

Annual Report & Financial Statements

August 2016- July 2017



**Glasgow
Kelvin
College**



Erasmus+



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

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The financial statements were approved and authorised for issue on 12th December 2017

1. Performance Report of the Board of Management

For the year ended 31 July 2017

Introduction

The Performance Report for the year ended 31 July 2017 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:

- 1.1 Statutory Background
- 1.2 Vision and Mission Statements
- 1.3 Purpose, Context, Operational Environment and Key Risks
- 1.4 Principal's Overview of Session 2015/16
- 1.5 Estates Strategy
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Further information on the College's operational, strategic and financial plans can be found in the College Strategic Plan for 2017 to 2020, this is available from the College web site: www.glasgowkelvin.ac.uk

1.1 Statutory Background

Glasgow Kelvin College was established on 1st 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 1st November 2013. Stow College and John Wheatley College were both formally closed by Scottish Statutory Instrument on 31st October 2013. All of the assets, rights, obligations and staff of Stow College and John Wheatley College transferred to Glasgow Kelvin College.

North Glasgow College was incorporated on 1st April 1993 by the Further and Higher Education (Scotland) Act 1992 and was renamed Glasgow Kelvin College on 1st November 2013. It is one of Scotland's colleges as defined by the provisions of the Further and Higher Education (Scotland) Act 2005. The College is primarily funded by the Glasgow Colleges' Regional Board (GCRB) which is now a 'Fundable Body' within the terms of the Act. GCRB has the overall responsibility for the planning and delivery of Further Education in Glasgow. GCRB are in turn funded by the Scottish Funding Council (SFC), a Non-Departmental Public Body of the Scottish Government, whose main role is to distribute funding to Colleges and Universities in Scotland.

The College Board of Management is responsible for setting the strategic direction of the College within the parameters of Scottish Government policies and the Glasgow Regional Outcome Agreement and for overseeing its operational management.

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

1.2 Glasgow Kelvin College - Mission and Vision

Vision Statement

Transforming lives through education.

Mission Statement

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

1.3 Purpose, Context, Operational Environment and Key Risks

Glasgow Kelvin College was created on 1st 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 partner Glasgow colleges, Glasgow Clyde College and City of Glasgow College and the Glasgow Colleges' Regional Board (GCRB) to achieve this policy aim.

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

In respect of the local context, the College operates in perhaps the most challenging educational environment in Scotland. The majority of local authority wards, which are in close proximity to the College, feature in the Scottish Government's most deprived areas, based upon the indices of multiple deprivation. Glasgow Kelvin College focuses its curriculum delivery on meeting the needs of local people, around 93% of its students reside in Glasgow. The College therefore enrolls over 12,000 Glaswegians each year, making it the largest provider of Further Education opportunities for the citizens of Glasgow. A more detailed analysis of College provision and its operational context is available in the Context Statement which is published on the College web site.

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

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

It operates primarily from its four main campus buildings:

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

These facilities enable the College to deliver its curriculum across the North and East of Glasgow. In addition to its main campuses, the College delivers teaching activity in a large number of community venues across North East Glasgow, in partnership with the North East Sector Community Planning Partnership Board and with the Wheatley Group. The Learning Network comprises an increasing number of learning centres in community venues, a number of which are now outwith the College catchment area, which are electronically networked to the College.

The key risks facing the College at present are related largely to finance and industrial relations. The Scottish Government has not yet published clear forward expenditure plans for the FE sector but has committed to maintaining the overall volume of Further Education to be delivered by colleges. The College therefore expects to deliver at its current level of activity for the coming years. It has an Estates Strategy, a Financial Strategy and Workforce Plan which have been prepared on this basis. Overall, the College believes its Estates and its Curriculum are now 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.

It is clear that Public Funding is likely to be under increasing pressure in the coming years. The College has worked diligently to increase efficiency, deliver better outcomes for learners and improve the value for money its provision delivers. It is increasingly difficult to achieve further efficiency savings going forward. The recent move to national collective bargaining in the sector has, likewise, been challenging. Implementing the new agreed rates of pay for teaching staff will place a significant additional financial pressure on the College and the sector more widely. The funding of the transition to national rates of pay and terms and conditions is currently the main risk facing the College as perceived by its Board of Management. It is anticipated that additional resource will be made available to fund this increased cost and to enable the sector to operate on a financially sustainable basis.

During session 2016/17 industrial action has been taken by both the main trades unions representing College support and teaching staff. Most significantly, EIS/FELA balloted for strike action towards the end of the academic year and this resulted in teaching staff striking for 6 days. This impacted upon Glasgow Kelvin College significantly as almost all teaching staff withdrew their labour for those days. This action took place at a critical point, late in the academic year making it particularly challenging to manage. Unfortunately, it does appear that this action has had an adverse impact, albeit a relatively limited one, upon the outcomes for learners. In some programmes, more learners failed to complete their courses and achieve their qualifications in session 2016/17 than in the previous year. This was an extremely disappointing outcome for the College. The College sought to mitigate the impact the industrial action had upon learners as far as possible. However, the removal of such a significant number of teaching days at that point in the year had negative consequences for learners.

The College Board of Management is hopeful that the recent progress made in respect of National Bargaining reduces the likelihood of similar action taking place in the coming years, however, it is recognised that there is not yet agreement in respect of national terms and conditions for teaching staff. It is envisaged that learner attainment and achievement will return at least to the levels achieved in 2015/16 quickly.

The UK decision to leave the European Union presents an additional range of risks in respect of:

- EU nationals employed by Glasgow Kelvin College;
- EU/International Students; and
- a wide range of programmes supported by EU funds, the employment of staff engaged on this provision and the opportunities provided for students and staff to participate in mobility visits.

Progress with exiting the European Union will require to be monitored on an on-going basis to assess the likely impact on future staffing levels, the nature of some programmes which incorporate EU supported elements, European travel and the impact on other aspects of College life as the legal framework applying to the UK changes.

1.4 Principal's Overview of Session 2016/17

This section provides an overview of the College's performance during session 2016/17. The past year was an important one for the College and with the exception of the impact the industrial action taken by staff had upon learners, it was another successful year.

Glasgow Kelvin College, is established as a key provider of further education in the Glasgow Region. The College had a number of very challenging objectives and targets for the year and excellent progress was made in achieving them.

Key highlights of progress against strategic priorities during the year:

- The implementation of the Estates Strategy through the successful sale of City Campus in August 2016;
- The development and first stage implementation of the Capital Investment Plan;
- The successful expansion of the Foundation Apprenticeship programme and development of the new Graduate Level Apprenticeship qualification;
- Securing of General Teaching Council for Scotland (GTCs) accreditation for the College's professional learning/Continuing Professional Development framework;
- Becoming the first college to deliver the Graduate Level Apprenticeship in Civil Engineering;
- Delivery of the key objectives contained within the Regional Outcome Agreement; and
- The delivery of a small operating surplus and an improvement in the financial position of the College alongside achievement of the key targets contained within the Regional Outcome Agreement.

The development of the Capital Investment Plan was made possible through the sale of City Campus to the Glasgow School of Art (GSA). The College was delighted to transfer ownership of this iconic building to the GSA who have ambitious plans for its refurbishment and development. The funds raised have provided finance for capital investment at the College which would not otherwise been available.

The College was, however, instructed by the Scottish Government to transfer £2m of the sales proceeds to Forth Valley College to support capital investment in a proposed Falkirk campus project as the need for investment in that institution was regarded as being of higher priority than further investment in both Glasgow Kelvin College and the Glasgow region.

The College is also delighted by the success of its work in India which is funded by the British Council through the UKIERI (UK India Education Research Initiative) programme. This has led to high profile partnerships with Skills Councils in India, employers in the textiles and hospitality sectors and organisations which support survivors of domestic abuse and acid attacks. The College has also worked with an Indian engineering college assist it to gain SQA awarding centre status and has provided a number of college learners with life changing learning experiences in India. The India programme is now developing further in partnership with the Scottish Government, Renfrewshire Council and the University of the West of Scotland.

Learning & Teaching

The College delivered on its teaching volume commitments agreed in the Glasgow Regional Outcome Agreement which it signed along with Glasgow Colleges' Regional Board and its two sister Glasgow Colleges. It exceeded its core student activity target, its European Social Fund activity target and contributed to the delivery of additional activity in Glasgow. It also continued to deliver for Glaswegians and, with its commitment to some of the poorest communities in Scotland, through the provision of education and training opportunities for individuals residing in the most deprived postcode areas in the UK. Almost 60% of learners enrolled during the year came from the 10% most deprived communities in Scotland, over 7,000 of these individuals were resident in Glasgow. Additionally, the College focussed its delivery on the priority economic areas identified in the Glasgow Regional Curriculum Review to ensure that education provision met the needs of the local labour market and supported economic growth.

The College believes it made further progress in improving the quality of learning and teaching and in professionalising and developing its workforce. However, this progress was not reflected in its performance indicators for the year due to national industrial action taken by teaching staff. Glasgow Kelvin College was affected more than any other FE institution in Scotland in terms of the strike with a very high proportion of staff taking industrial action. The College believes this was the main reason for the slight decline in academic performance experienced during the year. The impact on learners was regrettable.

Further analysis of academic performance will be undertaken during session 2017/18 and the College hopes to return to a position of improving quality and performance in the coming academic year.

Estates

The conclusion of the sale of City Campus; the former Stow College building, to the Glasgow School of Art was an important milestone for the College and the building. The College was able to retain a proportion of the sales proceeds from the building to reinvest in its Estates, ICT infrastructure and Technology curriculum delivery.

The Board approved the Capital Investment Plan, which aligns with the Estates and ICT Strategies, and this is now being progressed over the coming years. Funding for the plan is being provided by the Glasgow Kelvin Learning Foundation and by the Glasgow Colleges' Regional Board.

Key developments in respect of the Estate were the completion of a major project to repair water ingress in the basement of the Springburn Campus and the commencement of a further important project to refurbish the exterior and roof of the West Campus, a listed building of architectural significance. The further development of this property as a hub for creative industries will continue in the coming year.

Curriculum Review

The College continues to work within the overall curriculum framework set by GCRB in partnership with the three Glasgow colleges. Session 2016/17 was the first stable year for Glasgow Kelvin College as the final stage of the agreed transfer of curriculum between Glasgow's colleges was completed in 2015/16. Overall, the College has now reduced in scale by around 13% from merger in 2013, this was a challenging process which is now complete putting the College on a more stable position for its long term development.

Financial Management

The financial results for the year are particularly encouraging and represent the second year where the College has been able to deliver an operational surplus which has helped fund investment in equipment and in the maintenance of the Estate. It is recognised however, that non-recurring savings were made in respect of industrial action taken by staff during the year and that the full impact of nationally negotiated wage inflation will impact in future years. The College has had to make efficiency improvements, rationalise its Estate and reduce some of its non-staff expenditure budgets in order to operate on a sustainable basis. This has been extremely challenging to date and further difficult times are ahead in respect of pressure on funding and cost increases.

