

Annual Report and Financial Statements

for year ending 31 July 2023



GLASGOW CLYDE COLLEGE
Annual Report and Financial Statements – For Financial Period 2022/23

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Performance Report

PERFORMANCE REPORT

PERFORMANCE OVERVIEW

The financial statements cover all activities of the College for the twelve-month period ended 31 July 2023. Where information is included regarding the College's plans for future years, the College's view has been based on the information available at the time of compiling these financial statements.

This section of the report provides information on the purpose and objectives of Glasgow Clyde College, the main issues and risks that it faces, and a high-level assessment of its performance over the year.

INTRODUCTION FROM THE PRINCIPAL AND CHIEF EXECUTIVE

Welcome to the Financial Statements and Annual Report of Glasgow Clyde College for the 2022/23 academic year, its tenth year of operation since formation in 2013. This year has again been very successful for our students as they learned new skills, discovered their talents and reached new levels of attainment.

During 2022/23, Glasgow Clyde College provided academic, vocational, and technical programmes to circa 17,000 students and apprentices the majority of which were drawn from our local communities; however, due to our growing reputation a significant proportion of our student population have chosen to study at the College from much further afield. We are delighted that we are the college of choice for such a wide range of students who reflect the rich diversity found in our local communities. Over the past year the College has observed a shift in demand towards part-time study by adult students and we have adjusted our services accordingly. This change has been most profound in our higher education provision.

However, this year was one of significant challenges for the College. The long shadow of the Covid-19 pandemic continued to impact significantly on the College, our students and their communities. The process of readjustment back to largely campus-based teaching was welcomed by the majority of students and members of staff, however for some this was not without its challenges and concerns. The new ways of working and learning developed during the pandemic were consolidated into our new model of operation where they added value to both the student experience and the working lives of our members of staff. This period of readjustment has not been without its significant challenges on a day-to-day basis which has tested our resilience and fortitude. It is however testament to the strong and positive values-based culture of the College that these challenges have been tackled and overcome with an approach that was consistently 'people-centered'.

During 2022/23 the cost-of-living crisis engulfed our nation and impacted most profoundly on those communities who were already vulnerable due to the long-term blight of economic and social disadvantage. The College is proud to serve many of the most deprived communities in Scotland as defined by Scottish Index of Multiple Deprivation (SIMD) and in the face of this crisis mobilised its resources and established partnerships to provide enhanced levels of support to our students and their families through an array of innovative sector leading approaches. However, it was evident that the extreme financial pressures on student households and the tight labour market contributed to heightened withdrawals from some courses.

It is during a crisis that people demonstrate their qualities, and this was most evident when in January 2023 we were forced to close our Anniesland campus without notice due to the discovery of a serious construction issue. The majority of the campus remained closed for a period of four months while urgent repairs were undertaken. During this period our longstanding and loyal partner organisations rallied around us to provide accommodation to allow classes to continue. We are indebted to those partners for their support during this most difficult period. The response of our students and members of staff in the face of such a challenging situation was remarkable with classes being taught in new locations and often on-line. The resilience, ingenuity and agility of our people was thoroughly tested again, and they showed an unflinching commitment to our students.

The response of the College and its staff to these challenges further cemented our position as a dynamic nucleus in the communities we are so proud to serve. But none of this would be possible without the support, encouragement, and challenge of our diverse range of partner organisations who ensure that we unrelentingly strive to change the lives of our students every day.

The College views itself as an anchor institution across our communities, providing socially progressive solutions to social needs in collaboration with likeminded partners. The students and members of staff of the College are highly proactive in supporting community development projects, volunteering and fundraising by leveraging their skills, talents and abundant energy to transform the lives of those around them. In addition, the College is proactive in its support of the Glasgow Region's economic development by working closely with local Councils, business representative bodies and directly with employers.

Glasgow Clyde College employs circa 1,100 members of staff whose professionalism, talent, energy and unwavering commitment to our students has been undiminished by the challenges we have faced together and overcome over the past year. Throughout the College there is a pioneering spirit that leads to innovative practices which focus relentlessly on improving the service we provide. It is thus so pleasing that our sector leading practices are regularly recognised with national awards and the spotlight of attention for our peers.

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

Education Scotland undertook an Annual Engagement Visit to the College in December 2022. The reviewers highlighted thirty-four areas of positive practice and just five areas where improvement was required. These findings validated the College's own self-evaluation process which had already arrived at very similar conclusions and work was already well underway to promptly address the areas for improvement.

The Glasgow Clyde Education Foundation (GCEF) continued to provide the College with invaluable support to develop and enhance the services we provide. During 2022/23, with the support of the Foundation, a new student social space was opened at the Anniesland campus and a substantial project to revitalise the public realm at the Cardonald campus was completed. In addition, the Foundation continued to provide its long-term support to the development of digital learning and growth of commercial development activity to achieved improved income diversification.

Since its formation in 2013 the College has established a well-founded reputation as a financially well-managed, strategically focused and prudent organisation that has demonstrated resilience in the face of numerous challenges. However, in 2022/23 the Scottish college sector experienced the strongest of financial headwinds due to spiraling pay and non-pay costs without significant additional funding from the Scottish Government. At the same time, the Government Resource Spending Review determined that the college sector would receive a 'flat-cash' settlement for the next five years. The impact of this hostile operating environment was a deficit £496k Adjusted Operating Position and consequential impact on its cash levels. This is the first time that the College has posted a deficit outturn since formation. The College is now forced to make very difficult decisions to reduce its operating costs and transition into new ways of working to ensure its financial sustainability and solvency in the years ahead.

Meanwhile, Brexit had less of an impact on College operations than had first been anticipated, primarily due to the fact the vast majority of our students and staff are domiciled in Scotland. However, the tight labour market compounded by the impact of the cost-of-living crisis on households has resulted in abundant entry-level employment opportunities for those with low or limited skills. This situation has presented significant challenges for the retention of students on courses where they are able to secure employment without the full attainment of their qualifications. It is anticipated that many of these students will return to their studies in the future once financial pressures on their household's ease.

The Glasgow Clyde College Student Association (GCCSA) continued to strongly advocate for the student body and provide activities and services to enhance the student experience. Throughout 2022/23 the sabbatical postholders and officers of GCCSA worked closely with senior leaders of the College to ensure their work was of impactful and complimentary despite unforeseen turnover amongst their ranks.

I am proud of the service that Glasgow Clyde College provided to its students and communities during 2022/23 and the resilience it displayed throughout. The College is a values-based organisation which ensures that even in the most challenging of times it always operates with the highest standards and putting the needs of our students and members of staff first. I look forward to 2023/24 with a renewed conviction that the College will continue to thrive as a consequence of its unique culture and unflinching commitment.

Jon Vincent

Principal and Chief Executive

PURPOSE AND ACTIVITIES

COLLEGE MISSION, VISION, VALUES AND STRATEGIC PLAN

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

College Mission

Inspirational Learning; Changing Lives

College Vision

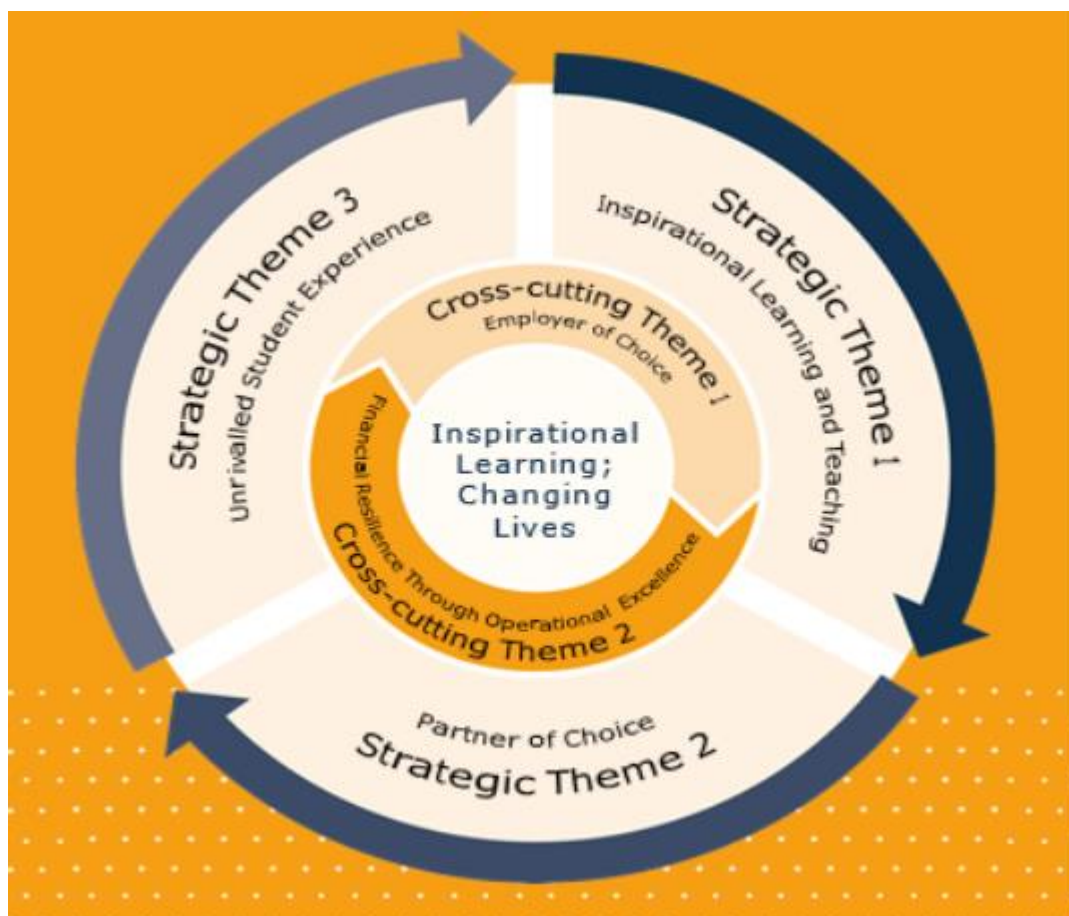
By 2025 Glasgow Clyde College will be celebrated as a socially progressive College which is relentlessly focused on improving the prosperity of the communities it serves. The College will be acknowledged for its unrivalled 'career ready' students, employment focused curriculum, pioneering approaches,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

College Values

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

College Strategic Plan 2022-2025

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



COLLEGE STRUCTURE



RISK MANAGEMENT

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

The Board of Management is of the view that there is a satisfactory process in place for identifying, evaluating and managing the significant risks faced by the College. The risk management process is regularly reviewed by the Board of Management. The College has a Strategic Risk Register which is regularly updated and reported quarterly to Board meetings which reflect the risk scorings based on impact and likelihood of each risk as assessed at each review.

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

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

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

The College's Strategic Risk Register is updated regularly and reported to the Audit Committee, Finance & Resources Committee and the Board of Management on a quarterly basis.

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

GOING CONCERN AND FINANCIAL SUSTAINABILITY

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

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

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

The College is preparing these financial statements on a going concern basis as it is anticipated to have sufficient funds to continue to trade and to meet its liabilities as they fall due in the twelve months from the signing of these financial statements. The going concern concept as it applies to public bodies such as the College assumes that, in the absence of legislative or similar change, funding will continue to be provided by the Scottish Government in order that liabilities will be met as they fall due.

In order to secure medium term financial sustainability, the College has a three-year financial plan which has been approved by the College Senior Leadership Team and the Board of Management. The future financial position of the College is challenging as, without mitigating actions, it is forecasting operating deficits ranging from £0.8million to £3.8million over the financial plan period due to annual pay offers made by Colleges Employers Scotland against a flat cash funding settlement outcome notified by the Scottish Government. Therefore, while the College has a plan for growth in its commercial income, it anticipates having to continue to take significant decisions on spending priorities and its operating model, requiring substantial savings through further significant reductions in its staff and non-staff costs.

