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2022 - 2023 Annual Report & Financial Statements

The Board of Management of Glasgow Kelvin College is a Scottish Registered Charity, no. SCO21207

REAL PEOPLE. REAL GLASGOW

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Performance Report of the Board of Management

Introduction

The Performance Report for the year ended 31 July 2023 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 2022/23

- 1.1. Introduction
- 1.2. Principal's Review of 2022/23
- 1.3. Statutory Background
- 1.4. Mission and Vision Statements
- 1.5. Purpose, Context, Operational Environment
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Further information on the College's operational, strategic, and financial plans can be found in the College web site: www.glasgowkelvin.ac.uk



1. Overview Report 2022/23

1.1 Introduction

The purpose of the Overview Report for session 2022/23 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 2022/23

In 2022/23, we began to emerge from the cloud of the COVID-19 virus and its health, social and economic impacts. However, during the year COVID-19 and its repercussions continued to impact across all areas of our service delivery, with additional pressures from the cost-of-living crisis and ongoing BREXIT related issues, resulting in another extremely challenging year for our students, staff and stakeholders, albeit an improving one. Repairing the damage to student confidence caused by repeated lockdowns and an inability to deliver face-to-face learning and teaching for such prolonged periods of time has been difficult, with the pandemic continuing to take its toll on those students who need support in rebuilding their confidence and achieving success most. Apprehension and anxiety amongst our staff and students alike, amidst a return to face to face working and learning, was a real and often disabling phenomenon. However, the flexibility and professionalism of our staff across all areas of the College, at all levels, and the engagement of our Trades Unions continues to be positive and has resulted in a sustained recovery response. Whilst overall course retention levels remain below pre-Covid levels, our subject areas and support services worked hard to mitigate impacts and we have seen the green shoots of recovery in the reduction of our college withdrawal rates. Unfortunately, the whole of the Scottish college sector remains in the midst of national dispute with trades unions regarding a two year pay settlement and a union demand for a "no compulsory redundancy guarantee". In 2022/23 this manifested as Action Short of Strike (ASoS) in the form of a resulting boycott by Educational Institute of Scotland Further Education Lecturer's Association (EIS FELA) members. This meant that student success rates could not be confirmed when they were due. However, once resolved, we expect our student success rates to closely follow the positive trajectory seen in our retention (reduced withdrawal) rates. The College delivered 98.4% of its Core Credit target and this continues to be a significant achievement given our operating context. Therefore, despite the challenges faced, the College has again proven that it continues to be a key provider of Further and Higher Education in the Glasgow Region and is an institution delivering for the people of Glasgow.



Learning & Teaching

Following significant disruption to learning and teaching delivery through the Covid pandemic, in 2022-23 the College was able to return back onto campus the vast majority of its curriculum delivery. Whilst an element of digital content continues to form a key part of all course delivery, the return to mainly face to face learning was welcomed by students, with for example, increased levels of student satisfaction with their learning experience reported across College surveys.

In terms of curriculum development, there were innovations and developments across a number of curricular areas, ensuring our programmes remain relevant and focussed on the skills needs of both today and tomorrow. Highlights in 2022-23 included the opening of a new STEM learning facility at our Easterhouse Campus which provided a basis for our partnership work with South Lanarkshire Council with two new Engineering groups and two new cohorts of Construction. We also opened new Sports and Fitness facilities at our Easterhouse Campus and this supported the expansion of our successful Community Hub to two campuses bringing together an enhanced youth access and widening access curriculum wrapped around family learning. Our Community Hub activity in 2022-23 featured partnership work with Police Scotland, cross-college collaboration alongside health and well-being initiatives leading to healthy lives and positive destinations.

The College also completed work to create a new Green Academy training venue capable of delivering upskilling and vocational training to apprentices and existing tradespersons in green technologies. The area is designed to train in Solar Hot Water, Air Source and Ground Source Heat Pumps and we attained approval to deliver specialist Vendor Qualifications.



Strengthening our partnerships with schools remains a priority and we continued to expand our award-winning Young Enterprise Scotland Company Programme, due, in part, to the programme being approved as a positive destination for the Scottish Government's Young Person's Guarantee scheme. New and improved digital reporting systems and organisational infrastructures were put in place to streamline enrolment and enhance the overall experience.

The College also continued to invest in digital innovation within learning and teaching delivery. In partnership with Innovation E-Sports we ran programmes focussed on game development and creative digital media providing bespoke insight into potential careers in the digital graphics industry. These programmes were targeted at Senior Phase school pupils and young people engaging with the college through our community outreach activities. Programmes ran outwith school time, in evenings and during holidays to promote engagement. We also partnered with seven other Scottish colleges and a specialist software supplier to develop virtual reality learning materials for Health and Social Care courses. These will bring to life employment relevant environments, helping learners visualize complex concepts and ideas, and building their confidence in a cost-effective way.



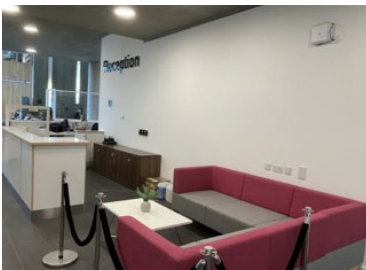
Estates & Sustainability

The College has continued to invest in its estates with funding made available from the Scottish Funding Council (SFC)/Glasgow Colleges Regional Board (GCRB). The College and Glasgow Kelvin Learning Foundation SCIO have invested in a Campus Re-investment Project across three campus buildings including in relation to improving the estate for the students.

The Board of Management has decided to dispose of the West End Campus building and from 1 November 2023 marketing of the building commenced, either for sale or lease. Over the spring and summer of 2023, the focus was on the re-location of the curriculum at our West End Campus to other campus locations ahead of the start of the new Academic Year. This was successfully achieved.

Some of the main works, campus re-location and campus re-investment works are detailed below by campus.

Springburn



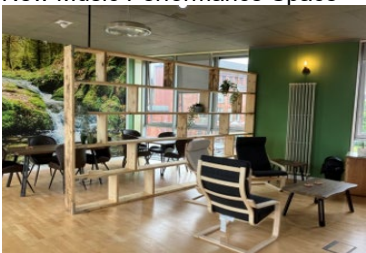
Refurbished Reception



New Science Rooms



New Music Performance Space



Transformed Staff Break/Rest Space



New Branding on Display
at Springburn Campus

- New Branding outside the Campus.
- Refurbished Reception area including enhanced external branding.
- New science rooms added to the portfolio.
- New music performance and recording facility created within an outbuilding.
- Completely transformed staff break /rest space.
- Purchase of nearly new mini bus.
- Refurbishment of toilets across the campus building.
- Installation of fast charging points for electric vehicles.
- Redecoration of former Student Common Room.
- Installation of second bike shelter.
- Cleaning of external building to remove moss build up.
- Replacement of air ducting on the ventilation system.

Easterhouse



Repainted Exterior including Chimney Stacks

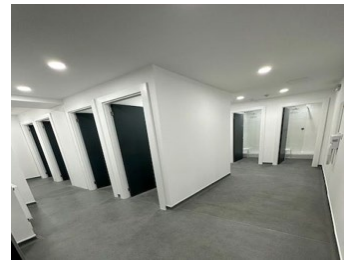
- Clean and paint exterior of building including chimney stacks.
- Creation of outdoor gym with seating/relaxation area.
- Creation of new toilets, showers and changing facilities.
- Replacement of worn carpets.
- Paint yellow lines for College vehicles and charging points.
- Installation of fast charging point for electric van.
- Painting staff areas.



Outdoor Gym Equipment



Gym Equipment & Picnic Benches



New Toilets, Showers & Changing Facilities



New Carpet Tiles in Staffroom

East End

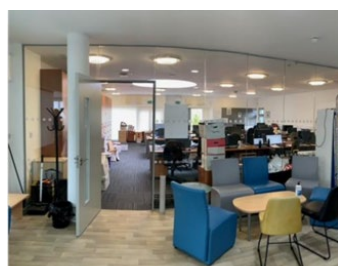
- Replacement of main entrance doorway.
- Creation of new Higher National Arts Facility.
- Creation of new Support for Learning Rooms.
- New Staff facility created.
- Refurbishment of Student Common Room.
- Redecoration of interior common areas.
- Installation of fast charging point for electric vehicles.



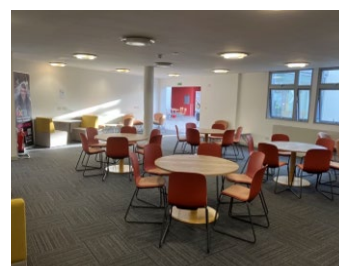
New Front Entrance



New HN Arts Facility



New Staff Facility



Refurbished Student Common Room

From SFC capital funding, a wide range of projects have been completed, particularly in relation to backlog maintenance matters. Other improvements made have refreshed the College estate and added further value to the College learning environments including the common areas.

Significant investment over the last two years has improved the overall quality of all campuses and it is hoped that ongoing and sustainable levels of funding will continue to be made available to further support the programme of estates development and maintenance.

Financial Management

The financial results for the year have continued to be impacted by the residual effects of COVID-19, compounded by the cost of living crisis.

To address the significant threat faced to the financial stability of the College and the Further Education Sector a College Operating Plan for 2022-27 was developed during 2022/23. This was shared with staff, students, Glasgow Colleges Regional Board, the SFC and other stakeholders to highlight the impact if some of the assumptions on which this has been built are not changed. If this doesn't happen, there will be significant reductions in staffing levels over the next three years and maintaining the quality of service provision may be extremely difficult under these circumstances.

Following consultation with the Board it was agreed that the Operating Plan would be approved and implemented on a milestone basis and that it would be revised on a regular basis to reflect any material changes. The Operating Plan was subsequently revised and represented to the Board in December 2022, March 2023 and June 2023. The December 2022 revision resulted in a reprofiling of the staff savings to evenly spread the job losses of a three year period.

The Operating Plan reflected the previously anticipated deficit, but the new position was significantly worse than the budget for 2022/23 as this contained Public Sector Pay Guidance as the College had been instructed to use, and this was not deemed to be a realistic assumption.

The Voluntary Service target of 27 staff was achieved in 2022/23 and the College Operating Plan remains on target to deliver the required savings and associated financial

stability. The College has continued to carefully monitor all income and expenditure, with detailed quarterly forecasting taking place.

While a flat cash settlement for five years is the best that can be expected, ongoing affordability of payroll costs remains a major concern. Negotiations are still ongoing for Teaching and Support staff pay rises relating to September 2022, with both teaching and support Unions now participating in industrial action. Normal pay inflation pressures are increased due to the impact of high levels of general inflation and the impact of extraordinary increases in energy costs mean that unprecedented challenges will be faced by the College and the sector in the coming years.

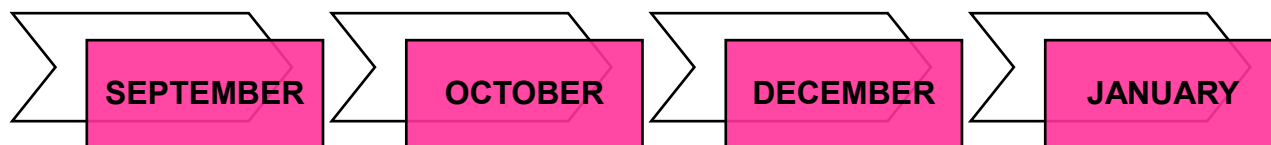
The College has continued to consult with its staff representatives and recognised Trade Unions, act transparently and openly, communicate with staff and do all it can to protect services for learners. The financial performance achieved in recent years will assist the College in the short term in mitigating the huge financial challenges ahead, with the Adjusted Operating Surpluses and cash generated in 2020/21 and 2021/22 underpinning the managed deficits budgeted for 2022/23 and 2023/24.

However, this financial position is not sustainable and must be addressed urgently, as highlighted in the **Scotland's Colleges 2023 Briefing Paper** from Audit Scotland in September 2023.

The College and University sectors are now subject to a national five-year review and transformation programme. The intention is that this transformation will include a new fair and transparent funding model.

Successes 2022/23

With the welcomed increase in on-campus activity in the year, the College, our students, and our staff continue to thrive in successes, achievements and events. Highlights during the past year include:



The Jewellery Department's initiative – 'Making Jewellery in a Digital World' was shortlisted as a finalist in the Herald HE Awards 2023

CAD Lecturer Becky Champion delivered an engaging workshop on her own experiences as a woman working in Science and Engineering at the first Ada Lovelace Group meeting of session 22/23

Stephanie De Roemer, Conservator with Glasgow Life Museums, ran a series of workshops for a wide range of students on conservation and climate impact.

HND Photography student, Deljeem Rai from Lewis, was a winner in the prestigious 'Portrait of Britain' national competition for his portrait 'John Ross'.

Our MADE Barbering Academy was shortlisted for the Scottish Hair & Beauty Awards (SHABAs) 2022 for Best Training Academy category and MADE Barbering student, Rohin O'Neill, was shortlisted for the Best Barbering Apprentice

The College took part in the UK's Big Green Week and Scotland Climate Week by delivering a series of successful Dr Bike sessions.