The College has, however, sought to consult with its staff representatives, act transparently and openly, communicate with staff and protect services for learners throughout the change process.

Merger Review

The two year post merger review conducted by the Scottish Funding Council highlighted strong progress made by the College in developing the new institution. The merger, and subsequent

curriculum movements, were very challenging to manage and this external report by the SFC was warmly received by the Board. It recognised the hard work undertaken by the College and its staff in addressing the many challenges facing Glasgow Kelvin College and recognise the importance of the role the College is now playing in the provision of further education in Glasgow and beyond.

Recognition and Awards Gained in 2017

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

- Two former students who form the band '*Be Charlotte*' are wowing the Scottish music scene and have won the Best Electronic Act at SAMA 17 (Scottish Alternative Music Awards);
- The College became the first college to gain White Ribbon status based on our students' pioneering work to raise awareness in its young male students of the issues around tackling Violence Against Women. The White Ribbon Scotland campaign earned the College's Student Association a place on the shortlist for two separate awards – one for Campaign of the Year at the NUS Awards and also in the Equality & Diversity category at this year's Sparqs Awards.
- Two of Glasgow Kelvin College's talented Refrigeration apprentices were shortlisted for the prestigious National SkillFridge Awards 2017. Third year refrigeration apprentice and student, John Thompson from Dundee, carried off the bronze Award at;
- Film & TV Production students teamed up with the Gaelic class to produce a short which reached the shortlist in the Comedy category of this year's FilmG Awards for Gaelic medium productions with their film 'Leasan';
- Glasgow Kelvin College was shortlisted for two awards at the nationwide 2017 TES Awards. Firstly in partnership with Glasgow Clyde College and Glasgow City Council for their work with the trailblazing Enhanced Vocational Inclusion Programme for vulnerable young people and, secondly as the only Scottish college in the FE College of the Year category;
- The College's Youthwork team was delighted to be shortlisted in the Partnership category at the YouthLink Youth Worker of the Year Awards for the cross-community Youth Access programme and the Transitions to Learning and Work programme which targets care-experienced young people;
- One of our photography students won the Young Reporters Scotland title in the competition organised by environmental charity Keep Scotland Beautiful for her unique image of a litter pick on a Scottish beach.
- Eleven Glasgow Kelvin students were recognised at the Building Services Training Association (BESA) Scotland Training Awards this year, four of whom were outright winners in their category and one who was lauded as the overall winner gaining Scottish Apprenticeship of the Year;
- Glasgow Kelvin College achieved GTCS validation for its staff development and professional learning programme under their Professional Update framework;
- Earlier in the year, the Glasgow Kelvin student football team carried home the Scottish Student Football Cup;
- The College was shortlisted, with Glasgow Clyde College and Glasgow City Council, for the Enhanced Vocational Improvement Programme at this year's Inspiring City Awards in the Education Category;
- Two Glasgow Kelvin students have won 2nd and 3rd place at this year's Bridge 2 Business Awards for their innovative product designs and business plans; and
- Glasgow Kelvin College has been shortlisted at the SQA Star Awards in the Innovation category for the Kit Car project delivered in partnership with North East Glasgow Schools.

1.5 Estates Strategy

The Board of Management approved a refreshed Estates Strategy for the College during 2015/16. The main aspect of this was the rationalisation of the estate to four campuses which was delivered through the sale of City Campus to Glasgow School of Art. With this achieved, the remainder of the estate is in good condition overall and is well utilised. It requires, however, to be maintained appropriately in the long term. There is no further opportunity for rationalisation of the estate at current activity volumes.

The priorities are therefore the maintenance of the estate, improving its environmental sustainability and ensuring it continues to meet the needs of the curriculum offer as that changes over time. There are also a number of key maintenance and repair issues which have been identified and require to be addressed in order to protect the previous considerable public investment made in the estate in recent years. Recent priorities have been the roof, entrance and drainage at the Easterhouse Campus, the development of a new Childcare Centre of Excellence at Blairtummock House in Easterhouse, the refurbishment of the West Campus and the development of new facilities to refresh and modernise the delivery of the Science, and Engineering curriculum at Springburn. The full strategy and the Capital Investment Plan are available on the College web-site.

1.6 Performance Analysis

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

Overall, the performance of the College during 2016/17 was in line, or exceeded targets in respect of almost all key indicators. The activity target was exceeded, it met targets relating to categories of learners enrolled, the Carbon Footprint was reduced and it operated within its budget for the year. Unfortunately, as stated, learner retention and achievement figures declined, due to the impact of industrial action as described previously.

In respect of teaching activity, the College had a target to deliver 81,543 credits (the current measure of learner hours taught) and actually delivered 82,871 or 1.6% above the funded target. In session 2015/16 the College likewise exceeded its activity target and delivered 90,346 credits (819 credits above target). The delivery of additional credits was possible as a result of additional funding from partners which enabled the College to support additional community delivery and provide opportunities for individuals in the process of leaving care. This has been funded by the Big Lottery, Glasgow City Council, the Robertson Trust and the Wheatley Group.

In terms of student headcount, the College enrolled 13,117 learners during the year, this was around 400 less than in session 2015/16. The reduction in activity and enrolment is as a consequence of the decision made to transfer activity out of Glasgow Kelvin College to City of Glasgow College as part of the regional curriculum and estates plan.

1.7 Financial Performance

Financial performance during the year was extremely positive. The College set a balanced budget and operated within that budget. The balance sheet position has improved markedly as result of the delivery of operating surpluses and the reduction in creditors and longer term liabilities. Pension liabilities remain a significant issue, however, these are largely outwith the control of the College and the overall liability has reduced very slightly during the year. The College is aware that the FE sector

is facing significant financial challenge and is pleased to be able to report an operating surplus for the second year in succession.

However, the Annual Accounts are reporting a deficit primarily as a result of the decision taken by the Board of Management to donate £2.8m to the Glasgow Kelvin Learning Foundation during the year totalling. The Board concluded that this was the best way to ensure these resources would be available to support its Capital Investment Plan in the coming years. The resources transferred all relate to the proceeds from the sale of the City Campus Building retained by the College. The £2m transferred to Forth Valley College on the instruction of the Scottish Government had been accounted for in the previous year and therefore there was no impact on the Income and Expenditure account.

The underlying operating surplus, as defined by the SFC, consists of:

	Year to 31 July 2017 £'000	Year to 31 July 2016 £'000
Deficit before other gains and losses	(2,579)	(491)
Add back:		
Depreciation (net of deferred capital grant release)	536	642
Non-cash pension adjustments	845	669
Donation to Glasgow Kelvin Learning Foundation	2,800	-
Deduct:		
Additional revenue allocation from disposal proceeds of City Campus	(1,000)	-
Revenue funding allocated to repayment of Lennartz VAT liability	(433)	(448)
Underlying operating surplus	169	372

The underlying operating surplus achieved in each of the past two years was particularly encouraging result and confirms the College is operating within the budget set by the Board.

One consequence of college reclassification as central government bodies is that, from 1 April 2014, while colleges continued to prepare accounts under the FE/HE Statement of Recommended Practice, they are now also required to comply with Central Government budgeting rules. This affects, amongst other things, the way in which non-cash depreciation charges are treated for budgeting purposes and how the colleges spend the cash funds (cash budget for priorities) which were previously earmarked for depreciation.

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 of this additional cash is detailed below:

	Year to 31 July 2017 £'000	Year to 31 July 2016 £'000
Revenue included in Income & Expenditure:		
Pay awards not funded	103	47
Total impact on operating position	103	47
Balance Sheet liabilities:		
Loan repayments – Lennartz	433	448
Repayment to SFC in respect of Stow College	-	147
Total Cash spend on repayment of liabilities	433	595
Total	536	642

The City Campus was sold for £6m at the end of the 2015/16 reporting period and was largely reported in the previous set of Annual Accounts. However, the cash was received from the Glasgow School of Art in August 2016. This has impacted on these accounts in a number of ways. Firstly, it removed a significant debtor from the Balance Sheet. Secondly, in cash terms, £2m of the sales proceeds were transferred to Forth Valley College, £2.8m to the Glasgow Kelvin Learning Foundation with the remainder being invested across the 2015/16 and 2016/17 financial years in the College Estate, the project to decommission and exit from City Campus and in the ICT infrastructure. The College invested over £1.3m in its fixed assets and infrastructure during the year. This mainly consisted of investment in its Estate and ICT facilities. The Estates section of this report outlines the priorities for this investment and projects which have been progressed.

In respect of the balance sheet position, this has improved in respect of its net asset position. This has arisen as a consequence of the operating surplus, the revaluation of fixed assets and the reduction in pension liabilities. The cash receipt from the sale of City Campus and transfer of this cash to Forth Valley College and the Glasgow Kelvin Learning Foundation has had a material impact on the balance sheet. Creditors due after more than 1 year have reduced further as the College has made repayments of its VAT liability to HMRC in respect of its Lennartz arrangement.

The net pension liability to the Strathclyde Pension Fund remains significant at £11.8m, reduced very slightly from £11.9m in the previous year. This includes the provision for early retirement decisions made by legacy colleges and the actuarial valuation of the College share of the pension fund liability. Glasgow Kelvin College has not offered any member of staff an enhancement to their pension as part of any severance arrangement. Finally, the College is also accountable to the Scottish Funding Council for its performance against its resource budget. The resource budget is on a standard public sector reporting year to 31 March 2016 which does not coincide with the period reported in these accounts (and straddles 2 traditional accounting periods). The accounting rules which apply to the calculation of the figures in the statement of performance against the resource also do not comply with generally accepted accounting principles or FRS102 (the basis for the preparation of the financial accounts).

