

Revised 25 January 2019



# **Annual Report and Consolidated Financial Statements 2017-18**

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

### Chair's Foreword

It is my pleasure to introduce the annual report and consolidated financial statements for the Glasgow Colleges' Regional Board (GCRB).

This report outlines this year's impressive progress in developing the capacity, structures and effective relationships needed to deliver the high quality and coherent college system that Glasgow and its learners deserve.

In April 2017, GCRB were granted fully-operational fundable body status by the Scottish Funding Council. This report provides an overview of our work to use the powers and funding invested in us to build a consistent regional college provision, to align learning with jobs and Glasgow's economic growth, and to create wider access to life changing college education.

Examples of our collective achievements this year include:

- working with the Glasgow colleges and regional stakeholders to develop Glasgow's first *Regional Strategy for College Education*;
- coordinating and delivering Regional Outcome Agreement goals, improving levels of learner attainment, successful progression into work or study, and access for learners from deprived postcodes and for those furthest from the labour market;
- increasing the alignment of skills training to employment needs, including significantly increasing the volume of childcare learning opportunities;
- improving business productivity through a regional approach to the Flexible Workforce Development Fund with more than 100 employers and nearly 5,000 employees successfully engaged;
- establishing a regional collaborative management structure, with Regional Leads for areas such as professional development, curriculum planning, student support, student data services and the Senior Phase;
- developing regional funding arrangements to align Glasgow's capital expenditure with areas of greatest regional need and to support regional efficiencies;
- initiating cross-region Board collaboration on issues such as risk management, GDPR, cyber-security and increasing diversity on boards; and
- implementing engagement structures which offer 'one door' access for our stakeholders.

Our achievements are a direct result of committed collaboration between the GCRB, the colleges and all our stakeholders. On behalf of the Board, I'd like to thank all those who have contributed to this year's success and all those who continue to work towards fulfilling our ambitions for Glasgow, its colleges and its learners.

**Janie McCusker**  
**GCRB Chair**  
**28 January 2019**

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### A) THE PERFORMANCE REPORT

#### SECTION 1. OVERVIEW

This Performance Report provides information on the Glasgow Colleges' Regional Board (GCRB), its main objectives and strategies and the principal risks that it faces. The report contains a statement of the purposes and activities of the organisation, a statement from the Executive Director providing their perspective on the performance of the organisation over the period, an overview of the key issues and risks that could affect the entity in delivering its objectives, and a performance summary.

GCRB is satisfied it has adequate resources to continue in operation for the foreseeable future and therefore, a going concern basis has been adopted in the preparation of the financial statements.

##### **1.1 Purposes and Activities of the Glasgow Colleges' Regional Board (GCRB)**

The GCRB is a regional strategic body established by the Further & Higher Education (Scotland) Act 2005 (as amended by the Post 16 Education (Scotland) Act 2013). Our role is to secure the coherent provision of a high quality of fundable further and higher education across the Glasgow college region and our functions include:

- improvement of regional economic and social well-being;
- planning of college education;
- funding of the three Glasgow colleges;
- performance monitoring;
- promotion of collaboration and sharing of good practice;
- good governance and compliance;
- efficiency studies;
- promotion of the SFC's Credit and Qualification Framework;
- appointment of its own Board members (with approval by Ministers); and
- appointment of Board members of the three assigned colleges.

SFC granted GCRB fully-operational fundable body status on 1 April 2017 and it launched its first Glasgow Region Strategy for College Education in October 2017. The mission of the strategy is to deliver life-changing learning through an efficient and effective regional college system which widens access, meets the needs of employers, and improves regional and national prosperity.

GCRB operates with a small executive team and funds its three assigned colleges, City of Glasgow College, Glasgow Clyde College and Glasgow Kelvin College, to deliver high quality further and higher education. Accountability is underpinned through agreement to a Financial Memorandum, the Regional Outcome Agreement, College's Scotland Code of Good Governance, and other associated governance documentation.

## **GLASGOW COLLEGES' REGIONAL BOARD 2017-18**

### **1.2 GCRB Executive Director Statement of Performance**

This annual report demonstrates that the Glasgow Colleges' Regional Board continues to make substantial progress in achieving its aim of building Scotland's most inclusive, most responsive and most effective regional college education service.

The Regional Board has worked in close partnership with the Glasgow colleges and regional stakeholders to build consensus on the strategic development of the region's college services and to strengthen the alignment between post-16 learning and jobs and growth. Through the development of a shared understanding of Glasgow's economic and social needs, GCRB has led the development of a strategic framework which will allow the benefits of regionalisation to impact more deeply on college service delivery and improve experiences and outcomes for learners.

This strategic coherence adds value for the Scottish Government, Funding Council and stakeholders as it has ensured that college funding has been prioritised to delivering evidence-based, regional priorities, alongside providing scope to achieve cost-efficiencies through more efficient organisation of educational provision. This annual report highlights the significant shifts in curriculum, led by GCRB, to ensure that the supply of college skills training best meets current and future employment needs. A further example of this is the development by GCRB of needs-based, capital funding arrangements which both ensured that capital expenditure was directed at areas of greatest regional need, and also that regional efficiencies were identified through joint procurement and delivery of cross-college projects.

Our shared strategic focus also brings added value to learners by working to ensure they benefit from all of the opportunities provided of the full Glasgow region curriculum, and by providing a regionally consistent, high quality and supportive student experience. The success of the regional Foundation Apprenticeship programme illustrates the benefits to learners of a regional approach to college learning, as by working in unison at a regional level, we were able to offer more choice to learners, delivering more effective learner journeys with education partners, and providing better support for industry. We were also able to develop our own skills, curriculum and organisations to offer more responsive and effective learning options.

GCRB has set high ambitions for itself, for Glasgow's colleges and learners and for the city region as a whole. This report highlights the work by the Glasgow colleges to deliver on these aspirations, and support continued improvements in student outcomes, both in terms of attainment and progression to positive post-course destinations. Attainment data from 2017-18 shows that three quarters of all students who enrolled on courses in Glasgow, successfully passed, with over 97% of full-time students successfully progressing to work or further study. In a context of a challenging social and economic environment, these figures are clear evidence that the Glasgow college region is addressing the attainment gap.

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

For college staff, the priority given by GCRB to collaboration, distributed leadership and regular consultation has ensured staff now have a greater say in the organisation of college services across the Glasgow region. Our new regional strategy is also delivering enhanced opportunities for professional development and for staff from across the region to support each other in their work, helping them to improve services for our learners, and through this, to make a bigger difference to the economic and social wellbeing of the Glasgow college region.

In conclusion, this report highlights the significant progress made by the Glasgow college region to deliver life-changing college learning through an efficient and effective regional college system which widens access, meets the needs of employers, and improves regional and national prosperity. The achievements listed were delivered collectively by the colleges and GCRB, combining our resources and working together in the interests of Glasgow and its people. This is how the colleges and GCRB realise regional added value.

### 1.3 Key Issues and Risks for GCRB

GCRB's risk register has been redeveloped continuously to review and strengthen our assessment and management of regional risks. Risk management is reviewed at each meeting of the Board and all risks were reviewed during the year ending 31 July 2018. The key risks facing GCRB are:

- If GCRB fails to respond proactively to macro-economic changes e.g. economic downturn, political changes, Leaving the EU, Scottish Independence Referendum.
- If GCRB does not develop or maintain effective working relationships with key partners (e.g. Scottish Funding Council, Scottish Government, Skills Development Scotland, Local Authorities, Universities, Employers and Schools).
- If the reputation of Further Education in Glasgow is damaged.
- If GCRB misses opportunities to add value via the strategic plan.
- If the curriculum offer does not effectively meet regional economic and social needs (e.g. widening access).
- If the quality of Learning and Teaching falls below the required standard.
- If GCRB's financial sustainability is jeopardised by a reduction in funding and/or an increase in costs.
- If GCRB fails to achieve the aims and targets set out in the Regional Outcome Agreement.
- If working relationships within the Glasgow college region (e.g. students, staff, and board members) are ineffective.
- If our approach to people issues (e.g. equality/diversity, skills mix, resourcing of GCRB) is unsatisfactory.
- If standards of governance fall below the level required.
- If there is a breach of legislation/guidance/code of practice.
- If inadequate measures are put in place to respond to a breach of security/safety (e.g. Cyber Attack).

## **GLASGOW COLLEGES' REGIONAL BOARD 2017-18**

### **SECTION 2. PERFORMANCE ANALYSIS**

#### **2.1 Introduction**

The primary purpose of the Glasgow Colleges' Regional Board is to plan and ensure delivery of a high quality curriculum which meets economic and social needs. It is therefore critical that the alignment of skills training supply to current and future employment demand is robustly considered, and that a responsive, coherent, and high quality regional curriculum is delivered and which evidences the impact of this public investment in skills training.

Each year, GCRB considers and agrees a regional curriculum development plan which responds coherently and efficiently to the most recent assessments of skills and employment demand. Over the course of the year the Board monitors implementation of this curriculum and the impact of regional college learning opportunities on the lives of our learners and the economic and social wellbeing of the Glasgow college region.

#### **2.2 Improving Regional Skills Alignment**

Regional curriculum hubs were established as part of GCRB's strategy and they are developing connections with, and responsive curricula for, key industry sectors: Administration, Financial & Business Services; Creative and Cultural Industries; Engineering, Construction & Manufacturing; Food, Drink, Tourism, Hospitality and Leisure Health; Care and Education and; the Land-Based Industries. In 2017, our Curriculum Hubs undertook collaborative reviews to determine how well each curriculum area meets employment needs, and of the effectiveness of flexible vocational progression pathways which better equip students with the skills to build successful careers.

Performance data from 2017-18 teaching delivery provides substantial evidence of the positive impact of regional curriculum planning, with more of Glasgow's teaching grant invested in areas of greatest economic and social need, and stronger alignment and links between college delivery and industry needs, supporting inclusive economic growth.

In 2017-18, the Board targeted an increase in teaching activity related to Administration, Financial and Business Services in response to employment demand, with jobs in health, business services and retail accounting for more than one in every three jobs in the region. In response to this curriculum growth target, the Glasgow colleges collectively delivered an additional 1,500 Credits, a reallocation of approximately £320k learning and teaching grant to a priority area of regional skills training need.

There are increasing demands being placed on Glasgow's health and social care services due to changing regional demography, including a growing proportion of elderly residents, and as a result of changing patterns of demand for specific services such as childcare and mental health support. In response, in 2017-18 the Board set a growth target for Health and Care delivery levels, and the colleges delivered nearly 2,000 extra Health and Care Credits of skills training. This amounts to an additional investment of almost £400k of regional teaching funding, supporting the health and care service providers to respond effectively to significant changes in the social needs of the Glasgow region.

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

In terms specifically of our response to the Scottish Government commitment to double the entitlement to free childcare to 1,140 hours, the Board worked strategically to increase the volume, range and flexibility of college learning opportunities, to align college training delivery to local authority and private sector childcare provision, and to strengthen vocational pathways from school and other employment.

The scale and speed of this expansion has generated a need to develop the workforce at all levels; from new entrants to managers, and the region has developed a training pipeline to offer multiple entry points and flexible learning options for people at all stages of their careers, to ensure we have the right people with the right skills to sustain growth and develop excellence in our nurseries. The region exceeded its 2017-18 childcare growth target and the Board has set further stretching expansion targets for the year ahead. Taken together, this will mean that the region will have doubled the number of Childcare learning opportunities offered, with almost £1.5 million allocated by the Board to delivering professional childcare qualifications at SCQF levels 7 to 9.

STEM-related employment forms a substantial element of the Glasgow Region economy, with significant and growing employment demand for science and engineering sectors, and the expansion of new industries such as stratified medicine and advanced manufacturing. In 2017, the Scottish Government published a Science, Technology, Engineering and Mathematics (STEM) Education and Training Strategy for Scotland, setting out a programme of actions for education and training providers to grow STEM literacy in society and drive inclusive economic growth in Scotland. To support this, in 2017-18 the region increased levels of STEM related activity for Senior Phase pupils, doubling the number of STEM related Foundation Apprenticeship (FA) starts, with over 100 Senior Phase pupils enrolled in 2017-18 on FAs in disciplines such as Civil Engineering, Digital Media, Engineering systems, Mechanical Engineering and Computing.

