	<b>94</b>	<b>14</b>

## 9. Interest Payable

	Year to 31 July 2019 £'000	Year to 31 July 2018 £'000
Net interest on pension assets and liabilities	51	238
<b>Total</b>	<b>51</b>	<b>238</b>

## 10. Taxation

The Board does not believe that the College was liable for any corporation tax arising out of its activities during the period. The College charity number is SC021207.

## 11. Fixed Assets

	Land & Buildings Freehold £'000	Equipment £'000	Total £'000
<b>Cost or valuation</b>			
<b>At 1 August 2018</b>	<b>56,473</b>	<b>10,409</b>	<b>66,882</b>
Valuation	2,140	-	2,140
Additions	-	1,104	1,104
Disposals	-	(50)	(50)
<b>At 31 July 2019</b>	<b>58,613</b>	<b>11,463</b>	<b>70,076</b>
<b>Depreciation</b>			
<b>At 1 August 2018</b>	<b>1,403</b>	<b>8,498</b>	<b>9,901</b>
Charge for year	1,403	1,068	2,471
Valuation	(2,806)	-	(2,806)
Disposals	-	(50)	(50)
<b>At 31 July 2019</b>	<b>-</b>	<b>9,516</b>	<b>9,516</b>
<b>Net book value</b>			
<b>At 1 August 2018</b>	<b>55,070</b>	<b>1,911</b>	<b>56,981</b>
<b>Net book value</b>			
<b>At 31 July 2019</b>	<b>58,613</b>	<b>1,947</b>	<b>60,560</b>
Financed by capital grant	-	1,197	1,197
Capital Grant received in 18/19 for 17/18 Additions	-	(93)	(93)
<b>Total additions</b>	<b>-</b>	<b>1,104</b>	<b>1,104</b>
Revaluation	16,103	-	16,103
Financed by capital grant	36,545	863	37,408
Other	5,965	1,084	7,049
<b>Net book value</b>			
<b>At 31 July 2019</b>	<b>58,613</b>	<b>1,948</b>	<b>60,560</b>

Land and Buildings are revalued every 5 years with an interim valuation carried out in year 3. The College appointed Avison Young, formerly GVA, Chartered Surveyors to perform the valuations. Avison Young are independent appropriately qualified valuers. The freehold land and buildings were revalued at 31 July 2019. Land and Buildings with a net book value of £58,613k have been partially financed by Treasury funds. The basis of this revaluation was depreciated replacement cost.



## 12. Debtors: Amounts Falling Due Within One Year

	31 July 2019 £'000	31 July 2018 £'000
Trade debtors	127	213
Other debtors	91	33
Prepayments and accrued income	1,248	642
Bursary and discretionary funds receivable	-	128
<b>Total</b>	<b>1,466</b>	<b>1,016</b>

Trade debtors and debts due from students are shown net of a provision for bad debt of £35k (2018 - £24k).

## 13. Cash at bank and in hand

	31 July 2019 £'000	31 July 2018 £'000
Cash at bank and in hand	1,216	1,561
Bursaries and student fund accounts	85	(128)
<b>Total</b>	<b>1,301</b>	<b>1,433</b>

The College receives certain Funding Council grants on an agency basis. The funds are available solely for students and the College acts only as paying agent. The funds held in trust are reflected on the balance sheet, as both cash at bank and as a current debtor or liability.

The above cash balances do not include an amount of £1k (2018 – £1k) which is held by the College for the benefit of students.

#### 14. Creditors: Amounts Falling Due Within One Year

	31 July 2019 £'000	31 July 2018 £'000
Trade creditors	267	138
Other creditors	512	385
Other taxation and social security	597	452
Accruals and deferred income	2,443	1,999
Deferred capital grant	2,212	2,036
VAT creditor	301	668
Lease creditor	-	9
Bursary and discretionary funds for future disbursement	85	-
<b>Total</b>	<b>6,417</b>	<b>5,687</b>

Included within other creditors is £322k (2018 - £354k) in respect of unpaid pension contributions.