The table below provides the resource expenditure figures using the categorisation provided by the Scottish Government and SFC:

Resource Return for year to 31 March 2017	Actual Year to 31 March 2017 £'000	Budget Year to 31 March 2017 £'000	Variance Year to 31 March 2017 £'000	Notes
Non-SFC income	(5,407)	(5,500)	(93)	
Revenue funding from Glasgow Kelvin Learning Foundation	(267)	(817)	(550)	1
Total income	(5,674)	(6,317)	(643)	
Wages & salaries	21,452	21,783	331	
Operating costs	6,463	7,295	832	2
Student support expenditure	4,624	4,936	312	
Total expenditure	32,539	34,014	1,475	
Donation to Glasgow Kelvin Learning Foundation	2,800	4,800	2,000	3
Profit on disposal of fixed asset	(4,069)	-	4,069	4
Resource budget total (RDEL)	25,596	32,497	6,901	
Capital				
Capital expenditure	1,267	500	(767)	5
Income from disposals	(1,669)	(4,200)	(2,531)	4
Non-SFC capital grant income	(129)	-	129	5
Capital funding from Glasgow Kelvin Learning Foundation	-	(500)	(500)	6
Capital total (CDEL)	(531)	(4,200)	(3,669)	
Depreciation	1,706	1,611	(95)	
Deferred grant release	(1,063)	(1,127)	(64)	
Net depreciation (Ring fenced RDEL)	643	484	(159)	

Notes:

1. The strategic funding budget of £550k was not requested from the Glasgow Kelvin Learning Foundation.
2. Savings in operating costs of £501k were achieved during the year. In addition strategic expenditure of £331k was not incurred.
3. Transfer of £2m to Forth Valley College as instructed by the Scottish Government.
4. SFC instructed a different classification of the profit on disposal. This was originally reported in Capital (CDEL) but was re-classified to Resource Budget (RDEL) at March 2017. In addition the net book value of City Campus is reported as Income from disposals as instructed by the SFC at March 2017.
5. Capital expenditure includes £481k of City Campus exit costs against the original budget of £500k. An additional £626k was spent on Estates projects and £160k on IT equipment.
6. The Capital budget of £500k was not requested from the Glasgow Kelvin Learning Foundation

1.8 Performance Indicators

The College seeks to report on its performance in a balanced way, the following table provides summary financial 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	2013/14 (8 month accounting period)	2014/15 (16 month accounting period)	2015/16	2016/17
Operating Surplus (Deficit) as a % of Income *	-4.8%*	-1.2%**	0.6%	0.2%
Non - SFC Income	£5,047,000	£8,830,000	£6,300,000	£6,107,000
Non SFC Income as a % of Total Income**	20%	21%	20%	22%
Staff Costs as a % of Total Expenditure ***	66%*	67%***	68%	72%
WSUMs/Credits Delivered	125,288	123,463	90,346	82,871
WSUMs Target (ROA)	120,141	123,367	89,527	81,543
FTE Teaching Staff	328	307	296	274
WSUMs/ Credits per FTE Teacher	382	402	305****	302
Current Ratio (current assets / current liabilities)	1.10	(0.52)	0.9	0.3
Net Current Assets/ (Liabilities)	£721,000	(£1,987,000)	(£895,000)	(£3,188,000)
Days Cash	21	4	10	11

* excludes impact of donation to Glasgow Kelvin Learning Foundation and the sale of City Campus.

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

*** excludes effect of voluntary severance scheme

**** this is equivalent to 390 WSUMs per FTE teacher

The slight reduction in efficiency in terms of credits delivered per FTE teacher is as a result of the transfer of relatively efficient full time HE activity to City of Glasgow and Clyde Colleges over the past few years, this has increased the proportion of activity which addresses the widening access agenda.

Academic Performance Indicators

The table below provides a comparison of the College's indicative 2016/17 Performance Indicators with nationally published data for 2014/15 and 2015/16 for the Glasgow Region and Scotland (the most recent available comparators).

	Completed successful	Completed partial success	Early withdrawal	Further withdrawal
Glasgow Kelvin 16/17	75.1%	9.0%	5.8%	9.8%
Glasgow Kelvin 15/16	75.5%	8.2%	5.8%	10.3%
Glasgow Kelvin 14/15	74.6%	9.2%	5.7%	10.3%
Glasgow Kelvin 13/14	72.3%	13.2%	6.1%	8.4%
Comparators:				
Glasgow Region 15/16	75.5%	9.7%	4.8%	10.1%
Glasgow Region 14/15	72.0%	10.5%	5.7%	11.9%
Scotland 15/16	72.0%	13.3%	4.8%	9.9%
Scotland 14/15	72.4%	13.8%	4.3%	9.6%

In terms of overall attainment (successful completion), the College now generally performs above both regional and national comparator data for 2014/15. The College considers this an effective performance given that:

- it recruits more of its learners (both numerically and in percentage terms) from the most deprived and educationally challenging parts of Glasgow (and therefore of Scotland) than any other college in the City or Scotland. A Education Scotland aspect report on maximising learner success in Scotland's colleges highlighted the significant role deprivation can play in learner success and showed that over the past four years, success rates for learners living in the 10% most deprived areas have remained around ten percentage points lower than those living in the least deprived areas; and
- the College has significantly greater proportions of young learners and also of learners studying Engineering subjects at Higher Education levels. Both of these aspects were recently evaluated within Education Scotland reports and evidence was presented which showed that on average the completed successfully rate in full-time HE engineering programmes is six percentage points below the latest published national sector performance levels and that success rates for the 15-18 years group are amongst the lowest nationally, with only two-thirds completing their programme successfully in 2013/14.

It is acknowledged that there has been a small overall reduction in successful completers, the College believes this to be as a result of the industrial action taken nationally by teaching staff. The College sought to mitigate the impact on learners as far as possible, however, on some programmes there appears to have been a negative impact on outcomes for learners.

1.9 Environmental Sustainability

Glasgow Kelvin College is committed to minimising the negative impact its activities have on the environment. In session 2015/16 the College prepared its first Climate Change Action Plan (CCAP) and reported on its environmental performance from session 2014/15 onwards as part of the Scottish Government pilot of the Public Bodies Climate Change Duties Reporting. The College is fully compliant with the reporting requirements set by the Scottish Government as specified in the Climate Change (Scotland) Act 2009. It now has 3 years of carbon emissions data which show a significant reduction in Carbon emissions.

Overall, the College reported carbon emissions totalling 3,257 tonnes CO₂ in session 2014/15 and the CCAP set a target that this would reduce by 800 tonnes or 25% annually from session 2016/17 onwards, mainly achieved through the rationalisation of the Estate. The College welcomed a reduction on CO₂ in session 2015/16 of 640 tonnes (20%) with total emissions reducing to 2,617 tonnes CO₂. Further excellent progress has been made in session 2016/17 with the total calculated emissions falling to 1,874 tonnes CO₂. This means the total calculated annual emissions has reduced by around 1,383 tonnes or 42% and the target set in the CCAP has been exceeded. It should be noted that a proportion of the improvement is due to improved conversion factors for electricity as the grid has been de-carbonised further and is not all a result of reduced energy consumption. The College has published its Climate Change Report on its web-site, this provides further detail on emissions.

The CCAP provides further detail and outlines a number of projects the College has undertaken to manage its environmental impact more effectively. Highlights include the development of a cycle hub at our Springburn Campus and improvement of cycling facilities at other campus buildings. Significant funding for this project has been provided by Cycling Scotland and the local Glasgow City Council Community Planning Partnership board. New energy efficient boilers are being installed at Easterhouse and the College plans to move to a thin client model in respect of ICT provision which should help reduce emissions further. Waste reduction and improvements in recycling proportions are other areas for targeted improvement. The College now has two electric vehicles which are used daily where practicable. The College has a Sustainable Development Committee which oversees the CCAP and the management of the wider environmental impact of the College. Furthermore, the College

recognises that it has a responsibility to embed sustainability in its curriculum and has specialisms in construction, engineering, fashion and science which are all areas which now have environmental sustainability at their core.

1.10 Procurement

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

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

1.11 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 more quickly 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 7 days (prior year 11 days). No payments were made in respect of interest on late payments.

1.12 Best Value and Public Value

The Board of Management recognises its responsibility, included in its Financial Memorandum with the SFC, to seek to provide Best Value in its use of public funds. The College makes use of the Scottish Government Best Value Framework to consider and evaluate its performance in respect of the Best Value agenda.

The Best Value Framework has been developed to promote the continuous improvement of public services in Scotland and requires Public Services to analyse and review their services using a balanced scorecard approach. The College plans to evaluate regularly its performance in each of the following nine dimensions:

1. Responsiveness and Consultation
2. Commitment and Leadership
3. Use of Review and Options Appraisal
4. Joint Working
5. Sustainable Development
6. Equal Opportunities
7. Sound Management of Resources
8. Accountability
9. Sound Governance at a Strategic and Operational Level

The College considers that its performance in these aspects of Best Value are embedded throughout its management structure and form a key component of the College Ethos and the way in which it operates. Evidence of this can be found throughout key College planning documents, corporate governance arrangements and its policies, procedures and practices. The Value for Money Strategy provides specific value for money targets.

Additionally, the College recognises the importance of recent work carried out within the sector in respect of the concept of Public Value. This work seeks to consider and identify the wider impact the Further Education Sector has upon society in Scotland. '*The Value of Colleges*' was published by Scotland's Colleges and outlined the following key findings:

- Public value is like shareholder value in the private sector. It is about the value, not just the cost, of what the public sector does;
- Public Value is of benefit to individuals, communities and organisations;
- Colleges at the heart of communities and at the interface of economic development and social inclusion are ideal institutions to deliver public value; and
- Ignoring public value could have damaging and unintended consequences.

1.13 Staff Involvement

Glasgow Kelvin College engages with staff and its trades unions. It is a signatory to the National Recognition and Procedures Agreement and has in place appropriate arrangements for engagement with its two recognised trades unions on a local basis with EIS (Fela) and UNISON. This is supported by a Joint Negotiating Committee and a Joint Consultative Committee.

The College is also formally a member of the Employer's Association which has been established to progress a return to National Collective Bargaining for colleges in Scotland. The Board of Management has signed the National Recognition and Procedures Agreement and the College has implemented all agreements reached within the National Bargaining framework.

There are two staff members on the Board of Management. These individuals also serve on a number of standing committees of the Board. Both of these members were elected from their respective Support and Teaching Staff groups. Both EIS/Fela and UNISON branches have the opportunity to attend all Board meetings with 'in attendance' status. Glasgow Kelvin College is the only college in Scotland to provide such open access to strategic decision making for trade union representatives.

The College communicates with staff in a wide variety of both formal and informal ways. A regular staff newsletter and blog are made available to all staff and are available on the College website. The College has an intranet/Sharepoint portal to enable better communication and sharing of information. Extensive use is also made of social media to provide information. Additionally, the Principal updates his blog regularly and weekly briefings from the management team meetings are issued which highlight key decisions and events. A review of the way in which the College communicates both internally and externally was commenced towards the end of the academic year.

1.14 Quality Improvement

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

The College has well established arrangements for self-evaluation that engage all staff and which have a significant focus on professional reflection and on learner/stakeholder engagement. These arrangements have been modified over the last year to take account of the new SFC/Education Scotland Arrangements for assuring and improving the quality of provision and services in Scotland's colleges and the associated *How good is our college?* quality framework.

This has included implementing arrangements for classroom observation which complement the observations undertaken by Education Scotland. In 2016/17 teaching staff were observed by peers on 48 occasions and by Education Scotland on 28 occasions. Findings from the internal and external processes were broadly similar and very positive. The high levels of planning, learner engagement, individual learner support and essential skills development noted in observations are consistent with the College level learner feedback. This indicated that 93% of learners feel able to influence learning on their course, 98% believe they are encouraged to take responsibility for their learning, 90% believe they receive useful feedback, 94% believe they have developed skills for the workplace and 96% believe their skills for learning have improved during their course.

Attainment rates improved year on year following merger but fell slightly in 2016/17 following a sustained period of industrial action by teaching staff which related to national bargaining. This had its greatest impact on the success rates of full-time further education programmes - nonetheless, overall attainment rates remain above national norms.

1.15 Openness and Freedom of Information

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

1.16 Commitment to Equality and Diversity and Disability Statement

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

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

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

1.17 Charitable and Taxation Status

The Board of Management of Glasgow Kelvin College is a registered Scottish Charity (SC 021207) 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 provides further detail on the charitable activities of the College.