The Glasgow Economic Strategy: 2016-2023 aims to make Glasgow the most productive major city in the UK. The Glasgow College's Regional Board has sought to support more employers to upskill their staff and improve business productivity through its implementation of the new Flexible Workforce Development Fund (FWDF). A regional approach to planning and delivery of the FWDF has facilitated sharing of practice and a common approach to the application of the fund in Glasgow, and in its first year, the FWDF has made an increasing impact on the Glasgow college region's responsive, effective and career-building training provision. To date and together, the three Glasgow colleges have delivered over £1 million worth of training to 113 businesses, with courses in subjects and skills whose variety reflects the diversity of Glasgow's economy. Many of these skills are broadly transferable, such as: management; IT; customer service; human resources, accounts and; training. Others are more industry-specific and will build careers and capacity in our engineering, health and social care, education, and hospitality sectors. Because our colleges are equipped and willing to develop bespoke courses, the region has also delivered specialist training in skills as varied as life drawing, fish mongering, and newsroom leadership. Over 2017-18, more than 5,000 Glasgow employees upskilled through FWDF funded training increasing their productivity and potential.



## **GLASGOW COLLEGES' REGIONAL BOARD 2017-18**

### **2.3 Developing the Young Workforce**

In support of the priorities set out within Scotland's Youth Employment Strategy (Scottish Government, 2014), the Glasgow Colleges' Regional Board continues to prioritise the strengthening of vocational progression partnership activity with schools and employers.

Overall, in 2017-18 the Glasgow colleges delivered a 13% increase in the number of senior phase pupils studying at college on courses at SCQF levels 5 and above.

Glasgow's colleges also increased the scope and extent of early intervention activity with schools. This included significant primary and secondary school taster programmes, attendance at S2 option choice information evenings (a crucial moment where senior phase pathways are determined for school pupils), lectures in partnership with the Glasgow Science Centre, online initiatives and classroom activities for use at S2 level in schools.

A successful regional vocational options day for Glasgow schools was held to showcase vocational options at all three colleges to young people and their parents and guardians. The three colleges also collaborated on a single presentation all secondary school head teachers at three locations in the city, which outlined ways in which the college service in Glasgow could help schools meet their obligations within the Developing the Young Workforce strategy.

To support staff at schools and colleges to share and develop their understanding of their shared curriculum offer, new regional school/college CPD initiatives were established over the 2017-18 academic year. Working with local authority education services, teachers and guidance staff have been involved in professional dialogue through our "Informing the informer", "Know your college" and "Classroom connections" initiatives.

The regional Foundation Apprenticeships programme was further extended in 2017-18, with 209 Senior Phase pupils recruited over 13 frameworks. Regional Foundation Apprenticeships are designed to offer students a wider range of learning and career opportunities than a more local programme could offer, with the programme developed as a single regional offer, through a partnership of the three Glasgow colleges, Skills Development Scotland, local authorities and top employers. In June 2018, nearly 40 Senior Phase pupils graduated from the first cohort of Foundation Apprentices in Glasgow. They have already benefitted from our regional approach. They chose courses from a regional curriculum that combined the strengths of all three Glasgow colleges and that was developed to meet the needs of employers in the Region's key industries. Their learning has, therefore, been directly responsive and relevant to career opportunities.

### **2.4 Improving Student Outcomes**

Raising levels of attainment and successful progression into employment or further study are core strategic priorities for the Glasgow Colleges' Regional Board. Our Seven Learning Priorities seek to ensure we provide an education service which values personal development, and which builds the skills and knowledge required for everyone in Glasgow to share the benefits of economic growth.

The region has set stretching targets for increasing levels of student success, and in 2017-18 the region continued to improve both rates of attainment and for successful progression into work or study.

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In terms of achievement, three quarters of all learners who started college in Glasgow in 2017-18, successfully completed their course of study, a level of attainment which is higher than the Scottish norm and delivered in a context of significant local social and economic challenges.

And in relation to positive post-course destinations, progression data shows that the levels for post course success have increased, with over 97% of leavers now progressing successfully into work or further study.

Both of these performance measures demonstrate that that we are being successful in improving both our regional performance and our learners' lives and life chances.

In response to the publication of new quality arrangements for Scotland's colleges, a regional implementation plan was developed which aligned regional monitoring and improvement activity with institutional level reviews. In January 2018, the reports of the Glasgow colleges were reviewed and formally endorsed by SFC and Education Scotland and provided formal assurance that the three colleges are performing well across all elements of the national quality assessment framework, with no significant areas of weakness identified.

Access to student funding can also play a significant role in supporting improved learner outcomes and in 2017-18, a new Regional Student Funding Forum was established to support consistent approaches to Learning Support Services across the region's colleges. The group includes Student Association participation and an initial priority for the group has been forming shared approaches to attendance monitoring in relation to payment of student bursaries, to mitigate potential student hardship and support improved retention.

### **2.5 Widening Access and Supporting Inclusion and Diversity**

Whilst opportunities in Glasgow are immense, there are significant social, educational and economic challenges that must be addressed if the region and its residents are to fulfil their potential. In particular, many Glaswegians have low or no qualifications and are unemployed or stuck in poorly paid jobs with in-work poverty a growing issue. A powerful college education addresses many of these issues and the Regional Board is committed to engaging with those people who are furthest from the labour market; helping them overcome barriers to learning and to succeed in college, work and life, and driving inclusive growth.

Widening access to life-changing college learning is a central aim of the new Glasgow Region Strategic Plan for College Education, and to deliver on this, the Board targeted an increase in teaching activity delivered to learners residing in Scotland's 10% poorest neighbourhoods, and to learners with low or no qualifications. In 2017-18, the region succeeded in exceeding both of the growth targets related to this, with £24m funding allocated to learners from our most deprived neighbourhoods (equating to nearly one third of all teaching activity), and approximately £45m funding allocated to learners with low or no qualifications (over one half of all teaching activity).

## **GLASGOW COLLEGES' REGIONAL BOARD 2017-18**

In addition to increasing access to college learning opportunities, GCRB also led the development of an innovative new articulation programme which will offer Glasgow's college learners from priority widening access groups, an opportunity to progress with advanced standing to one of Scotland's most highly regarded universities. Building on a shared track record of delivering highly successful widening access work, the blended model of delivery will allow college learners to complete an HNC at college, alongside undertaking access-orientated Year 1 studies on the university campus. Our partnership delivery model will ensure seamless and supported progression routes which maximise potential for learner success, and offer flexible pathways to further study.

Our regional Embracing Diversity Competition encouraged students from across the college region to reflect on what Equality, Diversity and Inclusion means to them. Students across the region were asked to use their creativity and learning to communicate the values of fairness, opportunity and respect, with the winning entries emphasising the scope and diversity of learning in Glasgow's colleges.

### **2.6 Deepening Regional Collaboration and Efficient Regional Structures**

Our regional governance is stronger as a result of the development of new opportunities for Board collaboration. College and regional board members are now collaborating on key governance issues, including risk management, GDPR, cyber-security and increasing diversity on boards. The response of board members to these 'regional conversation' events has been extremely positive and demonstrate what can be achieved when the college region comes together to advance its shared ambitions.

At executive level, we continued to encourage collaboration through the establishment of a regional collaborative management structure with nominated Regional Leads forming a 'virtual regional senior leadership team'. Significant progress has been made by the new Regional Leads in relation to collaborative approaches to CPD, to more systematic and in-depth curriculum review, to delivering more consistent student support services, and to improved data provision and analysis.

In addition, to individual leadership roles, new cross college groups were formed to share skills and knowledge, support the development of consistent regional approaches and develop more effective and efficient joint delivery structures. This includes a new regional Organisational Development group which planned and deliver joint CPD activity across the three Glasgow colleges, resulting in opportunities for staff across the region to access CPD training related to GDPR, , school college shadowing, coaching using solution focused approaches, mental health awareness, cyber security and transitions and autism training.

In 2017-18 GCRB and the three Glasgow colleges also agreed to share a Data Protection Officer in response to new data protection regulations. This collaborative model enables all parties to address the risks posed by the new regulations by providing access to specialist expertise in an efficient way which supports the sharing of expertise at a regional and national level (including access to a national Head of Data Protection Services).

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

A final example of developing more efficient regional structures, is the needs-based, capital funding process that the Board developed and implemented - replacing national formula-based approaches with a funding that prioritises this region's needs and ambitions. The three Glasgow colleges engaged with the new process to ensure that more than £2 million of regional capital expenditure has been strategically aligned to areas of greatest regional need, with collaborative procurement and implementation providing improved value for money and impact.

### 2.7 Financial Performance

For the period under review, GCRB's running costs were funded from the SFC's core grant to the Glasgow region. The financial statements for the period report total expenditure relating to GCRB's running costs of £438k. Expenditure, which includes the actuarial valuation of the Strathclyde Pension Fund, is also £438k for the period and there is no surplus or loss.

We will continue to work closely with the three colleges to minimise regional governance and management costs to deliver maximum value from all our activities.

We note that, on an annualised basis, the GCRB's expenditure for the accounting period represents around 0.5% of the core SFC grant of £81,876,189 provided to the Glasgow region in 2017-18.

The Statement of Comprehensive Income presents the financial performance during the year in accordance with the HE/FE Statement of Recommended Practice. The adjusted operating position is intended to reflect the financial performance after allowing for non-cash adjustments and other material one-off items. The adjusted operating position is therefore designed to smooth any volatility in reported results arising from the application of Financial Reporting Standard 102. The adjusted operating position is shown in the table below:

	Year to 31 July 2018		Year to 31 July 2017	
	GCRB £'000	Group £'000	GCRB £'000	Group £'000
<b>Surplus/(Deficit) before other gains and losses</b>	<b>0</b>	<b>(2,481)</b>	<b>(4)</b>	<b>(6,039)</b>
<b>Add back:</b>				
Depreciation (net of deferred capital grant)	0	8,225	0	7,061
Exceptional non-restructuring costs	0	0	0	843
Non-pension cost adjustment – net service cost	11	4,034	3	2,865
Non-pension cost adjustment – net interest cost	1	885	1	764
Non-pension cost adjustment – early retirement provision	0	(975)	0	589
Donation to Arms' Length Foundation	0	300	0	2,800
<b>Deduct:</b>				
Non-Government capital grants (e.g. ALF grant)	0	(3,950)	0	(3,521)
Exceptional income – campus disposal	0	0	0	(1,000)
Revenue funding allocated to repayment of Lennartz	0	(361)	0	(433)
NPD income applied to reduce NPD balance sheet debt	0	(4,043)	0	(2,592)
<b>Adjusted operating surplus/(deficit)</b>	<b>12</b>	<b>1,634</b>	<b>0</b>	<b>1,337</b>

### **2.8 Scottish Government Sustainability Reporting**

In order to minimise running costs, GCRB accommodation and office services are provided by City of Glasgow College. Therefore, any related sustainability reporting requirements as set out within the Climate Change (Scotland) Act 2009 are provided within returns made by the City of Glasgow College.

### **2.9 Payment of Creditors**

During the accounting period, responsibility for handling GCRB's financial transactions lay with the City of Glasgow College. GCRB seeks to comply with the CBI Prompt Payment Code, and has a policy of paying its suppliers within 30 days of invoice date unless the invoice is contested. All disputes and complaints are handled as quickly as possible. No interest or late payment penalties were paid during the year. The average creditor's payment period throughout 2017-18 was 30 days, which was a significant improvement compared to 2016-17 when the figure was 48 days.

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

**Janie McCusker**  
**GCRB Chair**  
**28 January 2019**

**Robin Ashton**  
**GCRB Executive Director**  
**28 January 2019**

## B) THE ACCOUNTABILITY REPORT

### SECTION 1. CORPORATE GOVERNANCE REPORT

#### 1.1 Directors' Report

##### *Leadership of the GCRB*

Robin Ashton was appointed as permanent Executive Director of GCRB on 16 May 2016.

