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# **Report and Financial Statements**

For the year ended

**31 July 2019**

**Charity No. SC021180**

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Head Office:  
Scottish Borders Campus  
Nether Road  
Netherdale  
GALASHIELS  
TD1 3HE

## **Professional Advisors**

The College's professional advisors during the period to 31 July 2019 were as shown below.

### **External Auditors**

Scott-Moncrieff  
Exchange Place  
3 Semple Street  
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EH3 8BL

### **Internal Auditors**

Wylie & Bisset  
168 Bath Street  
Glasgow  
G2 4TP

### **Bankers**

Royal Bank of Scotland  
35 Bank Street  
Galashiels  
TD1 3AY

### **Solicitors**

Thornton Law LLP  
Citypoint, 3rd Floor  
65 Haymarket Terrace  
Edinburgh  
EH12 5HD

RBS Mentor  
<https://www.rbsmentor.co.uk/>

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## Strategic Report

The Strategic Report comprises an overview and a detailed performance analysis. It takes an integrated approach to assessment of our achievements in 2018/19 and aims to:

- ➔ Help stakeholders to understand and assess how well Borders College has continued to implement its Strategic Plan, supporting strategies, and Financial Plan
- ➔ Celebrate successes of 2018/19 and highlight priorities for 2019/20
- ➔ Showcase our commitment to our wider duties as a public body - providing information on our approach to equalities, diversity and inclusion, and climate change.

### 1. Overview

The overview provides a summary of the College's purpose and activities, and a high level, fair and balanced summary of performance of the College during the year.

#### Statement from the Chair of the Regional Board

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I am very pleased to introduce this Annual Report for 2018/19 as Chair of the Board of Borders College. It has been an exciting and challenging year but, once again, one in which the College has successfully grown and developed to meet the needs of our learners and of the Borders economy. As Chair I have benefitted from the contribution of an outstanding Board, whose members give freely of their time and expertise and I am grateful for the support that they have given to me and to the Executive team over the last year. Together they have provided the focus and governance oversight which has ensured that our strategic direction has been maintained.

At Borders College we put learners at the heart of all we do and the accomplishments of our students in 2018/19 is testament to the first class education delivered across all curriculum areas. It has been another fantastic year of academic achievements, competition wins and student success stories. Borders College is a place where everyone, regardless of their background or previous educational experience is welcomed and supported to fulfil their potential and go on to positive destinations. This is possible because they benefit from the skills, experience and knowledge of a highly professional and committed staff who I would like to thank on behalf of our learners and of the Board. I'd also like to acknowledge the important role of the Borders College Student Association and to thank their office holders and class representatives for the key part that they have played in working in partnership with the Board and Executive team to improve the student experience.

The College continues to develop new, innovative ways of learning, teaching, and working in order to improve access to our curriculum and resources, and to overcome the barriers presented by a diverse and dispersed rural region. We are committed to delivering a new kind of college provision in the Borders which harnesses the potential of digital technologies to open up opportunities to individuals, communities and businesses. Working in partnership with Dumfries and Galloway College we are establishing a series of state of the art curriculum hubs linked digitally to learning spokes in schools, community locations and businesses across the South. It is reassuring to know that it is a strategic vision for the future which is shared with the South of Scotland Economic Partnership (SOSEP), and we owe thanks for their funding support that has made this exciting development possible.

Borders College plays a key role in ensuring a successful future for Borders and across the South of Scotland. A skilled and qualified work force is essential to achieving inclusive growth of the economy and we will continue to work with partners from the public, private, education and voluntary sectors to achieve this. I would like to thank our key partner organisations – Scottish Funding Council (SFC), Skills Development Scotland (SDS), Scottish Enterprise, Visit Scotland, NHS Borders, Scottish Borders Council (SBC) and SOSEP as well as the schools, universities, communities and businesses, who have worked with us over the past year. They have been instrumental in developing and expanding our provision across the Borders - from the re-introduction of textile training in Hawick to the potential development of Marine Training in Eyemouth.

There is no doubt that we will face further challenges over the next academic year but with challenge will come opportunities. I am confident that, under the leadership of our Principal, Angela Cox and her Leadership Team, we will continue to rise to the challenges and grasp the opportunities. The Board looks forward to working with Angela and our staff, students, stakeholders and partners to ensure that we maintain our innovative and forward looking approach to providing successful outcomes to our learners and to the Borders economy.

Tony Jakimciw OBE, Chair of the Board

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### **Statement from the Principal**

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A strong, vibrant college is a key element in the economic development of the South of Scotland and South East Scotland. It is therefore important to the local economy that we, in partnership with employers and other key stakeholders deliver a responsive training offer which is aligned to regional and national priorities.