1.18 Treasury Management

The College has in place a treasury management policy that has been approved by the Board of Management. The reclassification of colleges as public bodies and the donation of cash balances to an Arms-Length Foundation in 2013/14 and 2014/15 has resulted in the College maintaining minimal cash throughout the reporting period. Additionally the process of transferring all banking activity to the Government banking service contract commenced in March 2017.

The College is required to transfer all of its bank balances to the Government Banking Service which is currently with the Royal Bank of Scotland. The College is not permitted to hold excess bank balances or invest balances outwith the Government Banking Service. The cash position is further reported to the Scottish Funding Council and Glasgow Colleges' Regional Board on a monthly basis.

1.19 Strategic Plan and Future Development

The College has a strategic plan covering sessions 2017 to 2020, its five strategic priorities are:

- 1. to deliver an inclusive, high quality learning experience for our students;**
- 2. to provide a professional learning culture to support, retain and develop our highly skilled, diverse workforce which delivers a high quality learner experience;**
- 3. to be a partner of choice for employers and the communities which we serve;**
- 4. to maintain financial stability and the highest standards of corporate governance; and**
- 5. to support the work of Glasgow Colleges' Regional Board.**

The delivery of the College contribution to the Glasgow Regional Outcome Agreement and working in partnership with the Glasgow Colleges Regional Board and the other Glasgow colleges will continue to be operational priorities for Glasgow Kelvin College. Identifying new sources of income and developing new partnerships remain priorities for the College. The Strategic Plan is available on the web site:

<http://www.glasgowkelvin.ac.uk/plans-strategies>

1.20 Professional Advisers

Bankers

Clydesdale Bank plc
14 – 16 The Triangle
Bishopbriggs
Glasgow
G64 2TR

Santander
Customer Service Centre
Bootle
L30 4GB

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

Solicitors

TLT Scotland Limited
140 West George Street
Glasgow
G2 2HG

Morton Fraser
145 St Vincent Street
Glasgow
G2 5JF

Thornton Law LLP
33 Yeaman Shore
Dundee
DD1 4BJ

VAT Adviser

Johnston Carmichael
227 West George Street
Glasgow
G2 2ND

Auditors

External Auditor
(appointed by
Audit Scotland)

Scott Moncrieff
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Internal Auditor
(appointed by the
Board of Management)

Henderson Loggie
20 Greenmarket
Dundee
DD1 4QB

1.21 Health and Safety

The management of Health and Safety has four principal aims:

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

The policy of the Board of Management of Glasgow Kelvin College as an employer, and in keeping with Section 2(3) of the Health and Safety at Work Act 1974 and subsequent regulations, is to ensure that all reasonable practical steps are taken to ensure the health, safety and welfare of all its employees. The Board also acknowledges its responsibility in respect of persons other than its own employees, whether students, members of the public or employees of contracting companies. To further support its commitment to Health & Safety the College is preparing to undertake the the RoSPA OHSAS 18001 audit in early 2018.

The College also provides Health and Safety qualifications for learners as part of the curriculum.

Every member of staff was provided with a comprehensive fire safety programme and this has been consolidated by the implementation of an online fire safety training package. All regular users of computers are now using the AssessRite online training and assessment programme and every Department and Faculty are now conducting quarterly safety inspections of their areas of responsibility.

Additionally, a comprehensive Occupational Health surveillance programme was introduced to monitor the safety of staff that may be exposed to occupational hazards and to supplement this Noise & Dust surveys have been carried out in higher risk areas. The one campus containing asbestos has been resurveyed confirming that it is legally compliant and the asbestos within it is being managed safely. Finally, the accident/incident reporting mechanism, introduced in April 2014, now works exceptionally well providing an accurate overview of the level and severity of incidents across all campuses. The Board considers a Health & Safety Annual Report as part of its routine monitoring procedure.

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

Irving Hodgson
Chair

12 December 2017

Alan Sherry
Principal

12 December 2017

2. Accountability Report

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

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

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

- 2.1 Corporate Governance Report
- 2.2 Directors Report
- 2.3 Going Concern Statement
- 2.4 Disclosure of Information to the College Auditor
- 2.5 Corporate Social Responsibility
- 2.6 Acknowledgements

2.1 Corporate Governance Report

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the 2016 Code of Good Governance for Scotland's Colleges. The purpose of the summary is to provide detail on how the principles have been applied by Glasgow Kelvin College throughout the 12 month period ended 31 July 2017. 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. A key priority throughout session 2016/17 has been to implement in full the requirements of the Code of Good Governance published by Colleges Scotland in August 2016. The College approached this in a methodical way.

Following on from a full review of Corporate Governance conducted by the independent Internal Auditor in 2016 and the publication of the Code of Good Governance, the College Board approved a Governance Improvement Plan. This plan is being implemented in full and makes relatively minor improvements to the governance framework already operated by the College. Additionally, the internal auditor undertook the externally facilitated review of governance in compliance with the new code, and reported positive findings to the Board during the year. A self-evaluation process was also conducted along with a process to update the skills matrix relating to membership of the Board. Following on from this successful recruitment campaigns have taken place and new members appointed.

The College is extremely proud to have been highlighted by Audit Scotland as an example of best practice in respect of the open and transparent way in which it operates. It believes the improvement action plan further improves an already effective and compliant system of governance.

Governing Body

The College advertises externally for Board members. Recommendations for possible membership are made to the Board by its Nominations Committee supported by the independent Clerk to the Board and an external independent person. No member of the College management team is involved in the selection process for Board Members. All appointments of new members are formally approved by

the Glasgow Colleges' Regional Board, not the Glasgow Kelvin College Board of Management. The Board of Management comprises of up to a maximum of 18 members, including student and staff representatives. The roles of Chair and Vice-Chair of the Board of Management are separated from the role of the Principal.

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

The Executive Committee is authorised to act on behalf of the Board and its standing committees to deal with urgent matters between cycles of Board and its Standing Committee meetings as set out in the Scheme of Delegation. Without the participation of the Principal, the members of the Executive Committee also form the Remuneration Committee, which establishes the remuneration of the College Strategic Management Team and is chaired by the Vice Chair of the Board; and the Nominations Committee, which selects and recommends new Board Members for appointment. The Nominations Committee is also responsible for making a recommendation for the appointment of the Principal to the Board subject to the approval of GCRB.

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

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 the College's systems of internal control and management responses and implementation plans. It also receives and considers reports from the Scottish Funding Council, Audit Scotland and the Public Audit and Post-Legislative Scrutiny Committee of the Scottish Parliament as they affect College business and monitors adherence to the regulatory requirements. It also has responsibility for Risk Management in the College. It oversees the Risk Management Strategy, Risk Appetite Statement and Risk Register on behalf of the Board. Whilst College Management may be invited to attend meetings of the Audit & Risk Committee as necessary, they are not members of the Committee. Duplication of membership is avoided between the Audit & Risk Committee and the Financial Control Committee. The Audit & Risk Committee meets in private with the Internal and External Auditors at least once per year. The Board of Management seek to ensure that at least one member of the Committee has substantial financial management experience.

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

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

evaluation processes. This Committee also has oversight of the operation of student support funding and capital investment with a focus on the impact this has upon the learner experience.

In respect of the Academic Board's responsibilities, the Board of Management receive its guidance and advice on academic policy and the maintenance of the quality of educational provision. This Committee membership comprises College management, student representatives, teaching and support staff.

Corporate Strategy

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

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

Risk Management and Internal Control

The Board of Management is responsible for the College system of internal control and for reviewing its effectiveness. It is also responsible for setting the Risk Appetite and reviewing the Risk Register which seeks to record key business risks, quantify their potential impact and likelihood and describe actions taken in mitigation. The system of internal control and risk management is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The College operates a Risk Management Committee which draws its membership from across all aspects of the operational management team and includes members of the Strategic Management Team. Additionally a representative for its Insurance Brokers attends the meeting of this group.

The Strategic Management Team and the Audit & Risk Committee also receive regular reports from the internal audit and 'health, safety and environmental monitoring' functions which include recommendations for improvement. The Audit & Risk Committee role in this area is confined to a high level review of the arrangements for internal financial control. The Human Resources Committee has responsibility for monitoring adherence to the College Health & Safety policy. The Board of Management agenda includes a regular item for consideration of risk and control and receives reports thereon from the Strategic Management Team and the Audit & Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

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

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

These arrangements have been in place throughout the period from 1 August 2016 to 31 July 2017. The Risk Management Strategy has been approved by the Board of Management and accords with the internal control guidance as applicable to the further education sector. Risk Management is also included as part of the Internal Audit plan.

The College has appointed an independent Clerk to the Board in line with the requirements of the Code of Good Governance.

Going Concern Statement

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

Conclusion

The College is extremely proud of the governance arrangements it has in place. Its Board has remained committed to operating in an open, transparent and publicly accountable way and was particularly pleased that its approach was praised as best practise in the sector by Audit Scotland. Completing the full implementation of the Code of Good Governance for Colleges will further improve these arrangements.

2.2 Directors Report

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

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

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

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

The Board of Management holds to itself the responsibilities for the ongoing strategic direction of the College, approval of major developments and the receipt of regular reports from College Management on operational performance and delivery. The College strategy was initially driven by the Merger Proposal Document and Merger Business Case, this has now been superseded by the imperative to reduce the scale of the College and implement the recommendations of the Glasgow Region Curriculum and Estates Review and the Glasgow Regional Outcome Agreement. The strategic direction of the College is also influenced by the Ministerial Letter of Guidance and the policy priorities of the Scottish Government.