#### 15. Creditors: Amounts Falling More than one Year

	31 July 2019 £'000	31 July 2018 £'000
Deferred income	35,196	36,387
VAT Creditor under the Lennartz accounting treatment 1 – 2 years	-	-
<b>Total</b>	<b>35,196</b>	<b>36,387</b>

## 16. Deferred Capital Grants

	<b>SFC £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
<b>At 1 August 2018</b>			
Land and buildings	26,588	10,928	37,516
Modular buildings	47	-	47
Fixtures and fittings	2	-	2
Equipment	783	45	828
Vehicles	15	15	30
<b>Total</b>	<b>27,435</b>	<b>10,988</b>	<b>38,423</b>
<b>Received during period</b>			
Land and buildings	-	-	-
Modular buildings	-	-	-
Fixtures and fittings	-	-	-
Equipment	456	715	1,171
Vehicles	-	26	26
<b>Total</b>	<b>456</b>	<b>741</b>	<b>1,197</b>
<b>Released to Income and Expenditure</b>			
Land and buildings	687	284	971
Modular buildings	28	-	28
Fixtures and fittings	2	-	2
Equipment	454	717	1,171
Vehicles	5	35	40
<b>Total</b>	<b>1,176</b>	<b>1,036</b>	<b>2,212</b>
<b>At 31 July 2019</b>			
Land and buildings	25,901	10,644	36,545
Modular buildings	19	-	19
Fixtures and fittings	-	-	-
Equipment	785	43	828
Vehicles	10	6	16
<b>Total</b>	<b>26,715</b>	<b>10,693</b>	<b>37,408</b>

## 17. Provisions for Liabilities and Charges

	Defined Benefit Obligation £'000	Unfunded Pension Liability £'000	Total £'000
<b>Balance as at 1 August 2018</b>	1,092	3,098	4,190
Expenditure in the period	-	(214)	(214)
Increased provision required in the year	4,971	173	5,144
<b>Balance as at 31 July 2019</b>	<b>6,063</b>	<b>3,057</b>	<b>9,120</b>

The Unfunded Pension Liability provision is for anticipated future pension costs arising from previous early retirements. The provision has been revalued by a qualified actuary. A net interest rate of 0.3% has been applied in calculating the provision.

Unfunded pension liabilities are accounted for in accordance with Financial Reporting Standard 102: *Provisions and contingencies*.

## 18. Revaluation Reserve

	31 July 2019 £'000	31 July 2018 £'000
<b>At 1 August 2018</b>	11,424	11,715
Transfer (from)/to revaluation reserve in respect of :-		
Historic cost depreciation adjustment	(267)	(291)
Revaluation of fixed assets	4,946	-
<b>Net transfer to/(from) revaluation reserve</b>	<b>4,679</b>	<b>(291)</b>
<b>At 31 July 2019</b>	<b>16,103</b>	<b>11,424</b>

## 19. Financial Instruments

	31 July 2019 £'000	31 July 2018 £'000
<b>Financial Assets</b>		
Financial assets measured at amortised cost	<u>2,454</u>	<u>2,107</u>
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	<u>2,064</u>	<u>1,781</u>

Financial assets measured at amortised cost comprise cash and cash equivalents, trade debtors, proceeds of sale of fixed assets and other debtors (excluding VAT debtor).

Financial liabilities measured at amortised cost comprise trade creditors, other creditors (excluding VAT creditor), accruals and deferred income, lease creditor, bursary and discretionary funds for future disbursement and repayable to SFC.

## 20. Post Balance Sheet Events

There are no post Balance Sheet events to report.

## 21. Capital Commitments

The College has no material capital commitments as at 31 July 2019.

## 22. Contingent Liabilities & Contingent Assets

The College has no contingent liabilities or assets as at 31 July 2019.

## 23. Shared Services

The College acknowledges that it, and its learners, benefit from the use of community assets owned by partner organisations (such as Glasgow City Council), including the facilities at The Bridge and parts of the Glasgow Learning Network. On the advice of independent, qualified surveyors, the College has decided that it is not practicable to place a reliable monetary value on the rights of access it has to such assets (for which it pays nominal rental charges).

Consequently, the College has not included any rights of access it has in the fixed assets Balance Sheet total.

## 24. Pension and Similar Obligations

The College's employees belong to one of two principal pension schemes:

- a) The Scottish Teachers' Superannuation Scheme (STSS), managed by the Scottish Public Pensions Agency (SPPA); and
- b) The Local Government Pension Scheme for non-teaching staff which is managed by the Strathclyde Pension Fund (SPF).