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

KEY PERFORMANCE INDICATORS

The College's performance against key performance indicators for academic year 2022/23 is shown below and is compared to target and to the preceding academic year:

STUDENT ACTIVITY PERFORMANCE INDICATORS

| Key Performance Indicator (KPI) | Purpose | 21/22 Actual | 21/22 Target ² | 22/23 Actual | 22/23 Target ² |
|--|--|--------------|---------------------------|--------------|---------------------------|
| EFFICIENCY | | | | | |
| Performance against Credits activity target | Measures performance against GCRB target | -3.7% | 0.0% | -1.1% | 0.0% |
| LEARNING AND TEACHING EFFECTIVENESS ¹ | | | | | |
| Successful outcome for Full Time FE enrolments on recognised qualifications | Measures Full Time FE student success | 57.2%* | 65.0% | 59.0% | 72.0% |
| Successful outcome for Part Time FE enrolments on recognised qualifications | Measures Part Time FE student success | 68.6%* | 73.0% | 71.1% | 78.0% |
| Successful outcome for Full Time HE enrolments on recognised qualifications | Measures Full Time HE student success | 60.4%* | 73.0% | 65.8% | 78.0% |
| Successful outcome for Part Time HE enrolments on recognised qualifications | Measures Part Time HE student success | 71.3%* | 79.0% | 73.5% | 86.0% |
| % of credits delivered to residents of SIMD10 postcodes | Measures credits in SIMD10 postcodes | 29.4% | 32.0% | 29.8% | 28.5% |
| % of successful SIMD10 students | Measures SIMD10 student success | 60.1% | 70.0% | 66.0% | 70.0% |
| % of students satisfied with their learning experience | Measures student satisfaction | 93.4% | 95.0% | 93.8% | 95.0% |
| ¹ Effectiveness measures are based on latest recommended methodology from SFC, reflecting number of successful students divided by number of students initially enrolled and who attended at least one session. ² Student Activity Targets for 2022/23 were agreed with GCRB in 2019/20 for the upcoming 3-year period and were not subsequently revised due to the withdrawal of ROA guidance by the SFC, so do not accommodate the impact that the pandemic had on student attainment. 21/22 figures are exclusive of covid deferred catch-up enrolments as these were originally 20/21 students and excluded from the 21/22 performance indicator by SFC. | | | | | |

OTHER COLLEGE PERFORMANCE INDICATORS

| Key Performance Indicator (KPI) | Purpose | 21/22 Actual | 21/22 Target | 22/23 Actual | 22/23 Target |
|--|--|--------------|--------------|--------------------|--------------|
| EFFICIENCY | | | | | |
| Working days lost through sickness absence | Measures lost staff time | 3.18% | 4.0% | 5.1% ³ | 3.9% |
| Permanent Staff Turnover | Measures level of staff changes | 4.20% | N/A | 2.11% | N/A |
| Tonnes of CO2 emissions tCO2e (Scope 1,2,3 excl supply chain) | Measures carbon emissions | 2,015 | 2,018 | 1,976 ⁴ | 1,955 |
| FINANCIAL | | | | | |
| Adjusted Operating surplus as % of total income | Measures level of operating surplus generated before key adjustments | 1.5% | -0.9% | -0.9% | -0.9% |
| Non SFC Income as percentage of total income | Measures reliance on SFC income source | 21.1% | 20.2% | 24.0% | 23.2% |
| Current assets: current liabilities (excl. deferred capital grants) | Measures short term assets to liabilities | 1.2 | 1.1 | 1.2 | 1.1 |
| Days cash ⁵ | Measures level of cash | 75 | 27 | 72 | 38 |
| <p>³ A review of 2022/23 absence statistics indicates that the transition back to in-person working environments after a prolonged period of remote working and uncertainty resulted in an increased level of sickness absence. The College remains steadfast in its commitment to devising holistic strategies to minimise staff absence as far as possible.</p> <p>⁴ 2022/23 emissions include F gas emissions of 48 which were not previously reported on. Therefore, when these are excluded the 2022/23 emissions were 1,928 meaning there was a real terms reduction of 87 which equates to 4.3%</p> <p>⁵ Days cash are higher than target due to forecast SFC funding claw backs, accruals for 2022/23 pay offers and other year-end movements in working capital. When such items are excluded, the days cash at July 2023 was 25 days. Further information on cash flow is outlined on page 21 of this report.</p> | | | | | |

PERFORMANCE ANALYSIS

This section of the report provides more detailed analysis of the performance of Glasgow Clyde College over the year.

LEARNING AND TEACHING

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

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

The delivery of the College's curriculum during academic session 2022/23 saw some recovery from the effects of the COVID-19 pandemic period, but not to pre-pandemic levels in all areas. Following very poor performance indicators (PIs) in 2021/22, the College took the strategic decision to prioritise face to face learning for all student groups, supplemented by online and asynchronous learning which this time played a complementary role to traditional teaching approaches.

Other strategic priorities included a drive on improving retention through robust guidance and a 'trauma informed' College approach to both teaching and non-teaching interactions with students.

While we anticipated a year without social distancing, or a predominantly online delivery, a serious issue was identified in January 2023 with the windows at our Anniesland Campus where approximately one third of College activity takes place. This posed a serious health and safety risk to our staff and learners from falling glass fittings. A decision was taken to close this campus to allow for a full safety check to be completed and for some interim safety mitigations to be put in place, which moved most learning at that site to either on-line or off-site delivery from January to April 2023. This was managed successfully with the help of partners across the city, including sister FE colleges, universities and community venues, and did not impact delivery at the other two campuses.

A second significant impact on the College was in the form of industrial action in session 2022/23. This took the form of 'action short of strike action' (or ASOS) on the part of the Educational Institute of Scotland – Further Education Lecturers Association (EIS-FELA) which meant that lecturers refused to input results into College systems or pass them onto 3rd parties. This meant that approximately 29,000 results in block 3 of the academic session were not input. This required significant engagement with employers and universities to minimise the impact on progression for our learners and a large number of group awards have yet to be certificated by the awarding bodies for last year's cohort.

The College fell within the 2% tolerance of the credit target, landing around **-1.1%** and earning **124,940** credits. The College failed to achieve its Foundation Apprenticeship (FA) target, which was ring-fenced within the total credit target, having set aside around 2,300 credits for FA activity which was not entirely taken up by schools. This therefore left 1,100 credits which could not be redeployed for other purposes, which could be subject to claw back.

The main recruitment period saw 3 of the 4 faculties below initial recruitment targets with FT recruitment 3% below target. However, over-recruitment on mainly part-time courses in Employability, English to Speakers of Other Languages (ESOL) and General Education made good this deficit. Also, strong January Start recruitment in all faculties then further recouped the earlier losses, with the College finally finishing **6.4%** above its enrolment target by the end of the year. Early retention improved also, by around a percentage point, coming close to pre-pandemic levels.

The College delivered 124,940 credits in the academic year August 2022 to July 2023 (2021/22 credits delivered: 124,546). This is 1,417 credits (1.1%) under its 2022/23 target of 126,357 credits (2021/22 credit target: 129,328) as set by the Glasgow Colleges' Regional Board for academic year 2022/23.

The 2022/23 credits delivered include 123,744 core activity credits (2021/22: 121,354) and 1,196 credits for Foundation Apprenticeships (2021/22: 40). In 2022/23 SFC increased core credit targets to maintain places previously funded by SFC administered European Social Funding (ESF) which ceased in 2021/22 (the College delivered 3,152 ESF credits in 2021/22). On a headcount basis, the College provided Further and Higher Education to 19,543 students in the period from August 2022 to July 2023 (2021/22: 18,886) of which 5,813 were full time students (2021/22: 6,130) and 13,730 were part-time students (2021/22: 12,756). There were 26,068 course enrolments in the 2022/23 period (2021/22: 24,618), of which 4,309 were advanced level (2021/22: 4,797) and 21,759 were non-advanced level (2021/22: 19,821).

Commentary on 2022/23 KPIs

- **Credits activity target:** The College finished the year at -1.1% below the SFC target, which was still within the 2% tolerance permitted under the SFC credit funding rules. As the College was in a challenging financial position it was agreed to make a tactical decision not spend any more resource chasing the final 1.1%, since it would not unlock any more funding.
- **Outcome for Full-time FE:** The College improved Full-time FE outcomes by almost 2% on the previous year. This was a welcome reverse of the previous downward trend although it still leaves a lot of ground to be covered to get back to pre-pandemic levels.
- **Outcome for Part-time FE:** The College improved part-time FE outcomes by 2.5% on the previous year. Again, a welcome reversal of the trend but still leaving more to be done.
- **Outcome for Full-time HE:** This was improved by an impressive 5.4% on the previous year, however there is still a distance to go to get back to sector leading levels of 3 years ago, but a significant uplift in only 1 year.
- **Outcome for Part-time HE:** This was also improved by 2.5% but is still at modest levels compared to 3 years ago.
- **Credits delivered to SIMD10:** This exceeded the target by 1.3%, mainly due to a number of interventions explicitly targeting these groups, such as our nurture approach and our youth clubs.
- **Outcome for SIMD10:** This grew by an impressive 5.9% on last year, a good outcome for a very vulnerable group.
- **Satisfaction Levels:** These grew by 0.4% and are already at sector leading levels. This is a good outcome in what was a challenging year, which included closing one of our campuses for 3 months.

The National Student Survey found that 93.8% of Glasgow Clyde students were satisfied with their college experience in 2022/23, one of the highest satisfaction rates in Scotland, and a 0.4% improvement on last year. 94.2% reported a 'sense of belonging', a 4% increase on the predominantly online experience of the previous year. Over 90% rated the additional time spent on guidance highly, up 2.5 percentage points, and there was a 2% growth in those who strongly agreed that the College prepared them for employment. In terms of engagement with the student association, this was high at 88.3% but it did represent a 1.5% dip since last year.

A new self-evaluation process was introduced in 2022/23 for both teaching and support staff, following a period of relatively 'light-touch' monitoring during the Covid period. This required Assistant Principals to write high level reports, based on detailed operational analyses of Curriculum Managers, identifying chief areas for intervention. Computing, Science and Sport were among areas singled out for additional support in this respect. Significant strides were made in the in-year reporting of KPIs to Curriculum Managers who were provided with live PowerBI dashboards allowing them to monitor progress on a range of KPIs.

The College continues to have strong school/college partnership relationships in place with Glasgow City Council, East Renfrewshire Council and East Dunbartonshire Council Education Departments and others. Local Authorities signaled growing pressures on their resources in the post-pandemic period, and this impacted their ability to support arrangements with travel and other costs.

The management of Foundation Apprenticeship (FA) programmes changed in session 2022/23 with the termination of the Glasgow FA Consortium in June 2022, which had centrally managed the marketing, recruitment and reporting of these qualifications. New posts were created at each of the three Glasgow colleges to allow the continuation of this delivery in a de-centralised way. 2022/23 was the first full year of the new arrangement which saw aspirational growth targets for FAs only partially met.

The College maintained its successful progression routes and articulation links with a range of HE providers for a significant number of its programmes and these continued to grow in session 2022/23. Action Short of Strike (ASOS) threatened to impact on articulation arrangements at the end of the year, but significant work was undertaken during the summer to ensure that all universities received letters of comfort for the students that they were taking on.

The College still delivers degree-level provision in the digital media and design area and offers degree level PDAs in Social Care and Childhood Practice. There has been growing interest in partnership work from universities who have been increasingly keen on agreeing articulation commitments into year 2 and year 3 of their programmes, including formerly difficult to access institutions like Strathclyde University and Glasgow University.

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

- continue to deliver as broad a range of curriculum areas as resources allow and demand justifies;
- introduce new areas where there is a proven demand and realign provision to reflect decreased skills need or demand;
- continue to offer routes for students to progress from introductory, pre-vocational/access level provision through to HND programmes within the College in key areas, and where no such option exists within the curriculum, to support progression routes to advanced provision elsewhere within the Region;
- build on expertise in E-Learning acquired during the emergency years to both enhance traditional learning models and reach new commercial audiences;
- where appropriate, seek to increase degree provision in specialist areas or work in partnership with universities to create seamless tertiary pathways;
- develop commercial programmes and services both nationally and internationally;
- in conjunction with Local Authority Education Departments provide appropriate senior phase programmes including Foundation Apprenticeships to meet identified sustainable local demand for school/college provision in line with the Developing the Young Workforce agenda;
- work with the Glasgow South and North West Community Planning Partnerships to ensure provision is delivered to support the Local Authority's Improvement Plan identified local needs;
- develop further customised provision and support for young people not in education, employment, or training, or at risk of dropping out of education or training;
- promote and enhance the niche areas within the broad-based curriculum where the College has national recognition as a provider;
- meet the potential growth in demand within Glasgow for training in the health and life sciences sectors;
- maintain the qualified childcare workforce in line with the Scottish Government's plans on higher numbers of hours of childcare provision; and
- maximise the synergies between mainstream curriculum and employer needs.

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

CLIMATE CHANGE

The College is committed to addressing climate change implications with its staff and students and other stakeholders, and to help to inform their behaviours, College activity and the impacts for the future. The College has signed up to the Race to Net Zero Greenhouse Gases Commitment and a Climate Change Action Plan (CCAP) was prepared and approved by the Board of Management in June 2022. Also, as per the Scottish Government Order introduced in 2015 requiring all public bodies to submit an annual report to Sustainable Scotland Network (SSN), detailing their compliance with the climate change duties, the College has complied with the reporting requirements for 2022/23 by submitting its report by the deadline of 30 November 2023.

The College's Climate Change Action Plan has a series of actions which are listed by each six-month period and progress against these actions is monitored by the College Climate Change Group and reported to the Audit Committee. The CCAP links each action to the five key activity areas of the UK HE/FE Climate Commission's Climate Action Roadmap for FE Colleges which are: leadership and governance; learning, teaching, and research; estates and operations; partnerships and engagement; and data collection. The College has previously performed well in carbon emission reduction having reduced its reported emissions by 54% between 2014/15 and 2020/21. The target in the College CCAP from its approval in 2022 is to reduce the College's annual carbon footprint by 3% to 5% annually to 2025. The target in the future Race to Net Zero Commitment signed by the College is to reduce College greenhouse gas emissions to zero by 2050. Recent key actions taken by the College include the upgrade of the Anniesland Campus Building Management System (BMS) to manage energy consumption more efficiently, with similar upgrades planned for the Cardonald and Langside campuses, and targeted messaging and training for students and staff with climate change/sustainability now being embedded in the curriculum.