Membership of the Board of Management

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

Irving Hodgson (Chair)	Self-employed/Director – Irving Hodgson Consulting Ltd
Ian Patrick (Vice Chair)	Former Director of College Partnerships - UWS
Alan Robertson	Project Manager, East Refrewshire Council
Elizabeth Robertson	Councillor, Inverclyde Council
Bryan Ross	Support Staff Representative
Alan Sherry	Principal
Pamela Currie	Teaching Staff Representative
Clark Whyte	Community Education Worker
Lesley Ward (until 15 September 2016)	Learning & Operations Coordinator at Bridgeton Community Learning Campus
Jonathon Clark (until 28 June 2016)	Director, Skills Development Scotland
Mohammed Razaq	Executive Director, West of Scotland Regional Equality Council Ltd
Stephen Birrell	Programme Officer, Glasgow City Council
Anne McTaggart	Councillor, Glasgow City Council
Joe Wilson	Self-employed
David Walker (until 31 July 2017)	Student President Sabbatical Officer
John Hogg (from 28 August 2017)	Director, University of Strathclyde
Deborah Thomson (from 28 August 2017)	Production Accountant, BBC Scotland
Robert Doyle (from 28 August 2017)	Relationship Manager, RM Education
Shaun McLaughlin (from 1 August 2017)	Student President Sabbatical Officer
Zorena Shanks (from 26 September 2017)	Student Association Vice President
Independent Clerk to the Board of Management	Douglas Wilson (from 1 September 2016) Paul McAllister (until 1 September 2016)
Andrew Aitken (until 31 August 2016)	Student President Sabbatical Officer – Glasgow Kelvin College
Eire Hawthorn (until 31 August 2016)	Student Vice President Sabbatical Officer – Glasgow Kelvin College
Jessica MacGinty (until 31 August 2017)	Student Vice President – Glasgow Kelvin College

Attendance by members of the Board of Management at Board and Sub-Committee meetings during the academic session is detailed overleaf:

Glasgow Kelvin College	Board of Management					Audit & Risk Committee				Financial Control Committee				Human Resources Committee			
	30/08/2016	25/10/2016	12/12/2016	13/03/2017	12/06/2017	04/10/2016	06/12/2016	28/03/2017	20/06/2017	22/09/2016	08/12/2016	23/02/2017	06/06/2017	19/09/2016	23/11/2016	01/02/2017	10/05/2017
Irving Hodgson (Chair)	✓	✓	✓	✓	✓						✓	✓	✓		✓	✓	✓
Alan Sherry	✓	✓	✓	✓	✓					✓		✓	✓	✓	✓	✓	✓
Ian Patrick	✓	✓	✓	✓	✓	✓	✓	✓	✓								
Bryan Ross	✓	✓	✓	✓	✓	✓	✓	✓									
Mohammed Razaq	✓	✓	✓	✓	✓					✓	✓	✓	✓	✓	✓		✓
Clark Whyte	✓	✓	✓	✓	✓									✓	✓	✓	✓
Alan Robertson	✓	✓		✓	✓	✓	✓	✓	✓					✓	✓	✓	✓
Elizabeth Robertson	✓	✓	✓											✓		✓	✓
Jonathan Clark	✓	✓								✓							
David Walker	✓		✓	✓													
Joe Wilson	✓	✓	✓	✓	✓	✓	✓	✓	✓								
Anne McTaggart	✓			✓										✓		✓	
Stephen Birrell	✓	✓	✓	✓	✓					✓	✓	✓	✓	✓			✓
Pamela Currie		✓	✓	✓	✓												
Jessica MacGinty		✓	✓	✓													
Brian Peters (Co-Opted Member to A&R)									✓								

Glasgow Kelvin College	Learning & Teaching Committee				Remuneration Committee		Nominations Committee				Executive Committee
	01/09/2016	17/11/2016	02/02/2017	04/05/2017	03/08/2016	23/02/2017	23/02/2017	19/04/2017	15/05/2017	13/06/2017	03/08/2016
Irving Hodgson (Chair)	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
Alan Sherry	✓	✓	✓	✓							✓
Ian Patrick	✓	✓		✓	✓			✓	✓	✓	✓
Bryan Ross	✓	✓	✓	✓				✓	✓	✓	
Mohammed Razaq						✓	✓				
Clark Whyte		✓	✓			✓	✓	✓	✓		
Alan Robertson											
Elizabeth Robertson	✓	✓	✓	✓	✓	✓	✓	✓			✓
Jonathan Clark											
David Walker	✓	✓		✓							
Joe Wilson	✓		✓	✓							
Anne McTaggart											
Stephen Birrell											
Pamela Currie											
Jessica MacGinty		✓	✓								
Lesley Ward		✓		✓							

Strategic Management Team

The Board of Management appoint a senior management team to oversee the management of the College. Throughout academic year 2016/17 the team consisted of:

Principal & Chief Executive	Alan Sherry
Vice Principal – Curriculum & Quality Enhancement	Alan Inglis
Vice Principal – HR and Organisational Development	Audrey Miller
Vice Principal – Finance & Corporate Services	James Gow

The Strategic Management Team meet weekly and briefings are issued to staff after each meeting.

2.3 Disclosure of Information to the College Auditor

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

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

2.4 Corporate Social Responsibility

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

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

The other key strands of Corporate Social Responsibility include:

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

These themes are reported on throughout the Performance Report, some particular highlights during session 2016/17 are listed below:

- provision of programmes of Further and Higher Education (up to degree level) for students on a full and a part time basis;
- learners fees waived with a total value of £2.7m with £646k of these waived at the College's own cost largely to allow free access to the learning network;
- programmes of vocational education and training for both young people and adults;
- a vocational education programme for school pupils (as part of its contribution to the Senior Phase, Developing Scotland's Young Workforce and to raising attainment within the City);
- a range of courses which promote access and articulation to Higher Education;
- programmes of education and training for students with a range of additional support needs;
- programmes of education and training for young people who are care experienced with financial support from the Big Lottery and Robertson Trust;
- support for a network of community-based learning centres and community information technology initiatives which are delivered in partnership with a large number of regional and local community partners;
- free use of College facilities to community groups and partners with a value of £104,000 to 50 separate organisations;
- an extensive programme of community-based learning;
- support for, and provision of, local youth work initiatives;
- 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
- assisted with capacity building and the governance arrangements of local charities by providing senior staff time to participate in the management and 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.

2.5 Acknowledgements

The College would wish to acknowledge:

- Grant-in-aid and other funding it received from the Scottish Funding Council via the Glasgow Colleges' Regional Board;
- Financial assistance from the European Structural Fund to enhance vocational education and training at the College. These monies have enabled the College to continue to provide additional or enhanced services for students who meet European Union priorities;
- Financial support from the British Council for the College's Work in India;
- Financial support it continues to receive from the local authority, Glasgow Housing Association, The Wheatley Group and Skills Development Scotland;
- Grant support from the Big Lottery in respect of provision for young people leaving care;
- Grant Support from the Robertson Trust; and
- Grant assistance from the local Community Planning Partnerships.

3. Statement of the Responsibilities of the Board of Management

The Board of Management of the College is required to present audited financial statements for each financial period.

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

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

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

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

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

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

The major components of the system include:

- detailed budget planning involving input from staff, with the annual budget and financial strategy being approved by the Board of Management;
- devolved budgets being approved by the Board, with budget holders being given detailed briefings about their individual budget responsibilities;

- regular reviews by the Financial Control Committee of financial reports which indicate performance against budget, following meetings with individual budget holders;
- setting targets to measure financial and other performance;
- procedures for the Board to review and agree amendments to budgets;
- clearly defined capital investment control guidelines;
- it has also implemented Codes of Conduct and policies and procedures both for staff members and members of the Board which are designed to support systems of internal control; and
- the Public Interest Disclosure Policy outlines the whistle-blowing procedures within the College.

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

The External Auditor is appointed by the Auditor General for Scotland. The Internal and External Auditors are invited to meetings of the Audit & Risk Committee and are provided an opportunity to meet with the Audit & Risk Committee in private each year.

The College review of the system of financial control is conducted substantially through the work of the Internal Auditors, the Board of Management, the Financial Control Committee, and the Audit & Risk Committee.

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

4. Remuneration and Staff Report

The College is required to prepare and publish within its financial statements an annual Remuneration Report under the Government Financial Reporting Model (FReM) issued by the Scottish Government. This report sets out the remuneration and accrued pension benefits of the Strategic Management Team.

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 rise 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 for the year. The other members of the Strategic Management Team are not considered to be covered by National Bargaining and therefore their remuneration is likewise set by the Remuneration Committee. This is also done in an open and transparent way. The Clerk to the Board attends meetings of the Remuneration Committee to ensure appropriate independent advice is available to Committee members.

Remuneration for all posts in the Strategic Management Team, including the Principal were set at merger and no pay award was made for 2013/14 or 2014/15. The Remuneration Committee decided to award members of the Strategic Management team the same pay

increase as was negotiated nationally for teaching staff. The national agreement applied was 1% consolidated from April 2015, £100 in April 2016 and £450 consolidated from 1 April 2016.

In September 2017 the Remuneration Committee approved a pay award for the Principal and Strategic Management Team to apply from 1 April 2017 in line with the impact of the nationally negotiated pay award for promoted teaching staff. The increase amounts to 1.8% to apply from 1 April 2017 subject to performance review. The Glasgow Colleges' Regional Board are likely to have some involvement in setting the objectives, terms and conditions relating to the principals of the three assigned colleges.

Remuneration including salary and pension entitlements

Salary Entitlements

The following tables provides detail of the remuneration and pension interests of senior management. None of the Strategic 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. These do not include any impact of the pay award outlined above as this was not made prior to the end of the reporting period.

Name	Year to 31 July 2017			Year to 31 July 2016		
	Salary £'000	Pension Benefit £'000	Total £'000	Salary £'000	Pension Benefit £'000	Total £'000
Alan Sherry	124	21	145	120	20	140
Alan Inglis	87	14	101	87	15	102
Audrey Miller	87	17	104	87	17	104
Christine Stronach (until 11 September 2015)	-	-	-	10	2	12
James Gow	87	17	104	87	17	104

Pension Entitlements

Name	Accrued pension at pension age at 31 July 2017 £'000	Accrued lump sum at pension age at 31 July 2017 £'000	Real increase in pension year to 31 July 2017 £'000	Real increase in lump sum year to 31 July 2017 £'000	Cash equivalent transfer value at 31 July 2017 £'000	Cash equivalent transfer value at 31 July 2016 £'000	Real increase in cash equivalent transfer value £'000
Alan Sherry	52	155	2	5	1,214	1,143	71
Alan Inglis	38	113	1	2	816	778	38
Audrey Miller	28	48	2	1	443	393	50
James Gow	25	37	2	0	305	263	42

Notes

- 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.
- 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.
- c) The details in the above table are subject to external audit.

Median Remuneration

Colleges are required to disclose the relationship between the remuneration of the highest paid official and the median remuneration of their workforce. The remuneration of the highest paid official in the organisation in financial year 2016-17 was £124,000 (2015-16 £120,000). This was 3.2 times (2015-16 3.2 times) the median remuneration of the workforce which was £38,327 (2015-16 £37,661). The lowest paid members of staff are placed on the bottom scale point of our grade 1 scale, this was £16,218 as at 1 August 2016 (£15,668 as at 1 August 2015).

Accrued Pension Benefits

Pension benefits for employees are provided through the Scottish Teacher's Superannuation Scheme (STSS), a defined benefit scheme, which is notionally funded and contracted out of State Earnings-Related Pension Scheme and the Local Government Pension Scheme (LGPS) administered by the Strathclyde Pension Fund.

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

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

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

Senior Official Pension

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

Cash Equivalent Transfer Value (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The value of the accrued pension benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total eligible

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

- the figures for pension and lump sum are illustrative only in light of the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement; and
- the accrued benefits figure are reflective of the pension contributions that both the employer and the scheme member have made over a period of time.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Staff Numbers and Costs

Normal staff costs now account for around 72% of expenditure. The notes to the accounts provide an analysis of staff number and costs. Note 6 outlines staff costs and how these are split between staff employed on temporary contracts and permanent contracts. In respect of staff head-count the following table provides an analysis:

Staff Category	Male		Female		Total	
Permanent - Teaching	157	28%	128	23%	285	51%
Temporary - Teaching	18	3%	22	4%	40	7%
Permanent – Non-Teaching & Management	72	13%	109	19%	181	32%
Temporary – Non-Teaching & Management	22	4%	33	6%	55	10%
Permanent Total	229	41%	237	42%	466	83%
Temporary Total	40	7%	55	10%	95	17%
Grand Total	269	48%	292	52%	561	100%

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

The College seeks to minimise its use of agency staff, during session 2016/17 it did employ a small number of agency staff to cover short term or short notice vacancies. Total spend was £54k for 1.3 FTE employed on this basis during the year. This includes 1FTE employed by Advance Procurement for Universities and Colleges who primarily works for Glasgow Kelvin College.