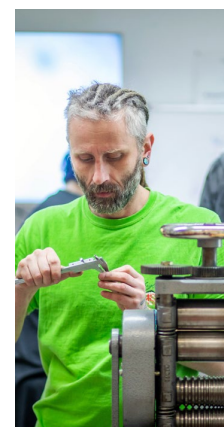
Refrigeration and Air Conditioning student, Scott Ballantyne, won the Silver Medal at the Fujitsu-sponsored RAHCP Skills event held at Barking & Dagenham College

Siobhan Mackenzie, former Fashion student and world-renowned designer, scooped three medals, including two golds, at the 16th International Design Awards for her eco-conscious designs



Foundation Apprentices Corie MacSween and Chloe Sinet featured in celebrations of the FA programme by the College and Glasgow Colleges Regional Board

At the 2022 College Development Network (CDN) Awards, the College received a Highly commended award for 'Making Jewellery in a Digital World' and a Commended award for the 'Springburn Community & Youth Hub' initiative



The Fashion Department held its annual 'Project Runway' competition at the Springburn Campus where local secondary school pupils designed and showcased the outfits they had created using recycled materials

As outlined in this section of the Annual Report, Glasgow Kelvin College has had a successful year, which is remarkable considering the challenges we have had to overcome as a result of the COVID-19 pandemic and other issues which have interrupted provision. The success achieved by the College has been as a consequence of the hard work, agility and determination of staff and students and through the continuing support received from key partners.

FEBRUARY

Stephen Cameron of Milwaukee tools, a long-time partner of the College, was welcomed to the Springburn Campus to deliver an instructional hands-on experience to 2nd year Joinery Apprentices

The College formalised its association with partner SWGR, the recruitment organisation for the railway industry in Scotland, to deliver industry skills to the 24 young people recruited to its Railway Engineering course.

Former College student, John Stuart, wrote and acted in a comedy 'Dirty Water' being streamed on STV Player, starring alongside three other former students, Robert O'Donnell, Sabrina Mandulu and Robert McCahill along with Acting & Performance Lecturer Leah Moorhouse.

Elected members, Willie Rennie MSP, Bob Doris MSP and Stephen Kerr MSP with an interest in Education & Skills were welcomed into the College by Principal, Derek Smeall and Chair, Ian Patrick



MARCH

Ten College Youthstart students presented three hand-made benches to the FARE Gardening Project for children in Easterhouse which they had researched, designed, built, sanded, and painted



APRIL

The College had held a series of events for Planet Earth Games; A vegan Bistro, Tree Planting by Support to Learn Students, the Project Ability recycling fashion competition and the Fashion Department's Swap Shop event and Recycled Bridal Gown project. The College and its students were placed 5th in the UK and 1st in Scotland for the work achieved in this UK national competition which had entries from 40 colleges.

Glasgow Science Centre helped host and sponsored the College's popular Science Fair at East End Campus

The Annual Fashion Show featured students' designs from the 'repurposed' Bridal Gown project where showroom gowns destined for landfill were recycled to create breath-taking wedding outfits. The students presented a cheque for £3,505 to their chosen charity, The Marie Trust, earned from a range of fundraising activities across the academic session.

Photography Curriculum Manager, Simon Murphy launched the pre-sale of his book, the Govanhill Project, with pre-orders sold out in 5 hours

JUNE

The first annual Summer Awards ceremony was held in person since the pandemic, with over 80 students being recognised for their contribution throughout the year at the City Chambers

Both Jewellery and Fashion students were winners in all five of the categories at Craftex 23, held at Trades Hall, Glasgow

Three HND photography students were shortlisted for the "Scottish Portrait Awards" in Photography, the prestigious awards run by the Scottish Art's Trust. They were Deljeem Rai, Isabelle Law and Robin Currie.

Refrigeration and Air Conditioning student, Scott Fosbury of Polar Air Conditioning and Glasgow Kelvin College is one of the four finalists in the RACHP Skills competition being held at Birmingham NEC.

Year 2 Plumbing student, Tom Pender, was awarded silver in the SNIPEF national skills competition, an impressive feat as he was up against third- and fourth-year apprentices from across the UK.

The College's MADE Barbering Academy has been shortlisted in the SHABA 2023 finals for Barbering Training Academy of the Year and with one student up for the Barbering Apprentice of the Year.

1.3 Statutory Background

Glasgow Kelvin College was established on 1 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 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 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 is in turn funded by the SFC a Non-Departmental Public Body of the Scottish Government, whose main role is to distribute funding to Colleges and Universities in Scotland.

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 Statements

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 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 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, and Modern Apprenticeships. 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. In 2022/23 we enrolled 18,000 students of which 13,000 were fundable, of that 69% were residing in Glasgow City Council areas. 64% of the total credits were Glasgow City Council area residents which is up 3% on 2020/21. To provide a comparison, Glasgow Kelvin College had fundable 8,058 Glasgow City Council area students in 2021/22 and 8,989 in 2022/23 – as such, Glasgow Kelvin College has the most domicile Glasgow students.

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

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

It operates primarily from its four main campus buildings. The four main campus buildings are:

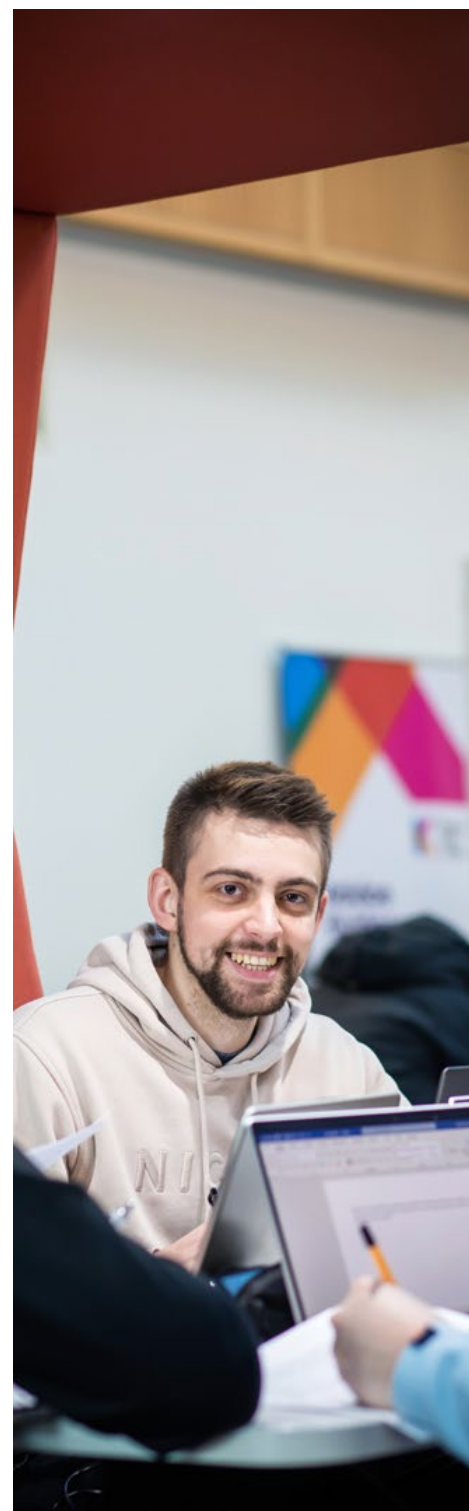
- Springburn Campus;
- East End Campus;
- Easterhouse Campus; and
- West End Campus.

As stated previously, the Board of Management wishes to dispose of the West End Campus building and curriculum has now been moved out of this building accordingly. The College is working with GCRB and SFC in relation to this disposal and marketing commenced on 1 November 2023 for sale and lease. Both options will be evaluated to determine which represents best value.

The campus facilities are all of a high-quality standard and East End, Springburn and Easterhouse campuses were significantly enhanced during the year to enable the College to deliver its curriculum across the North and East of Glasgow.

The College also delivers activity in a 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 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 enable 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 Ambitions & Strategies

The College five year Strategy was published in January 2022 following a process of extensive consultation. The Plan maintains the College vision to Transform Lives Through Education and seeks to do so through the following strategic ambitions and priorities:



• **Strategic Ambition 1 – Deliver an Inspirational and Inclusive Student Experience.**

- Develop employment and life skills through high quality learning, teaching and assessment.
- Empower and support our students through their life changing journey, throughout life.
- Provide an outstanding physical and Virtual Learning Environment.



• **Strategic Ambition 2 – Strengthen our Communities and Environment.**

- Build capacity within vibrant communities and support inclusive economic growth.
- Deepen employer and industry engagement, earn our reputation as centres of excellence and be the partner of choice.
- Address our Climate Emergency – Act, Educate & Engage.



• **Strategic Ambition 3 – Be a High Performing, Resilient and Responsive College.**

- Build an organisation that thrives with dynamic and empowered people.
- Drive Continuous Improvement and Digital transformation.
- Achieve Financial Sustainability and maintain Strong and Effective Governance.

These strategic ambitions and priorities align with Glasgow Colleges' Regional Board's (GCRB's) Regional Strategic Plan and Regional Outcome Agreement (ROA), and the wider political framework in Glasgow and nationally.

There are eight key supporting Strategies, listed in the table below, which help deliver the Vision, Mission and Strategic Ambitions of the College. These Strategies are underpinned by a number of Frameworks, Action Plans and sub strategies, where appropriate.

College Operating Plan	
Access & Inclusion Strategy	People Strategy
Learning, Teaching & Assessment Strategy	Digital Transformation Strategy
Financial Strategy	Estates & Sustainability Strategy
Internal Communications Strategy	Risk Management Framework
Higher Education Strategy	Corporate & Operational Services Strategy

The delivery of the College contribution to the Glasgow Regional Outcome Agreement, working in partnership with GCRB and working with our sister colleges in Glasgow are priorities for Glasgow Kelvin College.

The Planning documents referred to above are all available on the web site:
[Plans and Strategies - Glasgow Kelvin College](#)



1.7 Key Risks

The after-effects of the **COVID-19** pandemic continues to have a major impact on the College. This is largely due to real terms **reduced funding** received from the SFC due to flat cash settlements, a reduction in credit targets, lost income due to reduced demand/fewer opportunities for commercial activity, **inflation** increases, **utility costs** escalating and extreme **cost of living pressures** which particularly hits hard on the deprived communities the College serves. The College is under pressure to provide **digital resources** to students who do not own personal devices but there is insufficient resources to enable this. **Cyber attacks** across the education sector are increasing every year so prevention against attacks impending cannot diminish. **Artificial Intelligence** is another strand to this which has negative implications as well as some positives. The **mental health** of the communities served is precarious as people have difficult choices to make in their daily lives. Health, wealth and opportunities available are all in somewhat of a decline across many regions. The role of the College as a community asset and a destination of positivity is more important than ever to the regions served.

The **flat cash funding settlement** coupled with **reduced credit targets** means that the College will need to **reduce staffing numbers** accordingly over a 5-year plan. 27 individuals were approved for Voluntary

Severance during the Academic Year. Maintaining staff morale is extremely challenging in a seemingly endless declining financial arena.

Because of the current and future challenges, the College expects there to be a change in its current level of activity over the coming years. The 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 transition to national collective bargaining has resulted in increased costs and reduced efficiency; the agreed rates of pay for teaching staff placed a significant financial pressure on the College. The support staff area is still going through a National Job Evaluation exercise and the outcome at the time of writing this report still remains unclear. Furthermore, the support staff situation has not remained at the status quo since the Job Evaluation exercise began as the College has continued to develop its staffing structures to meet learner needs and operational requirements. There is an on-going risk that the costs of pay increases as a result of Job Evaluation will not be funded by the Scottish Government.

The College routinely reviews its Strategic Risk Register and has identified fourteen main risks to achieving its ambitions and delivering its Vision. The main risks are as follows:

- SFC Review
- Glasgow Kelvin College Identity
- People
- Litigation / Compliance
- Curriculum Relevance
- Sustainable Funding
- Student Experience
- Environment
- Digital Transformation
- Student Recruitment & Retention
- Cyber Risk
- Infection Controls/Future Pandemics / COVID-19 - Ongoing Implications
- Industrial Action/Action Short of Strike Action
- Artificial Intelligence

1.8 Going Concern

The Board of Management considers that the College has adequate resources to continue in operational existence for the next twelve months. The success of the Voluntary Severance Programme in 2022/23 and planned Voluntary Severance programmes in 2023/24 and 2024/25 will allow the College to be in a financially stable position over the College Operating Plan for 2022-27.

Continued Quarterly Forecasting helped ensure that the College outturn at the year end was in line with the forecast managed deficit for the year and that the underlying cash position was within the revised the cash target.

It is anticipated that the College will continue to be funded by Grant in Aid from the SFC/GCRB and will continue to operate on a financially stable basis.