The College has a number of campuses across the Scottish Borders and in Edinburgh but is increasingly adopting digital learning opportunities to respond to stakeholder needs.

We continue to make good progress against the goals set in our Strategic Plan with overall student success at 74.9% and satisfaction at 90% (above the national average). We continue to grow our business through an increasingly differentiated offer in line with our Curriculum Strategy. By building a sustainable organisation through investment in our people, digital technologies and estates infrastructure we are more able to respond to current and future need.

In our final 2018/19 return to the Scottish Funding Council, we delivered 37 credits above our target of 25,954 credits. We have experienced significant growth in our Modern Apprentices (MA) contract from an initial award of 118 for 2018/19 to 131. At the date of writing our 2019/20 contract has increased to 258 with a further bid currently being considered.

The Curriculum Strategy 2018-2023 was launched at the start of the academic year, providing a framework for the direction and future development of the curriculum. One of the main themes is to improve and increase the digitalisation of the curriculum.

The successful £6.6m joint bid from Borders College and Dumfries and Galloway College to SOSEP for the creation of a South of Scotland Learning and Skills Network (digital and physical) has enabled the College to progress this quickly and to ensure a positive impact across the region.

We created the Borders Care Career Academy in partnership with NHS Borders, SBC and Scottish Borders Cares, providing a focal point for high quality, flexible education and training for care in the

Borders. The model of enabling a range of training and skills development from entry level to degree is also the basis of the Tourism Academy currently being developed. We were the lead partner in establishing the Borders Regional STEM Hub group, and the driving force for creation of the Borders Region STEM Strategy (due to be launched in October 2019).

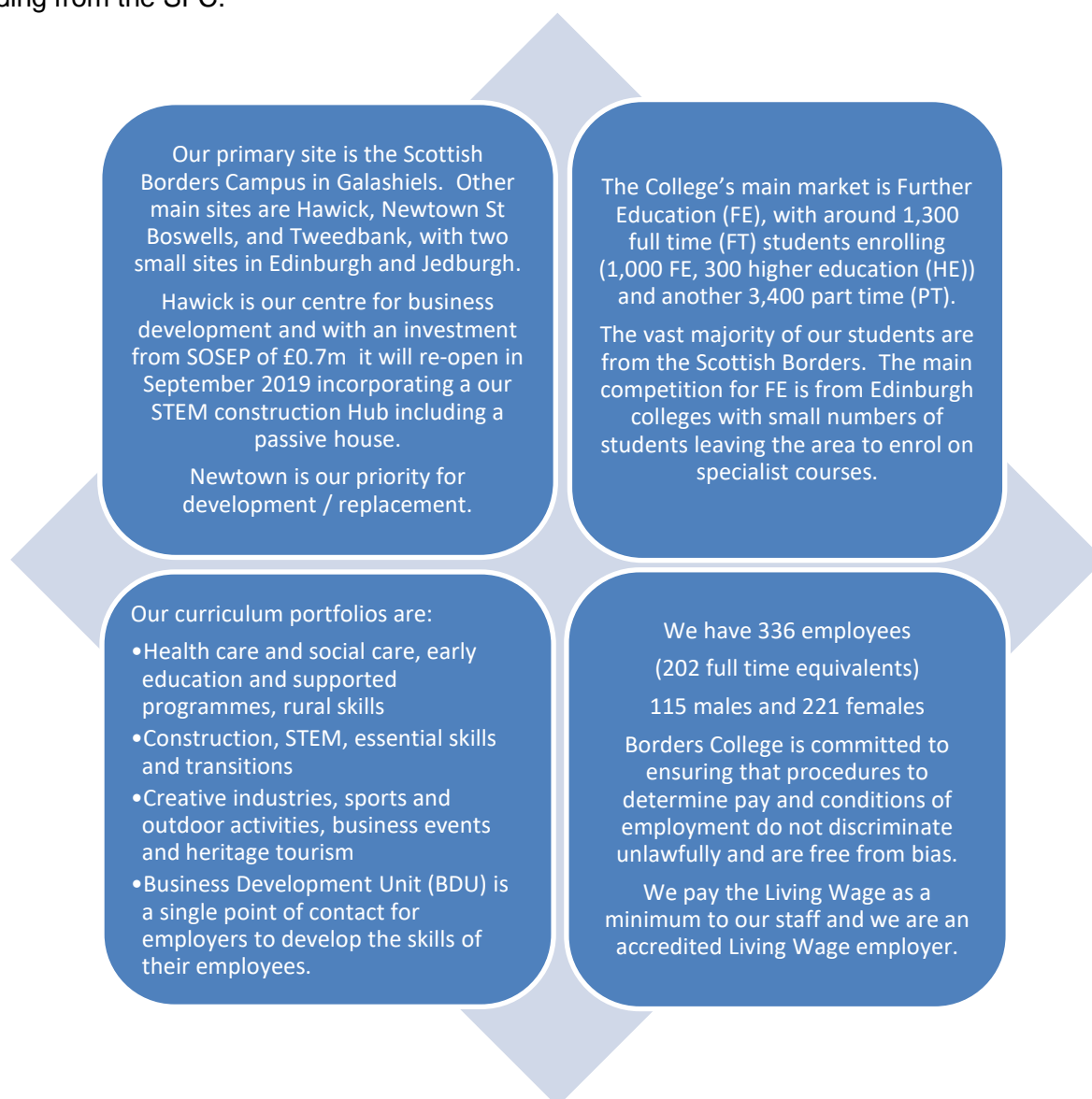
In June 2018, the Board approved the 2018/19 budget and capital commitment. Planning for a small deficit allows us to fully use our cash resources. However to achieve this we needed to make continued efficiencies in staff budgets. Subsequent revisions brought the budgeted position to forecast breakeven. The actual result was a small deficit of £11k before pensions adjustments. This is a good result for the College.