##### *Board membership*

The tables below set out the membership of the Board and its Committees for the period 1 August 2017 to 28 January 2019. Registers of interest are maintained for all serving individuals listed in the Directors' Report with copies available at: <http://www.gcrb.ac.uk/boardmembers>

<b>Member</b>	<b>Type of member, background and related parties</b>	<b>Appointment start date</b>	<b>Appointment end date</b>
Alisdair Barron	Chair of assigned college (City of Glasgow College). HR professional.	01/11/15	31/07/20
Paul Buchanan	Ordinary member. Management consultant. Formerly Chair of Reid Kerr College.	17/05/16	31/07/22
Megan Cartwright	Student member. Student President City of Glasgow College.	01/09/17	31/07/18
Moira Connolly	Ordinary member. Consultant psychiatrist with NHS Glasgow.	01/06/18	30/04/22
Frank Coton	Ordinary member. Vice-Principal (Academic and Educational Innovation), University of Glasgow. Member of SFC's board.	09/11/15	31/07/18
Michael Cullen	Ordinary member. Elected Councillor, Glasgow City Council.	01/08/18	30/04/21
Lesley Garrick	Ordinary member. Management consultant and former senior manager in the NHS.	17/05/16	31/07/21
Karolina Gasiorowska	Student member. Student President Glasgow Clyde College.	01/09/17	31/07/19
Irving Hodgson	Chair of assigned college (Glasgow Kelvin College). Planning and Development Consultant.	01/05/14	31/07/18
Clare Ireland	Staff member. Employed as staff member at Glasgow Clyde College.	01/05/14	31/07/22
Carol Kirk	Ordinary member. Education consultant.	01/05/14	31/05/18

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Member	Type of member, background and related parties	Appointment start date	Appointment end date
Caroline MacDonald	Ordinary member. Former Deputy Vice Chancellor at Teesside University.	09/11/15	31/07/21
Janie McCusker	Chair of GCRB. Former Adviser for Security Coordination, UNICEF.	08/01/18	07/01/22
Ed McGrachen	Ordinary member. Chartered engineer.	01/06/18	30/04/22
Maureen McKenna	Ordinary member. Exec Director of Education Services, Glasgow City Council.	01/05/14	31/07/21
Shaun McLaughlin	Student member. Student President Glasgow Kelvin College.	01/09/18	31/08/19
Alastair Milloy	Ordinary member. Director of Finance and Resources, Glasgow School of Art.	22/08/17	31/07/21
Charlie Montgomery	Staff member. Employed as staff member at City of Glasgow College.	01/08/18	31/07/22
David Newall	Chair of assigned college (Glasgow Clyde College). Formerly Secretary of Court, University of Glasgow.	15/07/16	14/07/20
Jim O'Donovan	Staff member. Employed as staff member at City of Glasgow College.	01/05/14	31/07/18
Ian Patrick	Chair of assigned college (Glasgow Kelvin College). Formerly Campus Director, Hamilton Campus, University of the West of Scotland.	01/08/18	31/07/22
Jackie Russell	Ordinary member. Director of Human Resources, Royal Conservatoire of Scotland.	09/11/15	31/07/22
Grahame Smith	Ordinary member and Interim Chair (from 16/07/17). General Secretary of the Scottish TUC. Member of the Enterprise and Skills Strategic Board.	01/05/14	31/05/18
Mike Ward	Ordinary member. Finance Director, Chartered Management Accountant.	27/02/17	31/07/20

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

### *Membership of the Performance & Resources Committee*

<b>Member</b>	<b>Appointment start date</b>	<b>Appointment end date</b>
Paul Buchanan	17/05/16	31/07/22
Megan Cartwright	01/09/17	31/07/18
Moira Connolly	18/06/18	30/04/22
Frank Coton	09/11/15	31/07/18
Carol Kirk	31/03/15	31/05/18
Caroline MacDonald	09/11/15	31/07/21
Shaun McLaughlin	01/09/18	31/08/19
Alistair Milloy	22/08/17	31/07/21
Jim O'Donovan	31/03/15	31/07/18

### *Membership of the Nominations & Remuneration Committee*

<b>Member</b>	<b>Appointment start date</b>	<b>Appointment end date</b>
Michael Cullen	01/08/18	30/04/21
Lesley Garrick	17/05/16	31/07/21
Karolina Gasiorowska	01/09/17	31/07/19
Clare Ireland	25/01/16	18/09/17
Janie McCusker	08/01/18	07/01/22
Jackie Russell	09/11/15	31/07/22
Grahame Smith	09/07/14	31/05/18

### *Membership of the Audit Committee*

<b>Member</b>	<b>Appointment start date</b>	<b>Appointment end date</b>
Paul Buchanan	17/05/16	31/07/22
Caroline MacDonald	09/11/15	18/06/18
Ed McGrachan	18/06/18	30/04/22
Maureen McKenna	02/03/16	31/07/21
Grahame Smith <sup>1</sup>	31/03/15	31/05/18
Mike Ward	27/02/17	31/07/20

<sup>1</sup> Grahame Smith stood down from the Audit Committee during his tenure as interim chair of GCRB.



## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

### 1.2 Statement of Board Responsibilities

GCRB exists to secure the coherent provision of high quality fundable higher and further education in Glasgow through its three assigned colleges (City of Glasgow College, Glasgow Clyde College and Glasgow Kelvin College). It does this mainly through taking a regional approach to planning, performance and funding. It also promotes collaboration, sharing of good practice, effective governance and positive learner journeys through a structured approach to regional curriculum planning and delivery. It must achieve all of this economically, efficiently and effectively while having particular regard to improving economic and social well-being, meeting skills needs and supporting the participation of under-represented groups.

In short, GCRB is designed to be an enabling body with a strategic regional focus. Delivery remains with the assigned colleges who are the employing bodies and who retain their own Boards of Management. Through consultation, agreement and collaboration, GCRB guides and supports the assigned colleges in their delivery of a coherent, affordable and sustainable regional approach. It must add value so that the three colleges working collaboratively within the regional structure can achieve more than any of them could do individually.

The Board must prepare financial statements that give a true and fair view of GCRB's state of affairs and of the surplus or loss and cash flows for that year. In preparing the Annual Report and Consolidated Financial Statements, the Board has ensured that:

- suitable accounting policies are selected and consistently applied;
- reasonable and prudent estimates and judgements have been made;
- applicable accounting standards have been followed, subject to any material departures explained in the financial statements;
- SFC funds are used only for the given purposes and in accordance with the Financial Memorandum with the SFC and any other conditions the SFC may prescribe; and
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume the GCRB will continue in operation.

The Board is satisfied it has adequate resources to continue in operation for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the financial statements.

### 1.3 Governance Statement

#### ***Introduction***

GCRB has in place arrangements that are designed to ensure that corporate governance is exercised in accordance with the principles for good governance set out in the Financial Memorandum between the SFC and the GCRB and in the *Code of Good Governance for Scotland's Colleges*. These arrangements are detailed in the sections below.

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

### ***Statement of Compliance with Code of Good Governance***

The Audit Committee received a report further to a review of compliance with the Code of Good Governance on 29 May 2018, which identified no material areas of non-compliance. The Committee reported to the Board on 18 June 2018. It was noted that additional assurance on GCRB's compliance with the Code during 2017-18 was provided by the external assessed evaluation report presented to the Board at its March meeting.

### ***Board Membership***

The Chair of the Board of the GCRB is appointed by Scottish Ministers. Other members are appointed as follows:

- the Chairs of the three assigned colleges;
- two elected staff members (one teaching and one non-teaching);
- two nominated, or elected, student members; and
- up to ten other board members appointed by the Board of the GCRB (and approved by both the Chair of the GCRB and Scottish Ministers).

All appointments and extension of appointments during 2017-18 followed approved procedures and were made in accordance with the relevant legislation and guidance.

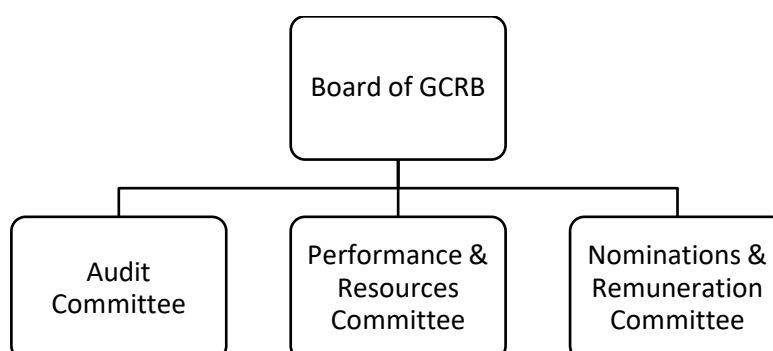
A new GCRB Chair was appointed by Scottish Ministers in January 2018.

Other appointments processes during 2017-18, to appoint staff, student, and non-executive members, were overseen by the Nominations and Remuneration Committee.

The extension of the appointments of five members who reached the end of their first term of office during 2017-18 was undertaken by a short-life Second Terms Committee established by the Board on the basis that two of the three non-executive members of the Nominations and Remuneration Committee were seeking extension to their term of office.

### ***Governance Structure***

The following diagram outlines GCRB's governance structure:



The Board of GCRB held five formal meetings during the 2017-18 academic year. Two further meetings have been held so far within the 2018-19 academic year. The Nominations & Remuneration Committee met on six occasions, the Audit Committee four times and the Performance & Resources Committee five times.

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

### *Audit Committee Remit*

The Audit Committee advises the Board on:

- the strategic processes for risk, control and governance and the governance statement;
- the accounting policies, the accounts, and the annual report of the Board, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
- the planned activity and results of both internal and external audit;
- the adequacy of management response to issues identified by audit activity, including external audit's management letter/report;
- the effectiveness of the internal control environment;
- assurances relating to the corporate governance requirements for the organisation;
- proposals for tendering for internal audit services or for purchase of non-audit services from contractors who provide audit services; and
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

The Audit Committee shall:

- review the adequacy and security of arrangements for employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- review procedures for detecting fraud;
- review systems and controls for the prevention of bribery and receive reports on non-compliance;
- review arrangements proposed for special ad hoc investigations;
- receive a report on GCRB compliance with the Code of Good Governance annually;
- monitor the effectiveness of external audit and report its findings to the Board; and
- shall inform the SFC Audit Committee if it considers that it has identified a significant problem which may have wider implications for the FE sector or public sector.

In relation to internal audit, the Audit Committee shall:

- monitor and review the effectiveness of the internal audit function in the context of its overall risk management system;
- make recommendations to the Board for the appointment and removal of the internal auditor;
- review and assess the annual internal audit plan;
- review reports from the internal auditor;
- review and monitor the executive's responses to the findings and recommendations of the internal auditor;
- meet the internal auditor at least once a year, without the executive being present, to discuss the remit and any issues arising from the internal audits carried out. The internal auditor has the right of direct access to the Chair of the Board and to the Audit Committee.

## **GLASGOW COLLEGES' REGIONAL BOARD 2017-18**

In relation to the assigned colleges the Audit Committee will advise on:

- the annual reports received from the assigned colleges' heads of internal audit;
- any notification in relation to the appointment, removal or resignation of an internal auditor; and
- any enquiries or monitoring of the assigned colleges including but not limited to situations where access to the colleges' external auditors may be required or where reports from the assigned colleges internal audit function are being considered.

### ***Performance & Resources Committee Remit***

- advise the Board on the proper control and management of the region's finances;
- advise the Board in relation to any matter relating to compliance with the Financial Memorandum by any of its assigned colleges;
- advise the Board on any matter relating to the making of a grant, loan or other payment and the conditions relating to any such payments;
- monitor progress against agreed financial targets as set out in the Regional Outcome Agreement;
- advise the Board in relation to ensuring the economic, efficient and effective use of funds;
- monitor the agreed annual plan and budget for the GCRB and advises the Board on any matters of concern and consider and recommend to the Board any proposals for significant or subsequent amendments to the plan or budget during the year;
- monitor progress against agreed targets as set out in the Regional Outcome Agreement;
- advise the Board on all matters relating to the monitoring of performance of the assigned colleges;
- advise the Board in relation to the carrying out of studies designed to improve economy, efficiency and effectiveness in the management or operation of the assigned colleges;
- advise the Board on any matter, internal or external to the Region, which might have a significant effect on any regional plan, outcome agreement or budget during the year;
- ensure that a strategy is in place to achieve Best Value and Value for Money;
- oversee the implementation of regional projects and makes recommendations to the Board in relation to implementation and advises on any matters of concern;
- monitor and keep under review the effectiveness of the implementation of regional projects and receives reports on a regular basis.