Sickness Absence

The College reports on its sickness absence to its Human Resources Committee on a regular basis. It recognises that staff absence is costly in financial terms and can adversely impact on learning and teaching. It therefore seeks to manage absence diligently in accordance with its

Attendance Management and Support Policy. Detailed reports on absence are available on the College web site as presented to the Board of Management and its Standing Committees. Summary data for 2016/17 and the two prior years is provided in the table below:

Staff Absence Percentage by Staff Category and All Staff

Staff Group	Session 2014/15	Session 2015/16	Session 2016/17
SMT/OMT	3.3%	3.2%	2.2%
Permanent Teaching Staff	4.8%	6.1%	4.9%
Temporary Teaching Staff	1.5%	2.8%	2.9%
Support Staff	6.5%	5.7%	6.1%
All Staff	5.05%	5.6%	5.2%

Addressing absence rates has been an important target in the Value for Money Strategy and the College believes that some progress has been made in respect of short term absence. Long-term absence is a continuing challenge for the College and a number of support strategies are in place to assist staff return to work and remain in employment. During 2015/16 the College requested its Internal Auditor to review the management of sickness absence and recommendations for improvement have been implemented.

Staff Policies

Glasgow Kelvin College has a wide range of policies and procedures in place which govern Human Resources and Organisational Development at the College. The policies ensure the College complies with employment legislation and promotes a positive organisational culture which encourages the development of its employees through professional learning. Its policies are also designed to ensure that the College supports its employees who may experience personal difficulties from time to time and specifically the College seeks to make reasonable adjustments for any member of staff who is disabled or develops an illness or disability which has an impact on their role. Under the Confident Employer' Initiative any disabled applicant who meets the essential criteria on the person specification/role profile will be invited for interview.

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

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

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

Policies are circulated to staff/required stakeholders as required and are available both on the College intranet and the College website.

The policies are amended, as necessary, in line with legislation changes following consultation with employee representatives and stakeholders. They are also reviewed on a 2-yearly basis by the Strategic Management Team/Board of Management Human Resources Committee and Board of Management.

Compensation for loss of office & exit packages

Six employees left under voluntary exit terms during the year, the severance costs of £178,461 were met by the Scottish Funding Council as part of their commitment to fund the impact of the Glasgow Region Curriculum and Estates Plan. These payments were within the terms of a voluntary severance scheme which had been approved by the SFC. All compensation payments for loss of office were approved by the Remuneration Committee and supported by a detailed business case. This was reported to the Board of Management.

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

Irving Hodgson 12 December 2017
Chair

Alan Sherry 12 December 2017
Principal

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

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

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Glasgow Kelvin College for the year ended 31 July 2017 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accompanying financial statements:

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

Basis of opinion

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

Conclusions relating to going concern

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

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

Responsibilities of the Board of Management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Other information in the annual report and accounts

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

In connection with our audit of the financial statements in accordance with ISAs (UK), our responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements,

we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Report on other requirements

Opinions on other prescribed matters

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

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

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

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

Matters on which we are required to report by exception

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

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

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

We have nothing to report in respect of these matters.

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

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

Financial Statement for the year ended 31 July 2017

Statement of Comprehensive Income and Expenditure for the year ended 31 July 2017

	Notes	Year to 31 July 2017 £'000	Year to 31 July 2016 £'000
Income			
Funding Council grants	2	24,603	25,182
Tuition fees	3	4,224	4,317
Other income	4	1,597	1,479
Donation from Learning Foundation	8	277	500
Investment income	5	11	5
Total income		30,712	31,483
Expenditure			
Staff costs	6/7	20,772	21,618
Fundamental restructuring costs	6/7	218	609
Other operating expenses	8	7,183	7,247
Donation to Foundation	8	2,800	-
Depreciation & impairment	11	2,108	2,247
Interest payable	9	210	253
Total expenditure		33,291	31,974
Deficit before other gains or losses		(2,579)	(491)
Gain on disposal of fixed assets		1	2,724
(Deficit)/surplus before tax		(2,578)	2,233
Taxation		-	-
(Deficit)/surplus for the year		(2,578)	2,233
Actuarial gain/(loss) in respect of pension scheme	24	880	(971)
Total comprehensive income for the year		(1,698)	1,262

The notes on Pages 45 to 70 form part of these accounts.

Financial Statement for the year ended 31 July 2017

Statement of Comprehensive Income and Expenditure for the year ended 31 July 2017 (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 below of the adjusted operating position on a Central Government accounting basis.

	Notes	Year to 31 July 2017 £'000	Year to 31 July 2016 £'000
Surplus/(deficit) before other gains and losses (FE/HE SORP basis)		(2,579)	(491)
Add back: Non-cash allocation for depreciation (net of deferred capital grant)	11/16	536	642
Operating surplus/(deficit) on Central Government accounting basis		<u>(2,043)</u>	<u>151</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 (£2,579k) for the year ended 31 July 2017. After taking account of the Government non-cash budget, the college shows an “adjusted” deficit of (£2,043k) on a Central Government accounting basis.

The notes on Pages 45 to 70 form part of these accounts.

Financial Statement for the year ended 31 July 2017

Statement of Changes in Reserves for the year ended 31 July 2017

	Notes	Income and expenditure reserve £'000	Revaluation reserve £'000	Total reserves £'000
Balance at 1 April 2015		(7,590)	10,393	2,803
Surplus for the year		1,262	-	1,262
Transfers from revaluation reserve	18	464	(464)	-
Impairment of revalued fixed assets		-	(1,604)	(1,604)
Balance at 31 July 2016		(5,864)	8,325	2,461

		Income and expenditure reserve £'000	Revaluation reserve £'000	Total reserves £'000
Balance at 1 August 2016		(5,864)	8,325	2,461
Surplus for year		(1,698)	-	(1,698)
Transfer from revaluation reserve	18	276	(276)	-
Revaluation of fixed assets	11		3,666	3,666
Balance at 31 July 2017		(7,286)	11,715	4,429

The notes on Pages 45 to 70 form part of these accounts.

Financial Statement for the year ended 31 July 2017

Balance Sheet as at 31 July 2017

	Notes	As at 31 July 2017 £'000	As at 31 July 2016 £'000
Fixed Assets			
Tangible assets	11	57,665	54,787
Current Assets			
Debtors	12	644	7,234
Cash and cash equivalents	13	778	838
		<u>1,422</u>	<u>8,072</u>
Creditors : amounts falling due within one year	14	<u>(4,610)</u>	<u>(8,967)</u>
Net current liabilities		<u>(3,188)</u>	<u>(895)</u>
Total assets less current liabilities		54,477	53,892
Creditors: amounts falling due after more than one year	15	(38,219)	(39,492)
Provisions			
Pension provisions	17	(11,829)	(11,939)
Total net assets		<u>4,429</u>	<u>2,461</u>
Reserves			
Revaluation reserve	18	11,715	8,325
Income and expenditure reserve		(7,286)	(5,864)
Total reserves		<u>4,429</u>	<u>2,461</u>

The financial statements were approved by the Board of Management on 12 December 2017 and were signed on its behalf by:

Irving Hodgson
Chair

12 December 2017

Alan Sherry
Principal

12 December 2017

The notes on pages 45 to 70 form part of these accounts.

Financial Statement for the year ended 31 July 2017

Statement of Cash Flows

		Year to 31 July 2017 £'000	Year to 31 July 2016 £'000
	Notes		
Net cash inflow/(outflow) from operating activities			
Deficit for the period		(2,579)	(491)
Adjustment for non-cash items			
Depreciation and impairment of assets at valuation	11	2,108	2,247
Decrease/(increase) in debtors	12	6,590	(5,554)
(Decrease)/increase in creditors	14	(5,630)	1,220
Increase in pension provision	17	770	623
Adjustment for financing activities			
Interest receivable	5	(11)	(5)
Interest payable	9	210	253
Proceeds of the sale of fixed assets		1	2,789
Net cash inflow from operating activities		1,459	1,082
Cash flows from investing activities			
Interest receivable	5	11	5
Payments made to acquire fixed assets	11	(1,320)	(490)
		(1,309)	(485)
Cash flows from financing activities			
Interest payable	9	(210)	(253)
		(210)	(253)
(Decrease)/increase in cash in the period		(60)	344
Cash and cash equivalents at beginning of the year		838	494
Cash and cash equivalents at end of the year		778	838

The notes on Pages 45 to 70 form part of these accounts.

Financial Statements for the year ended 31 July 2017

Notes to the Financial Statements

Statement of Principal Accounting Policies

General Information

Glasgow Kelvin College is defined as a 'fundable body' by the provisions of the Further and Higher Education (Scotland) Act 2005. It is primarily funded by the Scottish Funding Council (SFC), a Non-Departmental Public Body of the Scottish Government, whose main role is to distribute funding to Colleges and Universities in Scotland. The Glasgow Colleges' Regional Board has also been established by statute but does not yet have fundable body status, therefore throughout the reporting period the College has continued to be funded directly by the SFC.

The financial statements have been prepared in accordance with the Further and Higher Education (Scotland) Act 1992, the 2015 Statement of Recommended Practice (SORP) 2015: Accounting in Further and Higher Education and in accordance with applicable Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Government Financial Reporting Manual 2016-17 (FReM). The financial statements conform to the accounts direction published by the Scottish Funding Council (SFC) in June 2017.

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

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

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

Accounting Policies

Introduction and accounting basis

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

Judgements in applying policies and key sources of estimation uncertainty

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

Financial Statements for the year ended 31 July 2017
Notes to the Financial Statements

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 and Expenditure in proportion to the extent of completion of the contract or service concerned.

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

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

Financial Statements for the year ended 31 July 2017

Notes to the Financial Statements

Statement of Principal Accounting Policies (contd.)

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.

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

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

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

Maintenance of premises

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

Operating leases

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable 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.

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.

Financial Statements for the year ended 31 July 2017

Notes to the Financial Statements

Statement of Principal Accounting Policies (contd.)

Fixed assets

a Land and buildings

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

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

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

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

b Equipment

Individual items of equipment costing less than £5,000 are written off to the income and expenditure account in the period of acquisition. Investment in ICT projects costing in excess of £5,000 have also been capitalised where individual items may have cost less than £5,000. The depreciation charge reflects the estimated useful life of the assets as follows:

Equipment	4 – 10 years
ICT Hardware and Software	4 years

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

Retirement benefits

The College participates in two multi-employer defined benefit pension schemes. Teaching staff may join the Scottish Teachers' Superannuation Scheme (STSS), which is administered by the Scottish Public Pensions Agency. Glasgow Kelvin College is unable to identify its share of the underlying assets and liabilities of the STSS and therefore, as required by FRS 102 'Retirement Benefits', accounts for its participation in the STSS as if it were a defined contribution scheme. Contributions are charged to the statement of comprehensive income as

Financial Statements for the year ended 31 July 2017

Notes to the Financial Statements

Statement of Principal Accounting Policies (contd.)