Angela Cox, Principal of Borders College

## Purpose and Activities of the College

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Borders College is the Regional College for the Scottish Borders. It receives the majority of its funding from the SFC.



## Strategic Plan

In June 2016, the Board agreed the College Strategic Plan – “*Our Strategy – Towards 2020*”. The table below shows our assessment of progress during 2018/19 against our five strategic goals.

<b>Respond to the needs of our region</b>	Good progress in developing programmes of study that reflect regional and national requirements
<b>Deliver successful outcomes for all our learners</b>	Good progress on reducing the withdrawal rate, by improving support to keep students engaged
	Reasonable progress in improving student success rates
	Good progress on providing a differentiated support system for those at most risk of not achieving success
<b>Provide a high quality College experience</b>	Good progress in improving our distributed leadership model
	Reasonable progress on increasing blended learning opportunities through our Virtual Learning Environment (VLE)
<b>Grow our business</b>	Good progress in engaging with key employers and growing our business
<b>Build sustainability</b>	Good progress in developing more empowered staff
	Reasonable progress on increasing the use of digital technologies
	Good progress in introducing Information Communication and Technology (ICT) infrastructure, reducing duplication of information processing and increasing automation

Continuing high priorities moving forward are to:

- ✚ Develop programmes of study that meet the needs of our region and grow our business
- ✚ Improve success and reduce withdrawal rates through a differentiated approach to supporting students
- ✚ Increase digitalisation of delivery to provide a more modern, accessible, effective and efficient teaching and learning model.

To support these priorities, as part of the budget for 2019/20, we have agreed investment in additional achievement coaches, digital learning specialists, the creation of an iLearn independent digital learning suite, and we are working towards agreement to a new three year Digital Delivery and Development action plan.

## Key Risks

During 2018/19 the College successfully reduced the level of risk across three of the five strategic goals. Two new risks have been added in relation to working with partners to deliver shared projects. Both of these risks are classed as medium risks, with action plans in place to address them.

We continue to identify national pay bargaining, uncertainty over BREXIT, and the sustainability of funding, as the greatest threats to achieving our strategic goals. A separate BREXIT impact assessment has been reported to the Board, and remains under regular review.

Strategic Goal	14 June 2018		19 July 2019		
	No of risks	Sum of risk rating	No of risks	Sum of risk rating	Within target level
Respond to the needs of our region	10	71	5	35	4
Deliver successful outcomes for all our learners	8	47	6	24	5
Provide a high quality College experience	4	25	4	21	3
Grow our business	4	30	6	39	2
Build sustainability	11	87	11	91	7
Total value of all risk scores		260	210		
Reduction in total value of risk scores			50 (19%)		

As can be seen from the above table the College has successfully reduced the number of open risks and mitigated the potential impact of the remaining risks. The total risk score of all our risks in June 2018 was 260, compared to 210 at July 2019.

## Going Concern

The Board has reviewed the strategic plan, activity and financial projections and considers that the College has adequate resources to meet its ongoing liabilities and continue operations for the foreseeable future. Scenario planning has been undertaken as part of the 2019/20 planning process and appropriate actions are built into the financial plan. For these reasons, the College continues to adopt the going concern basis in preparing the financial statements.

## Performance Measurement

Performance is considered on delivery of our strategic goals, risk mitigation, against our annual priorities for 2018/19, non-financial and financial performance.