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

### *Nominations & Remuneration Committee Remit*

- is responsible for overseeing remuneration levels, salary awards, pensions, terms and conditions of employment and any other related matters for the executive and other senior posts within the organisation;
- provide support in reviewing overall executive performance;
- is responsible for the appointment process of senior executive officers and for making recommendations for their appointment to the Board;
- is responsible for reviewing the performance of the Executive Director;
- consider proposals regarding overall remuneration including pay awards across the organisation, making recommendations as appropriate to the Board;
- is consulted on any proposals for major changes to employee benefit structures;
- give full consideration to succession planning for all Board members in the course of its work, taking into account the challenges and opportunities facing the region, diversity succession planning requirements and the skills and expertise needed on the Board(s) in the future;
- review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board of GCRB and of the assigned colleges' Boards, and makes recommendations to the Board of GCRB as a consequence;
- ensure that a full evaluation of the balance of skills, knowledge, experience and diversity on the relevant Board has been carried out and that, in the light of this evaluation, an appropriate role description has been agreed before any non-executive appointment is made by the Board;
- ensure that fair, open and merit based recruitment processes are conducted for the appointment of non-executive board members and that all appointments are made in a manner which encourages equal opportunities and the observance of equal opportunity requirements;
- make recommendations to the Board for its approval in relation to the appointment of non-executive members, and the appointment of the chair, to an assigned college;
- the process for the election of staff and student Board members, the terms of appointment and committee membership;
- consider and approve the terms and conditions of appointment when making recommendations to the Board to appoint Assigned college principals;
- ensure that any severance arrangements, to be implemented by the Regional Board or any of its assigned colleges, are compliant with severance guidance published by the Funding Council and the requirements of the Financial Memorandum;
- is responsible for ensuring that the Board of GCRB reviews its effectiveness annually;
- shall make recommendations to the Board of GCRB in relation a process for evaluating the effectiveness of the Board Chair and the Committee Chairs; and
- review its own performance and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board.

## **GLASGOW COLLEGES' REGIONAL BOARD 2017-18**

### ***Board Effectiveness***

The Board undertakes detailed evaluation of its performance and effectiveness on an annual basis and takes account of emerging recommendations in its annual development plan, in line with the Code of Good Governance and best practice guidance for the sector.

During the period of this report:

- The three committees of the Board reviewed their performance during the past year including a review of significant developments and decisions, and emerging priorities for the year ahead. An annual report for each committee was presented to the subsequent meeting of the Board.
- All Members met individually with the Chair of the Board to discuss their role on the board, performance, development needs and objectives for the year ahead.
- A review of the Chair's performance was not undertaken due to interim arrangements having been put in place in July 2017 prior to a new Chair being appointed in January 2018.
- The Nominations and Remuneration Committee monitored progress against the Board's development plan, approved in March 2017, and an annual review of progress was presented to the Board in March 2018.

GCRB was required, in 2017-18 to undertake an externally-validated self-evaluation. An external assessor was appointed and completed the evaluation, working in compliance with the sector's self-evaluation framework, between December 2017 and March 2018.

The external assessor's report, presented to the meeting of the Board on 26 March 2018, was positive and identified no major areas of concern. Ten recommendations contained in the report to improve Board effectiveness were incorporated into the 2018 Development Plan, approved by the Board at the same meeting, which was thereafter submitted to the SFC and published on the GCRB website together with the evaluation report.

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

### *Board members' attendance at meetings (session 2017-18)*

<b>Board members attending board and committee meetings</b>	<b>Board (5 in period)</b>	<b>Audit (4 in period)</b>	<b>Nominations &amp; Remuneration (6 in period)</b>	<b>Performance &amp; Resources (5 in period)</b>
Alisdair Barron	4 of 5			
Paul Buchanan	4 of 5	4 of 4		5 of 5
Megan Cartwright	2 of 5			2 of 5
Moira Connolly	1 of 1			
Frank Coton	2 of 5			5 of 5
Lesley Garrick	5 of 5		5 of 6	
Karolina Gasiorowska	4 of 5		2 of 5	
Irving Hodgson	5 of 5			
Clare Ireland	3 of 5		1 of 1	
Carol Kirk	3 of 4			3 of 4
Caroline MacDonald	4 of 5	3 of 4		4 of 5
Janie McCusker	2 of 2		1 of 1	
Ed McGrachan	1 of 1			
Maureen McKenna	4 of 5	1 of 4		
Alastair Milloy	4 of 5			3 of 5
David Newall	3 of 5			
Jim O'Donovan	5 of 5			3 of 5
Jackie Russell	4 of 5		5 of 6	
Grahame Smith	3 of 4	1 of 2	5 of 6	
Mike Ward	4 of 5	4 of 4		
<b>Total Attendance</b>	<b>67 of 87</b>	<b>13 of 18</b>	<b>19 of 25</b>	<b>25 of 34</b>
<b>Average Attendance</b>	<b>77.0%</b>	<b>72.2%</b>	<b>76.0%</b>	<b>73.5%</b>

Appointment start and end dates are provided in the Directors' Report.

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

### **Corporate strategy**

GCRB is responsible for the strategic development of coherent and high quality education across the Glasgow college region. In May 2017, GCRB approved a *Regional Strategic Plan for College Education* which sets out a five-year vision of the shared ambitions and development priorities of GCRB and the assigned colleges.

The overarching ambition of the plan is to deliver Scotland's most inclusive, most responsive and most effective regional college system. Three areas of regional strategic ambition are identified:

- Ambitious for Glasgow: better lives in a better economy
- Ambitious for learners: Widening access to life-changing learning
- Ambitious for colleges: Unlocking regional potential and adding value

The strategy was officially launched at an event hosted by Regional Foundation Apprentices at Glasgow Kelvin College's East End Campus on 30 October 2017. The launch event emphasised the importance of collaboration between the colleges, industry and all our stakeholders in realising the strategy's ambitions for Glasgow, its colleges and its learners.

Shirley-Anne Somerville MSP, Minister for Further Education, Higher Education and Science, who spoke at the launch said; *"Improving education and life chances is the defining mission of this Government and Glasgow's regional approach will help build careers and contribute to Scotland's modern, successful, dynamic economy."*

Progress on delivering our strategic ambitions and related operational objectives is reported regularly to the Board and its Committees.

### **Risk management**

GCRB's risk management policy and guidance contains the following key principles which outline GCRB's approach to risk management and internal control:

- the Board has responsibility for overseeing risk management within GCRB as a whole;
- regular monitoring of risk is undertaken by the Audit Committee;
- the GCRB adopts an open and receptive approach to risk identification and management;
- this includes consideration and identification of risk tolerances and risk targets to support prioritisation of risks;
- the executive supports and implements policies and strategies approved by the Board;
- the GCRB makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks;
- the management team is responsible for ensuring good risk management practice;
- the management team takes into account the possibility of the differential impact of risks, and risk treatments, upon people who share protected characteristics; and
- key risk indicators will be identified and closely monitored on a regular basis.

GCRB, in general, seeks to treat risks with the potential of negative impact prudently. However, the Board and the management team recognise the possibility of positive outcomes in the treatment of risks, and accordingly are careful to evaluate each risk individually. Section 1.3 of the overview section of this annual report details key issues and risks identified within GCRB's current risk register.



## **GLASGOW COLLEGES' REGIONAL BOARD 2017-18**

### ***Internal audit***

Henderson Loggie was appointed as internal auditors in September 2016.

Based on a comprehensive audit needs analysis process, three areas for internal audit work were identified for 2017-18. These are listed below with the respective audit findings in terms of overall level of assurance:

- Externally Facilitated Effectiveness Review (of Governance): Scope for improvement
- Monitoring of progress against Corporate Plan: Good
- Receipt of funds and funding allocation: Good
- Follow-Up Reviews

The reports highlighted a number of areas of strength, alongside some areas for improvement. If recommendations were made this was accompanied by an action plan to address these, including action owners and planned completion dates. Progress to implement these recommendations is reviewed at each meeting of the GCRB Audit Committee.

The internal auditor's annual report stated that, in their opinion, "GCRB has systems demonstrating adequate and effective arrangements for risk management, control and governance, and proper arrangements are in place to promote and secure Value for Money. This opinion has been arrived at taking into consideration the work we have undertaken during 2017-18 and also in previous years."

### ***Assessment of corporate governance and review of the effectiveness of the system of internal control***

The Board is of the view that there is an on-going process for identifying, evaluating and managing GCRB's significant risks. This process is reviewed by the Board through assurances provided by the Audit Committee and GCRB management. On the basis that assurances provided from the sources of assurance outlined above, we can confirm that sound systems of governance, risk management and internal control, consistent with the requirements of the SPFM, have operated for the period ended 31 July 2018 and up to the date of approval of the Annual Report and Consolidated Financial Statements.

### ***Expenditure***

The Board is satisfied that all expenditure incurred was in line with its intended purpose and SFC guidance.

### ***Going Concern***

The Board is satisfied it has adequate resources to continue in operation for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the consolidated financial statements.

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

### SECTION 2. REMUNERATION AND STAFF REPORT

#### 2.1 Remuneration Policy

The remit of the Nominations & Remuneration Committee includes responsibility for advising the Board on the remuneration of GCRB employees, within the context of budgetary constraints and Scottish Government guidance. A copy of the Committee's terms of reference are detailed on page 20. The remuneration of the Chair is determined by the Scottish Government and all other Board members are non-remunerated.

#### 2.2 Remuneration Including Salary and Pension Entitlements

##### *Remuneration of the Chair*

The following table provides detail of the remuneration of the Chair of the Board of GCRB:

NAME	ACTUAL	ACTUAL
	Year ended 31 July 2018	Year ended 31 July 2017
	£'000	£'000
Janie McCusker (for period 08/01/18 to 31/07/18)	20-25	0
Grahame Smith (for period 16/07/17 to 31/12/17)	5-10	0
Margaret Cook (for period 01/08/16 to 14/07/17)	0	40-45

An annual equivalent has not been included because the Chair is remunerated on the basis of a daily fee, subject to an annual maximum. The Chair is not entitled to a pension in respect of their office. In 2016/17, the Chair of the Board of GCRB spent a significant amount of time representing the Employers side of the national negotiation process. The cost of time spent on this national process was reimbursed by Colleges Scotland.

##### *Salary entitlements*

The table below provides detail of the remuneration interests of senior management:

NAME	ACTUAL					
	Year ended 31 July 2018			Year ended 31 July 2017		
	Salary	Pension Benefit	Total	Salary	Pension Benefit	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Salary of Robin Ashton 1 August to 31 July	85-90	15-20	105-110	80-85	85-90	170-175
Salary of Jim Godfrey 1 August to 31 July	35-40	5-10	40-45	0	0	0

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

NAME	ANNUAL EQUIVALENT					
	Year ended 31 July 2018			Year ended 31 July 2017		
	Salary	Pension Benefit	Total	Salary	Pension Benefit	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Salary of Robin Ashton 1 August to 31 July	85-90	15-20	105-110	80-85	85-90	170-175
Salary of Jim Godfrey 1 August to 31 July	75-80	5-10	85-90	0	0	0

### Notes on salary information:

- No members of the Board, or senior management, received any benefits in kind, bonuses or overtime in addition to their remuneration or salary.
- There have been no exit, or termination costs, during the year.
- Robin Ashton is an employee of Glasgow Kelvin College, seconded to the GCRB from 16 May 2016. GCRB reimburse Glasgow Kelvin College with cost of Robin Ashton's salary and associated national insurance and pension costs.
- The salaries in the above table represent the amount earned in the financial period.
- The value of pension benefits is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The x20 multiplier aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20 year period which is the estimated life span following retirement.

### ***Fair Pay Policy - Median Remuneration***

GCRB is required (by the Government Financial Reporting Manual (FRM)) to disclose the relationships between the remuneration of the highest paid official and the median remuneration of the workforce. The banded remuneration of the highest paid official in the organisation in the financial year 2017-18 was £85,000-90,000 (2016-17 - £80,000-85,000) on a pro-rata 12-month basis. This was 1.5 times (2016-17 - 1.8 times) the median remuneration of the workforce which was £55,000-£60,000 (2016-17 - £40,000-£45,000).