EQUAL OPPORTUNITIES

Through its Values, the College is dedicated to upholding the principles of Equal Opportunities and is unwavering in its commitment to ensuring that every individual, whether they are learners or staff members, experiences a fair and just environment. We hold diversity in high regard, embracing and celebrating differences in race, sex, gender, sexual orientation, disability, religion or belief, and age. Our commitment to equality is embedded in every aspect of our policies and procedures, which all undergo a rigorous equality impact assessment.

In the spirit of inclusivity, the College welcomes applications from individuals with disabilities, taking into account their unique abilities and talents. We guarantee an interview to any disabled applicant who meets the essential criteria for a position. Furthermore, if an existing employee becomes disabled, we spare no effort to accommodate their needs and ensure that their employment with the College continues. Our policy is designed to provide training, support career development and open doors to promotional opportunities, striving to offer an experience for disabled employees that is indistinguishable from that of their non-disabled counterparts. The College proudly bears the title of a Disability Confident employer.

DIVERSITY AND INCLUSION

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

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

As a recipient of public funds Glasgow Clyde College is committed to Fair Work practices. This agenda is being led for the sector by College Employers Scotland and a draft sectoral Fair Work Statement and articulation of high-level practices is under development. The statement sets out the sector's commitments via a Fair Work Working Group, which includes membership and contributions from the Glasgow colleges.

GLASGOW CLYDE COLLEGE STUDENT ASSOCIATION

Session 2022/23 saw Glasgow Clyde College Student Association (GCCSA) continue to provide a representative voice for the student population at the College. The team saw a new President and Vice-President elected alongside two standing Vice-Presidents who were re-elected for the year. The team were fully supported by the GCCSA Coordinator and GCCSA Engagement Assistant for the academic year. The President resigned in April 2023 and the smaller team worked very effectively to deliver impactful activity.

The need to transition from session to session smoothly has seen the GCCSA Coordinator develop and implement clear operational plans which can then be customised for the new sabbatical team. This allowed core activity including work on Gender Based Violence, the LGBT+ Charter, the Healthy Body, Healthy Minds Charter, food poverty, cost of living crisis support, cycling initiatives, ICT support, language exchange and equality to continue on productively whilst enabling sabbatical officers the opportunity to prioritise projects they had proposed through their election manifestos.

Partnership work with key sectoral stakeholders including NUS, SPARQs, GCRB, SSS and Cycling Scotland supported a wide range of activity for GCCSA and allowed the team to actively participate across the range of College management groups and committees and ensure student voices were fully heard.

GCCSA has continually increased its profile through social media and engagement initiatives and continued to promote a sense of belonging. Routinised activity including Freshers days, Refreshers Days and Christmas Fayres were delivered to promote engagement and ensure a fun element to activities. Significant work was driven by GCCSA and a Vice-President as part of the Learning Spaces project with key developments being made to the Mary Stuart Building.

The year closed with a number of high-profile initiatives being brought to fruition as the College prepares for session 2023/24. These include a successful bid for a cycling intern for nine months and a new partnership with Sport Scotland and Scottish Student Sport to fund an Active Campus Coordinator for 24 months. A successful election has seen a new sabbatical team ready to drive forward with initiatives in the new academic year.

RESOURCES AND FINANCIAL PLANNING

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

Members of the Senior Leadership Team and the Board of Management review the College's financial plans regularly and after much discussion on future financial sustainability the College's three-year Financial Forecast Return was approved by the Board of Management at its June 2023 meeting and submitted to the SFC.

The College implemented a financial sustainability plan during the year which included significant staff cost savings and non-staff cost savings for the period 2022/23 and future years. Staff cost savings are naturally a key area for the College's financial planning given the proportion of the College's cost base being staff costs which is as a direct result of the nature of teaching and related support service delivery.

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

The College is also seeking to maximise its commercial income and surplus plan over the forthcoming period to aim to alleviate some of the pressures of its future financial plans and financial sustainability. Following the changes to this area through the impact of the COVID-19 pandemic, the commercial income plan has been revisited and there is a five-year commercial plan through to 2027/28 which reflects the new range of course delivery models with more online delivery where possible and with a focus on future reskilling and upskilling courses. The progress on this commercial plan will continue to be an area of focus for the College and the Board of Management through the period to 2027/28 to measure progress on achievement against targets.

ESTATES STRATEGY AND CAPITAL INVESTMENT

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

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

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

The College received an allocation of £2.09Million of these high priority estates maintenance funds for 2022/23. This funding was used to address projects related to roof works, heating, ventilation, air conditioning, fire and security improvements and lift repairs. These works for 2022/23 were spread across each of the three campuses.

On 9 August 2023, further to increasing public awareness of concerns regarding RAAC (a lightweight, aerated form of concrete that was that was most used in buildings from the 1960s up to 1990. SFC wrote to colleges to request information on the presence of RAAC in college estate buildings.

The College commissioned the relevant survey reports and, in September 2023, received reports that confirmed there is no RAAC at either the Anniesland or Langside campuses. However, RAAC has been identified in the boiler room and changing rooms at the Cardonald campus. In those areas where the College technical advisors have recommended access restrictions these have been implemented. Further survey works are ongoing as at the date of the signing of the financial statements.

The Glasgow Clyde Education Foundation (GCEF) provided £652k of capital funding in 2022/23 to support a project to improve the Cardonald external environment and public realm which was completed in the summer of 2022.

REVIEW OF FINANCIAL PERFORMANCE

Overall, for the twelve-month period from August 2022 to July 2023, Glasgow Clyde College is reporting a deficit of £964k (2021/22 deficit: £3,873k). There was an unrealised surplus of £5,108k on Revaluation of Land and Buildings (2021/22: unrealised surplus: £2,685k). In addition, an asset impairment of £4,394k has been recognised in the financial statements in respect of the Anniesland Campus windows and the RAAC which was identified at the Cardonald campus. Actuarial losses on Defined Benefit Pension Plans for the period were £16,419k (2021/22: gains £35,647k). Therefore, the Total Comprehensive Income for the period is reported as negative £16,669k (2021/22: £34,459k).

The College's income was £55.3million for the period to 31 July 2023 (2021/22: £52.4million).

At 31 July 2023, following movements in the pension asset, the College has an accumulated income and expenditure reserve of £14.4million (2021/22: £29.9million) and a cash balance of £10.1million (2021/22: £10.4million). Further information in respect of cash balances and the related impact on the College's liquidity position is outlined on page 21 of this report.

Fixed assets have remained relatively stable during the year due to additions of £2.7million and a revaluation indexation uplift of £5.1million, being offset by an impairment of £4.4million and an in-year depreciation charge of £4.9million.

Tangible fixed asset additions and transfers during 2022/23 amounted to £2.7million across all asset categories (2021/22: £2.8million). These additions consisted of a range of SFC Funded Capital Backlog Maintenance projects and the GCEF funded Cardonald Public Realm project.

The Balance Sheet position has weakened in year, primarily as a consequence of the July 2023 Actuarial Valuation in respect of the Strathclyde Pension Fund which resulted in a £16.8million reduction in the Net Pension Asset which has reduced from £20.2million to £3.4million. The College has £93.6million of net assets as at 31 July 2023 (2021/22: £110.3million).

No debt was held by the College. The College is in receipt of SFC main teaching and fee waiver grant funding and also generates income from its commercial activities through provision of professional qualifications and vocational training to its customers.

Cash Budget for Priorities Spend

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

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

| Table of cash budget for priorities spend | | |
|--|--------------------------|--------------------------|
| Revenue Priorities | 2022-23 £'000 | 2021-22 £'000 |
| 2015-16 Pay award | 300 | 300 |
| Voluntary Severance | 152 | 0 |
| Estates costs | 0 | 126 |
| Total impact on operating position | 452 | 426 |
| Capital Priorities | | |
| Provisions pre 1 Apr14 carried on balance sheet: Payments to early retirals | 160 | 186 |
| Total Capital | 160 | 186 |
| Total cash budget for priorities spend | 612 | 612 |

ADJUSTED OPERATING POSITION

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

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

| Adjusted Operating Position | 2022-23 £'000 | 2021-22 £'000 |
|--|--------------------------|--------------------------|
| Surplus/(deficit) before other gains and losses | (964) | (3,873) |
| Add back: | | |
| Depreciation (net of deferred capital grant release) on both government-funded and privately funded assets including NPD assets (Note 1) | 1,165 | 1,820 |
| Non-cash pension adjustment - Net service cost (Note 2) | 979 | 3,114 |
| Non-cash pension adjustment - Net interest cost (Note 3) | (688) | 219 |
| Non-cash pension adjustment - Early retirement provision (Note 4) | (176) | (266) |
| Deduct: | | |
| Non-Govt capital grants (e.g., Arm's Length Foundation capital grant) (Note 5) | (652) | (42) |
| Cash Budget for Priorities allocated to loan repayments and other balance sheet items - Payments to Early Retirement Provision (Note 6) | (160) | (186) |
| Adjusted operating surplus/(deficit) | (496) | 786 |

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

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

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

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

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

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

OTHER PERFORMANCE REPORT AREAS

Financial Memorandum

On 24 November 2022, the College notified GCRB of its intention to enter into a Central Office of Tribunal form 3 (COT3) agreement. At that time GCRB was unsure if prior approval would be required under the terms of the GCRB Financial Memorandum. GCRB notified SFC of this matter on 5 December 2022. The College had sought legal advice which advised that approval was not required for a COT3 agreement. No settlement agreements were used in this process. The College subsequently signed the COT3 agreement on 8 December 2022.

Subsequently, on 17 January 2023, GCRB advised the College that it considered the COT3 to be a form of settlement agreement and, as such, formal approval was, in fact, required. At that time, the College sought retrospective approval which was granted by GCRB and SFC on 12 April 2023. On 19 July 2023 SFC wrote to the College stating that this matter placed the College in breach of the Financial Memorandum. The College has since clarified with GCRB the appropriate mechanism by which to secure prior approval to prevent any such breach recurring in the future.

Taxation Status

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

Treasury Policies and Objectives

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

Cash Flows

Cash flow projections are prepared annually, broken down on a monthly basis to ensure that cash levels are sufficient to meet the needs of the College. Cash flow movements in the period resulted in a net decrease of £290k as a result of movements in working capital, some of which have occurred as a result of the income being deferred where activity is continuing in academic year 2023/24. Of the overall cash balance held as at 31 July 2023, approximately £2million relates to SFC funding which is expected to be clawed back. The College is also holding approximately £2million in cash to fund the 2022/23 teaching and support staff pay offers. When these balances and other year-end working capital movements are excluded, the College is holding baseline cash of approximately £3.4million (25 days).

Liquidity

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

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

At the end of July 2023, the ratio of current assets: current liabilities excluding deferred capital grants was 1.2 (July 2022: 1.2) and the days cash: expenditure excluding depreciation was 72 (July 2022: 75).