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 and Expenditure Account on a systematic basis over the expected average remaining lives of members of the Fund in accordance with FRS 102 and recognises retirement benefits as the benefits are earned and not when they are due to be paid.

Financial instruments

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

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

Employee benefits

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

Financial Statements for the year ended 31 July 2017
Notes to the Financial Statements

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 Expenditure, and movements have been disclosed in the notes to the accounts. Where the College has more discretion in the manner in which funds are disbursed, and those funds do not meet the definition of agency funds, the income and expenditure relating to these funds are shown in the College Statement of Comprehensive Income and Expenditure.

Going concern

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

Financial Statements for the year ended 31 July 2017
Notes to the Financial Statements

2. Funding Council Grants (SFC)

	Notes	Year to 31 July 2017 £'000	Year to 31 July 2016 £'000
SFC recurrent grant (including fee waiver)		19,787	19,741
Release of deferred capital grants	16	1,207	1,247
FE & HE childcare funds	27 & 28	1,365	1,221
Maintenance grants		629	1,093
Other SFC grants		1,006	1,305
Strategic funding		609	575
Total		24,603	25,182

3. Tuition Fees

	Year to 31 July 2017 £'000	Year to 31 July 2016 £'000
Higher Education students	2,107	2,545
UK Further Education students	303	265
Non – EU Further Education students	18	12
Education contracts	1,344	1,091
Other contracts	452	404
Total	4,224	4,317

4. Other Income

	Notes	Year to 31 July 2017 £'000	Year to 31 July 2016 £'000
Rental income		15	67
Other grant income		536	762
Release from deferred grants non–SFC	16	365	358
Income – generating activities		493	254
Big Lottery funding		188	38
Total		1,597	1,479

Income includes the receipt of restricted funds from the Big Lottery to support the College's programme for young people leaving care.

Financial Statements for the year ended 31 July 2017
Notes to the Financial Statements

5. Investment Income

	Year to 31 July 2017 £'000	Year to 31 July 2016 £'000
Bank interest receivable	<u>11</u>	<u>5</u>

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 2017 No.	Year to 31 July 2016 No.
Academic / Teaching departments	274	296
Academic / Teaching services	100	112
Administration & central services	59	60
Premises	25	28
Total	<u>458</u>	<u>496</u>

- b. Staff Costs for the above persons:

	£'000	£'000
Academic / Teaching departments	13,319	14,175
Academic / Teaching services	4,078	3,948
Administration & central services	2,532	2,609
Premises	843	886
Staff restructuring	218	609
Total	<u>20,990</u>	<u>22,227</u>

Financial Statements for the year ended 31 July 2017
Notes to the Financial Statements

6. Staff costs (contd.)

Analysed as follows:

	Year to 31 July 2017 £'000	Year to 31 July 2016 £'000
Wages and salaries	15,847	16,889
Social Security costs	1,621	1,449
Pension costs	3,344	3,280
Staff restructuring	178	609
Total	20,990	22,227

Staff costs for 2016/17 include £178k in voluntary severance payments for 6 members of staff who left during the year. These payments were approved by the College Remuneration Committee and the Board of Management and were fully funded by the Scottish Funding Council. The equivalent figure for 2015/16 was £609k.

Pay awards for most staff are now negotiated nationally, the College has fully implemented national agreements. The teaching staff pay award was a flat rate increase of £550 per FTE for the year to 31 March 2017. Non-teaching staff were likewise awarded a flat rate increase £550 per FTE for the year to 31 March 2017. A further increase of £425 per FTE was awarded on 1 April 2017.

In addition the first 25% of the increase to £40k for un-promoted teaching staff has been paid with effect from 1 April 2017.

- c. The number of staff, including four 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 2017 No.	Higher paid staff Year to 31 July 2016 No.
£60,001 to £70,000	2	5
£80,001 to £90,000	3	3
£110,001 to £120,000	-	1
£120,001 to £130,000	1	-
	6	9

Financial Statements for the year ended 31 July 2017
Notes to the Financial Statements

6. Staff Costs (contd.)

The College operated a voluntary severance scheme during the period. Payment of voluntary severance including any pension strain on the fund costs was limited to a maximum of the employee's annual salary cost.

Payments in respect of compensation for loss of office are provided in the Financial Statements in the year of agreement of termination of office. Aggregate compensation for loss of office of staff whose earnings are more than £50,000 per annum or where the cost of all elements of a proposed arrangement amount to more than £75,000 comprised:

	Year to 31 July 2017 £'000	Year to 31 July 2016 £'000
Compensation paid	-	57

7. Senior Post-Holder Emoluments

	Year to 31 July 2017 No.	Year to 31 July 2016 No.
The number of senior post-holders including the Principal was:	4	4
	£'000	£'000
Senior post-holders annual emoluments were made up as follows:		
Salaries	382	391
Voluntary severance	-	-
Benefits in kind	-	-
Pension contributions	69	71
Total emoluments	451	462

Financial Statements for the year ended 31 July 2017
Notes to the Financial Statements

7. Senior Post Holder Emoluments (contd.)

The above emoluments include amounts payable to the Principal of:

	Year to 31 July 2017 £'000	Year to 31 July 2016 £'000
Salary	124	120
Benefits in kind	-	-
Compensation for loss of office	-	-
Pension contributions	21	20
Total	145	140

The Highest paid member of staff during financial period 2016/17 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 2017 £'000	Year to 31 July 2016 £'000
Premises costs	1,795	2,012
Teaching services	1,150	1,416
Teaching departments	1,013	1,066
Administration and central services	833	979
Agency staff costs	54	180
HE & FE childcare	1,365	1,221
Strategic change costs	973	373
Total	7,183	7,247

Financial Statements for the year ended 31 July 2017
Notes to the Financial Statements

8. Other Operating Expenses (contd.)

In 2013/14 the Glasgow Kelvin Learning Foundation, an independent trust was established with the purposes of supporting further and higher education colleges in Glasgow. Total donations from the College to the Foundation in the period to 31 March 2014 amounted to £3,200k and a further £2,800k in the period to 31 July 2017 following the sale of City Campus. The College will be able to apply to the Foundation for financial support for future projects, primarily to support the Capital Investment Plan. To date, the College has received £777k in financial assistance from the Foundation.

	Year to 31 July 2017 £'000	Year to 31 July 2016 £'000
Operating lease payments	83	90
External auditors' remuneration	39	45
Amounts receivable by other audit firms in respect of:		
Internal audit including EMA and Student funds audit	23	22
Other services provided by internal auditors	3	-
Independent Clerk to the Board of Management	6	17
Hire of modular accommodation	-	81

No payments were made to external auditors for non-audit work.

Operating lease commitments as at 31 July 2017:

	Year to 31 July 2017 £'000	Expires in less than one year £'000	Expires between 1 and 5 years £'000
Land and buildings	16	-	-
Other leases	67	95	169
Total	83	95	169

Financial Statements for the year ended 31 July 2017
Notes to the Financial Statements

9. Interest Payable

	Year to 31 July 2017 £'000	Year to 31 July 2016 £'000
Net interest on pension assets and liabilities	210	253
Interest payable	-	-
	210	253

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.

Financial Statements for the year ended 31 July 2017
Notes to the Financial Statements

11. Fixed Assets

	Land & Buildings Freehold £'000	Equipment £'000	Total £'000
Cost or valuation			
At 1 August 2016	56,581	15,361	71,942
Valuation	(962)	-	(962)
Additions	650	670	1,320
Disposals	-	(7,184)	(7,184)
At 31 July 2017	56,269	8,847	65,116
Depreciation			
At 1 August 2016	3,215	13,940	17,155
Charge for year	1,413	695	2,108
Valuation	(4,628)	-	(4,628)
Disposals	-	(7,184)	(7,184)
At 31 July 2017	-	7,451	7,451
Net book value			
At 1 August 2016	53,366	1,421	54,787
Net book value			
At 31 July 2017	56,269	1,396	57,665
Financed by capital grant	551	58	609
Other	99	612	711
Total additions	650	670	1,320
Revaluation	11,992	-	11,992
Financed by capital grant	38,825	659	39,484
Other	5,452	737	6,189
Net book value			
At 31 July 2017	56,269	1,396	57,665

Land and Buildings are revalued every 5 years with an interim valuation carried out in year 3. The College appointed GVA, Chartered Surveyors to perform the valuations. GVA are independent appropriately qualified valuers. The freehold land and buildings were revalued at 31 July 2017. Land and Buildings with a net book value of £56,269k have been partially financed by Treasury funds. The basis of this revaluation was depreciated replacement cost.

The property at City Campus was sold on 31 July 2016. The gain on disposal is included in the Comprehensive Statement of Income and Expenditure net of the agreed repayment of part of the proceeds under the terms of the Financial Memorandum with the Scottish Funding

Financial Statements for the year ended 31 July 2017
Notes to the Financial Statements

Council. Following lengthy discussions, on 24 March 2017 the Scottish Funding Council instructed that £2m of the sales proceeds should be paid to Forth Valley College. This resulted in an additional gain on disposal being recognised in the year to 31 July 2017.

12. Debtors: Amounts Falling Due within one Year

	31 July 2017 £'000	31 July 2016 £'000
Trade debtors	264	178
Proceeds of sale of fixed assets	-	6,000
Other debtors	4	229
Prepayments and accrued income	376	827
Total	644	7,234

Trade debtors and debts due from students are shown net of a provision for bad debt of £63k (2016 - £226k).

13. Cash and cash equivalents

	31 July 2017 £'000	31 July 2016 £'000
Cash and cash equivalents	777	690
Bursaries and student fund accounts	1	148
Total	778	838

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

Financial Statements for the year ended 31 July 2017
Notes to the Financial Statements

14. Creditors: Amounts Falling Due within one Year

	31 July 2017 £'000	31 July 2016 £'000
Trade creditors	66	238
Other creditors	369	388
Other taxation and social security	414	435
Accruals and deferred income	1,813	2,709
Deferred capital grant	1,572	1,605
VAT creditor	361	433
Lease creditor	14	11
Bursary and discretionary funds for future disbursement	1	148
Repayable to SFC	-	3,000
Total	4,610	8,967

Included within other creditors is £322k (2016 - £335k) in respect of unpaid pension contributions.