SFC require the College to publish and report progress against targets for national priorities. The Strategic Plan “Towards 2020” contains Key Strategic Indicators designed to measure performance and ensure College sustainability and progress is reported throughout this document.

The graphic overleaf shows success rates in 2018/19. Figures for 2018/19 were audited during September, and are subject to change up to publication by SFC in January 2020.

Except for FEPT this level of performance is an improving trend over the three years of the strategic plan. FEPT Learner Success has reduced compared to the previous year and the college performance is slightly worse than the sector average by 0.9%. Total withdrawal improved on the previous year but partial success increased and negatively impacted on Learner Success.

Detailed action plans are in place to improve success rates of the courses for concern.





## Self-Evaluation

The College reports to the Board annually on the findings from our self-evaluation and enhancement plan. Last year SFC required colleges to grade their performance based on self-evaluations, against the high-level principles within How Good is our College?. SFC was content to publish our grades, regarding them as conforming to Education Scotland's grading parameters, and reflecting performance as described in our reports. We have reviewed those grades internally this year. We have further enhanced our strengths and improved our approaches to curriculum planning and review, learning, teaching and assessment. However these enhancements are at an early stage and not yet sufficient to improve the grading from good to very good.

Key Principle	2017/18 Grade	2018/19 Grade
Outcomes and Impact: How good are we at ensuring the best possible outcomes for all our learners?	Very Good	Very Good
Delivery of learning and services to support learning: How good is the quality of our provision and services we deliver?	Good	Good
Leadership and quality culture: How good is our leadership and approach to improvement?	Very Good	Very Good

## Performance Summary

Overall, the College continues to perform well against its targets and performance indicators. The College benefitted from a redistribution of 300 credits in year and still exceeded its activity target by 37 credits, which represents 0.14% of our revised target of 25,994 credits. Student success was again strong, with success rates above the sector average. Good progress was made on our strategic priorities and our quality improvement plans.

Excluding pension fund changes, a small trading surplus was generated, a slight improvement from the level planned at the outset of the year. The College was able to use its full resource allocation from the SFC, as far as the availability of cash allowed.

## 2. Performance Analysis

This section of the Strategic Report provides a more detailed analysis of financial, non-financial and qualitative performance.

### Measuring Performance

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We measure performance in a variety of ways:

- Achievement of priority actions against our annual strategic plan priorities
- Self-evaluation and enhancement planning and review
- Achievement of credit and other SFC activity targets
- Curriculum development and performance
- Student involvement and satisfaction
- KPIs for support areas
- Social responsibility
- CO2 reduction
- Risk exposure
- Financial.

Qualitative performance is also assessed internally and externally. We can take comfort in our quality assurance systems as a result of an extremely positive Education Scotland review of our Apprenticeship provision.

### Implementation of the Strategic Plan

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*“Towards 2020”* the College’s Strategic Plan 2016-2020 sets out our strategic purpose and the five strategic goals which guide all our work. These are underpinned by our vision, values and behaviours.

<p><b>Strategic purpose</b></p> <p>Borders College will deliver success for all learners through:</p> <ul style="list-style-type: none"> <li>Successful qualification outcomes and</li> <li>Positive destinations</li> </ul> <p>Borders College will support the economic and social development of the Scottish Borders through:</p> <ul style="list-style-type: none"> <li>The coherent and responsive provision of education, training and skills and</li> <li>Excellence in learning and teaching</li> </ul>	<p><b>Strategic goals</b></p> <p>We have set five strategic goals to guide our plans towards 2020:</p> <ul style="list-style-type: none"> <li>➔ Respond to the needs of our region</li> <li>➔ Deliver successful outcomes for all learners</li> <li>➔ Provide a high quality college experience</li> <li>➔ Grow our business</li> <li>➔ Build sustainability</li> </ul>
<p><b>Vision, Values and Behaviours</b></p> <p>To be a College in which all learners succeed and which inspires growth, creates opportunity, raises aspirations and enhances lives.</p>	
<p>For our learners, staff, partners and communities we will be:</p> <ul style="list-style-type: none"> <li>✓ Inspiring</li> <li>✓ Collaborative</li> <li>✓ Innovative</li> <li>✓ Supportive</li> <li>✓ Excellent</li> </ul>	<p>To deliver our values we will:</p> <ul style="list-style-type: none"> <li>✓ Behave as one team with a common purpose – the success of our learners, ourselves and our colleagues</li> <li>✓ Maintain the highest level of respect for each other</li> <li>✓ Value the contribution of everyone working for, learning in and associated with the College</li> <li>✓ Act professionally and with integrity at all times</li> <li>✓ Provide a positive role model for each other and our learners</li> </ul>
<p>The College has developed a set of supporting strategies, which are available on our website.</p>	

To implement the Strategic Plan, the College sets annual priorities and agrees an annual development plan. For 2018/19, we set the following annual priorities with progress reported regularly to the Board.