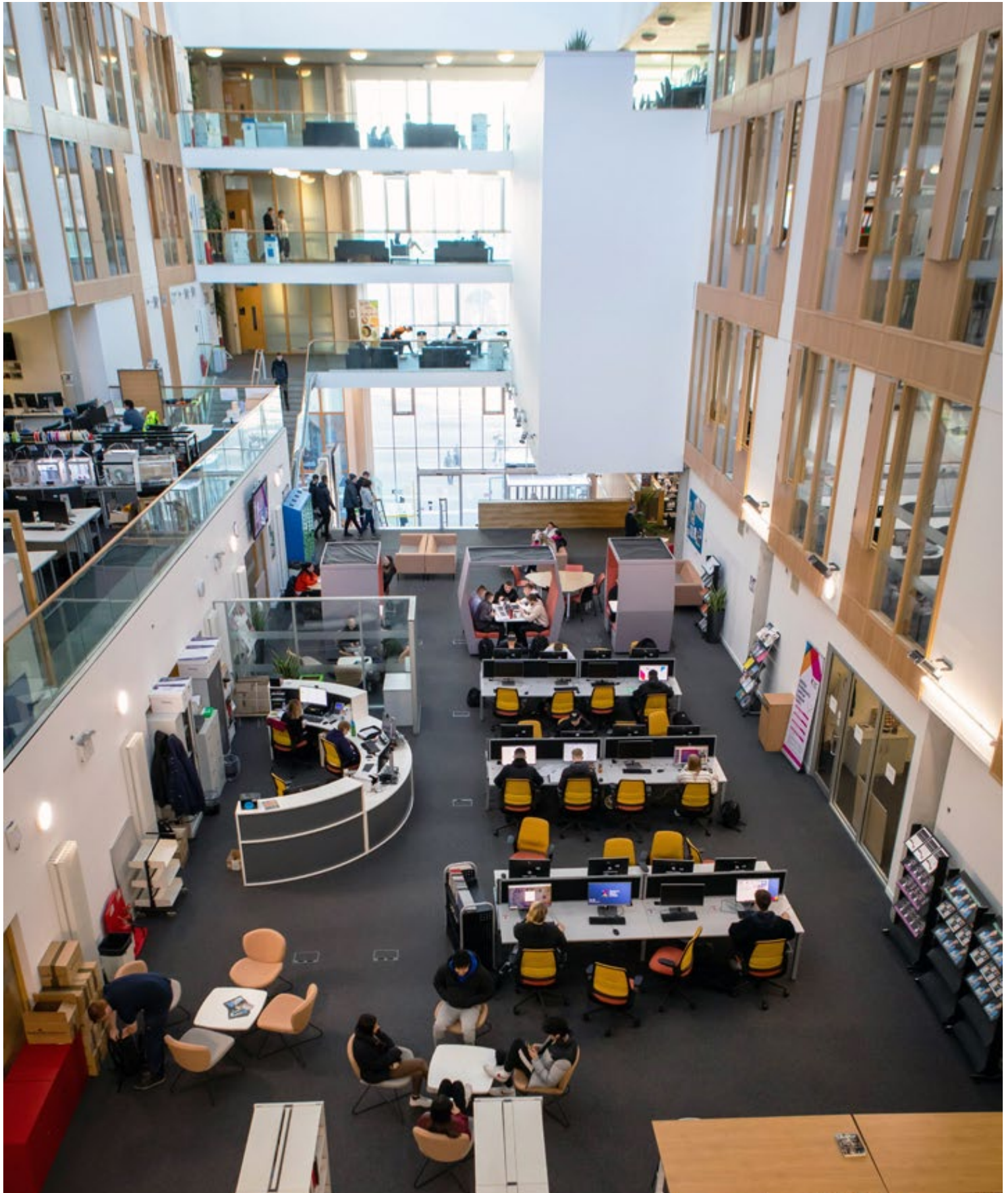
The board has assessed the ongoing impact of COVID-19, BREXIT and the cost-of living crisis and this has not affected the going concern status of the College. As a result of this, the going concern basis continues to be adopted in the preparation of the financial statements.

1.9 Performance Summary

The wake of COVID-19 has continued to have a negative impact on the Scottish College Sector. Glasgow Kelvin College has been particularly affected in terms of the demographics of its student population and the communities it serves. Glasgow Kelvin sits amongst its communities and delivers the highest proportion of activity to Scottish Index of Multiple Deprivation (SIMD) 10 and 20 students (10% and 20% of students from most deprived postcodes), as a proportion of its student body, of any college in Scotland. Scottish government data has identified that these communities have been disproportionately impacted by COVID-19 in respect to their health, wellbeing, economic circumstance, and social environment.

The College had set a number of operational targets for session 2022/23 and monitored performance against these throughout the year. The College considers its key objective to maintain student activity levels to address demand at a target level agreed with GCRB and the SFC. During session 2022/23 the College delivered 98.4% of its Core Credit target. The small shortfall was due mainly to higher than average withdrawal levels resulting from Covid-related disruption. The achievement of these volumes of provision is a considerable achievement when considered in the wake of the pandemic and in the midst of a cost of living crisis.

The other key performance indicator is managing to operate within budget. The College has delivered an AOP managed deficit of £1,266k for AY 2022/23, supported by a detailed cashflow plan over the three year period, at the end of which the college will return to a breakeven position. A necessary action to secure medium term financial stability whilst managing to maintain operations. Further detail in relation to this financial performance is provided at 2.3 below.



2. Performance Analysis Report 2022/23

2.1 Performance Measurement

The Board has a College Strategy in place which sets out its overarching objectives in the form of Ambitions and Priorities. This Strategy is supported by the College Operating Plan and a concise framework of supporting strategies. Together these provide comprehensive strategic planning. This aligns with the Regional Outcome Agreement and responds to Glasgow's Local Outcomes Improvement Plan. These documents reflect Government policy objectives and are the primary documents the College uses to articulate its plans and objectives. This forms the basis for operational 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.

The College takes a holistic view of its performance, it recognises the importance of managing performance across all aspects of its activity, and regular progress reports were made to the Board on progress delivering the aims of the College's Strategic Plan and College Operating Plan Objectives and targets. These reported performance in numerical terms against a number of Key Performance Indicators (KPIs) and also made reference to a wide range of other information, reports and feedback to develop and improve its services. In addition to financial and student performance 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

In terms of performance indicators related to delivery volumes, the College was close to achieving full delivery of its Core Target and at 98.4% this was within the 2% leeway provided by SFC, within which SFC will not clawback funds. The main reason why the Core Credit target was not achieved was due to the impact of Covid on College recruitment activity and the lives of young people within the College's catchment area. Covid also impacted on recruitment for our Foundation Apprenticeship Credit target achievement, with schools prioritising their efforts on their return to face to face delivery and also from competition from private training providers funded to deliver Foundation Apprenticeship programmes to schools in the North-East of the city.

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	2019/20	2020/21	2021/22	2022/23
Adjusted Operating Surplus (Deficit) as a % of Income *	0.7%	2.6%	3.3%	(3.9%)
Non - SFC Income	£7,513,000	£7,835,000	£5,466,000	£4,868,000.
Non SFC Income as a % of Total Income**	23%	23%	17%	15%
Staff Costs as a % of Total Expenditure	70%	69%	71%	70%
Credits Delivered	79,312	78,690	80,238	77,574
Credits Target (ROA)	79,243	79,093	83,207	79,934
FTE Teaching Staff	260	250	232	234
Credits per FTE Teacher ***	305	315	346	332
Current Ratio (current assets / current liabilities)	0.5	0.8	0.9	0.8
Net Current Assets/ (Liabilities)	(£3,011,000)	(£1,926,000)	(£804)	(£2,078,000)
Days Cash	21	42	47	47

Note: * based on underlying surplus methodology established by the SFC

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

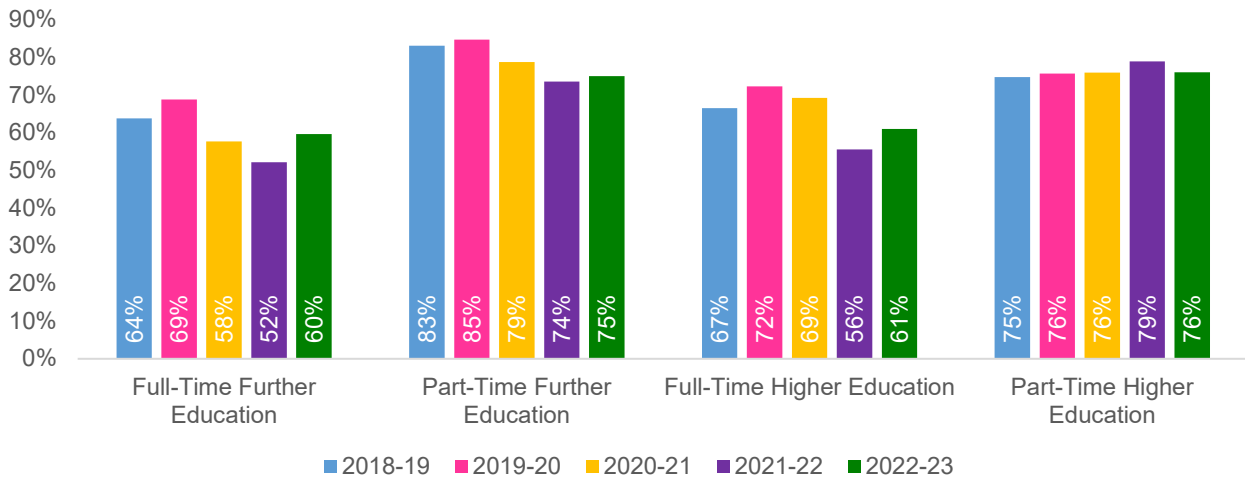
Over recent years an extensive programme of value for money savings has been implemented which has reduced expenditure on goods and services, this is making it particularly difficult going forward to identify opportunities for further savings.

Academic Performance Indicators

The academic year of 2022-23 represented the first full year free from Covid related disruption which had so detrimentally impacted on the student experience and outcomes. As a result of being able to offer a significantly higher quality student experience with high levels of face to face tuition and on campus activities, the proportion of students successfully achieving their qualification rose significantly.

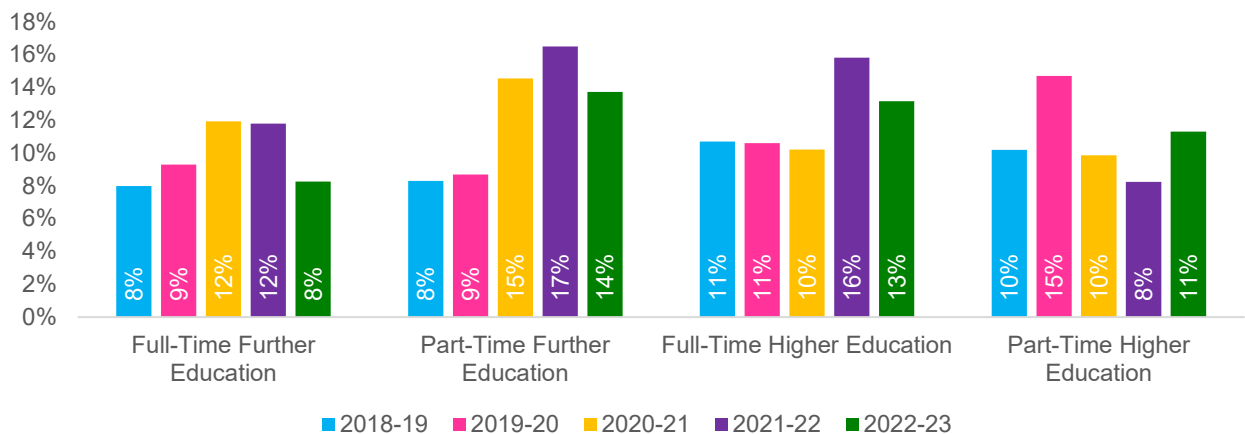
The chart below provides an overview of student success levels for the four main mode and level categories of our curriculum provision. The chart shows a significant improvement in success rates, with an improvement across almost all modes and levels. The most significant change is for Full-Time Further Education courses (+7.5%) and Full-Time Higher Education (+5.4%). Only Part-Time Higher Education rates have shown a small fall (-2.8%), but this relates to a relatively small cohort where changes to the curriculum offered can have an effect on overall success rates.

Student Success Trends



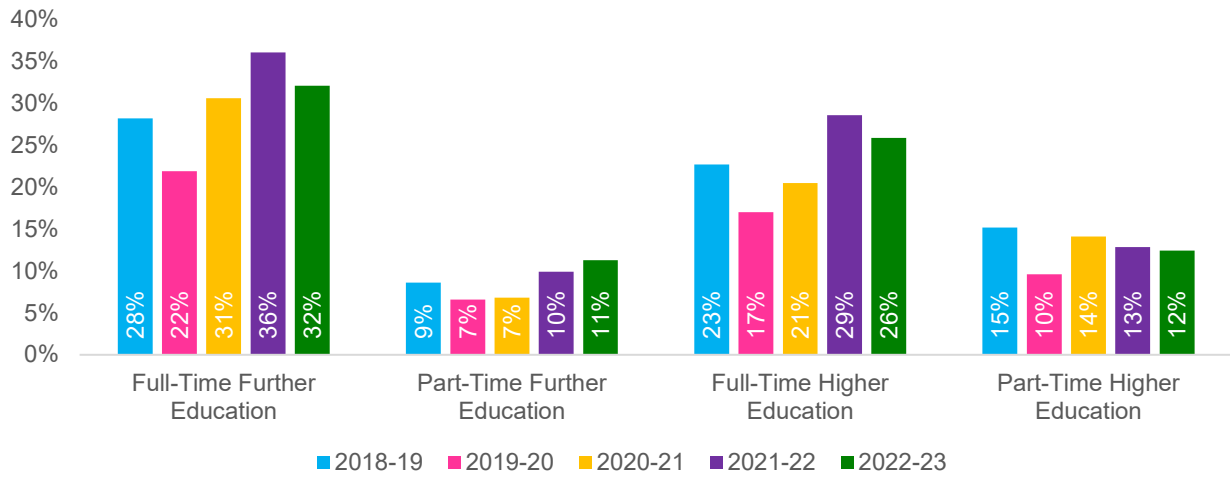
The chart below also shows an improvement in reducing partial success rates and supporting more students to successfully complete their qualification. Again, the biggest improvement is with Full-Time Higher Education courses (reduced by 3.5%). These figures also highlight that the main reason Part-Time Higher Education successful completion rates fell was due to an increase in partial success (+3.1%). This will be a priority area for improvement in 2023-24.