Creditor Payment Policy

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

Modern Slavery and Human Trafficking Statement

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

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

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

Anti-Bribery, Fraud and Corruption Policy

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

The key elements of this policy are:

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

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

The Performance Report is approved by the Principal and Chief Executive

Jon Vincent

Principal and Chief Executive

Date:

Accountability Report

ACCOUNTABILITY REPORT

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

CORPORATE GOVERNANCE REPORT

The Corporate Governance Report comprises the following sections:

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

BOARD OF MANAGEMENT REPORT

The membership of the Board of Management and its related Committees during the year to 31 July 2023 and up to the date of signing these statements is outlined below:

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

| | |
|---|---|
| David Newall, Chair | Former University Secretary, University of Glasgow |
| Mary Docherty (until 31 July 2023) | Former Head of Education, North Ayrshire Council |
| Fiona Godsman (until 31 July 2023) | Self Employed, Business Strategy Consultant |
| Sandra Heidinger | Special Adviser to the Principal, University of Strathclyde |
| Gordon McGuinness (until 31 July 2023) | Director of Industries and Enterprise, Skills Development Scotland |
| Maureen McKenna | Self-employed – Education Consultant |
| Runa McNamara | Company Director – Amethyst Global Ltd |
| Alan O' Donnell | Director – Qualifi a UK Awarding Organisation |
| Lindsey Paterson | Director Easee UK Ltd and Electro-peds Ltd |
| Michael Payne | Former partner-PricewaterhouseCoopers LLP a professional services organisation |
| | Customer & Distribution Chief Financial Officer, M&G PLC until 31 December 2022 |
| | Senior Advisor, KPMG from 9 January 2023 until 29 September 2023 |
| Margaret Swiderska | Commercial Director, The Exeter from 2 October 2023 |
| | Head of Group Finance |
| David Watt | The Medical and Dental Defence Union of Scotland |
| Rosalind Micklem (from 1 August 2023) | Chartered Accountant |
| Fergus Brown (from 1 August 2023) | Former Scotland Director, Equality and Human Rights Commission |
| Kathleen Sweeney (from 1 August 2023) | Head of Human Resources, College of Medical, Veterinary and Life Sciences, University of Glasgow |
| Stuart Porteous (from 1 August 2023) | Regional Secretary, Independent Schools Bursars Association and Consultant- Navigator Law |
| | Head of Executive Governance and Individual Accountability, Natwest Group (up until October 2023), Self-employed consultant |

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

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

| | |
|-----------------|--|
| William French | Teaching Staff Member (until 1 September 2023) |
| Paula Dixon | Teaching Staff Member (from 14 November 2023) |
| Atiqa Chaudhry | Students' Association Vice-President (until 7 June 2023) |
| Andrew Jack | Students' Association Vice-President (from 1 July 2023) |
| Sunita McKenna | Students' Association President (until 17 April 2023) |
| Martina Tuskova | Students' Association President (from 21 August 2023) |
| Jon Vincent | Principal & Chief Executive Officer, Glasgow Clyde College |
| Clare Walker | Support Staff Member (until 7 September 2023) |
| Rena McAdam | Support Staff Member (from 8 September 2023) |

Board Attendance

All Board meetings for the period 1 August 2022 to 31 July 2023 were held on campus with the majority of Committee meetings held remotely. The Board held a development event on 30 August 2023. The following table demonstrates Board members' attendance at Board meetings in the period 1 August 2022 to 31 July 2023 (the development event is included as one day for the purposes of this table).

| NAME | NUMBER OF POSSIBLE MEETINGS | NUMBER OF MEETINGS ATTENDED | PERCENTAGE ATTENDED |
|--------------|------------------------------------|------------------------------------|----------------------------|
| A Chaudhry | 4 | 3 | 75% |
| M Docherty | 5 | 4 | 80% |
| W French | 5 | 5 | 100% |
| F Godsman | 5 | 5 | 100% |
| S Heidinger | 5 | 5 | 100% |
| G McGuinness | 5 | 5 | 100% |
| M McKenna | 5 | 4 | 80% |
| S McKenna | 4 | 3 | 75% |
| R McNamara | 5 | 5 | 100% |
| D Newall | 5 | 5 | 100% |
| A O'Donnell | 5 | 4 | 80% |
| L Paterson | 5 | 5 | 100% |
| M Payne | 5 | 3 | 60% |
| M Swiderska | 5 | 5 | 100% |
| J Vincent | 5 | 5 | 100% |
| C Walker | 5 | 4 | 80% |
| D Watt | 5 | 5 | 100% |

Committees of the Board

The Board has six standing committees:

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

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

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

The following table provides information on the function of each Committee and on the number of meetings in the period 1 August 2022 to 31 July 2023.

| NAME | FUNCTION | MEMBERSHIP |
|---------------------------------------|---|---|
| Audit (4 meetings) | <p>The Committee satisfies itself as to the adequacy and effectiveness of the College's internal financial and management systems and advises the Board on the College's process for risk, control and corporate governance.</p> <p>The Committee reviews the Internal Auditor's and External Auditor's reports on the effectiveness of the College's internal controls and risk management systems together with the relevant management responses and implementation plans.</p> <p>It also considers reports from Audit Scotland as they affect the College's business and monitors adherence to the regulatory requirements.</p> <p>At its November 2023 meeting, the Audit Committee met with the External and Internal Auditors in private with no members of the Executive Management Team present.</p> | <p>David Watt, Chair Sunita McKenna (until 17 April 2023) Fiona Godsman (until 31 July 2023) Michael Payne Margaret Swiderska (until December 2022) Clare Walker (until 7 September 2023) Rena McAdam (from 8 September 2023) Stuart Porteous (from 1 August 2023) Lindsey Paterson (from 1 August 2023) Andrew Jack (from 1 July 2023)</p> |
| NAME | FUNCTION | MEMBERSHIP |
| Finance and Resources (5 meetings) | <p>The Committee recommends the annual revenue and capital budgets to the Board of Management and monitors the College's financial performance in relation to the approved budgets, including estates and resources implications.</p> | <p>David Newall, Chair William French (until 1 September 2023) Lindsey Paterson (until 31 July 2023) Atiq Chaudhry (until 1 June 2023) Margaret Swiderska (from January 2023 onwards) Jon Vincent Kathleen Sweeney (from 1 August 2023) Martina Tuskova (from 21 August 2023)</p> |

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| NAME | FUNCTION | MEMBERSHIP |
|--|---|--|
| Learning and Teaching (3 meetings) | The Committee provides assurance to the Board in relation to the effectiveness of the strategic direction of learning, teaching and assessment in the College. | Gordon McGuinness, Chair (until 31 July 2023) William French (until 1 September 2023) Maureen McKenna (Chair from 1 August 2023) Runa McNamara Alan O'Donnell Atiqa Chaudhry (until 1 June 2023) Jon Vincent Andrew Jack (from 1 July 2023) |
| NAME | FUNCTION | MEMBERSHIP |
| Organisational Development (3 meetings) | This Committee considers all policy aspects relating to staffing including equality and diversity issues, human resource issues, staff governance, staff well-being and health and safety matters. | Sandra Heidinger, Chair Mary Docherty (until 31 July 2023) Gordon McGuinness (until 31 July 2023) Sunita McKenna (until 17 April 2023) Jon Vincent Clare Walker (until 7 September 2023) Fergus Brown (from 1 August 2023) Ros Micklem (from 1 August 2023) Martina Tuskova (from 21 August 2023) |
| NAME | FUNCTION | MEMBERSHIP |
| Remuneration (1 meeting) | The Committee determines the remuneration of the most senior staff, including the Principal within an agreed funding envelope. | Sandra Heidinger, Chair Gordon McGuinness (until 31 July 2023) David Newall David Watt Maureen McKenna (from 1 August 2023) |
| NAME | FUNCTION | MEMBERSHIP |
| Nominations (3 meetings) | The Committee makes proposals for succession planning and board member recruitment. The Committee takes due regard of the Public Sector Equality Duty and guidance on Board diversity. Recruitment processes are agreed on to support the Board's aims in these areas and to take account of the current mix of Board member skills. The Committee's remit also includes responsibility for consideration of the governance framework within which the Board of Management operates. | David Newall, Chair Fiona Godsman (until 31 July 2023) Alan O'Donnell (until 31 July 2023) Lindsey Paterson (from November 2022) Clare Walker (until 7 September 2023) Fergus Brown (from 1 August 2023) Rena McAdam (from 8 September 2023) |

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

The Register of Interests for the Board of Management members who served from 1 August 2022 onwards can be found at

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

Executive Management Team

Jon Vincent, Principal and Chief Executive Officer

John Rafferty, Deputy Principal

Janet Thomson, Vice Principal, Resources & College Development (up until 31 August 2023)

Tracy Elliott, Interim Vice Principal, Resources & College Development (from 1 October 2023)

The Register of Interests for the Executive Management Team can also be found at <https://www.glasgowclyde.ac.uk/about-us/board-of-management/register-of-interests>

Data Security, Data Protection and Freedom of Information

There were no personal data-related incidents reported to the Information Commissioner's Office during the 2022/23 financial period. All processing of information within the College during the financial period 2022/23 complied with the appropriate legislation including the General Data Protection Regulation (GDPR), the Data Protection Act 2018 and the Freedom of Information (Scotland) Act 2002.

The College received 29 FOI requests during this session. 28 were handled within the recommended timescales and one fell out with the proposed timeline because of the scale and complexity of the request. Some common themes included management salaries and expenditure; procurement of ICT equipment; and queries regarding the College's financial recovery plan and its consequential loss of staff through voluntary severance.

Accounting Policies

The Accounting Policies applied by the College are set out in pages 50 to 55. Financial Reporting Standard 102 – Employee Benefits sets out the treatment of on-going pension obligations and the basis on which provisions have been made. The Board notes that the period end liabilities are sensitive to the underlying assumptions of the College's representative actuaries.

STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITIES

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

The Board of Management is responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the Constitution, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions, the 2022/23 Government Financial Reporting Manual (FReM) where applicable, and other relevant accounting standards. It is the duty of the Board of Management, through its designated office holder, to prepare financial statements for each financial period which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that period.

In causing the financial statements to be prepared, the Board of Management has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- the financial statements are prepared on a going concern basis, unless it is inappropriate to presume that the College will continue in operation.

The Board of Management has a responsibility to:

- ensure that funds from the Glasgow Colleges' Regional Board are used only for the purposes for which they have been given and in accordance with the Further and Higher Education (Scotland) Act 1992, the College's Financial Memorandum with the Funding Council, and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the College and hence to take reasonable steps to prevent and detect fraud;
- ensure reasonable steps have been taken to secure the economical, efficient and effective management of the College's resources and expenditure; and
- ensure sound corporate governance and the proper conduct of the College's operations.

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

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

Statement of disclosure to the Auditor

- so far as the Board of Management is aware, there is no relevant audit information of which the College's auditor is unaware;
- it has taken all the steps that it ought to have taken as a Board of Management to make itself aware of any relevant audit information and to establish that the College's auditor is aware of that information
- the annual report and accounts as a whole are fair, balanced and understandable; and
- they take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced, and understandable.

CORPORATE GOVERNANCE STATEMENT

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

This governance statement supplements the information provided in the financial statements. It sets out the governance structures, risk management and internal control processes that have been operating in the College in the year to 31 July 2023 and reports the Board's assessment of the effectiveness of these arrangements.

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

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

The College complies with all the principles of the 2016 Code of Good Governance for Scotland's Colleges, and it has complied throughout the year ended 31 July 2023.

The last externally facilitated review of the Board's effectiveness was completed in March 2021. Annual self-evaluations have been carried out at the Board's development days on 13 September 2022 and 30 August 2023.

The College's internal auditor has expressed the opinion that the Board of Management of Glasgow Clyde College has adequate and effective arrangements for risk management, control and governance and that the College has proper arrangements in place to promote and secure Value for Money. The following internal audit reports have been reviewed by the Audit Committee in the financial year to 31 July 2023.

| Internal Audit Review | Overall Conclusion | Grading of Recommendations |
|--|--------------------|----------------------------|
| Student Engagement/Student Association | Good | No recommendations |
| Student Fees and Contracts/Registry | Good | No recommendations |
| Cyber Security | Satisfactory | 2 Low, 2 Medium priority |
| Curriculum VLE Platform | Good | 2 Low Priority |
| Performance Reporting/KPIs | Good | 3 Low Priority |
| Bring Your Own Device | Satisfactory | 1 Low, 1 Medium priority |

Financial Memorandum

The Performance Report section of this report refers to a breach of the Financial Memorandum which was retrospectively raised by GCRB in January 2023 due to its view of what constitutes a settlement agreement. The College has since clarified with GCRB the appropriate mechanism by which to secure prior approval to prevent any such breach recurring in the future.

Going Concern

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

Governance Framework

The Board's Governance Framework includes an assessment of the Board's performance in achieving objectives set within the context of a Board Development Plan which was updated in June 2021, following the externally facilitated review and reviewed at the 13 September 2022 and 30 August 2023 development days.

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

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

KEY ISSUES AND RISKS

The College Strategic Risk Register as at the date of the signing of the financial statements has thirteen key risks identified and each risk is ranked based on assessment of impact and probability. Of these thirteen risks two are scored as high after mitigating actions, seven are scored as medium after mitigating actions, and four are scored as low after mitigating actions.

In particular, risk in respect of managing financial sustainability has increased with reductions in real terms SFC funding exacerbated by hyper-inflationary cost pressures in energy, and other rising costs putting further stresses on the College finances. Meanwhile, Brexit had less of an impact on College operations than was first anticipated, primarily due to the fact most of our students and staff were domiciled in Scotland during the year.

In addition, an emerging risk for the College is the shift from full-time students to part-time students which will potentially affect credit funding. This exposure strongly relates to the outdated funding model which is being reviewed by the SFC in its review of coherent provision and sustainability.

The two risks which have a high residual risk score, and a summary of key mitigating actions are as outlined below:

| Risk | Summary of Key Mitigating Actions |
|--|---|
| Risk 1 – Failure to manage College financial sustainability through period of financial plan | Robust financial planning and monitoring based on an extensive annual curriculum portfolio planning and review process and staff and non-staff cost reduction plans. |
| Risk 2 – Implications of national bargaining and possible negative impact on employee relations | Continued engagement with national bargaining process including clear emphasis on financial sustainability and flat cash SFC funding, whilst maintaining local relationships with Trade Unions and wider stakeholders in addition to business continuity planning used to ensure all stakeholders are appropriately communicated with in any potential industrial action. |

Statement On System of Internal Control

The College's Board of Management is responsible for the College's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. Systems of control have been in place for the year under review and up to the date of approval of the annual report and accounts.

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

The Senior Leadership Team (SLT) receives reports on key financial and non-financial performance matters with risk implications considered for each report, and the SLT considers possible control issues brought to their attention by early warning mechanisms which are embedded within the operational units.