<p><b>Goal One – Respond to the needs of our Region</b></p>	
<p>To ensure our Curriculum Strategy reflects the needs of our community and future employment we have developed a five year plan.</p> <p>Good progress has been made in developing programmes of study that reflect regional and national requirements.</p>	<p>We have successfully built on our school partnerships with circa 20 Foundation Apprenticeship starts for 2019/20 and increased delivery within schools including our Greenpower project, Digital skills at Stow Primary School and Choose to Care in St Margaret's Primary School.</p> <p>We have increased our higher level skills offer through growing our HNC/D provision in areas such as Travel &amp; Tourism and Art &amp; Design.</p> <p>We launched our first Graduate Apprenticeship in Business Management and have made good progress in implementing the SOSEP funded Get that Degree articulation project.</p> <p>We continue to build progressive external partnerships with key employers and agencies to support our curriculum development and respond to regional need including our Tourism Academy.</p>

### Goal Two – Deliver successful outcomes for all learners

<p>Considerable planning took place to ensure a better start of year for students to reduce early withdrawals and increase course tutor time for part time courses.</p> <p>We have made reasonable progress in reducing student withdrawal rates through improving our wraparound support. In year student withdrawals have reduced but early withdrawal still needs to improve.</p> <p>Reasonable progress has been made in improving student success rates through using College KPIs in setting local targets. Staff are more aware of college data but it is still not used consistently to improve the student experience and outcomes.</p>	<p>Good progress has been made in taking a differentiated approach to supporting students. This has been achieved through having an 'At risk' indicator system in place for start of the academic year with Achievement Coaches proactively working with cohorts of students considered to be at risk of not achieving and proactive interventions put into place during the academic year to support student success including additional lessons, learning support and achievement coach time.</p> <p>Planning is in place for better tracking and monitoring of progress for 2019/20 to ensure that additional support is in place when identified during induction.</p>
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### Goal Three – Provide a high quality college experience

<p>We have made good progress in improving our distributed leadership by developing our managers and staff to play a more significant role in our strategic thinking and ownership of our success.</p> <p>We have achieved this through our Talent Development and Middle Manager Leadership Development programme alongside the launch of our Innovation and Ideas staff led project group, and review of our communication channels and revised meeting structure launching in 2019/20.</p>	<p>We have made reasonable progress in providing a more accessible and differentiated curriculum delivery model through increasing blended learning opportunities. All curriculum areas have a plan in place to progress the digitalisation of their course delivery.</p> <p>Progress was slow to start but momentum is building with support from our Digital Learning and Teaching Facilitator. Various scoping visits have been made to explore different digital platforms and VLE approaches for future development and we have created four roles for Curriculum staff to mentor colleagues in developing their digital resources. These will commence in 2019/20.</p>
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### Goal Four – Grow our business

<p>Good progress has been made in engaging with key employers and growing our business. Curriculum led initiatives such as our Career Academies in Tourism and Care, growing into new markets such as Forestry and Equine, and stretching our target regions beyond the Borders has enabled us to grow our credit, apprenticeship and Flexible Workforce Development funding.</p>
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<b>Goal Five – Build sustainability</b>	
<p>We have made good progress in developing a more flexible, empowered staff body through our organisational development activities.</p> <p>We have made reasonable progress on increasing our use of digital technologies and reducing duplication of information processing and increasing automation.</p> <p>There has been significant investment in upgrading the ICT infrastructure and recruitment of a developer. The College achieved Cyber Essentials Plus in August 2019.</p> <p>65% of staff have a laptop and over 400 students benefitted from the bring your own device or bursary scheme to access a laptop. In 2019/20 a new automated Laptop lockers system will be available for students.</p>	<p>Currently 14% of teaching content is available for students to access digitally and all work based learning provision is delivered and recorded via an online portfolio.</p> <p>Designated online study areas have been created across our campuses including video conferencing facilities and the iLearn supported area in Scottish Borders Campus.</p> <p>Future focus needs to be in streamlining processes and automation.</p>

## Self-Evaluation and Enhancement Planning

It is a condition of the main SFC grant that the College takes responsibility for quality assurance and enhancement. SFC and Education Scotland also have a role to ensure, on behalf of taxpayers and students, that College arrangements are effective. Our quality procedures therefore meet the requirements of the SFC and the Education Scotland quality framework 'How Good is our College?'. The overall system is designed to deliver positive impacts for our learners.