Student Partial Success Trends



With respect to withdrawal trends, the chart below shows a reduction across almost all modes and levels, with the exception of Part-Time Further Education cohorts where withdrawal increased slightly by 1.3%. The main reason for this is a change to our Part-Time Further Education curriculum, with a higher proportion of more substantial programmes closer to almost full-time study hours leading to more scope for withdrawal to be an issue.

Student Withdrawal Trends



Overall, the indicative data presented above suggests a substantially improved level of performance, but with student outcomes rates still below pre-Covid performance levels. Therefore, achieving higher levels of student success rates through improved retention and partial success rates remains a key College quality enhancement priority.



In terms of improving student success rates, a range of actions are being progressed at both college and course team levels. In August, all course teams met to review the specific student outcomes for their subject areas and identify improvement actions which are collated and tracked through our quality processes. In addition, courses with more significant performance issues have been identified to undertake more thorough quality enhancement review. Alongside this, the following College-level priorities will be progressed to improve the student experience and encourage students to sustain their studies:

- Improving student recruitment performance and conversion of applicants to attending enrolments, building on the improvements made to strengthen pre-enrolment engagement and support introduced in 2022-23.
- Responding more effectively to student attendance issues, extending our work to improve our data reporting on student attendance and delivering more consistent and systematic interventions by lecturing and support staff.
- Strengthening Faculty Quality and Self-Evaluation Arrangements, rebuilding our quality processes with a renewed focus on prioritising student engagement and success, enabled by the introduction of a risk-based approach to quality enhancement activity.
- Strengthening Teaching Development Activity through stronger leadership for teaching development activity, and through providing more structured and consistent opportunities for staff to share teaching practice and provide peer support.
- Strengthening Student Engagement and Representation, improving the support for, and effectiveness of, College student representation activity.
- Strengthening Student Health and Wellbeing Support with increased resources to enable appropriate and sufficient health and wellbeing support to be provided to all students.

These areas of priority will be progressed through operational planning arrangements.



2.3 Financial Performance

Financial year 2022/23 presented the College and the wider Further Education sector with ongoing unprecedented challenges. Despite significant ongoing impacts of COVID-19, BREXIT and the cost-of-living crisis, the College has been able to deliver successful outcomes for students.

As a result of these huge pressures and the fact that the Scottish Government has stated that Colleges should expect no more than flat cash for the next five years, a College Operating Plan (COP) was presented to the Board of Management in October 2023 and shared with staff. This five-year Plan makes a number of assumptions and requires the College to take a series of actions to remain stable. Among these are that three consecutive years of Voluntary Severance will be required alongside a review of the College estate needs, savings in other costs and a drive to increase income. While there were movements across a number of income and expenditure lines during the year, the College managed its financial position in line with its quarterly forecasts and the COP. The original deficit budgeted for the year of £460k increased substantially to £1,266k at the year end. This increased deficit was primarily due to costs associated with Voluntary Severance of £750k and costs to relocate curriculum from the West Campus of c£300k. Following engagement and consultation, the College approved the closure of West Campus. This closure was necessary to contribute to the savings required to achieve financial stability. It is worth noting that in spite of having to close this campus, the investment in the remaining campuses, to support the closure and curriculum relocation, has resulted in real enhancement to the other three campuses and the student learning experiences in these locations.

The net outcome of the above is that the College is reporting a managed adjusted operating deficit of £1,887k as set out in the table below. This outturn position, and associated decrease in cash, was in line with the significant managed deficit projected in last year's Annual Report and Financial Statements.

The Balance Sheet position has been restated for 2021/22 as the pension asset valuation basis has changed. Effectively the College will cap the pension asset in relation to Strathclyde Pension Fund. This approach is in line with FRS102 and has been agreed by the Colleges in the Glasgow Region. Following this change, the Balance Sheet has decreased by £5,349k as a result of positive impact of the asset revaluation by professional surveyors offset by the pension movement.

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

	Year	Year	Year
	to 31 July 2023	to 31 July 2022	to 31 July 2021
	£	£	£
(Deficit) before other gains and losses	(1,887)	(1,403)	(2,231)
Add back:			
Depreciation (net of deferred capital grant release)	691	783	1,123
Non-cash pension adjustments	156	2,279	2,179
Donation to Glasgow Kelvin Learning Foundation	-	-	-
Deduct:			
Depreciation (net of deferred capital grant release)	-	-	-
Non-cash pension adjustments – unfunded liabilities	(226)	(567)	(195)
Adjusted operating (deficit)/surplus	(1,266)	1,092	876

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 2023 £	Year to 31 July 2022 £
Revenue included in Income & Expenditure:		
Pay awards not funded	442	442
Total impact on operating position	442	442
Balance Sheet liabilities:		
Loan repayments – Lennartz	-	-
Total Cash spend on repayment of liabilities	-	-
Total	442	442

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 9 days (prior year 12 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 website 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 2019 from the Procurement and Commercial Improvement Programme review conducted by APUC.

The College has clear Anti-Bribery and Anti-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 SFC and Glasgow Colleges' Regional Board on a monthly basis.

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

The College is committed to fostering, cultivating and preserving a culture of equity, diversity and inclusion. It values the diversity of its workforce and learner population and recognises that inclusion is a key driver in innovation and economic value. Its equality policies and procedures apply to all staff, learners, partnership organisations, contractors and service providers who are obliged to comply with their requirements. It consults and involves, where appropriate, learners, staff, community organisations, recognised Trade Unions and partner agencies as part of the development of its policies, practices and the National Equality Outcomes to remove barriers, increase inclusion and to create a feeling of belonging.

Staff and students should be able to:

- Encourage expression of and celebrate differences.
- Perceive, respect, and engage with differing viewpoints.
- Recognise and address potential personal biases.
- Accept feedback and willing to make necessary change.



The College strives to continually lead with its values that enable students and staff to develop their potential, bring their full self to the learning and work environment, and engage in a world of inclusion. It supports its staff to embed equality and diversity in the curriculum to proactively address the three legislative duties to advance equality, eliminate discrimination and foster good relations. The College routinely review the management design and delivery of learning teaching and assessment to integrate further equity and ensure inclusion. This work is on-going and is supported actively by the Students' Association and in partnership with external stakeholders. The College will review its values, first established in 2013, in academic year 2023/24 to ensure that they remain reflective of its culture and revise where necessary.

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 disabled people are not disadvantaged in respect of access to educational opportunities at the College.

The College has committed to working with The Scottish Union of Supported Employment (SUSE) by signing the pledge to work with APT, a Scottish Government initiative dedicated to reducing the disability employment gap. By investing with APT the College seeks to continue to provide job opportunities for disabled individuals and promote a diverse and inclusive workplace culture. This project will be undertaken in session 2023/24.

The College Principal has signed an Anti-Racism Pledge joining other principals of universities and colleges across Scotland in an Advance HE Declaration on Anti- Racism. In AY 2022/23 the College appointed its Equality and Inclusion Lead, part of their remit is to work with teaching staff to support further work on the decolonisation of the curriculum, utilising resources such as the Anti-Racist Curriculum (ARC) 'Guide' which serves as an online library of resources for tertiary colleagues to explore at their own pace and adapt to their own needs. The College has committed to working with the Black Further Education Leadership Group in AY 2023/25 to assist it identify the areas that present successes, challenges and opportunities for the College to contribute further to its anti-racist and inclusive culture. The College Equality Outcomes and Public Sector Equality Duty Report are available on the College website.

The College is also involved in several initiatives which include a project in India to improve employment opportunities for disabled people and support acid attack survivors; the White Ribbon Campaign, Equally Safe Strategy and Fearless Glasgow to tackle gender-based violence; and the TransEdu Community of Practice.

The College [Equality Outcomes and Public Sector Equality Duty 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. The College is fully compliant with the reporting requirements specified in the Climate Change (Scotland) Act 2009 including the reporting requirements. It is a signatory to the UN SDG Goals Accord and the Race to Zero campaign. Glasgow Kelvin reports on carbon emissions annually through the Scottish Government's Public Sector Climate Change Duties Report (PSCCDR). It now has several years of carbon emissions data.

In its first submission in session 2014/15, the College reported carbon emissions totalling 3,257 tonnes tCO₂e, while the first College Climate Change Action Plan (CCAP) set a target that this would reduce by 25% (c.800 tCO₂e) by the end of 2016/17. The College is pleased to report that annual carbon emissions have continued to reduce and, for academic year 2022/23, have reduced to 1,289 tonnes tCO₂e which is a further 7.5% reduction in comparison with 2021/22. In total, carbon emissions at the College have reduced by more than 60% since the submission of the baseline report in 2014/15.

The College publishes its Climate Change reporting on its website which provides further detail on emissions. The link to the webpage can be found here: [Glasgow Kelvin Climate Change Reporting](#).

For Academic Year 2022/23, the College has undertaken several projects and initiatives to manage its environmental impact more effectively. Highlights include:

- £2.6m awarded from the Scottish Government Energy Efficiency Grant Scheme to fund various capital projects over two years. The projects are: Air Source Heat Pump at Springburn Campus; Solar Panels on Springburn main building roof atriums and technical blocks; Wind Turbine at Easterhouse campus recommission/refurbishment; Solar PV on roof; installation of LED lighting in Easterhouse hallway.
- Purchase and construction of a necessary second bike shelter at Springburn (due to increased cycle usage) with funding from Cycle Scotland.
- Staff development sessions across the College including a 'Sustainability Town Hall Event'; a themed month entitled 'Carbon, Climate, and Creating Change', where events and training included a Climate Literacy course, Climate & Food sessions, outdoor exercise & cycle events, a Learning for Sustainability Discussion with SQA, a waste information session with ENVA, 'Climate Fresk' workshops with Glasgow Colleges Regional Board (GCRB), and Sustainability Tours.
- Establishment of two Sustainability working groups: 'Sustainability Champions' and 'Embedding Sustainability in the Curriculum'.
- Glasgow Kelvin College participated in the 2023 'Planet Earth Games' for Colleges, a competition across the UK where institutions create events to encourage students and staff to embrace sustainable behaviours and raise awareness of the climate crisis. Glasgow Kelvin College finished in the top 5 of all participating UK colleges.
- The College is a finalist in the 2023 Green Gown Awards with its 'Fast Fashion' entry under the category 'Next Generation Learning and Skills'.
- The outright purchase of an electric 7-seater MUV which was funded for a three-year period using the Ultra Low Electric Vehicle (ULEV) funding the College received from Transport Scotland. The purchase allowed the College to keep this electric vehicle in the fleet.
- The College has strengthened its connections in the Sustainability Community with visits to Dundee and Angus College and visits from Clyde College.
- The appointment of a new Campus Cycling Officer.
- Publication of the College 'Climate Change Action Plan' and 'Race to Zero Action Plan'.

2.9 Staff Involvement

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

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 using a range of formal and informal channels. Regular staff updates and the Principal's Q&A sessions 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 material, 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.

The college health and safety management policy and procedures are aligned with Occupational Health and Safety Assessment Series 18001 and routinely audited to ensure compliance. Every member of staff is provided with a comprehensive health and safety training programme and this has been consolidated by a comprehensive online training platform, including 25 specific health and safety topics and a further 17 closely related (Anti-Bribery, Equalities, Cyber Security, Safeguarding etc.). Control of Substances Hazardous to Health (COSHH) Management has been enhanced with the introduction of COSHH Custodians within each area and the quarterly safety inspection programme has been reinvigorated to enhance on campus safety.

Additionally, the college runs a comprehensive Occupational Health surveillance programme which was introduced to monitor the safety of staff who may have exposure to occupational hazards and this is supplemented by routine Noise & Dust surveys which have been carried out in higher risk areas. The only campus containing asbestos is resurveyed annually in February/March to confirm that it remains legally compliant and that the asbestos within it is being managed safely.

Finally, the College accident/incident reporting mechanism provides an accurate overview of the level, type and severity of incidents across all campuses. Incident reporting within the college was recently upgraded, with a process utilising Microsoft Forms. This new process, which includes reporting via QR code, has significantly improved both the incident reporting mechanisms and audit and incident follow-up processes.

The college takes part in an annual sector benchmarking exercise which produces the accident and incident report (AIR). The Board considers a Health & Safety Annual Report as part of its routine monitoring procedure.

2.11 Openness, Freedom of Information & Data Protection

Glasgow Kelvin College, as an organisation is committed to openness and transparency in its decision making and use of public funds. In compliance with the Freedom of Information (Scotland) Act 2002, the College has adopted the Scottish Information Commissioner's, Model Publication Scheme; publishing a College Guide to Information on its website.