In order to comply with the Scottish Public Finance Manual (SPFM) the College has in place a Certificate of Assurance process to support the governance statement in the financial statements and to enable the overall Certificate of Assurance for the College to be signed by the Principal. The Principal is required to submit a Certificate of Assurance statement to GCRB who in turn is required to submit a statement to SFC as part of their March year-end process. SFC are then required, in turn, complete a statement for submission to the Scottish Government.

For the Certificate of Assurance completion, the College uses an internal process where identified key senior managers provide assurances to the Principal on the elements within the assurance checklist which relate to their areas.

The College has a dedicated Clerk to the Board resource who reports to the Chair of the Board.

REMUNERATION AND STAFF REPORT

Introduction

The College is required to prepare and publish within its financial statements an annual Remuneration Report under the 2022/23 Government Financial Reporting Manual (FRoM) issued by the Scottish Government, for the period ending 31 July 2023.

Remuneration Policy

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

Remuneration including salary and pension entitlements

The details in the salary and pension tables are subject to audit.

Salary entitlements

The following table provides details of the remuneration and pension interests of senior management. No overtime or bonus payments are made to senior management.

| Name | Year ended 31 July 2023 | | | Year ended 31 July 2022 | | |
|-------------------------------------|-------------------------|-----------------------------|----------------|-------------------------|-----------------------------|----------------|
| | Salary £'000 | Pension Benefit £'000 | Total £'000 | Salary £'000 | Pension Benefit £'000 | Total £'000 |
| Jon Vincent | 135-140 | 15-20 | 150-155 | 130-135 | 25-30 | 155-160 |
| John Rafferty | 95-100 | *(5-10) | 90-95 | 90-95 | 120-125 | 215-220 |
| Janet Thomson (Left August 2023) | 90-95 | 70-75 | 165-170 | 90-95 | 35-40 | 130-135 |

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

*Negative Values

During periods of pay restraint and / or where inflation is higher than pay increases then increase in pension due may not be sufficient to offset the inflation increase and the pension value can reduce.

The total annual equivalent salary for each member of the senior management team during 2022/23 is as follows:

| Name | Position | £'000 |
|---------------|------------------|---------|
| Jon Vincent | Principal | 135-140 |
| John Rafferty | Deputy Principal | 95-100 |
| Janet Thomson | Vice Principal | 90-95 |

Median Remuneration

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

| | 2022-23 £'000 | 2021-22 £'000 | % Change | 2022-23 Ratio | 2021-22 Ratio |
|--|------------------|------------------|-------------|------------------|------------------|
| Range of workforce remuneration (excluding highest paid) | 19-97 | 19-96 | - | - | - |
| Highest paid official remuneration | 136 | 133 | 1.5% | - | - |
| Ratio: Median | 43 | 39 | 10.25% | 3.2 | 3.4 |
| Ratio: 25th percentile | 29 | 28 | 3.57% | 4.6 | 4.7 |
| Ratio: 75th percentile | 43 | 43 | 0% | 3.1 | 3.0 |

Based on the 12-month equivalent figures above, the banded remuneration of the highest paid official in the organisation in the financial year 2022-23 was £135,000 - £140,000 (2021-22 £130,000 - £135,000). This was 3.2 times (2021-22 3.4 times) the median remuneration of the workforce which was £42,837 (2021-22 £39,264). The range of remuneration was from the lowest at £18,992 to highest at £135,503.

The 25th percentile in the financial year 2022-23 was £29,349 (2021-22 £28,349). The highest paid official in the organisation in the financial year was 4.6 times (2021-22 4.7 times) the 25th percentile of the workforce.

The 75th percentile in the financial year 2022-23 was £43,357 (2021-22 £43,357). The highest paid official in the financial year was 3.1 times (2021-22 3.0 times) the 75th percentile remuneration of the workforce, this was an increase of 0% from the previous financial year.

The median ratio has reduced as the unpromoted teaching staff pay scale has five pay points. In addition, no pay awards were implemented in 2022/23 as national bargaining negotiations were still ongoing at the end of the academic year.

Employees receive no benefits other than their annual salary and relevant employer's pension contributions.

Accrued Pension Benefits

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

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

The schemes' normal retirement age is 65. Contribution rates are set annually for all employees and can be found in note 19.

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

Senior Officials Pension

Pension benefits are provided to senior officials on the same basis as all other staff. The accrued pension benefits for senior officials are set out in the table below.

| Name | Accrued pension at pension age at 31 July 2023 | Accrued lump sum at pension age at 31 July 2023 | Real increase in pension 1 Aug 2022 to 31 July 2023 | Real increase in lump sum 1 Aug 2022 to 31 July 2023 | CETV at 31 July 2023 | CETV at 31 July 2022 Restated | Real increase in CETV |
|----------------------|--|---|---|--|----------------------|-------------------------------|-----------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Jon Vincent | 10-15 | 0-5 | 0-5 | 0-5 | 185 | 163 | 22 |
| John Rafferty | 35-40 | 100-105 | 0-5 | (0-5) | 726 | 714 | 12 |
| Janet Thomson | 30-35 | 15-20 | 0-5 | 0-5 | 543 | 474 | 69 |

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

Cash equivalent Transfer Value (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time.

The value of the accrued pension benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total Local Government service and not just their current appointment.

In considering the accrued pension benefits figures the following contextual information should be taken into account:

- (i) the figures for pension and lump sum are illustrative only in light of the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement.

- (ii) the accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period of time.

Real increase in CETV

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

Compensation for loss of office

The College implemented a voluntary severance scheme during 2022/23 and the scheme was approved in advance by GCRB and the Scottish Funding Council in line with relevant guidance.

45 employees (headcount) were approved for voluntary severance terms during this reporting period with the majority of them leaving on 31 July 2023. Overall, these employees received a combined total of compensation payments of £1,092k. The table below summarises the voluntary severance payments for the College by cost band which were agreed during 2022/23. The cost to the College of buying out the actuarial reduction on staff pension was £220k.

| Cost band | Number of compulsory redundancies | Number of other departures agreed | Total number by cost band |
|---------------------------|-----------------------------------|-----------------------------------|---------------------------|
| <£10,000 | 0 | 7 | 7 |
| £10,000 - £25,000 | 0 | 21 | 21 |
| £25,000 - £50,000 | 0 | 11 | 11 |
| £50,000 - £100,000 | 0 | 6 | 6 |
| £100,000 - £150,000 | 0 | 0 | 0 |
| £150,000 - £200,000 | 0 | 0 | 0 |
| Total number | 0 | 45 | 45 |
| Total cost (£'000) | 0 | 1,092 | 1,092 |

Glasgow Clyde College Workforce

The College employed 709 people in 2022/23 (2021/22: 717) expressed in full time equivalents of whom 426 (60%) were teaching staff (2021/22: 427 (60%)).

For the year to 31 July 2023, in headcount terms the College employed 1,064 people, (2021/22: 1,137) which included 844 permanent members of staff (2021/22: 831) and 220 temporary staff members (2021/22: 306). For the same period the College employed in headcount terms 679 females (2021/22: 715) and 385 males (2021/22: 422). The senior management team in headcount terms consisted of 6 females and 6 males.

Salaries and Related Costs of the College Workforce

| | 12 months ended 31 July 2023 | 12 months ended 31 July 2022 |
|---|---------------------------------|---------------------------------|
| | £'000 | £'000 |
| Directly employed staff | | |
| Wages and salaries | 31,423 | 29,823 |
| Social security costs | 2,990 | 2,886 |
| Other pension costs excl FRS102 adjustments | 5,578 | 5,394 |
| Sub total | 39,991 | 38,103 |
| Seconded and agency staff | 158 | 120 |
| Total | 40,149 | 38,223 |
| Average number of FTE | 709 | 717 |

Staff turnover is included in the KPI table on page 11.

Note: the movement in FTE does not correlate to the movements in total headcount and the headcount of voluntary severance leavers as some staff work part-time and the majority of voluntary severances leavers left at the end of the academic year.

Pension Arrangements

The College participates in two separate defined pension schemes, which are the Strathclyde Pension Fund (SPF) for support staff, the Scottish Teachers Superannuation Scheme (STSS) for teaching staff. The College accounts for the SPF in accordance with the requirements of FRS102. The College's share of the scheme surplus as at 31 July 2023 was surplus £33.2million (2021/22: surplus £20.2million). However, as in 2021/22, based on the July reports received from the actuary the College took the approach of applying an asset ceiling adjustment which reduced the pension asset value for July 2023 to nil. Subsequently, on 21 November 2023, the College received a further actuarial report which confirmed that SPF employer pension contributions will reduce from 19.3% to 6.5% from April 2024 until March 2026 at which time the employer contributions will become 17.5%. This then resulted in a net pension asset value of £3.4million as reported in these financial statements. Further information on pensions is outlined in Note 19.

The College treats the STSS Scheme as a defined contribution scheme as the scheme is not able to calculate the individual employers' share of the overall deficit. Further details in regard to the pension arrangements for the College can be found in Note 19 to the Financial Statements including contribution rates payable.

Health, safety, and well-being

At the College, we prioritise the health, safety, and overall well-being of our staff. To achieve this, we have a well-established Health and Safety Committee which assesses the workplace regularly to ensure that our staff work in a safe environment which supports their health and well-being.

In addition, we are committed to fostering a culture of well-being among our staff members. To achieve this, we organise an annual programme of health and well-being activities. This programme provides staff with opportunities to engage in activities to promote physical, mental, and emotional wellness.

Staff relations

The College places significant emphasis on fostering positive industrial relations and maintaining open lines of communication with our staff. We have established two key committees to facilitate this: the Joint Consultation and Negotiation Committee (JCNC) and Management Union Information Exchange Committee (MUIE). These committees convene regularly and consist of members from our Senior Leadership Team (SLT) as well as representatives from our staff trade unions, EIS, GMB and Unison. Through these committees, we actively engage in information sharing, address shared concerns, engage in consultation, and, when necessary, participate in negotiations.

Furthermore, the College has taken proactive measures to ensure the safety and well-being of our staff through our dedicated health and safety committee that includes union representatives. This collaborative effort is aimed at upholding the highest standards of safety and promoting the overall welfare of our staff.

Facility Time

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the College provided the following support through paid facility time for union officials working at the College during the year ended 31 July 2023.

Relevant Union Officials

| | |
|---|---------------------------------------|
| Number of employees who were relevant union officials during the relevant period: | Full-Time equivalent employee number: |
| 8 | 8 |

Percentage of time spent on facility time

| | |
|-------------|----------------------|
| Percentage: | Number of employees: |
| 0% | 0 |
| 1%-50% | 8 |
| 51%-99% | 0 |
| 100% | 0 |

Percentage of pay bill spend on facility time

| | |
|--|-------------|
| Total cost of facility time: | £49,425 |
| Total pay bill: | £46,097,409 |
| Percentage of the total pay bill spent on facility time: | 0.11% |

Paid trade union activities

| | |
|---|-------|
| Time spent on trade union activities as a percentage of total paid facility time hours: | 4.58% |
|---|-------|

PROFESSIONAL ADVISORS

The Colleges' professional advisors are as below:

Audit Scotland were appointed as Glasgow Clyde College's external auditor from 2022/23 to 2026/27.

Henderson Loggie were appointed internal auditors of the College in August 2017 for a period of three years as a result of a tender exercise. This appointment was extended for a further year as a result of the COVID-19 pandemic. A more recent joint tender exercise was carried out by the College in partnership with Glasgow Colleges' Regional Board and City of Glasgow College in 2020/21. As a result of the joint tender, Henderson Loggie were appointed for a period of three years from August 2021.

Bankers: Royal Bank of Scotland, 139 St Vincent Street, Glasgow G2 5FY

External Auditor: Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN

Solicitors: Anderson Strathern, 50 George Square, Glasgow G2 1EH

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

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

David Newall
Chair of Board of Management

Jon Vincent
Principal and Chief Executive

Date:

Date:

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

Reporting on the audit of the financial statements

Opinion on financial statements

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

In my opinion the accompanying financial statements:

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

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 2nd December 2022. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the college in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the college. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

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

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

Risks of material misstatement

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

Responsibilities of the Board of Management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- using my understanding of the college sector to identify that the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 are significant in the context of the College;
- inquiring of the College Principal as to other laws or regulations that may be expected to have a fundamental effect on the operations of the College;
- inquiring of the College Principal concerning the College's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussion among my team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and

- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Reporting on other requirements

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

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

Other information

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

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

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

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

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

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

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

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

Financial Statements

FINANCIAL STATEMENTS**STATEMENT OF COMPREHENSIVE INCOME****YEAR ENDED 31 July 2023**

| | <u>Note</u> | <u>Year to</u> <u>31 July</u> <u>2023</u> | <u>Year to 31</u> <u>July 2022</u> |
|---|-------------|---|---------------------------------------|
| | | £'000 | £'000 |
| INCOME | | | |
| Funding Council Grants | 2 | 42,016 | 41,316 |
| Tuition Fees and Education Contracts | 3 | 5,672 | 5,900 |
| Other Grant Income | 4 | 2,145 | 2,021 |
| Other Operating Income | 5 | 4,756 | 3,131 |
| Investment Income | 6 | 688 | - |
| | | <hr/> | <hr/> |
| Total Income | | 55,277 | 52,368 |
| EXPENDITURE | | | |
| Staff Costs | 7 | 40,794 | 40,951 |
| Restructuring Costs | 7 | 1,092 | (187) |
| Other Operating Expenses | 9 | 9,444 | 9,703 |
| Depreciation | 12 | 4,911 | 5,555 |
| Interest Payable | 10 | - | 219 |
| | | <hr/> | <hr/> |
| Total Expenditure | | 56,241 | 56,241 |
| | | | |
| Deficit on Continuing Operations before tax | | (964) | (3,873) |
| | | | |
| Taxation | 11 | - | - |
| | | | |
| Deficit on Continuing Operations after tax | | (964) | (3,873) |
| | | | |
| Unrealised surplus on revaluation of land and buildings | 12 | 5,108 | 2,685 |
| | 12 | (4,394) | - |
| Non-restructuring costs - Impairment | | | |
| Actuarial gains on defined benefit pension plans | 19 | (16,419) | 35,647 |
| | | <hr/> | <hr/> |
| Total Unrestricted Comprehensive Income for the year | | (16,669) | 34,459 |

The Statement of Comprehensive Income is prepared under the FE/HE SORP. The SORP does not permit colleges to reflect the non-cash budget for depreciation in the Statement of Comprehensive Income. Note 25 provides details of the adjusted operating position on a Central Government accounting basis.