The continuous quality cycle integrates self-evaluation with enhancement planning and performance management and links back to the Strategic Plan. We set annual priorities from the Strategic Plan and these, along with the strategic risk register, equality outcomes and supporting college strategies inform the process.

We involve all areas of the College, with individuals and teams contributing to their departmental self-evaluation and enhancement plan. Teams record strengths and areas for improvement, and demonstrate this through evidence, such as PIs, meetings, awards, and initiatives.

The Senior Leadership Team (SLT) consider all the departmental self-evaluations and enhancement plans, to create a College self-evaluation which identifies our strengths and areas for improvement, and informs the College enhancement plans for the next three years.

Findings from self-evaluation are summarised below against seven Quality Indicators. The commentary focusses on changes from the previous year.

<b><u>Governance and Leadership of change</u></b>	<b><u>Evaluation leading to improvement</u></b>
<p>The key strengths remain, enhanced by: the Middle Management and Talent Development Programmes' focus on Vision, Values and Behaviours throughout; further improved partnership working between the Student Association (BCSA) and</p>	<p>Key strengths have been further enhanced by: positive feedback from external reviews (SCQF; Modern Apprenticeships); the introduction of Learning and Teaching Observations and improvement actions arising from these; and segmented data analysis of the Annual Learner Survey responses to inform more focussed improvement actions.</p> <p>Several previous areas for development have been addressed, with the introduction of the Student Experience</p>

the Board; and systematic target-setting being addressed.	Committee (SEC) to ensure a more structured approach to incorporating learner voice to the improvement process and Quality Check Points to target the use of data at a course level and use it consistently to bring about improvement. Progress has been made concerning availability of and access to well-analysed data, however on balance, this remains an area for development.
There are very few areas for development; these arise out of the Staff Engagement Survey and the Annual Learner Survey.	

## **Curriculum**

There are some additional strengths around responsiveness to learner needs in delivery methods, improved longer term planning and improving gender imbalance. However, whilst actions have been taken to address some previously identified areas for development they have not yet demonstrated impact. For example, the SEC and student representative structure has been put in place and is improving the feedback loop, alongside developments in tracking and monitoring, however these have yet to fully embed. Similarly, although some work has been done to improve understanding of core skills, it has been observed that this continues to be an area for development, and an Enterprise Officer has been appointed for 2019/20 to support students to enhance their entrepreneurial and enterprise skills.

### **Learning, teaching and assessment**

There are several additional or enhanced strengths arising out of the appointments of new posts: the influence of the Digital Learning and Teaching Facilitator on sharing of and confidence in using digital approaches; the application of learning from observations carried out by the Learning and Teaching Enhancement Specialists. In addition, initiatives have been put in place to improve the use of data in monitoring attendance and achievement. Signs of progress are encouraging, however they remain areas for development for measurable impact. Additional posts of Independent learning Specialists have been created for 2019/20.

### **Services to Support learning**

Key strengths in terms of general information to prospective students and those with particular needs have been reinforced. These have been supported by significant improvements to the Admissions process, both front facing and system, and review of Induction; early indications of impact are promising for 2019/20. Whilst use of key performance indicators and data is improving, it is inconsistent and remains an area for development. Some students are harder to reach therefore their voice may not be heard as clearly and they may find it harder to access some services.

## **Wellbeing, equality and inclusion**

Work to promote the general duties has continued with particular focus on Mental Health, to raise awareness, increase understanding and focus attention. Early identification and provision of signposting to appropriate support has remained a priority. There have been initial positive changes in gender imbalance in some areas. However, these are very small changes across a range of subjects across portfolios; and does not yet demonstrate a trend. We do not consistently use data well to demonstrate cause and effect.

### **Equity, attainment and achievement for all learners**

The vast majority of learners achieve well and progress successfully. Overall success rates are above sector average improving significantly for HE part time. However, while most FE part time students achieve and progress, there is a reducing trend since 2016/17. Courses for concern have responded to actions taken and in all cases improved learner success. For some groups of students, achievement and attainment rates are lower than for the general College population.



For example, learner success for SIMD1 students is high except for FE full time which remains consistently low (58%). Success for care experienced learners, whilst improving, at 50% across all enrolments remains lower than for other students. Success rates for part time LGBT+ are higher than for full time LGBT+ students.

## Credit and Other SFC Activity Targets

This graphic shows the successful destinations for our qualifying students (March 2019).