### ***Staff Composition***

The Executive Director is male and is seconded to GCRB. The Executive Assistant is female and the Finance and Resources Director is male. The Executive Assistant and Finance and Resources Director are employed by GCRB on permanent contracts. A breakdown of the salaries has been included in Note 6 to the financial statements.

### ***Staff Sickness***

There was a total of 3 days in the financial year ending 31 July 2018.

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

### *Staff Policies*

GCRB has chosen to align itself with Glasgow Clyde College in respect of the Staff Policies and Procedures. These policies ensure that GCRB complies with employment legislation and promotes a positive organisational culture, which encourages the development of its employees. GCRB considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled every effort is made to ensure that their employment with GCRB continues. The GCRB's policy is to provide training, career development and opportunities for promotion to disabled staff which are, as far as possible, identical to those for other employees.

### *Accrued Pension Benefits*

Pension interests of senior postholders during the reporting period are in accordance with the specific employment contracts in place. The accrued pension benefits for senior officials are set out in the table below, together with the pension contributions made.

	<b>Accrued pension at pension age at 31 July 2018</b>	<b>Accrued lump sum at pension age at 31 July 2018</b>	<b>Real increase in pension 1 August 2017 to 31 July 2018</b>	<b>Real increase in lump sum 1 August 2017 to 31 July 2018</b>	<b>CETV at 31 July 2018</b>	<b>CETV at 31 July 2017</b>	<b>Real increase in CETV</b>
<b>NAME</b>	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Robin Ashton	20-25	45-49	0-2.5	0-2.5	345	319	26
Jim Godfrey	0-5	0-2.5	0-2.5	0-2.5	9	0	0

Pension benefits for employees are provided through two schemes. Firstly the Local Government Pension Scheme (LGPS), which is provided by the Strathclyde Pension Fund and is available for administration staff. Secondly, through the Scottish Teacher's Superannuation Scheme (STSS) for teaching staff seconded to GCRB.

- The LGPS is a funded defined benefit scheme, which is contracted out of State Earnings. The pension benefits are based on salary earned and the number of years that the person has been a member of the scheme. The normal retirement age is 65 (or 60 for members of the pension scheme prior to 1 April 2008).
- The STSS is a defined benefit scheme, which is notionally funded and contracted out of State Earnings-Related Pension Scheme. The pension benefits are based on the salary earned and the number of years that the person has been a member of the scheme. The normal retirement age is 65 (or 60 for members of the scheme prior to 1 April 2007).
- Contribution rates are set annually for all employees of these schemes.

## **GLASGOW COLLEGES' REGIONAL BOARD 2017-18**

- There is no automatic entitlement to a lump sum (except for membership of the LGPS prior to 1 April 2008 and membership of the STSS prior to 1 April 2007). For members who contributed to the schemes after these dates they 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.

### ***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 and not just their current appointment.

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

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

### ***Other***

During the year, GCRB spent £101,000 on consultancy, this mainly consisted of specialist advice in respect of financial, board secretarial and communications assistance. The appointment of a Finance Director was approved by GCRB in February 2017. Pending recruitment to this post, GCRB engaged the services of JM Godfrey Ltd to provide financial support to the Board during the financial year 2017-18. GCRB paid an amount of £54,972 (including VAT and expenses) for services provided between 11 August 2017 and 26 January 2018 (the contract dates). GCRB has completed the HMRC checklists and determined that the all contractors are self-employed for the purposes of IR35.

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

**Janie McCusker**  
**GCRB Chair**  
**28 January 2019**

**Robin Ashton**  
**GCRB Executive Director**  
**28 January 2019**

**INDEPENDENT AUDITOR'S REPORT** to the members of the Board of the Glasgow Colleges' Regional Board, the Auditor General for Scotland and the Scottish Parliament

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

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

**Opinion on financial statements**

We have audited the financial statements in the annual report and accounts of the Glasgow Colleges' Regional Board and its group for the year ended 31 July 2018 under the Further and Higher Education (Scotland) Act 1992. The financial statements comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Reserves, Consolidated Balance Sheet, and the Consolidated Statement of Cash Flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the affairs of the Glasgow Colleges' Regional Board and its group as at 31 July 2018 and of its surplus 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.

**Basis of opinion**

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

## **GLASGOW COLLEGES' REGIONAL BOARD 2017-18**

### **Conclusions relating to going concern**

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

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

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

As explained more fully in the Statement of the Board's Responsibilities, the Board 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 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 is responsible for assessing the Glasgow Colleges' Regional Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

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

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

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

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

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

## **GLASGOW COLLEGES' REGIONAL BOARD 2017-18**

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

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

#### **Opinion on regularity**

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

#### **Responsibilities for regularity**

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

### **Report on other requirements**

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

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

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

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



## **GLASGOW COLLEGES' REGIONAL BOARD 2017-18**

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

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

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

We have nothing to report in respect of these matters.

Gary Devlin, (for and on behalf of Scott-Moncrieff)

Scott-Moncrieff  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

## **GLASGOW COLLEGES' REGIONAL BOARD 2017-18**

### **ACCOUNTS DIRECTION FOR THE REGIONAL BOARD FOR GLASGOW COLLEGES 2017-18**

It is the Scottish Funding Council's direction that the Regional Board for Glasgow Colleges, known as the Glasgow Colleges' Regional Board (GCRB), complies with the 2015 *Statement of Recommended Practice: Accounting for Further and Higher Education* (SORP) in preparing its annual report and accounts for the year ending 31 July 2018.

GCRB is also required to comply with the Government Financial Reporting Manual 2017-18 (FReM) where applicable.

GCRB is also reminded that it must send two copies of its annual report and accounts to the Auditor General for Scotland by 31 December 2018.

The annual report and accounts should be signed by the Chief Officer and by the Chair, or one other member of the governing body.

GCRB should reproduce this Direction as an appendix to the annual report and accounts.

**Scottish Funding Council**  
**26 July 2018**

## **STATEMENT OF ACCOUNTING POLICIES**

### **BASIS OF PREPARATION**

Glasgow Colleges' Regional Board (GCRB), and the three colleges in Glasgow, make up the Glasgow college region. All four entities are corporate bodies under the provisions of the Further and Higher Education (Scotland) Act 1992.

The financial statements are prepared in accordance with Financial Reporting Standard 102 'the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' issued by the Financial Reporting Council and the Companies Act 2006. GCRB, and the three colleges, are public benefit entities and have applied the relevant public benefit requirements of FRS102.

Where applicable, the Report and Financial Statements also comply with the 2017-18 Government Financial Report Model (FReM) issued by the Scottish Government. The financial statements conform to the Accounts Direction and other guidance issued by the Scottish Funding Council.

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

### **ACCOUNTING POLICIES & 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.

### **GOING CONCERN**

GCRB, and the three colleges in Glasgow, are satisfied that they have adequate resources to continue in operation for the foreseeable future. For this reason the going concern basis continues to be adopted in the preparation of the financial statements.

### **JUDGEMENTS IN APPLYING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In preparing the financial statements, the Board 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 is satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

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

### REVENUE RECOGNITION

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

Tuition fees are credited to the Consolidated Statement of Comprehensive Income and Expenditure account 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 Consolidated Statement of Comprehensive Income and Expenditure as these grants are available solely for students, with the colleges acting as paying agent. Childcare funds are included in the Consolidated Statement of Comprehensive Income and Expenditure.

### GOVERNMENT GRANTS

Government revenue grants are recognised as income in the same period in which the related costs for which the grant is intended to compensate are recorded.

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.

## **GLASGOW COLLEGES' REGIONAL BOARD 2017-18**

### **NON-EXCHANGE TRANSACTIONS**

Grants from non-government sources are recognised in income when 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**

GCRB, and the three colleges, participate 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, we are unable to identify the 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 Consolidated Statement of Comprehensive Income and Expenditure as they arise.

This is expected to result in the pension cost being a substantially level percentage of current and future pensionable payrolls. The contributions are determined by qualified actuaries on the basis of 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 GCRB and the colleges. 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. The contributions are determined by an actuary on the basis of triennial valuations using the Age Attained Method. The actuaries also review the progress of the scheme in each of the intervening years. Variations from regular 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 Consolidated Statement of Comprehensive Income and Expenditure 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.

## **GLASGOW COLLEGES' REGIONAL BOARD 2017-18**

### **EMPLOYEE BENEFITS**

Short-term employment benefits, such as salaries and compensated absences, are recognised as an expense in the year in which the employees renders service to GCRB or a college. Any unused benefits are accrued and measured as the additional amount to be paid as a result of the unused entitlement.

### **FINANCE LEASES**

Leases in which GRCB, or a 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. Land is not depreciated.

Values are stated as at the most recent valuation of the independent valuer. The colleges undertake a full revaluation at least every five years, with an interim valuation carried out after three years, such that the market value is not materially different to the current value.

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.

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

## **GLASGOW COLLEGES' REGIONAL BOARD 2017-18**

### **TANGIBLE FIXED ASSETS - PLANT AND EQUIPMENT**

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

Plant and equipment is 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 plant and equipment as it is common for such assets to reduce in value, rather than increase, as they are utilised by the colleges.

### **MAINTENANCE OF PREMISES**

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

### **STOCK**

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

### **PROVISIONS**

Provisions are recognised in the financial statements when there is 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.

Provision has been made for the enhanced pensions paid to former employees who have taken early retirement for which it is liable. This provision is valued on the basis of valuation carried out by an independent actuary. The annual pension cost is funded from the provision and the provision level is maintained by an annual charge in the Consolidated Statement of Comprehensive Income and Expenditure.

### **CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A contingent liability arises from a past event that gives rise to a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of GCRB or a 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 rise to a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of GCRB or a college.

## **GLASGOW COLLEGES' REGIONAL BOARD 2017-18**

### **FINANCIAL INSTRUMENTS**

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

Financial assets are derecognised when the contractual rights to the cash flows from the asset 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 includes 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**

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

### **EVENTS AFTER THE REPORTING PERIOD**

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

Two types of events can be identified:

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

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



GLASGOW COLLEGES' REGIONAL BOARD 2017-18

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

Year Ended 31 July 2018

	Note	Year to 31 July 2018		Year to 31 July 2017	
		GCRB	Group	GCRB	Group
		£'000	£'000	£'000	£'000
<b>INCOME</b>					
Funding Council Grants	1	438	122,750	308	118,372
Tuition Fees and Education Contracts	2	0	29,531	0	30,010
Other Income	3	0	12,603	10	9,962
Investment Income	4	0	27	0	52
Endowments and Donations	5	0	6,426	0	5,260
<b>Total Income</b>		<b>438</b>	<b>171,337</b>	<b>318</b>	<b>163,656</b>
<b>EXPENDITURE</b>					
Staff Costs	6	276	103,075	231	97,555
Exceptional Staff Costs - Restructuring	6	0	2,322	0	292
Other Operating Expenses	8	161	35,039	90	37,027
Depreciation and Amortisation	11/12	0	17,645	0	16,028
Exceptional Impairment		0	0	0	429
Interest and Other Finance Costs	9	1	15,437	1	15,564
Donation to Arm's-Length Foundation		0	300	0	2,800
<b>Total Expenditure</b>		<b>438</b>	<b>173,818</b>	<b>322</b>	<b>169,695</b>
<b>Surplus/(loss) on Continuing Operations before gains/(losses)</b>		0	(2,481)	(4)	(6,039)
Gain/(Loss) on Disposal of Fixed Assets		0	0	0	1
<b>Surplus/(loss) on Continuing Operations before tax</b>		<b>0</b>	<b>(2,481)</b>	<b>(4)</b>	<b>(6,038)</b>
Taxation	10	0	0	0	0
<b>Surplus/(loss) on Continuing Operations after tax</b>		<b>0</b>	<b>(2,481)</b>	<b>(4)</b>	<b>(6,038)</b>
Unrealised Surplus/(Loss) on Revaluation of Land and Buildings		0	(169)	0	23,864
Actuarial Gains/(Losses) on Defined Benefit Pension Plans	22	8	35,797	(9)	3,216
Prior Year Adjustment	27	0	0	(17)	(17)
Disposal of Revalued Fixed Asset		0	0	0	3,666
Movement on Restricted Reserves		0	(27)	0	0
<b>Total Comprehensive Income for the year</b>		<b>8</b>	<b>33,120</b>	<b>(30)</b>	<b>24,691</b>
Represented by:					
Restricted Comprehensive Income for the Year		0	(27)	0	0
Unrestricted Comprehensive Income for the Year		8	33,147	(30)	24,691
		<b>8</b>	<b>33,120</b>	<b>(30)</b>	<b>24,691</b>