STATEMENT OF CHANGES IN RESERVES
YEAR ENDED 31 July 2023

| | Income and Expenditure Reserve £'000 | Revaluation Reserve £'000 | Total £'000 |
|--|---|---------------------------------|----------------|
| Balance at 1 August 2022 | 29,946 | 80,323 | 110,269 |
| Deficit on Continuing Operations after tax | (964) | - | (964) |
| Actuarial gains on defined benefit pension plans (Note 19) | (16,419) | - | (16,419) |
| Unrealised surplus on revaluation of land and buildings (Note 12) | - | 5,108 | 5,108 |
| Impairment Adjustment (Note 12) | - | (4,394) | (4,394) |
| Total Unrestricted Comprehensive Income for the year | (17,383) | 714 | (16,669) |
| Transfer to/from Revaluation Reserve | 1,797 | (1,797) | - |
| Balance at 31 July 2023 | 14,360 | 79,240 | 93,600 |
| | | | |
| Balance at 1 August 2021 | (3,382) | 79,192 | 75,810 |
| Deficit on Continuing Operations after tax | (3,873) | - | (3,873) |
| Actuarial gains on defined benefit pension plans (Note 19) | 35,647 | - | 35,647 |
| Unrealised surplus on revaluation of land and buildings | - | 2,685 | 2,685 |
| Total Unrestricted Comprehensive Income for the year | 31,774 | 2,685 | 34,459 |
| Transfer to/from Revaluation Reserve | 1,554 | (1,554) | - |
| Balance at 31 July 2022 | 29,946 | 80,323 | 110,269 |

BALANCE SHEET

YEAR ENDED 31 July 2023

| | <u>Note</u> | <u>31 July</u> <u>2023</u> £'000 | <u>31 July</u> <u>2022</u> £'000 |
|--|-------------|--|--|
| FIXED ASSETS | | | |
| Tangible Fixed Assets | 12 | 169,830 | 171,296 |
| Total Fixed Assets | | 169,830 | 171,296 |
| CURRENT ASSETS | | | |
| Stocks | 13 | 20 | 23 |
| Debtors | 14 | 4,733 | 4,129 |
| Cash and cash equivalents | 18 | 10,143 | 10,433 |
| Total Current Assets | | 14,896 | 14,585 |
| Less: Creditors – amounts due within one year | 15 | (16,270) | (15,527) |
| Less: Other Provisions due within one year | 17 | (422) | (619) |
| Total Current Liabilities | | (16,692) | (16,146) |
| NET CURRENT LIABILITIES | | (1,796) | (1,561) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 168,034 | 169,735 |
| Less: Creditors – amounts due after more than one year | 16 | (76,064) | (77,471) |
| NET ASSETS BEFORE PENSION ASSET/(LIABILITY) | | 91,970 | 92,264 |
| Funded Pension Asset/(Liability) | 19 | 3,449 | 20,159 |
| Unfunded Pension Provision | 17 | (1,819) | (2,154) |
| NET ASSETS AFTER PENSION ASSET/(LIABILITY) | | 93,600 | 110,269 |
| RESERVES | | | |
| Income and expenditure reserve | | 14,360 | 29,946 |
| Revaluation reserve | | 79,240 | 80,323 |
| TOTAL | | 93,600 | 110,269 |

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

David Newall,
Chair
Glasgow Clyde College

Date:

Jon Vincent
Principal and Chief Executive
Glasgow Clyde College

Date:

STATEMENT OF CASH FLOWS
YEAR ENDED 31 July 2023

| | | <u>Year to</u> <u>31 July</u> <u>2023</u> | <u>Year to</u> <u>31 July</u> <u>2022</u> |
|---|-------------|---|---|
| | <u>Note</u> | £'000 | £'000 |
| Cash (out)/inflow from operating activities | | | |
| (Deficit) for the year | | (964) | (3,873) |
| Adjustment for non-cash items; | | | |
| Depreciation | 12 | 4,911 | 5,555 |
| Decrease/(increase) in stock | 13 | 3 | - |
| Decrease/(increase) in debtors | 14 | (604) | (912) |
| Increase/(decrease) in creditors | 15,16 | (664) | 1,084 |
| Increase/(decrease) in Funded pension provisions | 19 | 291 | 3,333 |
| Increase/(decrease) in Unfunded pension provisions | 17 | (335) | (452) |
| Increase/(decrease) in other provision | 17 | (197) | 19 |
| Interest payable/(receivable) | 6,10 | (688) | 219 |
| Capital grant income received | | (2,952) | (2,539) |
| Net cash inflow from operating activities | | <u>(1,199)</u> | <u>2,434</u> |
| Cash flows from financing activities; | | | |
| Payments to acquire fixed assets | 12 | (2,731) | (2,856) |
| Capital grant income received | | 2,952 | 2,539 |
| Net cash outflow from financing activities | | <u>221</u> | <u>(317)</u> |
| Cash flows from investing activities; | | | |
| Investment income | 6 | 688 | - |
| Interest payable | 10 | - | (219) |
| | | <u>688</u> | <u>(219)</u> |
| Increase/(decrease) in cash and cash equivalents in the year | | <u>(290)</u> | <u>1,898</u> |
| Cash and cash equivalents at beginning of the year | 18 | 10,433 | 8,535 |
| Movement in net funds for the period | 18 | (290) | 1,898 |
| Cash and cash equivalents at the end of the year | | <u>10,143</u> | <u>10,433</u> |

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation

The College is a freestanding corporate body under the provisions of the Further and Higher Education (Scotland) Act 1992. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) 2019: Accounting for Further and Higher Education and in accordance with Financial Reporting Standards FRS 102. Where applicable, the Report and Financial Statements also comply with the 2022-23 Government Financial Report Manual (FReM) issued by the Scottish Government. The financial statements conform to the Accounts Direction and other guidance issued by the Scottish Funding Council.

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

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

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

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

Accounting Policies and Basis of Accounting

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

Judgements in Applying Policies and Key Sources of Estimation Uncertainty

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

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

| Estimate | Basis of estimation |
|------------------------|---|
| Valuation of buildings | College buildings are of a specialist nature and are valued on the depreciated replacement cost basis. Judgements are required in respect of asset valuations and, as such, the College engages an external valuer to undertake a valuation review on an annual basis. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable. |

| | |
|--|--|
| Useful economic lives of buildings and plant/equipment | Buildings are depreciated over their expected remaining useful economic life as assessed by an independent, qualified valuer. Buildings owned by the College are split into components and each component is valued and depreciated separately. The economic lives currently in use are in the range of 10 to 75 years. The estimated useful life of plant and equipment is 4 to 10 years. |
| The obligations under the Strathclyde Pension Scheme (SPF) | The Board of Management uses actuarial assumptions determined in conjunction with the Scheme's qualified actuaries which are considered reasonable and appropriate. |

Going Concern

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

Revenue Recognition

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

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

For Bursary, Discretionary and Education Maintenance Allowance funds, the grants are excluded from the Statement of Comprehensive Income of the College as these grants are available solely for students, with the College acting as paying agent. Childcare funds from the SFC and Glasgow Colleges Regional Board are included in the College Statement of Comprehensive Income.

Government Grants

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

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

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

Non-Exchange Transactions

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

Accounting for Retirement Benefits

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

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

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

The Strathclyde Pension Fund is administered by Glasgow City Council and requires contributions to be made to its Number 1 fund. The Fund is a defined benefit pension scheme which changed from a final salary scheme to a career average scheme from 1 April 2015 and is contracted out of the State Earnings-Related Pension Fund. Assets and liabilities of the funds are held separately from those of the College. Fund assets are measured using market values. Fund liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability.

Contributions to the Strathclyde Pension Fund are calculated so as to spread the cost of pension over employees' working lives with the College. The contributions are determined by an actuary based on triennial valuations using the Age Attained Method. The actuaries also review the progress of the scheme in each of the intervening years. Variations from regular cost are spread over the expected average remaining working lifetime of members of the Fund, after making allowances for future withdrawals.

The expected cost of providing staff pensions to employees contributing to the Fund is recognised in the Statement of Comprehensive Income on a systematic basis over the expected average remaining lives of members of the funds in accordance with FRS 102 and recognises retirement benefits as the benefits are earned and not when they are due to be paid.

The College will consider capping the value of any net pension asset in line with the applicable standard (IFRIC 14) which requires an assessment of present value of (employer) future service costs over an agreed future period less the present value of (employer) future contributions over an agreed future period.

Short Term Employment Benefits

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

Finance Leases

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

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

Operating Leases

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

Tangible Fixed Assets

Land and Buildings

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

Values are stated as at the latest full valuation for 31 July 2022, based on the report with reference to that date as prepared by Avison Young UK Limited, Royal Institution of Chartered Surveyors valuation registered specialists, with values being adjusted as appropriate based on the July 2023 indexation review as prepared by the aforementioned valuer.

The College has a policy of undertaking a full revaluation at least every five years. In the years where no formal valuation is performed, a review of the impact of indexation of the formal valuation may be performed by the valuer.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the College.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

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

Plant and Equipment

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

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

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

Maintenance of Premises

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

Stock

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

Provisions, Contingent Liabilities and Contingent Assets

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

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

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

Financial Instruments

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

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

Cash and Cash Equivalents

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

Taxation

The College has been entered into the Scottish Charity Register and is entitled, in accordance with section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a Charity registered in Scotland. The College is recognised by HM Revenue & Customs as a charity for the purposes of section 505, Income and Corporation Taxes Act 1988 and is exempt from corporation tax on its charitable activities. The College receives no similar exemption in respect of Value Added Tax. For this reason, the College is generally unable to recover input VAT it suffers on goods and services purchased. Non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

Events after the Reporting Period

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

Two types of events can be identified:

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

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

| 2. SFC/RSB GRANTS | <u>Year to</u> <u>31 July</u> <u>2023</u> £'000 | <u>Year to</u> <u>31 July</u> <u>2022</u> £'000 |
|--|--|--|
| FE Recurrent Grant | 34,582 | 33,923 |
| Childcare funds | 1,333 | 1,082 |
| Release of SFC deferred capital grants | 3,348 | 3,332 |
| SFC Maintenance Grant | 947 | 881 |
| Other SFC grants | 1,806 | 2,098 |
| Total | <u>42,016</u> | <u>41,316</u> |
| | | |
| 3. TUITION FEES AND EDUCATION CONTRACTS | <u>Year to</u> <u>31 July</u> <u>2023</u> £'000 | <u>Year to</u> <u>31 July</u> <u>2022</u> £'000 |
| FE Fees – UK & EU | 125 | 140 |
| Fees – Non-EU | 42 | 6 |
| HE Fees | 2,867 | 3,445 |
| SDS Contracts | 200 | 149 |
| Other Contracts | 2,438 | 2,160 |
| Total | <u>5,672</u> | <u>5,900</u> |

| 4. OTHER GRANT INCOME | <u>Year to</u> <u>31 July</u> <u>2023</u> £'000 | <u>Year to</u> <u>31 July</u> <u>2022</u> £'000 |
|--|---|---|
| European Funds | 103 | 103 |
| Other Grant Income | 1,644 | 1,515 |
| Release of Non SFC Government Capital Grants | 398 | 403 |
| | <u>2,145</u> | <u>2,021</u> |

| 5. OTHER OPERATING INCOME | <u>Year to</u> <u>31 July</u> <u>2023</u> £'000 | <u>Year to</u> <u>31 July</u> <u>2022</u> £'000 |
|--|---|---|
| Glasgow Clyde Education Foundation revenue Funding | 1,672 | 492 |
| Glasgow Clyde Education Foundation Capital Funding | 652 | 42 |
| Catering Income | 839 | 392 |
| Other Income Generating Activities | 952 | 771 |
| Income from Coronavirus Job Retention Scheme | 11 | 11 |
| Other Income | 630 | 1,423 |
| | <u>4,756</u> | <u>3,131</u> |

| 6. INVESTMENT INCOME | <u>Year to</u> <u>31 July</u> <u>2023</u> £'000 | <u>Year to</u> <u>31 July</u> <u>2022</u> £'000 |
|-----------------------------|---|---|
| FRS 102 Net Interest income | 688 | - |
| | <u>688</u> | <u>-</u> |