The College Guide to Information details the information the College intends to publish as a matter of routine, formats available, where to access the information, key contacts, how to submit a request for information not published and fees, if appropriate.

In addition to key College governance documents such as the Board Standing Orders available in the public domain, the College Board of Management and its standing committees, papers, agendas and minutes are also made available on the College website in-line with the publication dates, set within the Guide to Information.

2.12 Taxation and Charitable Status

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 delivery of high-quality digital and blended learning provision, 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 our Student Association, and which have a significant focus on professional reflection and on learner/stakeholder engagement. These arrangements take account of the 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.

In May 2023, the College received a Progress Visit from Education Scotland. This reviewed college actions taken to improve the quality and outcomes of the education services it provides. The review highlighted a large number of areas of positive practice, alongside some areas for further action and improvement. Overall, the Progress Visit formal report stated that the college has made satisfactory progress in a number of areas but that further progress is required in improving outcomes for learners.

During the year the College also continued to work with Strathclyde University's Continuous Improvement Unit to support staff across all College departments, both Teaching and Support, in implementing Continuous Improvement and lean management projects. This group are now ambassadors for this key College initiative, which will continue to grow and develop over the next financial year.

2.14 Professional Advisors

Bankers	Royal Bank of Scotland Government Banking Service 10 Gordon Street Glasgow G1 3PL
Solicitors	BTO Solicitors LLP 48 St. Vincent Street Glasgow G2 5HS
VAT Adviser	VAT Angles Registered Office The Stables, Ashley Court, Ashley Leicestershire LE16 8HF
External Auditor (appointed by the Auditor General for Scotland)	Audit Scotland 4 th Floor, South Suite The Athenaeum Building 8 Nelson Mandela Place Glasgow G2 1BT
Internal Auditor (appointed by the Board of Management)	Henderson Loggie The Vision Building 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

Derek Smeall
Principal



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 SFC, the Scottish Government, the partners it works with and from whom it receives funding. These include Glasgow City Council, Skills Development Scotland, the Wheatley Group and Cycling Scotland, 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 seek 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 Senior Management Team
 - 3.2.3 Data Protection
 - 3.2.4 Disclosure of Information to the External 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 amended Code of Good Governance for Scotland's Colleges; the amended Code was communicated by Colleges Scotland towards the end of 2022. 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 2023. 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, and it was fully compliant with the code throughout the year.

3.1.1 Statement of the Board of Management Responsibilities

The Board of Management is responsible for setting the Mission, Vision and Corporate Strategy, and ensuring that the College delivers high quality learning and outcomes. 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, updated for 2022-27 this year, 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 Financial Statements are fair, balanced and understandable. Specific Board of Management requirements in relation to Disclosure of Information to External Auditor are covered at section 3.2.4 below.

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 Finance & Resources 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 & Resources 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 through a variety of mechanisms and in line with Ministerial Guidance. Recommendations for membership are made by the Board's Nominations Committee to GCRB, who have responsibility for Board appointments. The recruitment process is supported by the Secretary to the Board, an HR Adviser and an external independent person. A staff member on the Board is normally on the interview panel for new Board members. No member of the College management team is involved in the selection process for Board Members. The Board of Management comprises of up to a maximum of 18 members, including student and staff members. The roles of Chair and Vice-Chair of the Board of Management are separated from the role of the Principal.

The Board, in accordance with the Scheme of Delegation, determines the mission, vision and key objectives of the Board of Management and the College. 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.

This includes final approval of a range of key strategic policies including the College's Strategic Plan, the Annual Report and Accounts and the Strategic Risk Register.

The Board of Management meets at least five times per year and has established several Standing Committees to enable effective governance and scrutiny of college activities.

The College has appointed an independent Secretary 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 2022 to 31 July 2023.

These comprise a Finance & Resources Committee, an Audit & Risk Committee, a Learning & Teaching Committee, an Executive Committee, a Remuneration Committee and a Nominations Committee. All of these are formally constituted with terms of reference and meet regularly through any academic year.

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 meetings. The Executive Committee is chaired by the College Chairs and its members include the Chairs of the sub-Committees and two other Board members. It met twice during Academic Year 2022/23.

The Remuneration Committee's remit includes the remuneration of the Principal, the College Senior 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 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 Finance & Resources 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 Finance & Resources Committee inter alia recommends to the Board of Management the College annual revenue and capital budgets and its Financial Statements. This Committee oversees the implementation of the Estates and Sustainability Strategy and the Capital Investment Plan. The Committee also has oversight of the operation of student support funds. The Finance & Resources Committee also 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 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 is 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 SFC, Audit Scotland and other documents which affect College business and monitors adherence to the regulatory requirements. It has responsibility for Risk Management in the College. It oversees the Risk Management Framework, 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 Finance & Resources Committee.

The Audit & Risk Committee meets in private with the Internal and External Auditors at least once per year. The Board of Management seeks to ensure that at least one member of the Committee has substantial financial management experience.

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. The Committee provides guidance to the Board of Management on the academic aims, objectives and future educational direction of the College. Throughout each Academic Year the Committee carries out a number of activities including: reviewing College self-evaluation reports and quality enhancement plans; considering the annual report on progress against planned objectives and associated Key Performance Indicators for academic and student support function areas; reviewing curricular and student support policies; considering external information relevant to the academic direction of the College including Scottish Government, Scottish Funding Council and Education Scotland Review and Aspect Tasks reports; and ensuring that the voice of College students and the quality of the student experience is central to Board of Management considerations and decisions.

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 & Risk Committee and the Board of Management twice each Academic Year.

This statement is prepared by management members, reviewed by the whole Senior Management Team and Secretary to the Board of Management, reviewed by the Board Finance & Resources Committee and the Board Audit & Risk Committee before formal approval by 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 Framework, 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 have been in place for the year and up to the date of approval of the annual report and accounts and are 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. Internal Audit identified no weaknesses and the Annual Certificate of Assurance is in place in line with the SPFM.

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 Senior Management Team. The Senior 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 Finance & 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 Senior 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** – Operational Functions - Identifying risks and improvement actions. Implementing controls. Reporting on progress. Management Assurance.
- **Second Line** – Corporate Oversight - Designing policies. Setting direction. Ensuring compliance. Assurance oversight.
- **Third Line** - Independent expert and objective assurance - Independent challenge, audit. Reporting on assurance. Audit of assurance providers. Entity level 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 endeavors 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.

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, its Audit & Risk Committee and the College Senior Management Team. 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.

During 2022/23 the refreshed Risk Management processes were further embedded and are operating effectively and efficiently. The Board also review the College's Risk Appetite as part of the risk process.

All key operational Risk Registers are updated regularly by the relevant Head/Director of that service. These risk registers are as follows:

- Business Development, including Marketing and Communications
- Corporate Services
- Faculty of Business and Creative Industries
- Faculty of Engineering, Construction and Science
- Faculty of Health, Care, Community and Learning Development
- Finance
- ICT
- People and Culture
- Student Services

At present, the major risks facing the College include flat cash funding allocations, high inflation rates, rising energy costs, salary demands across the sector, strike action, the lasting and negative impacts COVID-19 i.e. many people suffering poor mental health and declining wealth, staff reductions, required as a result of future funding, which impact on staff morale i.e. potential employee relations difficulties, cyber security threat including the threats associated with Artificial Intelligence and the ability of the College to maintain its estate and infrastructure in the long term.

The Risk Management Framework accords with the internal control guidance as applicable to the further education sector. The College has identified the following key strategic risks:

- the impact of projected flat cash funding levels for the next five years on the College operations
- industrial action and action short of strike action in the sector due to cost pressures and insufficient funding for the sector to finance the costs of National Bargaining
- student recruitment and retention levels
- Cyber Security including Artificial Intelligence.

Going Concern Statement

The Board of Management continues to provide effective oversight of the College's financial and business planning arrangements. The Board clearly recognises the significant financial challenges within the sector, which have been significantly exacerbated by the residual impact of COVID-19, ongoing BREXIT issues and the cost of living crisis. However, implementation of the College's Operating Plan in 2022/23 has had a positive impact on the short to medium term financial stability of the college. Therefore, the Board of Management has assessed that there are adequate resources in operational existence for the foreseeable future.

Should a pension deficit arise, which is not met from other sources of income, it will be funded by future Grant in Aid from the SFC. 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.

The Board continues to ensure effective oversight and scrutiny of the College's budget and will continue to ensure the College has an effective focus on the longer-term financial sustainability of the College in this ongoing period of uncertainty and challenge.

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. The College is confident that it has extremely high level of compliance with the Code of Good Governance for Scottish Colleges.

3.1.3 Estates and Sustainability Strategy

The Estates and Sustainability Strategy is being worked through. The College estate is in good overall condition. The appointment of an Environmental and Sustainability Manager has been a great success with this individual successfully accessing available funding and assisting with the progression of the Estates and Sustainability Strategy. The estates focus and capital funding allocation continues to be based on backlog property maintenance, environmental performance/ carbon reduction and ensuring that the estate continued to adapt and evolve to meet the needs of the developing curriculum.

Recent priorities have included repairs to the fabric of buildings, replacement of plant, redecoration, replacement flooring and modernisation of the learning and teaching environment. Capital Investment Plans/reports and related work completed are available to view on the College website.

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 internet 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 the links below:

- **Board** - [Board Register of Interests](#)
- **Senior Management Team** – [Senior Management Team Register of Interests](#)

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 from 1 August 2022 to the date this report is signed is provided below:

Ian Patrick (Chair)	Former Director of College Partnerships – UWS	
Robert Doyle (Vice Chair)	Civil Service	
Derek Smeall	Principal	
John Hogg	Director – University of Strathclyde	
Heather McNeil	Former Head of Service – South Lanarkshire Council	
Laura Birch	Senior Commercial Manager – Scottish Enterprise	Tenure resigned 27 November 2022
Dr Marion Allison	Chief Executive – CLD Standards Council	
Dr Elaine Clafferty	Senior Lecturer – Glasgow Caledonian University	
Michael O'Donnell	Marketing Manager – SQA	
Dermot Grenham	Company Actuary - Medical and Dental Defence Union of Scotland	
Colm Breathnach	Teaching Staff Member	
Linda Ellison	Secretary to the Board of Management	
Jennifer Lavery	Support Staff Member	Tenure started 16 August 2022
Natalie Phillips	Education, Business and Community Growth Project Manager – Clyde Gateway	Tenure started 1 August 2022
John McBride	Former Senior Manager and Gold Incident Commander – Police	Tenure started 1 August 2022
Emma Leslie	Student Association President of Sustainability, Community and Welfare	Tenure started 1 August 2022 Tenure ended 20 November 2023
Nomathamsanqa (Noma) Dube	Student Association President of Learning and Teaching	Tenure ended 31 July 2023
Michele Stevenson	Principal Teacher – East Dunbartonshire Council Secondary School	Tenure started 1 August 2023
Marie Docherty	North East Glasgow Charity	Tenure started 1 August 2023
Steven Caldwell	Manager – Anderson, Anderson & Brown	Tenure started 1 August 2023
Iain Carmichael	Former Chief Finance Officer – Scottish Enterprise	Temporary Co-opted member

In addition to those named above, Union Representatives have been in attendance at Board Meetings throughout 2022/23. Carol Goodwin has attended on behalf of EIS/FELA and Maree Shepherd has represented Unison.

Board member attendance at formal meetings is detailed in the table below.

Board of Management Participation Log Academic Session 2022-23

GLASGOW KELVIN COLLEGE	Board of Management (Chair, Ian Patrick)					Audit & Risk Committee (Chair, John Hogg)				Finance and Resources Committee (Chair, Laura Birch, until 27/11/22, Rob Doyle since 27/11/22))				Learning and Teaching Committee (Chair, Marion Allison)			
	29/08/2022	10/10/2022	12/12/2022	13/03/2023	12/06/2023	06/09/2022	29/11/2022	14/02/2023	16/05/2023	20/09/2022	29/11/2022	28/02/2023	30/05/2023	14/09/2022	23/11/2022	09/03/2023	10/05/2023
Ian Patrick	✓	✓	✓	✓	✓					✓	✓	✓	✓	✓	✓	✓	✓
Derek Smeall	✓	✓	✓	✓	✓					✓	✓	✓	✓	✓	✓	✓	✓
Colm Breathnach	✓	✓	✓	✓	✓									✓	✓	✓	✓
Natalie Phillips	✓	✓	X	X	X	✓	✓	✓	X								
Dermot Grenham	✓	✓	✓	✓	✓	✓	✓	✓	✓					✓	✓	X	✓
Dr Elaine Clafferty	✓	✓	✓	X	✓	X	✓	✓	X					✓	✓	✓	✓
Jennifer Lavery	✓	✓	X	✓	✓	✓	✓	✓	✓								
Heather McNeil	✓	✓	✓	✓	✓					X	✓	✓	✓	✓	✓	✓	✓
Emma Leslie	✓	✓	X	✓	✓									✓	X	✓	X
John Hogg	✓	X	✓	✓	✓	✓	✓	X	✓								
Laura Birch	✓	X	o	o	o					✓	X	o	o				
Nama Dube	✓	✓	✓	✓	X									X	✓	✓	✓
Dr Marion Allison	✓	✓	✓	X	✓					✓	✓	X	X	✓	X	✓	✓
Michael O'Donnell	X	X	X	X	✓	✓	✓	✓	✓					✓	✓	X	X
Robert Doyle	✓	✓	✓	X	X					✓	✓	✓	✓				
John McBride	✓	✓	✓	✓	✓					✓	✓	✓	✓				
Iain Carmichael												✓	✓				

ATTENDED **APOLOGIES** **RESIGNED**
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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 2022/23 the team consisted of:

- Principal & Chief Executive, Derek Smeall
- Vice Principal – Operations, Jeanette Evans
- Vice Principal – Curriculum & Quality Enhancement, Robin Ashton

The Senior Management Team meets fortnightly.