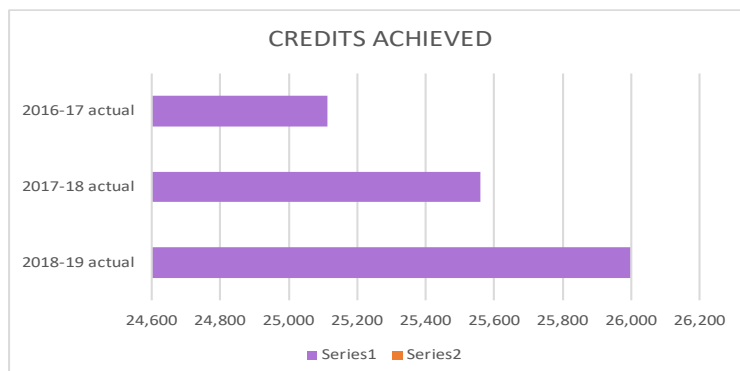
71.0% of FTFE students aged 16-19 achieving successful qualification

93.9% of FE students in work, training or further study 3-6 months after qualifying

20 (40%) successful students articulating from HNC/HNC to degree

98.0% of HE students in work, training or further study 3-6 months after qualifying

Over the period of the strategic plan the College has achieved year on year growth in delivery of credits.



Our Modern Apprenticeships (MA) contract with SDS runs from April until March therefore the figures below are based on these timescales.

- For our 2018/19 contract we were initially awarded 118 starts with growth in all areas from the previous year and the addition of Construction. During the year we requested and had approved a further 13 places which brought our total to 131 which we fulfilled.
- In 2019/20 we were awarded 163 MA starts again with growth in all areas and the addition of Textiles. Due to an increase in funding for the Social Services Occupational Grouping which includes Healthcare and Children and Young People, we are experiencing a greater than normal demand from employers within the social care sector. Based on demand we requested a further 40 new starts which have been approved and fulfilled. We have requested a further 55 places based on MAs ready to start therefore bringing our total contract up to 258 for the 1st six months of the contract.
- We are currently looking to bid SDS, for a further increase, for the remaining 6 months of the contract. If approved our final contract numbers for 2019/20 could exceed 350.

## Curriculum

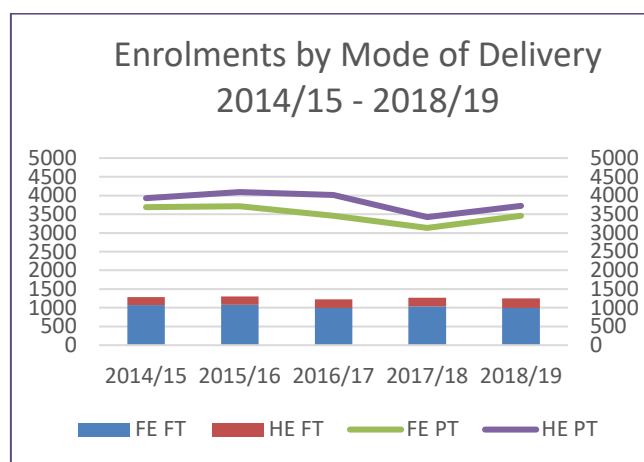
The curriculum has been built following the curriculum for excellence guidelines, creating a portfolio of courses that meets the wide range of vocational needs and learner abilities.

Each student on a mainstream programme is supported in developing their essential skills for life and work as well as learning the vocational skills necessary for their chosen field of work. The College has an Essential Skills Policy and extensive work experience opportunities to support it. The College also offers a learning support service to all students who experience difficulties. The service provides an assessment of need and then makes the necessary reasonable adjustment to educational service provided for that individual.

## Student numbers

In 2018/19 we delivered activity that provided for the full draw down from the SFC of teaching funding of £8.6m (last year £7.6m). The draw down for 2018/19 included costs of national bargaining (£0.4m).

In 2018/19, we enrolled 1,228 full time students and 3,713 part time students, a significant increase on last year.



## Student achievement

Learner success rates are comparable to last year for FT FE and HE programmes and continue the upward trend of the last three years. The College operates several Realistic Working Environments that enable students studying Hairdressing, Beauty Therapy and Hospitality to gain skills in preparation for employment. In addition, the majority of students participate in an external work placement or benefit from industry-led projects.

	Mode	Early withdrawal	Further withdrawal	Completed partial success	Completed successful
Further Education	Full time	8.2%	15.2%	8.3%	68.2%
Higher Education	Full time	3.2%	15.8%	8.9%	72.1%
Further Education	Part time	4.1%	8.0%	10.6%	77.3%
Higher Education	Part time	3.2%	8.1%	3.2%	85.5%
<b>TOTAL ALL</b>		5.2%	10.7%	15.9%	74.6%

## Student successes

The Board invited student competition entrants and winners to an end-of-term awards ceremony, in recognition of their success throughout the academic year. The students attended the Curriculum and Quality Committee meeting and spoke to members about the successes in their respective fields, and how this helped benefit their studies.