7. STAFF COSTS

7.01 Staff Costs:

| | <u>Year to</u> <u>31 July</u> <u>2023</u> £'000 | <u>Year to</u> <u>31 July</u> <u>2022</u> £'000 |
|--|---|---|
| Wages and salaries | 31,423 | 29,823 |
| Social security costs | 2,990 | 2,886 |
| Other pension costs (excluding FRS102 Adjustments) | 5,578 | 5,394 |
| Restructuring Costs | 1,092 | (187) |
| FRS 102 funded pension adjustments | 979 | 3,114 |
| FRS102 unfunded pension adjustments | (176) | (266) |
| Total Staff Costs | <u>41,886</u> | <u>40,764</u> |

| | <u>Year to</u> <u>31 July</u> <u>2023</u> | <u>Year to</u> <u>31 July</u> <u>2022</u> |
|--|---|---|
| Executive Management | 479 | 491 |
| Academic/Teaching Departments | 26,180 | 25,749 |
| Academic/Teaching Support Services | 6,404 | 5,152 |
| Administration and Central Services | 5,183 | 5,104 |
| Premises | 1,278 | 1,253 |
| Catering | 467 | 354 |
| Sub-total Wages & Salaries | <u>39,991</u> | <u>38,103</u> |
| Exceptional restructuring costs | 1,092 | (187) |
| Unfunded Pension Provision adjustment | (176) | (266) |
| Funded Pensions FRS102 adjustment | 979 | 3,114 |
| Total Wages and Salaries (including exceptional restructuring costs) | <u>41,886</u> | <u>40,764</u> |

7.02 Staff Numbers:

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

| | <u>Year to 31</u> <u>July 2023</u> | <u>Year to 31</u> <u>July 2022</u> |
|-------------------------------------|---------------------------------------|---------------------------------------|
| Executive Management | 3 | 3 |
| Academic/Teaching Departments | 426 | 427 |
| Academic/Teaching Support Services | 115 | 110 |
| Administration and Central Services | 116 | 127 |
| Premises | 42 | 39 |
| Catering | 7 | 11 |
| TOTAL | <u>709</u> | <u>717</u> |

2022/23 Pay Awards

Through the National Bargaining process, in line with an instruction from College Employers Scotland, teaching and support staff pay awards were offered in 2022/23 as outlined in the table below. However, as at the date of this report, these pay offers have not as yet been accepted by EIS, Unison or Unite. To date only GMB, who represent small number of support staff, has accepted this pay offer. The cost of the 2022/23 pay offers has been accrued in these financial statements.

Teaching Staff

Effective from 1 September 2022 a consolidated Pay Award of £2,000 for all unpromoted and promoted lecturer scale points.

| National Pay Scale | 1 September 2021 | 2022/23 Pay Offer | 1 September 2022 |
|--------------------|------------------|-------------------|------------------|
| Point 1 | 35,170 | 2,000 | 37,170 |
| Point 2 | 37,217 | 2,000 | 39,217 |
| Point 3 | 39,264 | 2,000 | 41,264 |
| Point 4 | 41,310 | 2,000 | 43,310 |
| Point 5 | 43,357 | 2,000 | 45,357 |

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

| National Fixed Points | 1 September 2021 | 2022/23 Pay Offer | 1 September 2022 |
|------------------------------|-------------------------|--------------------------|-------------------------|
| Fixed Point 1 | 47,257 | 2,000 | 49,257 |
| Fixed Point 2 | 50,394 | 2,000 | 52,394 |
| Fixed Point 3 | 53,530 | 2,000 | 55,530 |

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

Support Staff

Effective from 1 September 2022 a consolidated pay offer of £2,000 for all support staff.

Senior Leadership Team

The Senior Leadership Team (SLT) is not covered by National Bargaining and the College Remuneration Committee determines the level of pay award. The 2022/23 pay award for SLT members was agreed in November 2023 at 3% from April 2023.

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

| | <u>Year to 31</u> <u>July 2023</u> | <u>Year to 31</u> <u>July 2022</u> |
|--------------------------------|---|---|
| £60,001 to £70,000 per annum | - | 9 |
| £70,001 to £80,000 per annum | 9 | - |
| £80,001 to £90,000 per annum | - | - |
| £90,001 to £100,000 per annum | 2 | 2 |
| £100,001 to £110,000 per annum | - | - |
| £110,001 to £120,000 per annum | - | - |
| £120,001 to £130,000 per annum | - | - |
| £130,001 to £140,000 per annum | 1 | 1 |
| £140,001 to £150,000 per annum | - | - |
| £150,001 and over | - | - |
| TOTAL | 12 | 12 |

Payments in respect of compensation for loss of office are provided in the accounts in the period when severance is approved. Aggregate compensation for loss of office for staff whose earnings were more than £60,000 per annum or where the costs of all of the elements of a proposed arrangement amount to more than £75,000 comprised:

| | <u>Year to</u> <u>31 July</u> <u>2023</u> £'000 | <u>Year to</u> <u>31 July</u> <u>2022</u> £'000 |
|--------------|---|---|
| Severance | 109 | - |
| TOTAL | 109 | - |

8. SENIOR POST HOLDERS EMOLUMENTS

| | <u>Year to</u> <u>31 July</u> <u>2023</u> | <u>Year to</u> <u>31 July</u> <u>2022</u> |
|---|---|---|
| | Number | Number |
| The number of senior post-holders including the Principal was: | 3 | 3 |
| | Cost | Cost |
| Senior post-holders' annual emoluments are made up as follows: | £'000 | £'000 |
| Salaries and related contractual payments | 328 | 336 |
| Employers Pension Contributions | 72 | 73 |
| Total Emoluments | <u>400</u> | <u>409</u> |
| The above emoluments include amounts payable to the Principal during the financial reporting period (who is also the highest paid Senior Post Holder) were: | £'000 | £'000 |
| Salary and related contractual payments | 136 | 134 |
| Employers Pension Contributions | 31 | 31 |
| | <u>167</u> | <u>165</u> |

The Principal is an ordinary member of the Scottish Teachers Superannuation Scheme. The College's contributions to the scheme were paid at the same rate as for other members of academic staff.

The members of the Board of Management, other than the Principal and staff members, did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

9. OTHER OPERATING EXPENSES

| | <u>Year to</u> <u>31 July</u> <u>2023</u> | <u>Year to</u> <u>31 July</u> <u>2022</u> |
|-------------------------------------|---|---|
| | £'000 | £'000 |
| Teaching Departments | 1,707 | 2,130 |
| Administration and Central Services | 1,389 | 1,719 |
| Premises Costs | 3,319 | 3,060 |
| Catering Costs | 535 | 364 |
| Childcare | 1,333 | 1,082 |
| Other | 1,003 | 1,228 |
| Agency Staff Costs | 158 | 120 |
| Total | <u>9,444</u> | <u>9,703</u> |

| | <u>Year to</u> <u>31 July</u> <u>2023</u> £'000 | <u>Year to</u> <u>31 July</u> <u>2022</u> £'000 |
|--|--|--|
| Other Operating Expenses include: | | |
| Auditor's remuneration | | |
| External audit – non-audit services | - | - |
| External audit of Financial Statements | 61 | 42 |
| Internal audit Services | 28 | 36 |
| Hire of other assets – Operating lease | 0 | 0 |

10. INTEREST PAYABLE

| | <u>Year to</u> <u>31 July</u> <u>2023</u> £'000 | <u>Year to</u> <u>31 July</u> <u>2022</u> £'000 |
|--------------------------------|--|--|
| Unfunded Pension finance costs | - | - |
| FRS 102 Net Interest Charge | - | 219 |
| | - | 219 |

11. TAXATION

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

12. TANGIBLE FIXED ASSETS

| | Land & Buildings | Plant & Equipment | Assets in the course of construction | Total |
|---------------------------|---------------------------------|----------------------------------|---|----------------|
| | £'000 | £'000 | £'000 | £'000 |
| COST/VALUATION | | | | |
| As at 1 August 2022 | 167,673 | 14,219 | 259 | 182,151 |
| Transfers | 259 | - | (259) | - |
| Additions | 2,521 | 210 | - | 2,731 |
| Disposals | - | (25) | - | (25) |
| Revaluation | 5,108 | - | - | 5,108 |
| Impairment | (4,394) | - | - | (4,394) |
| As at 31 July 2023 | 171,167 | 14,404 | - | 185,571 |
| DEPRECIATION | | | | |
| As at 1 August 2022 | - | 10,855 | - | 10,855 |
| Provided during period | 4,414 | 497 | - | 4,911 |
| Disposals | - | (25) | - | (25) |
| Revaluation | - | - | - | - |
| As at 31 July 2023 | 4,414 | 11,327 | - | 15,741 |
| NET BOOK VALUE | | | | |
| As at 1 August 2022 | 167,673 | 3,364 | 259 | 171,296 |
| As at 31 July 2023 | 166,753 | 3,077 | - | 169,830 |

| | | | | |
|---------------------------------|----------------|--------------|---|----------------|
| At Valuation | 163,117 | 2,967 | - | 166,084 |
| Financed by Capital Grant | 3,636 | 110 | - | 3,746 |
| Total as at 31 July 2023 | 166,753 | 3,077 | - | 169,830 |

The land and buildings of the College have been included in the balance sheet on the basis of a full valuation conducted by Avison Young as at 31 July 2022 with values subsequently being adjusted as appropriate based on the July 2023 indexation review as prepared by the aforementioned valuer, thus creating an overall revaluation increase of £5.1M. An asset impairment of £2.9M has been recognised in the financial statements in respect of the Anniesland Campus windows.

In addition, an adjusting post balance sheet event is reported in note 26, this being the identification of Reinforced Autoclaved Aerated Concrete (RACC) in the boiler room and changing rooms at the Cardonald campus in September 2023. As a result, an impairment of £1.472M has also been recognised in the financial statements.

Fixed assets have been adjusted for capital additions/transfers and related depreciation.

The land and buildings owned and occupied by the College at 31 July 2023 comprise property, which may not be disposed of, without prior approval of the Scottish Funding Council as follows:

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

13. STOCKS

| | <u>Year to 31 July 2023</u> | <u>Year to 31 July 2022</u> |
|------------------|---------------------------------|-------------------------------------|
| | £'000 | £'000 |
| Goods for Resale | 20 | 23 |

14. TRADE AND OTHER RECEIVABLES

| | <u>Year to 31 July 2023</u> | <u>Year to 31 July 2022</u> |
|---|---------------------------------|-------------------------------------|
| | £'000 | £'000 |
| Amounts falling due within one year: | | |
| Trade Debtors – net of provision for doubtful debts | 294 | 283 |
| Debts due from students - net of provision for doubtful debts | 29 | 29 |
| Prepayments and Accrued Income | 4,410 | 3,817 |
| | <u>4,733</u> | <u>4,129</u> |

15. CURRENT TRADE AND OTHER PAYABLES

| | <u>Year to 31</u> <u>July 2023</u> | <u>Year to</u> <u>31 July</u> <u>2022</u> |
|--|---------------------------------------|---|
| | £'000 | £'000 |
| Payments received in advance | 281 | 220 |
| Trade Creditors | 233 | 91 |
| Deferred Income | 2,522 | 3,893 |
| Deferred Capital Grants | 3,746 | 3,735 |
| Other Taxation (PAYE) and Social Security (NI) | 706 | 832 |
| VAT | 7 | 3 |
| Accruals | 7,621 | 4,451 |
| Other Creditors | 1,154 | 2,302 |
| | <u>16,270</u> | <u>15,527</u> |

16. NON-CURRENT TRADE AND OTHER PAYABLES

| | <u>Year to 31</u> <u>July 2023</u> | <u>Year to 31</u> <u>July 2022</u> |
|-------------------------|---------------------------------------|---------------------------------------|
| | £'000 | £'000 |
| Deferred Capital Income | 76,064 | 77,471 |
| | <u>76,064</u> | <u>77,471</u> |

17. PROVISIONS FOR LIABILITIES AND CHARGES

| | | | <u>31 July</u> <u>2023</u> | <u>31 July</u> <u>2022</u> |
|--|-----------------------------------|-----------------------------------|-------------------------------|-------------------------------|
| | Other Provisions | Unfunded pension | Total | Total |
| At 1 August | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 August as previously stated | 619 | 2,154 | 2,773 | 3,206 |
| Movements in period | (458) | (159) | (618) | (786) |
| Early retiral provision adjustment | - | (176) | (176) | (266) |
| Other provisions adjustment in year | 261 | - | 261 | 619 |
| Balance at end of period | <u>422</u> | <u>1,819</u> | <u>2,240</u> | <u>2,773</u> |

The unfunded pension liability is in respect of future pension liabilities arising from early retirements. The valuation of the College's liabilities relating to the unfunded early retirement provision has been undertaken by an independent firm of actuaries.