GLASGOW COLLEGES' REGIONAL BOARD 2017-18

CONSOLIDATED STATEMENT OF CHANGES RESERVES

Year Ended 31 July 2018

	<u>Income and Expenditure Reserve</u>		<u>Restricted Reserve</u>	<u>Revaluation Reserve</u>	<u>Total</u>	<u>Total</u>
	<u>GCRB</u>	<u>Group</u>	<u>Group</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2017</b>	(58)	(12,609)	510	88,473	(58)	76,374
Surplus/(Loss) on Continuing Operations after Tax	0	(2,481)	0	0	0	(2,481)
Actuarial Adjustment	8	35,797	0	0	8	35,797
Transfer to/from Revaluation Reserve	0	1,125	0	(1,125)	0	0
Revaluation of Buildings in Year	0	0	0	(169)	0	(169)
Disposal of Revalued Fixed Assets	0	0	0	0	0	0
Prior Year Adjustment	0	0	0	0	0	0
Movement on Restricted Funds	0	0	(27)	0	0	(27)
Total Comprehensive Income in the Year	8	34,441	(27)	(1,294)	8	33,120
<b>Balance at 31 July 2018</b>	<b>(50)</b>	<b>21,832</b>	<b>483</b>	<b>87,179</b>	<b>(50)</b>	<b>109,494</b>
<b>Balance at 1 August 2016</b>	(28)	(11,506)	510	62,679	(28)	51,683
Surplus/(Loss) on Continuing Operations after Tax	(4)	(6,038)	0	0	(4)	(6,038)
Actuarial Adjustment	(9)	3,216	0	0	(9)	3,216
Transfer to/from Revaluation Reserve	0	1,736	0	(1,736)	0	0
Revaluation of Buildings in Year	0	0	0	23,864	0	23,864
Disposal of Revalued Fixed Assets	0	0	0	3,666	0	3,666
Prior Year Adjustment	(17)	(17)	0	0	(17)	(17)
Movement on Restricted Funds	0	0	0	0	0	0
Total Comprehensive Income in the Year	(30)	(1,103)	0	25,794	(30)	24,691
<b>Balance at 31 July 2017</b>	<b>(58)</b>	<b>(12,609)</b>	<b>510</b>	<b>88,473</b>	<b>(58)</b>	<b>76,374</b>

GLASGOW COLLEGES' REGIONAL BOARD 2017-18

CONSOLIDATED BALANCE SHEET

At 31 July 2018

	<u>Note</u>	<u>31 July 2018</u>		<u>31 July 2017</u>	
		<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Intangible Fixed Assets	11	0	117	0	175
Tangible Fixed Assets	12	0	403,592	0	414,993
Long-term Investments	13	0	4	0	4
<b>Total Fixed Assets</b>		<b>0</b>	<b>403,713</b>	<b>0</b>	<b>415,172</b>
<b>CURRENT ASSETS</b>					
Stocks	14	0	46	0	47
Debtors	15	11	9,421	114	8,026
Cash at Bank and in Hand	16/20	32	11,145	0	9,784
<b>Total Current Assets</b>		<b>43</b>	<b>20,612</b>	<b>0</b>	<b>17,857</b>
Less: Creditors – Amounts Due in One Year	17	(48)	(30,760)	(131)	(27,695)
<b>NET CURRENT LIABILITIES</b>		<b>(5)</b>	<b>(10,148)</b>	<b>(17)</b>	<b>(9,838)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>(5)</b>	<b>393,565</b>	<b>(17)</b>	<b>405,334</b>
Less: Creditors – Amounts Due After More Than One Year	18	0	(129,776)	0	(137,758)
Finance Liability	12	0	(144,249)	0	(148,615)
<b>NET ASSETS BEFORE PENSION ASSET/LIABILITY</b>		<b>0</b>	<b>119,540</b>	<b>0</b>	<b>118,961</b>
Provision for Liabilities and Charges	19	0	(10,078)	0	(11,741)
Funded Pension Provision	22	(45)	32	(41)	(30,846)
<b>NET ASSETS AFTER PENSION LIABILITY</b>		<b>(50)</b>	<b>109,494</b>	<b>(58)</b>	<b>76,374</b>
<b>RESERVES</b>					
Income and Expenditure – Unrestricted		(50)	21,832	(58)	(12,609)
Restricted Reserve		0	483	0	510
Revaluation Reserve		0	87,179	0	88,473
<b>TOTAL</b>		<b>(50)</b>	<b>109,494</b>	<b>(58)</b>	<b>76,374</b>

The financial statements on pages 41 to 63 were approved by the Board on 28 January 2019 and signed on its behalf by:

Janie McCusker  
GCRB Chair  
28 January 2019

Robin Ashton  
GCRB Executive Director  
28 January 2019

GLASGOW COLLEGES' REGIONAL BOARD 2017-18

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 31 July 2018

	<u>Note</u>	<u>31 July 2018</u>		<u>31 July 2017</u>	
		<u>GCRB</u> £'000	<u>Group</u> £'000	<u>GCRB</u> £'000	<u>Group</u> £'000
<b>Cash (outflow)/inflow from operating activities</b>					
Surplus/(loss) for the Year		0	(2,481)	(4)	(6,038)
<b>Adjustment for non-cash items</b>					
Depreciation and Amortisation	11/12	0	17,645	0	16,028
Gain on Sale of Fixed Asset		0	0	0	919
Revaluation		0	0	0	429
Impairment		0	12	0	0
Decrease/(increase) in Stock	14	0	1	0	(1)
Decrease/(increase) in Debtors	15	103	(1,395)	(64)	6,918
Increase/(decrease) in Creditors	17/18	(83)	(4,917)	64	(8,469)
Increase/(decrease) in Other Provision	19	0	(1,663)	0	(60)
Increase/(decrease) in Pension Provision	22	12	4,919	4	3,629
Increase/(decrease) in Restricted Reserve		0	(27)	0	0
Investment Income	4	0	(27)	0	(52)
Interest Paid	9	1	15,437	1	15,564
Capital Grant Income Received		0	3,744	0	(8,036)
		<b>33</b>	<b>23,760</b>	<b>1</b>	<b>20,831</b>
<b>Cash Flows from Investing Activities</b>					
Cash Payments to Acquire Fixed Assets	12	0	(3,049)	0	(131,900)
Capital Grants Received		0	426	0	8,558
<b>Cash Flows from Financing Activities</b>					
Investment Income	4	0	27	0	52
Interest Paid	9	(1)	(15,437)	(1)	(15,564)
Finance Lease Creditor	12	0	(323)	0	119,846
Capital Element of Finance Lease and Concessions	12	0	(4,043)	0	(2,592)
<b>Net Cash (Outflow)/Inflow from Investments and Financing Activities</b>		<b>(1)</b>	<b>(22,399)</b>	<b>(1)</b>	<b>(21,600)</b>
<b>(Decrease)/Increase in Cash and Equivalents in the Year</b>	<b>20</b>	<b>32</b>	<b>1,361</b>	<b>0</b>	<b>(769)</b>
Cash and Equivalents at Beginning of Year	16	0	9,784	0	10,553
Movement in Net Funds	16	32	1,361	0	(769)
<b>Cash and Equivalents at End of Year</b>	<b>16</b>	<b>32</b>	<b>11,145</b>	<b>0</b>	<b>9,784</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. SFC GRANTS

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Recurrent Grant	381	82,370	270	79,676
Childcare Funds	0	3,599	0	3,880
Release of Deferred Capital Grants	0	8,162	0	7,803
SFC Capital Grant	0	2,109	0	1,458
SFC Capital Grant for NPD Contract	0	20,064	0	18,792
Other	57	6,446	38	6,763
<b>Total SFC Grants</b>	<b>438</b>	<b>122,750</b>	<b>308</b>	<b>118,372</b>

## 2. TUITION FEES AND EDUCATION CONTRACTS

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Further Education – Home and EU	0	1,905	0	1,731
Higher Education – Home and EU	0	14,911	0	15,074
Non-EU Students	0	1,766	0	1,990
Education Contracts	0	10,949	0	11,215
<b>Total Tuition Fees and Education Contracts</b>	<b>0</b>	<b>29,531</b>	<b>0</b>	<b>30,010</b>

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

### 3. OTHER INCOME

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Residences and Catering	0	4,572	0	4,134
Other European Income	0	509	0	303
Other Income Generating Activities	0	1,298	0	1,114
Other Grant Income	0	2,180	0	2,126
Release from Deferred Grants non-SFC	0	1,833	0	855
Other Income	0	2,211	10	1,430
<b>Total Other Income</b>	<b>0</b>	<b>12,603</b>	<b>10</b>	<b>9,962</b>

### 4. INVESTMENT INCOME

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Other Interest Received	0	27	0	52
<b>Total Investment Income</b>	<b>0</b>	<b>27</b>	<b>0</b>	<b>52</b>

### 5. DONATIONS AND ENDOWMENTS

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Donations with Restrictions	0	6,426	0	5,260
<b>Total Donations and Endowments</b>	<b>0</b>	<b>6,426</b>	<b>0</b>	<b>5,260</b>

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

### 6. STAFF COSTS

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Wages and Salaries	213	79,455	188	75,166
Social Security Costs	22	7,990	19	7,377
Pension Costs	30	12,571	21	11,558
FRS102 Pension Adjustment	11	4,034	3	2,865
Provision for Unfunded Pensions	0	(975)	0	589
<b>Total Recurring Staff Costs</b>	<b>276</b>	<b>103,075</b>	<b>231</b>	<b>97,555</b>
Exceptional Staff Costs	0	2,322	0	292
<b>Total Staff Costs</b>	<b>276</b>	<b>105,397</b>	<b>231</b>	<b>97,847</b>

#### Analysed as follows:

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Academic Teaching Departments	0	68,909	0	64,287
Academic Teaching Services	0	11,320	0	10,621
Administration and Central Services	265	13,727	228	13,283
Premises	0	3,767	0	3,701
Other Expenditure	0	695	0	965
Catering and Residences	0	1,598	0	1,244
FRS102 Pensions Adjustment	11	4,034	3	2,865
Provisions for Unfunded Pensions	0	(975)	0	589
<b>Total Recurring Staff Costs</b>	<b>276</b>	<b>103,075</b>	<b>231</b>	<b>97,555</b>
Exceptional Staff Costs	0	2,322	0	292
<b>Total Staff Costs</b>	<b>276</b>	<b>105,397</b>	<b>231</b>	<b>97,847</b>

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

### Staff Numbers

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

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
Academic Teaching Departments	0	1,449	0	1,392
Academic Teaching Services	0	300	0	324
Administration and Central Services	3	327	2	333
Premises	0	131	0	142
Other Expenditure	0	19	0	23
Catering and Residences	0	66	0	54
<b>Total Number of Staff</b>	<b>3</b>	<b>2,292</b>	<b>2</b>	<b>2,268</b>

Through the National Bargaining process, the following pay awards were implemented during academic year 2017-18.

As instructed by Colleges Scotland Employers Association, the migration from the current salary scales to the new National Pay Scale commenced in order to generate a notional salary for April 2019. Harmonisation of Teaching salaries began in April 2017 in which 25% of the difference between the current and the notional was added to the annual salary, with a further 25% a year later and the final 50% added to the annual salary to complete the harmonisation in April 2019. In April 2019, the actual salary paid will be the notional salary identified in the migration process.

In line with an instruction from the Colleges Scotland Employers Association, a non-consolidated payment of £100 per FTE was made to teaching and support staff in May 2018.

Agreement was reached by Colleges Scotland Employers Association and Support Unions in October 2018 which results in a pay award for support staff for period April 2018 to March 2019 as follows: 3% on salary points less than or equal to £36,500, 2% on salary points greater than £36,500, minimum payment of £650 (FTE), maximum payment of £1600 (FTE) for those earning £80k or more and within scope of the NRPA. The related costs for period April 2018 to July 2018 have been included in the financial statements.

The Senior Management Teams, which are not covered by National Bargaining, received a pay awards determined by the relevant employing body.



## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

The number of staff, including senior post-holders, who received emoluments<sup>2</sup> were as follows:

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
£60,001 to £70,000 per annum	0	21	0	19
£70,001 to £80,000 per annum	0	4	0	5
£80,001 to £90,000 per annum	1	11	1	8
£90,001 to £100,000 per annum	0	14	0	1
£100,001 to £110,000 per annum	0	5	0	1
£110,001 to £120,000 per annum	0	8	0	0
£120,001 to £130,000 per annum	0	1	0	1
£130,001 to £140,000 per annum	0	0	0	0
£140,001 to £150,000 per annum	0	0	0	0
£150,001 to £160,000 per annum	0	1	0	0
£160,001 to £170,000 per annum	0	4	0	1
£170,001 to £180,000 per annum	0	0	0	0
£180,001 to £190,000 per annum	0	0	0	0
£190,001 to £200,000 per annum	0	1	0	1
<b>Total Staff Costs</b>	<b>1</b>	<b>70</b>	<b>1</b>	<b>37</b>

The number of senior post-holders who received emoluments were as follows:

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
£60,001 to £70,000 per annum	0	0	0	0
£70,001 to £80,000 per annum	0	1	0	4
£80,001 to £90,000 per annum	1	7	1	7
£90,001 to £100,000 per annum	0	1	0	1
£100,001 to £110,000 per annum	0	2	0	1
£110,001 to £120,000 per annum	0	0	0	0
£120,001 to £130,000 per annum	0	1	0	1
£130,001 to £140,000 per annum	0	0	0	0
£140,001 to £150,000 per annum	0	0	0	0
£150,001 to £160,000 per annum	0	1	0	0
£160,001 to £170,000 per annum	0	0	0	1
£170,001 to £180,000 per annum	0	0	0	0
£180,001 to £190,000 per annum	0	0	0	0
£190,001 to £200,000 per annum	0	1	0	1
<b>Total Staff Costs</b>	<b>1</b>	<b>14</b>	<b>1</b>	<b>16</b>

<sup>2</sup> Emoluments include salary, benefits in kind, severance payments but exclude pension contributions.

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

### 7. SENIOR POST-HOLDERS EMOLUMENTS

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
The number of senior post-holders at 31 July:	2	15	1	15
Senior post-holders' emoluments are made up as follows:	£'000	£'000	£'000	£'000
Salaries	126	1,371	82	1,537
Benefits in Kind	0	0	0	0
Severance	0	111	0	110
Pension Contributions	23	248	14	253
<b>Total Emoluments</b>	<b>149</b>	<b>1,730</b>	<b>96</b>	<b>1,900</b>

	<u>31 July 2018</u>	<u>31 July 2017</u>
	<u>GCRB</u>	<u>GCRB</u>
Emoluments of the GCRB Executive Director:	£'000	£'000
Salaries	87	82
Benefits in Kind	0	0
Pension Contributions	15	14
<b>Total Emoluments</b>	<b>102</b>	<b>96</b>

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

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

### 8. OTHER OPERATING EXPENSES

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Academic Teaching Departments	0	5,931	0	6,304
Academic Teaching Services	0	2,593	0	2,401
Administration and Central Services	161	6,658	90	7,412
Premises	0	11,470	0	12,345
Catering and Residences	0	2,663	0	2,328
Childcare	0	3,599	0	3,880
Other	0	2,125	0	2,357
<b>Total Operating Costs</b>	<b>161</b>	<b>35,039</b>	<b>90</b>	<b>37,027</b>

#### Other Operating Expenses Include:

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Auditors' Remuneration:				
External Audit	21	129	12	129
Internal Audit	11	90	6	81
Other Services – External Audit	0	27	0	4
Other Services – Internal Audit	7	9	2	5
Agency Staff Costs	0	570	0	897
Hire of other assets – Operating lease	0	95	0	93

### 9. INTEREST AND OTHER FINANCE COSTS

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
NPD Contract	0	14,552	0	14,800
Net Pension Financing Costs	1	885	1	764
<b>Total Interest and Other Finance Costs</b>	<b>1</b>	<b>15,437</b>	<b>1</b>	<b>15,564</b>

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

### 10. TAXATION

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

### 11. INTANGIBLE ASSETS

GCRB does not hold any intangible assets itself and therefore all of the assets below are those of the Group.

	<u>31 July 2018</u>	<u>31 July 2017</u>
	<u>Group</u>	<u>Group</u>
	£'000	£'000
<b>Cost or Valuation</b>		
Brought Forward at 1 August	230	0
Additions	0	230
<b>Carried Forward at 31 July</b>	<b>230</b>	<b>230</b>
<b>Amortisation</b>		
Brought Forward at 1 August	55	0
Charge for the Period	58	55
<b>Carried Forward at 31 July</b>	<b>113</b>	<b>55</b>
<b>Net Book Value at 31 July</b>	<b>117</b>	<b>175</b>
Net Book Value at 1 August	175	0

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

### 12. TANGIBLE ASSETS

GCRB does not hold any tangible assets itself and therefore all of the assets below are those of the Group.

	<u>Assets under Construction</u>	<u>Land &amp; Buildings</u>	<u>Plant &amp; Equipment</u>	<u>Total</u>
	<u>Group</u>	<u>Group</u>	<u>Group</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>				
Brought Forward at 1 August	1,183	397,897	46,363	445,443
Additions	2,679	528	3,160	6,367
Disposals	0	0	(718)	(718)
Transfers	(2,854)	2,854	0	0
Impairment	0	0	(22)	(22)
Revaluations	0	(169)	0	(169)
<b>Carried Forward at 31 July</b>	<b>1,008</b>	<b>401,110</b>	<b>48,783</b>	<b>450,901</b>
<b>Depreciation</b>				
Brought Forward at 1 August	0	6,067	24,383	30,450
Charge for the Period	0	9,648	7,939	17,587
Disposals	0	0	(718)	(718)
Impairment	0	0	(10)	(10)
Revaluations	0	0	0	0
<b>Carried Forward at 31 July</b>	<b>0</b>	<b>15,715</b>	<b>31,594</b>	<b>47,309</b>
<b>Net Book Value at 31 July</b>	<b>1,008</b>	<b>385,395</b>	<b>17,189</b>	<b>403,592</b>
Net Book Value at 1 August	1,183	391,830	21,890	414,993
<b>Represented by:</b>				
At valuation	0	66,218	0	66,218
Inherited	0	12,295	0	12,295
Financed by Capital Grant	1,008	141,572	8,924	151,504
Other	0	165,310	8,265	173,575
<b>At 31 July 2018</b>	<b>1,008</b>	<b>385,395</b>	<b>17,189</b>	<b>403,592</b>

The land and buildings have been included in the balance sheet on the basis of independent property valuations. The land and buildings owned, and occupied by the colleges comprise property, which may not be disposed of, without prior approval of the Scottish Funding Council. Should publicly funded assets be sold, the proceeds may be liable to be surrendered under the terms of the Financial Memorandum with the Scottish Funding Council.

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

Included in the above is the element of the exceptional impairment that relates to an asset held under a service concession arrangement by City of Glasgow College. The value of the liabilities resulting from the service concession arrangement at the balance sheet date is as follows:

	<u>31 July 2018</u>	<u>31 July 2017</u>
	<u>Group</u>	<u>Group</u>
	£'000	£'000
Brought Forward at 1 August	152,658	35,404
Additions during the year	0	119,846
Repayments in the year	(4,043)	(2,592)
<b>Carried Forward at 31 July</b>	<b>148,615</b>	<b>152,658</b>

The following table analyses the future payments in relation to the service concession arrangement:

	<u>Payable in 1 year</u>	<u>Payable in 2- 5 years</u>	<u>Payable later than 5 years</u>	<u>Total</u>
	<u>Group</u>	<u>Group</u>	<u>Group</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Liability repayments	4,366	20,429	123,820	148,615
Finance charge	14,167	52,205	126,078	192,450
Service arrangement	3,360	14,939	140,338	158,637
<b>Total</b>	<b>21,893</b>	<b>87,573</b>	<b>390,236</b>	<b>499,702</b>

### 13. LONG-TERM INVESTMENTS

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
<b>Government Stock at Cost</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>4</b>

### 14. STOCKS

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
<b>Goods for Resale</b>	<b>0</b>	<b>46</b>	<b>0</b>	<b>47</b>

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

### 15. DEBTORS

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Trade Debtors	0	2,912	9	3,213
Funds Held by SFC	0	0	38	38
Other Debtors	9	230	66	80
Prepayments and Accrued Income	2	6,279	1	4,695
<b>Total Debtors</b>	<b>11</b>	<b>9,421</b>	<b>114</b>	<b>8,026</b>

### 16. CASH AND CASH EQUIVALENTS

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Cash and Cash Equivalents	32	11,273	0	9,783
Bursaries and Student Fund Accounts	0	(128)	0	1
<b>Total Cash and Cash Equivalents</b>	<b>32</b>	<b>11,145</b>	<b>0</b>	<b>9,784</b>

### 17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Trade Creditors	8	1,715	28	2,132
Other Taxation and Social Security	0	2,269	0	1,968
Other Creditors	5	1,048	81	1,045
Deferred Income – Government Capital Grants	0	8,853	0	8,451
VAT Creditor	0	176	0	212
VAT accumulated under the Lennartz Principle	0	1,200	0	942
Accruals and Deferred Income	35	10,955	22	8,721
Payments Received in Advance	0	178	0	181
Finance Liability – NPD Contract	0	4,366	0	4,043
<b>Total Creditors Due Within One Year</b>	<b>48</b>	<b>30,760</b>	<b>131</b>	<b>27,695</b>

**18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Deferred Income – Government Capital Grants	0	129,407	0	136,550
VAT accumulated under the Lennartz Principle	0	369	0	1,208
<b>Total Creditors Due After One Year</b>	<b>0</b>	<b>129,776</b>	<b>0</b>	<b>137,758</b>

**19. PROVISION FOR LIABILITIES AND CHARGES**

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

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Brought Forward at 1 August	0	11,741	0	11,801
Expenditure in the period	0	(688)	0	(649)
Adjustment to Provision	0	(975)	0	589
<b>Carried Forward At 31 July</b>	<b>0</b>	<b>10,078</b>	<b>0</b>	<b>11,741</b>

**20. ANALYSIS OF CHANGES IN NET FUNDS**

	<u>31 July 2017</u>		<u>Cash Flow</u>		<u>31 July 2018</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000	£'000	£'000
Cash and Cash Equivalents	0	9,783	32	1,490	32	11,273
Bursaries and Student Fund Accounts	0	1	0	(129)	0	(128)
<b>Total Cash and Cash Equivalents</b>	<b>0</b>	<b>9,784</b>	<b>32</b>	<b>1,361</b>	<b>32</b>	<b>11,145</b>



## 21. FINANCIAL INSTRUMENTS

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
<b>Financial Assets</b>				
<b>Financial Assets Measured at Amortised Cost</b>	<b>41</b>	<b>19,246</b>	<b>113</b>	<b>16,169</b>
<b>Financial Liabilities</b>				
<b>Financial Liabilities Measured at Amortised Cost</b>	<b>46</b>	<b>159,288</b>	<b>131</b>	<b>163,413</b>

Financial assets are measured at amortised cost comprise cash and cash equivalents, trade debtors, other debtors and accrued income. Financial liabilities are measured at amortised cost comprise trade creditors, other creditors (excluding VAT creditor) and accruals.

## 22. PENSIONS AND SIMILAR OBLIGATIONS

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

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Scottish Teachers' Superannuation Scheme	14	8,123	14	7,632
Strathclyde Pension Fund	15	4,448	7	4,263
Unfunded Pensions	0	(975)	0	252
Pensions Charge	11	4,034	3	2,865
<b>Total Pensions Cost</b>	<b>40</b>	<b>15,630</b>	<b>24</b>	<b>15,012</b>

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

### Scottish Teachers Superannuation Scheme (STSS)

- The GCRB and the Region participates in the Scottish Teachers' Pension Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2016 and this has set the contribution rates from 1 April 2019.

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

- GCRB and the Region has no liability for other employers' obligations to the multi-employer scheme.
- As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.
- The scheme is an unfunded multi-employers defined benefit scheme.
- It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the GCRB and the Region is unable to identify its share of the underlying assets and liabilities of the scheme.
- The employer contribution rate from 1 April 2015 was 14.9% of pensionable pay. This increased to 17.2% from 1 September 2015. While the employee rate applied is variable it will provide an actuarial yield of 9.6% of pensionable pay.
- At the last valuation (31 March 2016) a shortfall was identified in the notional fund and it is anticipated that the employer contribution rate will increase to 22.4% from 1 April 2019.