The schemes are of the defined benefit type, the assets of the schemes being held in separate trustee-administered funds. The total pension cost for 2018/19 was:

	Year to 31 July 2019 £'000	Year to 31 July 2018 £'000
Teachers' Pension Scheme (STSS) : Employer's contributions	1,918	1,841
Local Government Pension Scheme :		
Employer's contributions paid (total)	1,063	918
Unfunded SPF provision required in year	173	105
	3,154	2,654
FRS 102 employer service cost and curtailments	1,521	861
	4,675	3,515

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the STSS was 31 March 2016 and of the LGPS (SPF) was 31 March 2017.

### Scottish Teachers Superannuation Scheme (STSS)

The Scottish Teachers Superannuation Scheme (STSS) is an unfunded defined benefit pension scheme. Contributions, on a pay as you go basis, are credited to the exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purpose of determining contribution rates. The STSS is a multi-employer pension scheme and the Scottish Public Pensions Agency (SPPA) have indicated that at the moment they are not able to identify the net share of underlying assets and liabilities for each employer on a "consistent and reasonable basis". Accordingly the College has taken advantage of the exemption in FRS102, and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

A full actuarial valuation was carried out as at 31 March 2016. Employer's contributions were payable during 2018/19 to the STSS at a rate of 17.2% of pensionable pay. Following the March 2016 valuation, employer contributions will increase to 23% from 1 September 2019.

## 24. Pension and Similar Obligations (contd.)

Employer contribution rates for earlier periods were as follows: 14.9% from 1 April 2009; 13.5% from 1 April 2007; 12.5% from October 2003; 7.4% from 1 April 2003; 7.15% from 1 April 2002. Employer contribution rates are reviewed every five years following a scheme valuation from the Government actuary, with further changes made as a result of interim reviews.

The assumptions in the 2016 valuation that have the most significant effect on results are as follows:

Actuarial method	
Assumed gross rate of return on investment (discount rate)	2.8% p. a. real; 4.86% p.a. nominal Until 2019 and then 2.4% real, 4.45% nominal
Assumed rate of increase in salaries	4.2% pa, 2.2% in excess of assumed CPI Inflation
Present value of liabilities at 31 March 2016	£22.8 billion
Pension increases per annum	2.0%

The full Actuarial Review of the scheme is available from the Government Actuary's Department. Please note that the short term variations in salary increases are tabled below, returning to the long term assumed rate of 2% CPI Inflation + 2.2% pa thereafter.

Year	Gross discount rate	Pension increases	Salary growth
2013/14	5.78%	2.7%	0.5%
2014/15	5.27%	2.2%	1.5%
2015/16	5.16%	2.1%	2.0%
2016/17	3.83%	1.0%	1.2%
2017/18	5.88%	3.0%	2.2%
2018/19	5.06%	2.2%	2.1%
2019/20	4.24%	1.8%	2.3%
2020/21	n/a	n/a	2.6%
2021/22	n/a	n/a	2.8%
2022/23	n/a	n/a	3.0%

### Strathclyde Pension Fund (SPF)

The Local Government Pension Scheme is administered by the Strathclyde Pension Fund, and is a multi-employer funded defined benefit scheme.

Contribution rates during the financial year were:

- a) Employer's - 19.3%;
  - b) Employee's - Tiered levels of contribution related to salary level ranging from 5.5% to 9.5%.
- The College payroll average contribution is 5.88%.

## 24. Pension and Similar Obligations (contd.)

For the purposes of FRS 102 'Retirement Benefits' the College's actuarial valuation was calculated by the actuary as at 31 July 2019.

The major assumptions used by the actuary were:

	31 July 2019	31 July 2018
Rate of increase in salaries	3.6%	3.6%
Rate of increase for pensions in payment	2.4%	2.4%
Discount rate for scheme liabilities	2.1%	2.8%
Expected rate of return of assets	2.1%	2.8%

The current mortality assumptions are based upon recent mortality experience, the assumed life expectations on retirement are:

	31 July 2019	31 July 2018
<b>Retiring today/current pensioners:</b>		
Males	20.7	21.4
Females	22.9	23.7
<b>Retiring in 20 years/future pensioners:</b>		
Males	22.2	23.4
Females	24.6	25.8

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2018 model which makes an allowance for smoothing of recent mortality experience and long term rates of 1.5% p.a. for males and 1.25% p.a. for females.