18. CASH AND CASH EQUIVALENTS

| | At 31 July 2022 | Cash Flows | At 31 July 2023 |
|--------------------------|--------------------------------|---------------|----------------------------|
| | £'000 | £'000 | £'000 |
| Cash at bank and in hand | 10,433 | (290) | 10,143 |
| TOTAL | 10,433 | (290) | 10,143 |

19. PENSIONS AND SIMILAR OBLIGATIONS

The College's employees belong to one of two principal pension schemes, The Strathclyde Pension Fund (SPF) and the Scottish Teachers' Superannuation Scheme (STSS):

The total pension cost for the College was:

| | <u>Year to 31 July 2023</u> | <u>Year to 31 July 2022</u> |
|--------------------------------------|--|--|
| | £'000 | £'000 |
| Contribution to STSS | 3,900 | 3,805 |
| Contribution to SPF | 1,678 | 1,597 |
| Total Pension Cost for period | 5,578 | 5,402 |
| Contribution rates: | | |
| STSS | 23.00% | 23.00% |
| SPF | 19.30% | 19.30% |

Scottish Teachers Superannuation Scheme (STSS)

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

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

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

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

Under existing legislation, the next valuation will be based on scheme data as at 31 March 2023 and will set the employer contribution rate for the period 1 April 2024 to 31 March 2028.

Strathclyde Pension Fund

The Strathclyde Pension Fund is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the period ended 31 July 2023 was £2,275,096 of which employer's contributions totalled £1,677,805 and employees' contributions totalled £597,291.

Reconciliation of opening and closing balances;

| | Year ended 31 July 2023 £'000 | Year ended 31 July 2022 £'000 |
|---|--|--|
| Present Value of funded defined benefit obligations | (54,334) | (65,378) |
| Fair value of Plan Assets | 87,500 | 85,537 |
| Asset Ceiling Adjustment | (29,719) | - |
| Net Asset/(Liability) | 3,449 | 20,159 |

Principal Actuarial Assumptions

| Major assumption used: | As at 31 July 2023 | As at 31 July 2022 |
|-------------------------------|-----------------------|-----------------------|
| Pension increases | 3.00% | 2.75% |
| Rate of increase in salaries | 3.70% | 3.45% |
| Expected return on assets | 5.05% | 3.50% |
| Discount rate for liabilities | 5.05% | 3.50% |

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

| Period Ended: | As at 31 July 2023 | As at 31 July 2022 |
|---------------|-----------------------|-----------------------|
| Equities | 61% | 60% |
| Bonds | 27% | 27% |
| Property | 10% | 11% |
| Cash | 2% | 2% |

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

| | | |
|--------------------|---------------------|-----------------------|
| Current pensioners | Males 19.1 years | Females 22.0 years |
| Future pensioners | 20.3 years | 23.9 years |

| | As at 31 July 2023 | As at 31 July 2022 |
|--|-------------------------------|-------------------------------|
| Analysis of the amount charged to staff costs | | |
| Current service cost | (2,713) | (4,720) |
| Past service cost | - | - |
| Total service costs | (2,713) | (4,720) |
| Analysis of the amount charged to pension interest | | |
| Interest cost | (2,315) | (1,568) |
| Interest income on planned assets | 3,003 | 1,349 |
| Net interest | 688 | (219) |
| Analysis of other comprehensive income | | |
| Return on assets | (1,702) | (500) |
| Other experience | (3,608) | (176) |
| Changes in financial assumptions | 17,687 | 35,910 |
| Changes in demographic assumptions | 921 | 413 |
| Asset Ceiling Adjustment | (29,717) | - |
| Other Comprehensive Income | (16,419) | 35,647 |
| Analysis of the movement in deficit during the year | | |
| Deficit in scheme at start of the year | 20,159 | (12,155) |
| Current service costs | (2,713) | (4,720) |
| Employer contributions | 1,734 | 1,606 |
| Net interest costs | 688 | (219) |
| Actuarial Gain/(Loss) | 13,298 | 35,647 |
| Asset Ceiling Adjustment | (29,717) | - |
| Surplus/(Deficit) in scheme at end of year | 3,449 | 20,159 |
| Asset and Liability Reconciliation | | |
| | As at 31 July 2023 | As at 31 July 2022 |
| | £'000 | £'000 |
| Amount charged to Comprehensive Income | | |
| Employer service cost (net of employee contribution) | (979) | (3,114) |
| Interest on obligation | 688 | (219) |
| Actuarial movement on scheme assets | (16,419) | 35,647 |
| Amount charged to Comprehensive Income | (16,710) | 32,314 |
| Changes in the fair value of scheme assets | | |
| Opening fair value of scheme assets | 85,537 | 84,070 |
| Net Interest | 3,003 | 1,349 |
| Plan participants contributions | 554 | 499 |
| Contributions by the employer | 1,734 | 1,606 |
| Benefits paid | (1,626) | (1,487) |
| Other experience | - | - |
| Expected return on assets | (1,702) | (500) |
| Asset Ceiling Adjustment | (29,717) | - |
| | 57,783 | 85,537 |

| | As at 31 July 2023 | As at 31 July 2022 |
|--|-------------------------------|-------------------------------|
| | £'000 | £'000 |
| Changes in the present value of the designed benefit obligation | | |
| Opening defined benefit obligation | 65,378 | 96,225 |
| Current service costs | 2,713 | 4,720 |
| Past service costs | - | - |
| Interest cost | 2,315 | 1,568 |
| Plan participants contribution | 554 | 499 |
| Benefits paid | (1,626) | (1,487) |
| Actuarial (gain)/loss | (17,687) | (35,910) |
| Changes in demographic assumptions | (921) | (413) |
| Other experience | 3,608 | 176 |
| Closing defined benefit obligation | 54,334 | 65,378 |
| Closing position as at 31 July | 3,449 | 20,159 |

20. RELATED PARTY TRANSACTIONS

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

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

The Chair of the College Board of Management is a member of the Glasgow Colleges Regional Board (GCRB). Details of funding received from GCRB as the Regional Strategic Body is outlined at Note 2.

College Board member David Watt was an independent external member of the Audit and Risk Committee at the University of Glasgow until 31 January 2023. In 2022/23 the College recognised income of £63,177 from the University of Glasgow. In 2022/23 the College recorded £19,219 in expenditure with Glasgow University. As at 31 July 2023 the debtors balance was £nil, and the creditors balance was £nil.

Sandra Heidinger, Vice Chair of the College Board of Management, is Special Adviser to the Principal of University of Strathclyde. In 2022/23 the College recognised income of £47,006 from the University of Strathclyde. In 2022/23 the College recorded £nil of expenditure with Strathclyde University. The debtors balance as at 31 July 2023 was £5,808 and there was no creditor balance.

Runa McNamara is a member of the board of Glasgow Clyde Education Foundation which is as required in the Foundation's constitution. In 2022/23 the College recognised income of £2,323,000 from the Foundation to support approved capital and revenue projects. The debtors balance as at 31 July 2023 was £269,232 and there was no creditor balance.

College Board member Lindsey Paterson's spouse is an employee of ECC. In 2022/23 the College recorded expenditure of £8,496 with ECC for annual membership. In 2022/23 the College recognised £nil of income from ECC. As at 31 July 2023 the creditor balance was £nil, and the debtor balance was £nil.

College Board member Gordon McGuinness is Director of Industries and Enterprise of Skills Development Scotland (SDS). In 2022/23 the College recognised income of £669,118 with SDS for a range of different training provision including Apprenticeships. In 2022/23 the College recorded expenditure of £1,200. As at 31 July 2023, there was no creditor balance and a debtor balance of £15,130.

Jon Vincent, Principal & Chief Executive Officer, is a member of the board of the Energy Skills Partnership (ESP). In 2022/23 the College recognised expenditure of £5,000 with ESP, via Dundee and Angus College, for membership subscription and there was no creditor balance at 31 July 2023. He is also a member of Vistage UK Network. In 2022/23 the College recorded expenditure of £7,434. In 2022/23 the College recognised £nil income from Vistage UK. As at July 2023, the creditor balance was £nil and the debtors balance £nil. Mr. Vincent is also a Council member of the General Teaching Council (GTC). In 2022/23 annual subscriptions were deducted from lecturers' pay and the College made payment of £9,360 to GTC for these subscriptions. As at 31 July 2023 there was no creditor balance and no debtor balance.

Janet Thomson, Vice Principal Resources and College Development, is a member of the board of Advanced Procurement for Universities and Colleges (APUC). In 2022/23 the College recorded expenditure of £79,175 with APUC for the procurement service received and for shared services from APUC. As at 31 July 2023 the creditor balance was £nil.

Furthermore, Strathclyde Pension Fund (SPF) and the Scottish Teachers Superannuation Scheme (STSS) are post-employment benefit plans for the benefit of employees of the College. Therefore, these schemes are also considered to be related parties. Information in respect of these pensions funds is outlined at Note 19.

21. FE BURSARY AND OTHER STUDENT SUPPORT FUNDS

| | FE Bursary | FE Hardship | HE Hardship | Other: EMA | <u>Year to 31 July 2023</u> | <u>Year to 31 July 2022</u> |
|----------------------------------|---------------|----------------|----------------|---------------|-------------------------------------|-------------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance b/fwd. | 441 | 10 | 303 | - | 754 | 571 |
| Allocation received in year | 7,900 | 1,877 | 309 | 287 | 10,373 | 9,855 |
| | 8,341 | 1,887 | 612 | 287 | 11,127 | 10,426 |
| Expenditure Repaid as claw back | (7,707) | (1,678) | (386) | (287) | (10,058) | (9,111) |
| Virements | (441) | - | (282) | - | (723) | (561) |
| | - | - | 57 | - | 57 | - |
| Balance c/fwd. | 193 | 209 | 1 | - | 403 | 754 |
| Represented by: | | | | | | |
| Retained by College for students | - | - | - | - | - | 21 |
| Repayable as Claw back | 193 | 209 | 1 | - | 403 | 733 |

| | | | | | |
|-----|-----|---|---|-----|-----|
| 193 | 209 | 1 | - | 403 | 754 |
|-----|-----|---|---|-----|-----|

All Bursary and Student Support Grants are available solely for students, the College acting only as paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

22. FE CHILDCARE FUNDS

| | <u>Year to 31 July 2023</u> £'000 | <u>Year to 31 July 2022</u> £'000 |
|---|--|--|
| Balance b/fwd. | - | - |
| Allocation received in period | 1,400 | 1,082 |
| Expenditure | (1,335) | (1,082) |
| Repaid to SFC as claw back | - | - |
| Virements | (57) | - |
| Balance c/fwd. | 8 | - |
| Represented by: - | | |
| Repayable to Funding Council as claw back | | - |
| Retained by College for students | 8 | - |
| | 8 | - |

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

23. CAPITAL COMMITMENTS

| | <u>Year to 31 July 2023</u> £'000 | <u>Year to 31 July 2022</u> £'000 |
|---------------------------------|--|--|
| Contracted for at end of period | 1,999 | 468 |

24. CONTINGENT LIABILITIES

The College had no material contingent liabilities at 31 July 2023 (2021/22: none).

25. IMPACT OF DEPRECIATION BUDGET ON STATEMENT OF COMPREHENSIVE INCOME

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

Under the FE/HE SORP, the College recorded an operating deficit of £960k for the year ended 31 July 2023. After adjusting for the non-cash allocation provided under government rules, the College shows an “adjusted” surplus of £15k on a Central Government accounting basis. The deficit is attributable to other factors reflected in the adjusted operating table on page 20 of this report which are largely non-cash pension adjustments, and the College is therefore operating sustainably within its funding allocation when reported on a Central Government accounting basis.

| | <u>Year to 31</u> <u>July 2023</u> | <u>Year to 31</u> <u>July 2022</u> |
|---|---------------------------------------|---------------------------------------|
| | £'000 | £'000 |
| Deficit before other gains and losses (FE/HE SORP basis) for academic year | (964) | (3,873) |
| Add: Depreciation budget for government funded assets (net of deferred capital grant) for academic year | 975 | 1,625 |
| Operating Deficit on Central Government accounting basis for academic year | <u>11</u> | <u>(2,248)</u> |

26. EVENTS AFTER THE REPORTING PERIOD

In September 2023, The College received reports that confirmed there is no RAAC at either the Anniesland or Langside campuses. However, RAAC has been identified in the boiler room and changing rooms at the Cardonald campus. In those areas where the College technical advisors have recommended access restrictions these have been implemented.

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

APPENDIX 1

Accounts Direction for Scotland's Colleges 2022-23

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

Scottish Funding Council

20 July 2023

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

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

[Accounts Direction for Scotland's Colleges 2022-23 \(sfc.ac.uk\)](https://www.sfc.ac.uk)