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 Data Protection Act 2018.

The College has a Board of Management approved Data Protection Policy and a suite of supporting processes and procedures to ensure compliance and regulatory timelines are adhered to. In addition, the College has a well-established Data Protection – Privacy Network overseeing compliance within both its curriculum and support service areas.

The College also has in place robust ICT System security measures for the protection of data and assurance.

There were no data loss incidents during 2022/23.

3.2.4 Disclosure of Information to the External 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:

1. 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 External auditor is unaware, and
2. 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 External 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, up-skill and re-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, fully embedded in the communities it serves.

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 2022/23 are listed below:

- provision of relevant, high-quality programmes of Further and Higher Education for students on a full and a part time basis;
- learner's fees waived, where possible, to allow free access to community learning networks;
- 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, Foundation Apprenticeships, Developing Scotland's Young Workforce, Young Person's Guarantee 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;
- 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;
- minimum cost or free use of College facilities to community groups and partners;
- 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 website.

3.2.6 Acknowledgements

The College would wish to acknowledge:

- Grant-in-aid and other funding it received from the SFC via the Glasgow Colleges' Regional Board;
 - Financial support it continues to receive from local authorities, The Wheatley Group and Skills Development Scotland; and
 - Grant assistance from the local Community Planning Partnerships.
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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). This report sets out the remuneration and accrued pension benefits of the Senior 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.

4.1 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 is 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 Board Secretary, 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.

Pay awards for most staff are now negotiated nationally. The College has fully implemented national agreements during the previous financial year, and which cover the period to 31 August 2022.

At the time of writing this report the pay award for 1 September 2022 has not been settled and is subject to ongoing negotiation with both the teaching union, EIS/FELA and support staff union, Unison.

4.2 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 2023			Year to 31 July 2022		
	Salary £'000	Pension Benefit £'000	Total £'000	Salary £'000	Pension Benefit £'000	Total £'000
Derek Smeall (a)	127	0	127	127	(1)	126
Robin Ashton (a)	96	0	96	95	8	103
Jeanette Evans	96	27	123	93	48	141

Notes:

- (a) The pension benefit for Derek Smeall and Robin Ashton for the year ended 31 July 2023 is noted as 0 per actuarial valuation. Both are members of the Scottish Teachers Superannuation Scheme. This figure would have been shown as negative due to the increase in the Consumer Price Inflation index between 31 July 2022 and 31 July 2023.
- (b) 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.

Pension Entitlements

Name	Accrued pension at pension age at 31 July 2023 £'000	Accrued lump sum at pension age at 31 July 2023 £'000	Real increase in pension year to 31 July 2023 £'000	Real increase in lump sum year to 31 July 2023 £'000	Cash equivalent transfer value at 31 July 2023 £'000	Cash equivalent transfer value at 31 July 2022 £'000	Real increase in cash equivalent transfer value £'000
Derek Smeall	64	183	(4)	(19)	1,482	1,556	(74)
Robin Ashton	28	78	(1)	(8)	573	592	(19)
Jeanette Evans	24	0	2	0	352	295	57

Note:

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

4.3 Fair Pay

Colleges are required to disclose the relationship between the remuneration of the highest paid official and the remuneration of the 25th percentile, median and 75th percentile of their workforce. The remuneration of the Principal, the highest paid official in the organisation, in financial year 2022/23 was £126,800 compared to £126,800 in 2021/22, a 0.0% increase as no payrise has been agreed for 2022/23. The table below presents the percentile comparisons.

Band	Year
	to 31 July 2023
	£'000
Pay and benefits of the highest paid director £	126,800
25th percentile pay £	31,819
25th percentile ratio	4.0
Median percentile pay £	43,357
Median percentile ratio	2.9
75th percentile pay £	43,357
75th percentile ratio	2.9

No College staff received non-consolidated performance related pay, benefits-in-kind or other allowances.

The pay award for the year to 31 August 2023 has not been agreed. As a result 2023 figures for the above table are unchanged from 2022. There are 222 members of staff earning £43,357, which explains why this salary is both the median and 75th percentile.

The lowest paid members of staff are placed on the bottom scale point of our grade 1 scale, this was £19,993 as at 1 August 2022 (£18,993 as at 1 August 2021).

4.4 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 23.

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>

4.5 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.

4.6 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.

4.7 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.



4.8 Staff Numbers and Costs

Normal staff costs account for around 70% of expenditure. The notes to the accounts provide an analysis of staff number and costs. The table below outlines staff numbers and how these are split between gender and staff employed on temporary contracts and permanent contracts on 31 July 2023. In respect of staff head-count the following table provides an analysis:

Sex	Male	%	Female	%	Total	%
Permanent	211	48.1%	228	51.9%	439	100%
Temporary	14	38.9%	22	61.1%	36	100%
Grand Total	225	47.4%	250	52.6%	475	100%

It also published a separate report detailing its progress against its equality outcomes and new equality outcomes for the period 2021 - 2025. The College will review its equality outcomes in light of the National Equality Outcomes published by the SFC and agreed in partnership with the Equality and Human Rights Commission for Scotland's colleges and universities retention. The National Equality Outcomes focus on the representation and success of students and staff with a range of protected characteristics, as well as the procedures, services and support that colleges and universities should offer them to address any discrimination or disadvantage.

Reports are published in accordance with the requirements of The Equality Act (2010) (Specific Duties) Regulations 2011 and are available on the College web site. The reports provide an analysis in respect of staff and students and include all equality strands. In respect of gender balance, the above table illustrates that its staffing complement is slightly more in favour of female. The equality reports provide a complete analysis of the staffing complement by gender and all other protected characteristics.

The College seeks to minimise its use of agency staff, during session 2022/23 it employed a small number of agency staff to cover short term or short notice vacancies in two service areas, Student Support Services and ICT. Total spend was £80,577k. This includes 1 FTE employed by Advance Procurement for Universities and Colleges who primarily works for Glasgow Kelvin College and 0.2 FTE for the shared service Data Protection Officer Role, employed by HEFESTIS.

4.9 Sickness Absence

The College reports on its sickness absence to its Finance and Resources Committee twice per year. 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 2022/23 and the three prior years is provided in the table below:

4.10 Staff Absence Percentage by Staff Category and All Staff

Staff Group	Session 2019/20	Session 2020/21	Session 2021/22	Session 2022/23
Senior Management Team/ Operational Management Team	5.4%	0%	2.0%	0.8%
Permanent Teaching	3.5%	2.7%	5.5%	5.3%
Temporary Teaching	0.8%	0%	0.5%	2.0%
Support Staff	4.0%	2.6%	4.6%	5.1%
All Staff	3.8%	2.5%	4.9%	5.0%

Addressing absence rates has been an important target in the Value for Money Strategy, the College notes an increase in the absence rates in session 2022/23. This is mainly attributable to long term absence, 3.7% as opposed to short term absence, 1.3%. The College continues to manage absence in accordance with its policies and procedures in an attempt to reduce absence rates where possible and minimise the financial impact on additional staffing costs incurred.

4.11 Staff Policies

Glasgow Kelvin College has a wide range of policies and procedures in place which govern employment. The policies ensure the College complies with employment legislation, follows good practice and promotes a positive inclusive organisational culture which encourages the recruitment, retention, work life balance and ongoing 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. Reasonable adjustments are made for staff where possible who are disabled or who develop an underlying health condition or disability to support them in their role and maintain their employment. Under the Confident Employer' Initiative any disabled applicant who meets the essential criteria on the person specification/role profile will be invited for interview. A total of 14% of those employed by the College on 31 July 2023 disclosed a disability.

The College has a range of policies, procedures and approaches which aim to attract and retain individuals from diverse backgrounds.

The College has several mechanisms in place to monitor and assess staffing to ensure that it **has current and future access to the competent staff it needs to perform effectively**, identifying current and future staffing needs and exploring the most appropriate and cost-effective methods to recruit, develop and retain its workforce. The College encourages lifelong learning through professional and personal development and that individuals take ownership of their continuous professional development. The Colleges approach helps ensure that succession planning is effective. In session 2020/21 the College developed a People Strategy in partnership with stakeholders, this will be reviewed in session 2023/24. The People Strategy aims to nurture the highest standards of leadership to sustain a motivated and engaged workforce, fostering an inclusive high performance and learner focused culture that balances the need for stimulating and changing work with a healthy lifestyle.

Some of the key policies designed to attract, develop, retain and support employees include:

- Attendance Management and Support Policy.
- Dignity and Respect Policy and Procedure.
- Disciplinary Policy and Procedure.
- Equality, Diversity and Inclusion 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.
- Menopause Policy (National).
- Alcohol Drugs and Substance Misuse Policy.
- Public Interest Disclosure Whistle-Blowing Policy.
- Recruitment and Selection Policy.
- Safeguarding Young People and Vulnerable Adults Policy.

Consultation on the content of these policies and applied practice takes 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 all staff. The National Recognition and Procedures Agreement, of which the College is a signatory, identifies a range of policies which will be developed with recognised Trade Unions for implementation nationally within colleges. Policies agreed by the National Joint Negotiating Committee, supported with local procedures based on a national framework, where available, will be implemented by the College.

Policies are circulated to students, staff and stakeholders as required and are available both on the College intranet and the College website. Locally agreed policies are amended, as necessary, in line with legislation changes, case law development or operational changes following consultation with employee representatives and stakeholders. They are also reviewed on a 2 or 3-yearly basis by the Senior Management Team/Finance and Resources Committee and Board of Management. Nationally agreed policies will be reviewed and amended by the National Joint Negotiating Committee.

4.12 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 July 2023:

Union	Number of employees who were relevant officials during the year	No. of Facility Time Hours per Week	Total Cost (£) Year to 31 July 2023
UNISON	1	14 hrs	8,512
EIS/FLEA	8	30 hrs	78,987
Total	9	44 hrs	87,499

Percentage of time spent on facility time:

Percentage	Number of employees
0%	466
1%-50%	9
51%-99%	-
100%	-

Percentage of pay bill spent on facility time:

Total cost of facility time	£87,499
Total pay bill	£22,669,174
Percentage of pay bill spent on facility time	0.39%

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.

4.13 Compensation for Loss of Office & Exit Packages

The College operated a Voluntary Severance exercise during session 2022/23, the cost of this was £792,097.99. This Scheme was approved by GCRB and SFC and will operate until 31 December 2023. In session 2023/24 the College will seek approval to operate a similar Voluntary Severance Scheme in calendar years 2024 and 2025.

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

Ian Patrick
Chair

Derek Smeall
Principal

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

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and financial statements of Glasgow Kelvin College for the year ended 31 July 2023 under the Further and Higher Education (Scotland) Act 1992 and section 44(1) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Balance Sheet, and Statement of Cash Flows and notes to the financial statements, including the Statement of Principal Accounting Policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the college's affairs as at 31 July 2023 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

I conducted my 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. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 13th September 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the college in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the college. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

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

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

Risks of material misstatement

I report in my separate Annual Audit Report, the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Board of Management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

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

- using my understanding of the college sector to identify that the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 are significant in the context of the College;
- inquiring of the College Principal as to other laws or regulations that may be expected to have a fundamental effect on the operations of the College;

- inquiring of the College Principal concerning the College's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussion among my team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the 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.

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Reporting on other requirements

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

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

Other information

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

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

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

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

In my 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 I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my 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 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Stuart Nugent

Audit Scotland,
4th Floor, South Suite,
The Athenaeum Building
8 Nelson Mandela Place,
Glasgow
G2 1BT

Stuart Nugent 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 2023

Statement of Comprehensive Income for the year ended 31 July 2023

	Notes	Year to 31 July 2023 £'000	Re-stated Year to 31 July 2022 £'000
Income			
Funding Council grants	2	27,130	27,435
Tuition fees	3	3,905	4,162
Other income	4	963	1,304
Donation from Learning Foundation		277	-
Interest receivable	5	409	-
Total income		32,684	32,901
Expenditure			
Staff costs	6/7	24,151	24,365
Fundamental restructuring costs	6	792	91
Other operating expenses	8	7,387	7,358
Depreciation & impairment	11	2,241	2,326
Interest payable	9	-	165
Total expenditure		34,571	34,305
(Deficit) before other gains or losses		(1,887)	(1,404)
Gain on disposal of fixed assets		-	-
(Deficit) before tax		(1,887)	(1,404)
Taxation		-	-
(Deficit) for the year		(1,887)	(1,404)
Unrealised surplus on revaluation of land and buildings	18	2,149	9,979
Actuarial loss/(gain) in respect of pension scheme	23	(5,611)	18,878
Total comprehensive income for the year		(5,349)	27,453

The notes on Pages 71 to 98 form part of these accounts.

Financial Statements for the year ended 31 July 2023

Statement of Comprehensive Income for the year ended 31 July 2023 (contd.)