15. Creditors: Amounts Falling More than one Year

	31 July 2017 £'000	31 July 2016 £'000
Deferred capital grant	37,912	38,842
VAT Creditor under the Lennartz accounting treatment 1 – 2 years	307	433
VAT Creditor under the Lennartz accounting treatment 2 – 5 years	-	217
Total	38,219	39,492

Financial Statements for the year ended 31 July 2017
Notes to the Financial Statements

16. Deferred Capital Grants

	SFC £'000	Other £'000	Total £'000
At 1 August 2016			
Land and buildings	27,805	11,509	39,314
Modular buildings	103	-	103
Fixtures and fittings	13	-	13
Equipment	947	59	1,006
Vehicles	1	10	11
Total	28,869	11,578	40,447
Received during period			
Land and buildings	544	7	551
Modular buildings	-	-	-
Fixtures and fittings	-	-	-
Equipment	-	58	58
Vehicles	-	-	-
Total	544	65	609
Released to Income and Expenditure			
Land and buildings	737	304	1,041
Modular buildings	28	-	28
Fixtures and fittings	6	-	6
Equipment	436	59	495
Vehicles	-	2	2
Total	1,207	365	1,572
At 31 July 2017			
Land and buildings	27,612	11,212	38,824
Modular buildings	75	-	75
Fixtures and fittings	7	-	7
Equipment	511	58	569
Vehicles	1	8	9
Total	28,206	11,278	39,484

Financial Statements for the year ended 31 July 2017
Notes to the Financial Statements

17. Provisions for Liabilities and Charges

	Defined Benefit Obligation £'000	Unfunded Pension Liability £'000	Total £'000
Balance as at 1 August 2016	8,452	3,487	11,939
Expenditure in the period	-	(209)	(209)
(Reduced)/additional in provision required in the year	(35)	134	99
Balance as at 31 July 2017	8,417	3,412	11,829

The provision is for anticipated future pension costs arising from previous early retirements. The provision has been revalued by a qualified actuary. A net interest rate of 0.5% has been applied in calculating the provision.

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

18. Revaluation Reserve

	31 July 2017 £'000	31 July 2016 £'000
At 1 August 2016	8,325	10,393
Transfer to/(from) revaluation reserve in respect of :-		
Disposal of revalued fixed assets	-	(1,604)
Historic cost depreciation adjustment	(276)	(464)
Revaluation of fixed assets	3,666	-
Net transfer to/(from) revaluation reserve	3,390	(2,068)
At 31 July 2017	11,715	8,325

Financial Statements for the year ended 31 July 2017
Notes to the Financial Statements

19. Financial Instruments

	31 July 2017 £'000	31 July 2016 £'000
Financial Assets		
Financial assets measured at amortised cost	<u>1,144</u>	<u>7,756</u>
Financial Liabilities		
Financial liabilities measured at amortised cost	<u>1,573</u>	<u>5,534</u>

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

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

20. Post Balance Sheet Events

There are no post Balance Sheet events to report.

21. Capital Commitments

The College has no material capital commitments as at 31 July 2017.

22. Contingent Liabilities & Contingent Assets

The College has no contingent liabilities or assets as at 31 July 2017.

23. Shared Services

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

Financial Statements for the year ended 31 July 2017
Notes to the Financial Statements

24. Pension and Similar Obligations

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

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

The schemes are of the defined benefit type, the assets of the schemes being held in separate trustee-administered funds. The total pension cost for 2016/17 was:

	Year to 31 July 2017 £'000	Year to 31 July 2017 £'000
Teachers' Pension Scheme (STSS) : Employer's contributions	1,735	1,836
Local Government Pension Scheme :		
Employer's contributions paid (total)	840	843
Unfunded SPF provision required in year	134	185
	2,709	2,864
FRS 102 employer service cost and curtailments	635	416
Total pension costs	3,344	3,280

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the STSS was 31 March 2012 and of the LGPS (SPF) was 31 March 2014.

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 2012. Employer's contributions were payable during 2016/17 to the STSS at a rate of 17.2% of pensionable pay.

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24. Pension and Similar Obligations (contd.)

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

The assumptions in the 2012 valuation that have the most significant effect on results are as follows:

Actuarial method	
Assumed gross rate of return on investment (discount rate)	3.0% p. a. real; 5.06% p.a. nominal
Assumed rate of increase in salaries	CPI Inflation +2.75%
Present value of liabilities at 31 March 2012	£20.9 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 CPI Inflation + 2.75% thereafter.

Year	Gross discount rate	Pension increases	Salary growth
2012/13	5.27%	2.2%	1.8%
2013/14	5.78%	2.7%	0.5%
2014/15	5.27%	2.2%	1.5%
2015/16	5.16%	2.1%	2.0%
2016/17	n/a	n/a	2.5%
2017/18	n/a	n/a	3.0%
2018/19	n/a	n/a	3.0%

Strathclyde Pension Fund (SPF)

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

Contribution rates during the financial year were:

- a) Employer's - 19.3%;
- b) Employee's - Tiered levels of contribution related to salary level ranging from 5.5% to 9.5%. The College payroll average contribution is 5.91%.

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24. Pension and Similar Obligations (contd.)

For the purposes of FRS 102 'Retirement Benefits' the College's actuarial valuation was calculated by the actuary as at 31 July 2017.

The major assumptions used by the actuary were:

	31 July 2017	31 July 2016
Rate of increase in salaries	4.5%	3.9%
Rate of increase for pensions in payment	2.5%	1.9%
Discount rate for scheme liabilities	2.7%	2.4%
Expected rate of return of assets	2.7%	2.4%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates, the assumed life expectations on retirement age 65 are:

	31 July 2017	31 July 2016
Retiring today/current pensioners:		
Males	22.1	22.1
Females	23.6	23.6
Retiring in 20 years/future pensioners:		
Males	24.8	24.8
Females	26.2	26.2

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2012 model assuming current rates of improvements have peaked and will converge to a long term rate of 1.5% p.a. for males and 1.25% p.a. for females.

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

	Long term rate of return	Value at 31 July 2017 £'000	Expected Annual Return £'000	Long term rate of return	Value at 31 July 2016 £'000	Expected Annual Return £'000
Equities	2.7%	29,298	791	2.4%	26,429	634
Bonds	2.7%	5,777	156	2.4%	5,793	139
Property	2.7%	4,539	122	2.4%	3,982	96
Cash	2.7%	1,651	45	2.4%	0	0
Total	2.7%	41,265	1,114	2.4%	36,204	869

Interest payable of £210k (2016 - £253k) as noted above, is disclosed in the Income and Expenditure account within interest payable (note 9).

The employer contributions for the year to 31 July 2018 will be approximately £826,000.

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24. Pension and Similar Obligations (contd.)

Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for the year ended 31 July 2017

Period ended 31 July 2017	Assets £'000	Obligations £'000	Net (liability)/asset £'000
Fair value of plan assets	36,204	-	36,204
Present value of funded liabilities	-	44,656	(44,656)
Present value of unfunded liabilities	-	-	-
Opening Position as at 31 July 2016	36,204	44,656	(8,452)
Service Cost			
Current service cost	-	1,463	(1,463)
Past service cost (including curtailments)	-	-	-
Effect of settlements	-	-	-
Total Service Cost	-	1,463	(1,463)
Net Interest			
Interest income on plan assets	870		870
Interest cost on defined benefit obligation	-	1,080	1,080
Impact of asset ceiling on net interest	-	-	-
Total net interest	870	1,080	(210)
Total defined benefit cost recognised in Profit or (Loss)	870	2,543	(1,673)
Cash flows			
Plan participants' contributions	270	270	-
Employer contributions	828	-	828
Contributions in respect of unfunded benefits	-	-	-
Benefits paid	(956)	(956)	-
Unfunded benefits paid	-	-	-
Effect of business combinations and Disposals	-	-	-
Expected closing position	37,216	46,513	(9,297)
Re-measurements			
Changes in demographic assumptions	-	-	-
Changes in financial assumptions	-	3,169	(3,169)
Other experience	-	-	-
Return on assets excluding amounts included in interest	4,049	-	4,049
Changes in asset ceiling	-	-	-
Total re-measurements recognised in Other Comprehensive Income (OCI)	4,049	3,169	880
Fair value of plan assets	41,265	-	41,265
Present value of funded liabilities	-	49,682	(49,682)
Present value of unfunded liabilities	-	-	-
Closing position as at 31 July 2017	41,265	49,682	(8,417)

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25. Related Party Transactions

The Board of Management of the College is a body incorporated under the Further and Higher Educational (Scotland) Act 1992 and is largely funded by the Scottish Government via the Scottish Funding Council (SFC). The SFC 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 16 months or worked in partnership with the following bodies in which members of the Board of Management hold or held official positions:

Organisation	Type of Transaction	Value £'000
Glasgow City Council	Grants	403
Skills Development Scotland	Grants	434
Glasgow Kelvin Learning Foundation	Income	277
Glasgow Colleges' Regional Board	Income	128
Glasgow City Council	Income	68
Glasgow Kelvin Learning Foundation	Expenditure	2,800
Glasgow City Council Expenditure	Expenditure	434
Glasgow College's Regional Board	Expenditure	128
Glasgow East Arts Company Ltd	Expenditure	55
Colleges Partnership	Expenditure	34
Gazelle Colleges Group	Expenditure	15

Balances outstanding as at the 31st July 2017 with related parties were as follows:

Organisation	Nature of Balance	Value £'000
Glasgow City Council	Debtor	1
Skills Development Scotland	Creditor	191
Glasgow City Council	Creditor	66
Glasgow East Arts Company Ltd	Creditor	1

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26. Bursaries and other student support funds

	Year to 31 July 2017 FE Bursary £'000	Year to 31 July 2017 FE Discretionary £'000	Year to 31 July 2017 EMAs £'000	Year to 31 July 2017 SAAS HE Funds £'000	Year to 31 July 2017 Total £'000	Year to 31 July 2016 Total £'000
Balance b/fwd	-	-	12	(3)	9	147
Funds received in year	3,155	390	217	252	4,014	3,894
Expenditure	(3,013)	(341)	(220)	(215)	(3,789)	(4,174)
Repayable from SFC/SAAS	-	-	-	-	-	588
Virements	(184)	(49)	-	-	(233)	(306)
Balance c/fwd	(42)	-	9	34	1	149
Represented by:						
Repayable (from) SFC/to SAAS	(42)	-	-	34	(8)	(3)
Retained by college for students	-	-	9	-	9	152
	(42)	-	9	34	1	149

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

Financial Statements for the year ended 31 July 2017
Notes to the Financial Statements

27. FE Childcare funds

	Year to 31 July 2017 £'000	Year to 31 July 2016 £'000
Balance b/fwd	-	-
Allocation received in year	601	915
Expenditure	(959)	(829)
Virement from Bursary Fund	184	-
Virement from HECC	125	-
Virement from FEDF	49	-
Virement to HE Childcare	-	(86)
Balance c/fwd	-	-
Represented by:		
Repayable to funding council as clawback	-	-
Retained by college for students	-	-

28. HE Childcare funds

	Year to 31 July 2017 £'000	Year to 31 July 2016 £'000
Balance b/fwd	-	-
Allocation received in year	380	-
Expenditure	(255)	(392)
Virement from HECC	(125)	-
Virement from Bursary Fund	-	165
Virement from FE Discretionary Fund	-	141
Virement from FE Childcare Fund	-	86
Balance c/fwd	-	-
Represented by:		
Repayable to funding council as clawback	-	-
Retained by college for students	-	-