The assets in the scheme and the expected rate of return at the last actuarial review date were:

	Long term rate of return	Value at 31 July 2019 £'000	Expected Annual Return £'000	Long term rate of return	Value at 31 July 2018 £'000	Expected Annual Return £'000
Equities	2.1%	31,154	654	2.8%	28,200	790
Bonds	2.1%	11,503	242	2.8%	9,694	271
Property	2.1%	4,793	101	2.8%	4,847	136
Cash	2.1%	479	10	2.8%	1,322	37
<b>Total</b>	<b>2.1%</b>	<b>47,929</b>	<b>1,007</b>	<b>2.8%</b>	<b>44,063</b>	<b>1,234</b>

Interest payable of £51k (2018 - £238k) as noted above, is disclosed in the Income and Expenditure account within interest payable (note 9).

The employer contributions for the year to 31 July 2020 will be approximately £1,120,000.



## 24. Pension and Similar Obligations (contd.)

Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for the year ended 31 July 2019:

<b>Period ended 31 July 2019</b>	<b>Assets £'000</b>	<b>Obligations £'000</b>	<b>Net (liability)/asset £'000</b>
Fair value of plan assets	44,063	-	44,063
Present value of funded liabilities	-	45,155	(45,155)
Present value of unfunded liabilities	-	-	-
<b>Opening Position as at 31 July 2018</b>	<b>44,063</b>	<b>45,155</b>	<b>(1,092)</b>
Service Cost			
Current service cost	-	2,105	(2,105)
Past service cost (including curtailments)	-	505	(505)
Effect of settlements	-	-	-
<b>Total Service Cost</b>	<b>-</b>	<b>2,610</b>	<b>(2,610)</b>
Net Interest			
Interest income on plan assets	1,240	-	1,240
Interest cost on defined benefit obligation	-	1,291	(1,291)
Impact of asset ceiling on net interest	-	-	-
<b>Total net interest</b>	<b>1,240</b>	<b>1,291</b>	<b>(51)</b>
<b>Total defined benefit cost recognised in Profit or (Loss)</b>	<b>1,240</b>	<b>3,901</b>	<b>(2,661)</b>
Cash flows			
Plan participants' contributions	359	359	-
Employer contributions	1,089	-	1,089
Contributions in respect of unfunded benefits	-	-	-
Benefits paid	(967)	(967)	-
Unfunded benefits paid	-	-	-
Effect of business combinations and disposals	-	-	-
<b>Expected closing position</b>	<b>45,784</b>	<b>48,448</b>	<b>(2,664)</b>
Re-measurements			
Changes in demographic assumptions	-	(2,127)	2,127
Changes in financial assumptions	-	7,671	(7,671)
Other experience	-	-	-
Return on assets excluding amounts included in interest	2,145	-	2,145
Changes in asset ceiling	-	-	-
<b>Total re-measurements recognised in Other Comprehensive Income (OCI)</b>	<b>2,145</b>	<b>5,544</b>	<b>(3,399)</b>
Fair value of plan assets	47,929	-	47,929
Present value of funded liabilities	-	53,992	(53,992)
Present value of unfunded liabilities	-	-	-
<b>Closing position as at 31 July 2019</b>	<b>47,929</b>	<b>53,992</b>	<b>(6,063)</b>

The above table includes an approximate allowance, calculated by the scheme actuaries, for the impact of the McCloud judgement as an additional liability totalling £505k.

## 25. Related Party Transactions

The Board of Management of the College is a body incorporated under the Further and Higher Educational (Scotland) Act 1992 and is largely funded by the Scottish Government via the Scottish Funding Council (SFC) and the Glasgow Colleges' Regional Board (GCRB). The SFC, GCRB and the Scottish Government are regarded as related parties. During the year the College had various material transactions with SFC and with other entities for which the Scottish Government is regarded as the sponsor Department such as the Student Awards Agency for Scotland. In addition, the College has had a number of material transactions with other Government Departments and other government bodies such as Local Authorities, Local Community Planning Partnerships and other Colleges and Universities.