The Statement of Comprehensive Income is prepared under the FE/HE SORP. Colleges are also subject to Central Government accounting rules but the FE/HE SORP does not permit colleges to include Government non-cash allocations for depreciation in the Statement of Comprehensive Income. Details are provided at note 28 of the adjusted operating position on a Central Government accounting basis.

The notes on Pages 71 to 98 form part of these accounts.

Financial Statement for the year ended 31 July 2023

Statement of Changes in Reserves for the year ended 31 July 2023

	Notes	Re-stated Income and expenditure reserve £'000	Revaluation reserve £'000	Re-stated Total reserves £'000
Balance at 1 August 2021		(6,514)	15,255	8,741
Deficit for the year		(1,404)	-	(1,404)
Transfers from revaluation reserve	18	416	(416)	-
Revaluation of land and buildings	18	-	9,979	9,979
Actuarial gain in respect of pension scheme	23	18,878	-	18,878
Balance at 31 July 2022		11,376	24,818	36,194

	Notes	Re-stated Income and expenditure reserve £'000	Revaluation reserve £'000	Re-stated Total reserves £'000
Balance at 1 August 2022		11,376	24,818	36,194
Deficit for the year		(1,887)	-	(1,887)
Transfer from revaluation reserve	18	480	(480)	-
Revaluation of land and buildings	18	-	2,149	2,149
Actuarial gain in respect of pension scheme	23	(5,611)	-	(5,611)
Balance at 31 July 2023		4,358	26,487	30,845

The Balance Sheet position has been restated for 2021/22 as the pension asset valuation basis has changed. Effectively the College will cap the pension asset in relation to Strathclyde Pension Fund. This approach is in line with FRS102 and has been agreed by the Colleges in the Glasgow Region.

The notes on Pages 71 to 98 form part of these accounts.

Financial Statement for the year ended 31 July 2023

Balance Sheet as at 31 July 2023

	Notes	As at 31 July 2023 £'000	Restated As at 31 July 2022 £'000
Fixed Assets			
Tangible assets	11	64,783	64,646
Current Assets			
Debtors	12	3,214	3,127
Cash and cash equivalents	13	4,154	4,157
		<u>7,368</u>	<u>7,284</u>
Creditors: amounts falling due within one year	14	<u>(9,446)</u>	<u>(8,088)</u>
Net current liabilities		<u>(2,078)</u>	<u>(804)</u>
Total assets less current liabilities		62,705	63,842
Creditors: amounts falling due after more than one year	15	<u>(31,403)</u>	<u>(32,732)</u>
Net asset before pension asset/(liability)		31,302	31,110
Funded pension asset	17	1,604	7,371
Unfunded pension liability	17	(2,061)	(2,287)
Net assets after pension asset/(liability)		<u>30,845</u>	<u>36,194</u>
Reserves			
Revaluation reserve	18	26,487	24,818
Income and expenditure reserve		4,358	11,376
Total reserves		<u>30,845</u>	<u>36,194</u>

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

Ian Patrick
Chair

Derek Smeall
Principal

The notes on Pages 71 to 98 form part of these accounts.

Financial Statement for the year ended 31 July 2023

Statement of Cash Flows

	Notes	Year to 31 July 2023 £'000	Year to 31 July 2022 £'000
Net cash (outflow) from operating activities (deficit) for the period		(1,887)	(1,404)
Adjustment for non-cash items			
Depreciation and impairment of assets at valuation	11	2,241	2,326
(Increase) in debtors	12	(87)	(761)
Increase in creditors	14	1,350	43
Increase in pension provision	17/23	(70)	1,712
Release of deferred capital grants	16	(1,550)	(1,542)
Adjustment for financing activities			
Proceeds of the sale of fixed assets	11	-	-
Net cash inflow from operating activities		<u>(3)</u>	<u>374</u>
Cash flows from investing activities			
Proceeds on the sale of fixed assets	11	-	-
Payments made to acquire fixed assets	11	(229)	(432)
Deferred capital grant additions	16	229	432
		<u>-</u>	<u>-</u>
Increase in cash in the period		<u><u>(3)</u></u>	<u><u>374</u></u>
Cash and cash equivalents at beginning of the year	13	4,157	3,783
Cash and cash equivalents at end of the year	13	<u>4,154</u>	<u>4,157</u>
Increase in cash equivalents		<u><u>(3)</u></u>	<u><u>374</u></u>

The notes on Pages 71 to 98 form part of these accounts.

Financial Statement for the year ended 31 July 2023

Net Debt

	At 1 August 2022 £'000	Cash Flows £'000	Other non cash changes £'000	At 31 July 2023 £'000
Cash & Cash equivalents				
Cash	4,157	(3)	-	4,154
	<u>4,157</u>	<u>(3)</u>	<u>-</u>	<u>4,154</u>

The notes on Pages 71 to 98 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 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, United Kingdom Accounting Standards including Financial Reporting Standard 1'2 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the 2019 Statement of Recommended Practice (SORP) 2019: Accounting in Further and Higher Education and the Government Financial Reporting Manual (FRoM). The financial statements conform to the accounts direction published by the SFC in July 2023.

The College is primarily funded by 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 SFC, a Non-Departmental Public Body of the Scottish Government, whose main role is to distribute funding to Colleges and Universities in Scotland.

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. 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.

1. 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:

Estimate	Basis of estimation
Valuation of buildings	College buildings are of a specialist nature and are valued on the depreciated replacement cost basis.
Useful economic lives of buildings and 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 in proportion to the extent of completion of the contract or service concerned.

Deferred Government Capital Grants are released to income in accordance with the accrual model over the useful life of the asset. 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.)

The main annual recurrent allocation from the SFC was recognised in the period in which it was received and is credited to the Statement of Comprehensive Income.

Tuition fees are credited to the Statement of Comprehensive Income in the period in which they are due to be received. The Board of Management waives fees in line with 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 Statement of Comprehensive Income in the period in which it is earned.

Maintenance of premises

The cost of maintenance is charged to the Statement of Comprehensive Income 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 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 organisation 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.

Although the College is registered for VAT it is not entitled to recover input VAT.

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 holds its land and buildings at fair value and due to the specialist nature of the college buildings they are valued on a depreciated replacement cost basis. A formal valuation is performed by Avison Young, Chartered Surveyors, an independent, qualified valuer. Valuations take place at least every 5 years, unless there have been indications that there has been a material movement in the fair value. This is considered appropriate as the fair value is not considered to be volatile. In the years where no formal valuation is performed, a review of the impact of indexation of the formal valuation is performed by the surveyor with the indexation reflected in the financial statements.

Buildings are depreciated over their expected remaining useful economic life as assessed by Avison Young. 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 Statement of Comprehensive Income 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 Statement of Comprehensive Income 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 Statement of Comprehensive Income over the expected useful economic life of the related equipment.

Statement of Principal Accounting Policies (contd.)

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.

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 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 the assets 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 services 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.

Statement of Principal Accounting Policies (contd.)

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.

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 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.

Going concern

The Board of Management is satisfied that it has adequate resources to continue in operation for the foreseeable future. The College has now reassessed its medium-term financial sustainability and has developed a College Operating Plan 2022-27 Plan in consultation with our Board, staff and GCRB executive colleagues, which will ensure the College remains financially sustainable over this period.

The board have assessed the ongoing impact of COVID-19 and this has not affected the going concern status of the entity.

It is anticipated that the College will continue to be funded by Grant in Aid from SFC/GCRB and will continue to operate on a financially stable basis. As a result of this, the going concern basis continues to be adopted in the preparation of the financial statements.

2. Funding Council Grants (SFC)

	Notes	Year to 31 July 2023 £'000	Year to 31 July 2022 £'000
SFC recurrent grant (including fee waiver)		23,247	23,173
Release of deferred capital grants	16	1,216	1,209
FE & HE childcare funds	26/27	742	676
Maintenance grants		504	578
Other SFC grants		1,028	1,745
Strategic funding		393	54
Total		27,130	27,435

3. Tuition Fees

		Year to 31 July 2023 £'000	Year to 31 July 2022 £'000
Higher Education students		1,405	1,478
UK Further Education students		31	38
Non – EU Further Education students		41	17
Education contracts		1,313	1,868
Other contracts		1,115	761
Total		3,905	4,162

4. Other Income

	Notes	Year to 31 July 2023 £'000	Year to 31 July 2022 £ '000
Rental income		34	29
Other grant income		215	193
Release from deferred grants non–SFC	16	334	333
Income generating activities		135	475
Integrated Grant Fund		245	274
Total		963	1,304

5. Investment Income

	Year to 31 July 2023 £'000	Year to 31 July 2022 £'000
Net interest on pension assets	409	-
Total	409	-

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 2023 No.	Year to 31 July 2022 No.
Academic / Teaching departments	269	262
Academic / Teaching services	83	94
Administration & central services	51	51
Premises	21	20
Total	424	427

- b. Staff Costs for the above persons:

	£'000	£'000
Academic / Teaching departments	15,501	14,345
Academic / Teaching services	4,719	5,814
Administration & central services	3,027	3,259
Premises	904	947
Staff restructuring	792	91
Total	24,943	25,456

Analysed as follows:

	Year to 31 July 2023 £'000	Year to 31 July 2022 £'000
Wages and salaries	18,230	17,297
Social Security costs	1,905	1,890
Pension costs	4,016	5,178
Staff restructuring	792	91
Total	24,943	25,456

6. Staff Costs (contd.)

Staff costs for 2022/23 include £792k in voluntary severance payments for 24 members of staff who left during that year and 3 who agreed voluntary severance terms to leave early in the academic year 2023/24. The costs incurred during 2021/22 in respect of voluntary severance were £91k. These payments were approved by the College Remuneration Committee and the Board of Management.

The table below summarises the exit packages by cost band.

Exit package cost band	Number of voluntary redundancies	Number of other departures agreed (including any compulsory redundancies)	Total number of exit packages by cost band
<£10,000	2	-	2
£10,001 - £25,000	7	-	7
£25,001 - £50,000	17	-	17
£50,001 - £100,000	1	-	1
Total number of exit packages	27	-	27
Total cost (£'000)	792	-	792

Pay awards for most staff are now negotiated nationally. The College has fully implemented national agreements during the previous financial year and which cover the period to 31 August 2022. The pay award for the year to 31 August 2023 has not yet been agreed.

Increases for senior staff out with the National Bargaining framework, namely the Principal, 2 Vice Principals and 7 Directors, took account of National Bargaining and public sector pay policy. The pay award covers the period to 31 August 2022. The pay award for the year to 31 August 2023 has not yet been agreed.

- 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 2023 No.	Higher paid staff Year to 31 July 2022 No.
£60,001 to £70,000	9	9
£80,001 to £90,000	-	-
£90,001 to £100,000	2	2
£120,001 to £130,000	1	1
Total	12	12

7. Senior Post-Holder Emoluments

	Year to 31 July 2023 No.	Year to 31 July 2022 No.
The number of senior post-holders including the Principal was:	<u>3</u>	<u>3</u>
	£'000	£'000
Senior post-holders annual emoluments were made up as follows:		
Salaries	318	315
Voluntary severance	-	-
Benefits in kind	-	-
Pension contributions	70	55
Total emoluments	<u>388</u>	<u>370</u>

The above emoluments include amounts payable to the Principal of:

	Year to 31 July 2023 £'000	Year to 31 July 2022 £'000
Salary	127	127
Benefits in kind	-	-
Compensation for loss of office	-	-
Pension contributions	29	(1)
Total emoluments	<u>156</u>	<u>126</u>

The Highest paid member of staff during financial period 2022/23 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 2023 £'000	Year to 31 July 2022 £'000
Premises costs	2,731	2,213
Teaching services	1,005	1,286
Teaching departments	895	717
Administration and central services	1,369	1,240
Agency staff costs	81	96
HE & FE childcare	742	676
Estates maintenance projects	393	54
Other strategic expenditure	171	1,076
Total	<u>7,387</u>	<u>7,358</u>

Estates maintenance projects have been funded by the SFC of £393k (2022: £54k). Other strategic expenditure was funded by grants which have been released to income in full £171k (2022: £1,076k).

8. Other Operating Expenses (contd.)

	Year to 31 July 2023 £'000	Year to 31 July 2022 £'000
Operating lease payments	49	51
External auditor's remuneration	61	40
Other remuneration payable to the external auditors	-	
Amounts receivable by other audit firms in respect of:		
Internal audit including EMA and student funds audit	21	24
Other services provided by internal auditors	-	-

Operating lease commitments as at 31 July 2023:

2023

	Year to 31 July 2023 £'000	Expires in less than one year £'000	Expires between 1 and 5 years £'000
Other leases	49	2	6
Total	49	2	6

2022

	Year to 31 July 2022 £'000	Expires in less than one year £'000	Expires between 1 and 5 years £'000
Other leases	51	61	9
Total	51	61	9

9. Interest Payable

	Year to 31 July 2023 £'000	Year to 31 July 2022 £'000
Net interest on pension assets	-	165
Total	-	165

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
Cost or valuation			
At 1 August 2022	63,848	13,179	77,027
Valuation	2,149	-	2,149
Additions	-	229	229
Disposals	-	(27)	(27)
At 31 July 2023	65,997	13,381	79,378
Depreciation			
At 1 August 2022	-	12,381	12,381
Charge for year	1,766	475	2,241
Disposals	-	(27)	(27)
At 31 July 2023	1,766	12,829	14,595
Net book value			
At 1 August 2022	63,848	798	64,646
Net book value			
At 31 July 2023	64,231	552	64,783
Financed by:			
Revaluation	26,487	-	26,487
Financed by capital grant	32,402	551	32,953
Other	5,342	1	5,343
Net book value			
At 31 July 2023	64,231	552	64,783

Land and Buildings are revalued every 5 years. In the years where no formal valuation is performed, a review of the impact of indexation on the formal valuation is carried out. The College appointed Avison Young Chartered Surveyors to perform the valuations. Avison Young are independent appropriately qualified valuers. The freehold land and buildings were revalued at 31 July 2022. Land and Buildings with a net book value of £64,231k 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 2023 £'000	31 July 2022 £'000
Trade debtors	102	210
Other debtors	2	10
Prepayments and accrued income	3,110	2,907
Total	<u>3,214</u>	<u>3,127</u>

Trade debtors and debts due from students are shown net of a provision for bad debts of £41k (2022: £62k).