### Strathclyde Pension Fund

- The Strathclyde Pension Fund (SPF) is a funded defined benefit scheme and has its assets held in separate trustee administered funds.
- The pension cost is assessed every three years in accordance with the advice of a qualified independent actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Valuation Date		31 March 2017
Valuation Method		Projected Unit
Market Value of Assets		£19,699 million
Actuarial Assumptions	Pre-retirement discount rate	3.7%
	Post-retirement discount rate	3.3%
	Salary increase rate	3.6%
	Pension increase rate	2.4%

- For the purposes of FRS 102 an actuarial valuation was calculated by the actuary as at 31 July 2018. The major financial assumptions used by the actuary and agreed by GCRB, and the Region, were:

	<u>31 July 2018</u>	<u>31 July 2017</u>
Pension Increase Rate	2.4%	2.5%
Salary Increase Rate	3.64%	4.5%
Interest Income on Assets	2.8%	2.7%
Discount Rate	2.8%	2.7%

- Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2016 model with an allowance for smoothing of recent mortality experience and long-term rates of 1.5% p.a. for males and 1.25% p.a. for females. Based on these assumptions, average future life expectancies at age 65 are summarised below:

	<u>Male</u>	<u>Female</u>
Current Pensioners	21.4	23.7
Future Pensioners	23.4	25.8

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

- The assets in the scheme at the last actuarial review date were:

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Equities	83	115,850	68	117,850
Bonds	29	39,823	13	23,238
Property	14	19,911	11	18,259
Cash	4	5,431	4	6,640
<b>Total Assets</b>	<b>130</b>	<b>181,015</b>	<b>96</b>	<b>165,987</b>

- An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.
- The following amounts represent GCRB's, and the Region's, share of the scheme at 31 July 2018 and were measured in accordance with the requirements of FRS 102:

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Fair Value of Employer Assets	130	181,015	96	165,987
Present value of defined benefit obligations (liabilities)	(175)	(180,983)	(137)	(196,833)
Net (under) funding in Funded Plans	(45)	32	(41)	(30,846)
<b>Net Pension Asset/(Liability)</b>	<b>(45)</b>	<b>32</b>	<b>(41)</b>	<b>(30,846)</b>

### Amount Charged to Staff Costs (Note 6)

Current service cost	26	8,311	10	6,586
Past service cost	0	1	0	0
Curtailments and settlements	0	0	0	0
Less contributions paid	(15)	(4,278)	(7)	(3,721)
<b>Total Charged to Staff Costs</b>	<b>11</b>	<b>4,034</b>	<b>3</b>	<b>2,865</b>

### Amount Charged to Interest and Other Finance Costs (Note 9)

Interest income on pension costs	3	4,509	2	3,490
Interest cost on defined benefit obligation	(4)	(5,394)	(3)	(4,254)
<b>Total Charged to Interest</b>	<b>(1)</b>	<b>(885)</b>	<b>(1)</b>	<b>(764)</b>
<b>Net Revenue Account Cost</b>	<b>12</b>	<b>4,919</b>	<b>4</b>	<b>3,629</b>

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

- The contribution rates are set by the scheme actuaries.

	<u>Employer contribution rates</u>	<u>Employee contribution rates (based on employee pensionable pay)</u>
1 <sup>st</sup> August 2016 to 31 <sup>st</sup> July 2017	19.3%	5.5%-12%
1 <sup>st</sup> August 2017 to 31 <sup>st</sup> July 2018	19.3%	5.5%-12%

The actuary of the Strathclyde Pension Fund has set higher employer contribution rates to recover the scheme net liability. The fund has sufficient assets to cover all of the benefits that had accrued to members after allowing for future increases in earnings.

The employer contribution for the period to 31 July 2018 is £15,000 for GCRB and £4,278,000 for the Group.

### 23. FE BURSARY AND OTHER STUDENT SUPPORT FUNDS

	<u>Bursary</u>	<u>EMA</u>	<u>Other</u>	<u>Year ended 31 July 2018</u>	<u>Year ended 31 July 2017</u>
	£'000	£'000	£'000	£'000	£'000
<b>Balance brought forward</b>	(37)	(29)	62	4	44
Opening SFC Debtor	0	(36)	0	(36)	(86)
Allocation received in year	17,191	951	3,970	22,112	20,560
Expenditure	(16,995)	(941)	(3,451)	(21,387)	(20,250)
Virements	(247)	(8)	(417)	(672)	(304)
Repaid as clawback	(5)	0	(28)	(33)	(4)
Closing SFC Debtor	0	63	(35)	28	74
<b>Balance carried forward</b>	<b>(93)</b>	<b>0</b>	<b>101</b>	<b>8</b>	<b>34</b>
<b>Represented by:</b>					
Retained for Students	0	0	0	0	9
Repayable as Clawback	(93)	0	101	8	25
	<b>(93)</b>	<b>0</b>	<b>101</b>	<b>8</b>	<b>34</b>

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

GCRB does not distribute Bursary and Student Support Grants directly to students and the figures in the above table relate to the Region.

## GLASGOW COLLEGES' REGIONAL BOARD 2017-18

### 24. CHILDCARE FUNDS

	<u>31 July 2018</u>	<u>31 July 2017</u>
	£'000	£'000
<b>Balance brought forward</b>	0	0
Allocation received in year	3,027	3,425
Expenditure	(3,599)	(3,729)
Virements	664	304
<b>Balance carried forward</b>	<u>92</u>	<u>0</u>
<b>Represented by:</b>		
Retained for Students	92	0
Repayable as Clawback	0	0
	<u>92</u>	<u>0</u>

Childcare Fund transactions are included within the Statement of Comprehensive Income and Expenditure in accordance with Accounts Direction issued by the Scottish Funding Council. GCRB does not distribute Childcare Funds directly to students and the figures in the above table relate to the Region.

### 25. CAPITAL COMMITMENTS

	<u>31 July 2018</u>		<u>31 July 2017</u>	
	<u>GCRB</u>	<u>Region</u>	<u>GCRB</u>	<u>Region</u>
	£'000	£'000	£'000	£'000
Authorised but not contracted for at the year end	0	550	0	0
Authorised and contracted for at the year end	0	1,445	0	4,510

### 26. CONTINGENT LIABILITIES

GCRB and the Region had no material contingent liabilities at 31 July 2018.

### 27. PRIOR YEAR ADJUSTMENT

For the period to 31 July 2017, the income recorded in the financial statements of GCRB matched the expenditure. To enable GCRB to present a cumulative position in respect of its reserves, the loss brought forward this has been recognised as a prior year adjustment in the Consolidated Statement of Comprehensive Income and Expenditure at the 31 July 2017.

### 28. EVENTS AFTER THE REPORTING PERIOD

**Scottish Teachers Superannuation Scheme (STSS)** - At the Scheme Advisory Board on, 28 September 2018, the impact of recent announcements related to public pension schemes was set out. These will lead to a significant increase in employer contribution rates from April 2019. This is as a result of HM Treasury seeking to reduce the discount rate (the assumed rate of investment return going forward) further from 2.8% to 2.4% from April 2019, and the potential corrective measures that will need to be implemented as a result of a breach of the cost cap floor. The combined impact of these situations has been provisionally calculated by the UK Government Actuary's Department as an increase in the employer contribution rate of 5.2% for the STSS. Whilst HM Treasury has made some indication of additional funding in 2019/20 (only) to offset the increases, this has stopped short of a commitment to fully mitigate the impact. There would be a Barnett consequential to any such spending, which would be for the Scottish Government to decide how it is spent. Colleges Scotland has raised this issue with both the UK and Scottish Governments, including a joint letter with Universities Scotland, from the respective chairs, to the UK Government's Chief Secretary to the Treasury. This is considered to be a non-adjusting event after the reporting period, as it is indicative of conditions that arose after the end of the reporting period. The financial effect of such an increase would result in additional costs to GCRB of £5,000 and the region of £2,000,000 per annum from April 2019 onwards.

**European Social Fund (ESF) 2017-18** – On 17 January 2019, GCRB received a letter from SFC giving notification of a potential ESF clawback of £651,954. The detailed information supporting this letter is being reviewed by the region and has not been agreed. This is considered to be a non-adjusting event after the reporting period because the amount of the final clawback has not been confirmed and it is not considered to be material to the consolidated financial statements.

### 29. RELATED PARTY TRANSACTIONS

GCRB, and the assigned colleges within the region, are bodies incorporated under the Further and Higher Educational (Scotland) Act 1992 and funded by the Scottish Government by the Scottish Funding Council (SFC). The SFC and Scottish Government are regarded as related parties. During the year GCRB, and the assigned colleges, had various material transactions with SFC and with other entities for which the Scottish Government is regarded as the sponsor department such as the Student Awards Agency for Scotland. In addition, there are a number of material transactions with other government departments and bodies such as local authorities, local community planning partnerships and other colleges and universities.

Because of the nature of the operations and composition of our boards (being drawn from local public and private sector organisations), it is inevitable that transactions may take place with organisations in which a member of the GCRB or college boards may have an interest. All transactions involving organisations in which a member of a board may have a material interest are conducted at arm's length and in accordance with normal project and procurement procedures. Board members are required to declare an interest in relevant items on the agenda of meetings of the Board and its standing committees. GCRB, and the assigned colleges within the region, had transactions during the year with the following bodies in which members of the boards hold, or held, official positions as listed in the table below. The same disclosure of interests has been made in respect of members of the senior management teams.

**GLASGOW COLLEGES' REGIONAL BOARD 2017-18**

<b>Organisation</b>	<b>Regional Body</b>	<b>Member</b>	<b>Type of Transaction</b>	<b>Value £'000</b>
Glasgow Kelvin Learning Foundation	Glasgow Kelvin College	I Hodgson	Grants	2,010
Skills Development Scotland	Glasgow Kelvin College	A Inglis	Grants	909
Glasgow City Council	Glasgow Kelvin College	S Birrell, A McTaggart	Grants	762
Glasgow Colleges' Regional Board	Glasgow Kelvin College	I Hodgson, S McLaughlin	Income	157
Glasgow City Council	Glasgow Kelvin College	S Birrell, A McTaggart	Income	102
Glasgow City Council	Glasgow Kelvin College	S Birrell, A McTaggart	Expenditure	481
Scottish Qualifications Authority	Glasgow Kelvin College	A Sherry	Expenditure	371
Glasgow Kelvin Learning Foundation	Glasgow Kelvin College	I Hodgson	Expenditure	300
Glasgow East Arts Company Ltd	Glasgow Kelvin College	A Sherry, J Gow	Expenditure	49
Colleges Partnership	Glasgow Kelvin College	A Sherry	Expenditure	34
East Renfrewshire Council	Glasgow Kelvin College	A Robertson	Expenditure	28
Colleges Scotland	GCRB	G Smith, J McCusker	Expenditure	1
Clyde Marine	City of Glasgow College	C McMurray	Income	1,696
Glasgow Caledonian University	City of Glasgow College	J Gallacher	Income	860
Glasgow Chamber of Commerce	City of Glasgow College	S Patrick	Expenditure	20
University of Glasgow	Glasgow Clyde College	D Watt, R Fraser	Income	66
Quarriers	Glasgow Clyde College	D Watt	Income	2
Strathclyde University	Glasgow Clyde College	S Heidinger	Income	84
Strathclyde University	Glasgow Clyde College	S Heidinger	Expenditure	11
Glasgow Clyde Education Foundation	Glasgow Clyde College	K Rosser, F Godsman	Grants	2,706
REED	Glasgow Clyde College	K Rosser	Expenditure	102
Skills Development Scotland	Glasgow Clyde College	G McGuinness	Income	683
Scottish Qualifications Agency	Glasgow Clyde College	G McGuinness	Expenditure	738
Scottish Qualifications Agency	Glasgow Clyde College	G McGuinness	Income	7
BAE Systems	Glasgow Clyde College	G Whiteford	Income	100
Advanced Procurement for Universities and Colleges	Glasgow Clyde College	J Thomson	Expenditure	59