Because of the nature of the College's operations and composition of its Board of Management (being drawn from local public and private sector organisations), it is inevitable that transactions may take place with organisations in which a member of the College's 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. Board members are required to declare an interest in relevant items on the agenda of meetings of the Board and its standing committees. The College had transactions during the year or worked in partnership with the following bodies in which members of the Board of Management hold or held official positions as listed below. The same disclosure of interests has been made in respect of members of the senior management team.

Organisation	Type of Transaction	Value £	Name
Glasgow City Council	Grant	541,520	S Birrell, A McTaggart
Glasgow Kelvin Learning Foundation	Grant	61,098	I Patrick
Glasgow City Council	Income	137,253	S Birrell, A McTaggart
Skills Development Scotland	Income	1,885,953	A Inglis
Colleges Partnership	Income	-	A Sherry
East Renfrewshire Council	Income	10,787	A Robertson
Glasgow Colleges Regional Board	Income	144,924	I Patrick, S McLaughlin
Glasgow Caledonian University	Income	177,344	E Clafferty, E O'Neil
Glasgow City Council	Expenditure	436,635	S Birrell, A McTaggart
Glasgow East Arts Company Ltd	Expenditure	60,980	A Sherry, J Gow
Colleges Partnership	Expenditure	33,621	A Sherry
East Renfrewshire Council	Expenditure	9,111	A Robertson
SQA	Expenditure	364,089	A Sherry
Glasgow Kelvin Learning Foundation	Expenditure	-	I Patrick
Glasgow Caledonian University	Expenditure	930	E Clafferty, E O'Neil

Balances outstanding as at the 31<sup>st</sup> July 2019 with related parties were as follows:

Organisation	Member	Nature of Balance	Value £
Glasgow Colleges' Regional Board	I Patrick, S McLaughlin	Debtor	575
Skills Development Scotland	A Inglis	Debtor	5,503
Glasgow City Council	S Birrell, A McTaggart	Debtor	8,950

## 26. Bursaries and other student support funds

	Year to 31 July 2019 FE Bursary £'000	Year to 31 July 2019 FE Discretionary £'000	Year to 31 July 2019 EMAs £'000	Year to 31 July 2019 SAAS HE Funds £'000	Year to 31 July 2019 Total £'000	Year to 31 July 2018 Total £'000
<b>Balance b/fwd</b>	(201)	-	(25)	6	(220)	1
Funds received in year	4,405	477	199	184	5,265	4,283
Expenditure	(4,147)	(424)	(173)	(179)	(4,923)	(3,940)
Repayable to SFC/SAAS	51	-	-	(6)	45	(35)
Virements	(50)	(45)	-	-	(95)	(529)
<b>Balance c/fwd</b>	<b>58</b>	<b>8</b>	<b>1</b>	<b>5</b>	<b>72</b>	<b>(220)</b>
<b>Represented by:</b>						
Repayable (to) SFC/from SAAS	58	8	1	5	72	(220)
Retained by college for students	-	-	-	-	-	-
	<b>59</b>	<b>8</b>	<b>1</b>	<b>5</b>	<b>72</b>	<b>(220)</b>

For Student Support Funds the SFC/SAAS grants are available solely for students, with the College acting only as paying agent. The grants and resulting disbursements are therefore excluded from the Income and Expenditure Account.

## 27. FE Childcare funds

	Year to 31 July 2019 £'000	Year to 31 July 2018 £'000
<b>Balance b/fwd</b>	92	-
Allocation received in year	872	315
Expenditure	(1,051)	(744)
Virement from Bursary Fund	50	368
Virement from HE Childcare Fund	-	-
Virement from FE Discretionary Fund	45	153
<b>Balance c/fwd</b>	<b>8</b>	<b>92</b>
<b>Represented by:</b>		
Repayable to funding council as clawback	8	92
Retained by college for students	-	-

**28. HE Childcare funds**

	Year to 31 July 2019 £'000	Year to 31 July 2018 £'000
<b>Balance b/fwd</b>	-	-
Allocation received in year	365	275
Expenditure	(360)	(275)
Virement to FE Childcare	-	-
<b>Balance c/fwd</b>	<b>5</b>	<b>-</b>
<b>Represented by:</b>		
Repayable to funding council as clawback	5	-
Retained by college for students	-	-