13. Cash at bank and in hand

	31 July 2023 £'000	31 July 2022 £'000
Cash at bank and in hand	3,280	4,132
Bursaries and student fund accounts	874	25
Total	<u>4,154</u>	<u>4,157</u>

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 liability.

The above cash balances do not include an amount of £1k (2022: £1k) which is held by the College for the benefit of students.

14. Creditors: Amounts Falling Due Within One Year

	31 July 2023 £'000	31 July 2022 £'000
Trade creditors	137	594
Other creditors	21	2
Other taxation and social security	488	698
Accruals and deferred income	6,149	5,000
Deferred Government capital grants	1,550	1,542
VAT creditor	227	227
Lease creditor	-	-
Bursary and discretionary funds for future disbursement	874	25
Total	<u>9,446</u>	<u>8,088</u>

Included within other creditors is £9k (2022: £1k) in respect of unpaid pension contributions.

15. Creditors: Amounts Falling More than one Year

	31 July 2023 £'000	31 July 2022 £'000
Deferred Government capital grants	31,403	32,732
Total	<u>31,403</u>	<u>32,732</u>

16. Deferred Capital Grants

	SFC £'000	Other £'000	Total £'000
At 1 August 2022			
Land and buildings	23,782	9,769	33,551
Equipment	723	-	723
Vehicles	-	-	-
Total	24,505	9,769	34,274
Received during period			
Land and buildings	-	-	-
Equipment	134	-	134
Vehicles	95	-	95
Total	229	-	229
Released to Income and Expenditure			
Land and buildings	815	334	1,149
Equipment	377	-	377
Vehicles	24	-	24
Total	1,216	334	1,550
At 31 July 2023			
Land and buildings	22,967	9,435	32,402
Equipment	480	-	480
Vehicles	71	-	71
Total	23,518	9,435	32,953

17. Provisions for Liabilities and Charges

	Defined Benefit Obligation £'000	Unfunded Pension Liability £'000	Total £'000
Balance as at 1 August 2022	(7,371)	2,287	(5,084)
Reduction in provision required in the year	5,767	(226)	5,541
Pension liability as at 31 July 2023	<u>(1,604)</u>	<u>2,061</u>	<u>457</u>

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 2.05% (2022: 0.75%) 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 2023 £'000	31 July 2022 £'000
Balance as at 1 August 2022	24,818	15,255
Transfer (from)/to revaluation reserve in respect of:		
Historic cost depreciation adjustment	(480)	(416)
Revaluation of fixed assets	2,149	9,979
Net transfer to/(from) revaluation reserve	<u>1,669</u>	<u>9,563</u>
Balance as at 31 July 2023	<u>26,487</u>	<u>24,818</u>

19. Post Balance Sheet Events

There are no post Balance Sheet events to report.

20. Capital Commitments

The College has no material capital commitments as at 31 July 2023 (2022: none).

21. Contingent Liabilities & Contingent Assets

The College has no contingent liabilities or assets as at 31 July 2023 (2022: none).

22. 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.

23. 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 2022/23 was:

	Year to 31 July 2023 £'000	Year to 31 July 2022 £'000
Teachers' Pension Scheme (STSS): Employer's contributions	2,356	2,277
Local Government Pension Scheme: Employer's contributions paid (total)	1,109	1,152
Unfunded SPF provision released in year	<u>(14)</u>	<u>(365)</u>
	3,451	3,064
FRS 102 employer service cost and curtailments	<u>565</u>	<u>2,114</u>
Total pension costs	<u>4,016</u>	<u>5,178</u>

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 2020.

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 2022/23 to the STSS at a rate of 23% from 1 September 2019 (previously 17.2%).

23. Pension and Similar Obligations (contd.)

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
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 9.2%. The College payroll average contribution is 5.9%.

23. 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 2023.

The major assumptions used by the actuary were:

	31 July 2023	31 July 2022
Rate of increase in salaries	3.70%	3.45%
Rate of increase for pensions in payment	3.00%	2.75%
Discount rate for scheme liabilities	5.05%	3.50%
Expected rate of return of assets	5.05%	3.50%

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

	31 July 2023	31 July 2022
Retiring today/current pensioners:		
Males	19.1	19.6
Females	22.0	22.4
Retiring in 20 years/future pensioners:		
Males	20.3	21.0
Females	23.9	24.5

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2017 model which makes an allowance for smoothing of recent mortality experience and long term rates of 1.5% p.a. for males and 1.5% 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 2023 £'000	Expected Annual Return £'000	Long term rate of return	Value at 31 July 2022 £'000	Expected Annual Return £'000
Equities	5.05%	35,544	1,795	3.5%	34,302	1,201
Bonds	5.05%	15,733	795	3.5%	15,436	540
Property	5.05%	5,827	294	3.5%	6,289	220
Cash	5.05%	1,165	59	3.5%	1,143	40
Total	5.05%	58,269	2,943	1.6%	57,170	2,001

Interest receivable of £409k (interest payable 2022: £165k) as noted above, is disclosed in the Income and Expenditure account within interest receivable (Note 5) and interest payable (note 9).

The employer contributions for the year to 31 July 2024 will be approximately £1,069k.

23. 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 2023:

Period ended 31 July 2023	Assets £'000	Re-stated Obligations £'000	Re-stated Net (liability)/ asset £'000
Fair value of plan assets	57,170	-	57,170
Present value of funded obligations	-	49,799	(49,799)
Present value of unfunded obligations	-	-	-
Opening Position as at 31 July 2022	57,170	49,799	7,371
Service Cost			
Current service cost	-	1,634	(1,634)
Past service cost (including curtailments)	-	-	-
Effect of settlements	-	-	-
Total Service Cost	-	1,634	(1,634)
Net Interest			
Interest income on plan assets	2,004	-	2,004
Interest cost on defined benefit obligation	-	1,595	(1,595)
Total net interest	2,004	1,595	409
Total defined benefit cost recognised in Profit or (Loss)	2,004	3,229	(1,225)
Cash flows			
Participants' contributions	351	351	-
Employer contributions	1,069	-	1,069
Benefits paid	(1,190)	(1,190)	-
Unfunded benefits paid	-	-	-
Contributions in respect of unfunded benefits paid	-	-	-
Effect of business combinations and disposals	-	-	-
Expected closing position	59,404	52,189	7,215
Re-measurements			
Changes in financial assumptions	-	(13,292)	13,292
Changes in demographic assumptions	-	(662)	662
Other experience	-	2,580	(2,580)
Return on assets excluding amounts included in interest	(1,135)	-	(1,135)
Less movement in actuarial gain not recognised under FRS102	-	15,850	(15,850)
Total re-measurements recognised in Other Comprehensive Income (OCI)	(1,135)	4,476	(5,611)
Fair value of plan assets	58,269	-	58,269
Present value of funded obligations	-	56,665	(56,665)
Present value of unfunded obligations	-	-	-
Closing position as at 31 July 2023	58,269	56,665	1,604

23. Pension and Similar Obligations (contd.)

PY Comparative of Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for the year ended 31 July 2022:

Period ended 31 July 2022	Assets £'000	Re-stated Obligations £'000	Re-stated Net (liability)/ asset £'000
Fair value of plan assets	56,268	-	56,268
Present value of funded obligations	-	65,496	(65,496)
Present value of unfunded obligations	-	-	-
Opening Position as at 31 July 2021	56,268	65,496	(9,228)
Service Cost			
Current service cost	-	3,177	(3,177)
Past service cost (including curtailments)	-	25	(25)
Effect of settlements	-	-	-
Total Service Cost	-	3,202	(3,202)
Net Interest			
Interest income on plan assets	902	-	902
Interest cost on defined benefit obligation	-	1,067	(1,067)
Total net interest	902	1,067	(165)
Total defined benefit cost recognised in Profit or (Loss)	902	4,269	(3,367)
Cash flows			
Participants' contributions	352	352	-
Employer contributions	1,088	-	1,088
Benefits paid	(1,105)	(1,105)	-
Unfunded benefits paid	-	-	-
Contributions in respect of unfunded benefits paid	-	-	-
Effect of business contributions and disposals	-	-	-
Expected closing position	57,505	69,012	(11,507)
Re-measurements			
Changes in financial assumptions	-	(23,634)	23,634
Changes in demographic assumptions	-	(281)	281
Other experience	-	125	(125)
Return on assets excluding amounts included in interest	(335)	-	(335)
Less movement in actuarial gain not recognised under FRS102	-	4,577	(4,577)
Total re-measurements recognised in Other Comprehensive Income (OCI)	(335)	(19,213)	18,878
Fair value of plan assets	57,170	-	57,170
Present value of funded obligations	-	49,799	(49,799)
Present value of unfunded obligations	-	-	-
Closing position as at 31 July 2022	57,170	49,799	7,371

24. 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 SFC and 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.

Transactions during the year to the 31st July 2023 with related parties were as follows:

Organisation	Type of Transaction	Value £	Name
Glasgow Kelvin Learning Foundation	Income	277,445	I Patrick
Glasgow Colleges Regional Board	Income	281	I Patrick
Glasgow Caledonian University	Income	180,912	E Clafferty
Strathclyde University	Income	96,158	J Hogg
Glasgow East Arts Company	Expenditure	53,705	D Smeall
Glasgow Caledonian University	Expenditure	60	E Clafferty
HEFESTIS	Expenditure	20,796	L Clark

Balances outstanding as at the 31st July 2023 with related parties were as follows:

Organisation	Type of Transaction	Total	Name
Glasgow Kelvin Learning Foundation	Creditor (Deferred Income)	216,432	I Patrick

25. Bursaries and other student support funds

	Year to 31 July 2023 FE Bursary £'000	Year to 31 July 2023 FE Discretionary £'000	Year to 31 July 2023 EMAs £'000	Year to 31 July 2023 SAAS HE Funds £'000	Year to 31 July 2023 Total £'000	Year to 31 July 2022 Total £'000
Balance b/fwd	3	-	3	19	25	1,561
Funds received in year	4,794	1,072	146	180	6,192	5,405
Expenditure	(3,920)	(1,072)	(149)	(180)	(5,321)	(5,511)
Repaid to SFC/SAAS	(3)	-	-	(19)	(22)	(1,430)
Balance c/fwd	874	-	-	-	874	25
Represented by:						
Repayable to SFC/SAAS	874	-	-	-	-	22
Retained by college for students	-	-	-	-	-	3
	874	-	-	-	-	25

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 Statement of Comprehensive Income.

26. FE Childcare funds

	Year to 31 July 2023 £'000	Year to 31 July 2022 £'000
Balance b/fwd.	-	-
Allocation received in year	532	531
Expenditure	(532)	(531)
Balance c/fwd	<u>-</u>	<u>-</u>
Represented by:		
Repayable to funding council as clawback	-	-
Retained by college for students	-	-

27. HE Childcare funds

	Year to 31 July 2023 £'000	Year to 31 July 2022 £'000
Balance b/fwd.	-	-
Allocation received in year	210	145
Expenditure	(210)	(145)
Balance c/fwd.	<u>-</u>	<u>-</u>
Represented by:		
Repayable to funding council as clawback	-	-
Retained by college for students	-	-

28. Non-cash Budget for Depreciation

	Notes	Year to 31 July 2023 £'000	Year to 31 July 2022 £'000
(Deficit) before other gains and losses (FE/HE SORP basis)		(1,887)	(1,404)
Add back: Non-cash allocation for depreciation (net of deferred capital grant)	11/16	691	784
Operating deficit on Central Government accounting basis		<u>(1,196)</u>	<u>(620)</u>

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 £1,949k for the year ended 31 July 2023. After taking account of the Government non-cash budget, the college shows an “adjusted” deficit of £1,258k on a Central Government accounting basis.

Accounts Direction for Scotland's Colleges 2022-23

1. It is the Scottish Funding Council's direction that institutions¹ comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts².
2. Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RSB) (for assigned colleges).
3. Incorporated colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2022-23 (FRoM) where applicable. In cases where there is a conflict between the FRoM and the SORP, the latter will take precedence.
4. Incorporated colleges and Glasgow Colleges' Regional Board must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2023.
5. The annual report and accounts should be signed by the chief executive officer / Executive Director and by the chair, or one other member of the governing body.
6. Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council

20 July 2023

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

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



**Glasgow
Kelvin
College**