<b>Association of Hairdressers and Beauty Therapists Competition</b>	For their efforts at the finals of the Association of Hairdressers and Beauty Therapists competition, Zoey Grahame, Brittany Barnes, Cheryl Johnstone, Claire Boyle and Baillie Steele were all commended on their efforts.
<b>Beauty Therapy World Skills Competition</b>	Connie Lothian and Chloe Thomson were both praised for their recent success at the Beauty Therapy World Skills competition, which saw them qualify for the next round, being held at New College Lanarkshire's Coatbridge Campus
<b>Lantra Awards</b>	Amy Park was acknowledged for being the overall winner of Lantra Scotland's prestigious Land-based and Aquaculture Learner of the Year award, and also for being one of four who won the Council for Awards of Agricultural Societies (CARAS) award.
<b>Field to Fork 2018 Competition</b>	Ann Letham and Billy Ewart were congratulated on being the overall winners of the Field to Fork 2018 competition
<b>Valleluja Enduro Race</b>	For the Valleluja Enduro race, Ben Balfour received a certificate for winning the first major enduro race of the year.
<b>Strathpuffer Race</b>	Karra Laing, Ben Balfour, Tom Hildred and Angus Fraser were all awarded certificates for their efforts at the Strathpuffer event, which saw the foursome winning the Mixed Quad category.
<b>Coaching Achievement</b>	Jenny Adams was congratulated by the committee on her coaching achievements. As Head Swimming Coach, Jenny mentored Beth Johnston (Galashiels Amateur Swimming Club), who went on to take part in the Paralympic Games and Paralympic World Series
<b>Athletic Discipline of Javelin</b>	Keira Waddell was praised for taking first place in the Athletic Discipline of Javelin (Girls category) 2018 School Games.
<b>Scotland U20s Rugby Selectio</b>	For gaining selection to the Scotland U20s rugby squad, Will Owen was congratulated on his efforts.

Tony Jakimciw commented:

*"The effort the students have put in to these competitions has been exceptional. The Curriculum and Quality Committee recognised this, and we were delighted to welcome them to our meeting to show our appreciation. We believe that taking part in these events is an excellent opportunity for the students to showcase their skills, which reflects the high standards of education delivered at Borders College. Congratulations to all the students involved."*

## Curriculum development

Good progress has been made against all of the themes since the strategy was launched in 2018. A baseline of 14% for the use of technology and e-learning was established during 2018/19 for all modes of delivery. Targets were set to enable delivery of 30% in this more flexible mode by 2023.

Borders College is a member of the Regional Learner Journey Steering Group and actively contributes to the work stream groups: Curriculum Pathways and Admissions and Referrals. Articulation arrangements have been updated and six new pathways for HE students have been generated.

We continue to work closely with the Education Department of SBC to provide a curriculum offer to Senior Phase pupils. We have developed short courses for Primary school pupils to widen their career aspirations within Care and STEM occupations.

In partnership with SDS and SBC, we introduced a Foundation Apprenticeship in Social Services: Healthcare in August 2018 and completed plans to expand Foundation Apprenticeship subjects and places to start in August 2019.

A Regional STEM Hub group was established which consists of Universities, SBC, Education Scotland and ESP. The College is the lead for this group and led the development of the Regional STEM Strategy and Action Plan due to be launched in October 2019.

Looking forward, the change in the delivery model for construction apprentices in 2019/20 has the potential to cause reputational damage and incur significant changes in staffing and an increase in costs. We are implementing a new approach and will keep it under close scrutiny.

### **Support for digital learning**

Baseline measurements for online content and assessment for each course were gathered in December 2018, and forms the basis for tracking progress. ISLT provided support to staff in developing online content and assessment, and training at continuing professional development (CPD) days, covering basic skills in Moodle and Office 365 and introducing new tools to allow staff to create more interactive content. Additions to Moodle for the new session included an online Moodle Book (so that guidance for staff is in one place), and improved User Tours. The summer rollover of courses on Moodle was improved and teaching staff had less set up to do on their return. Staff have increased their use of technologies such as video, 360 cameras and drones in lessons with support from the Digital Learning and Teaching Facilitator.

### **Student Involvement and Satisfaction**

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The College has a wide range of approaches to gaining feedback from students on the quality of its services:

- ❖ focus groups
- ❖ annual survey
- ❖ lesson and unit evaluations
- ❖ class representative system
- ❖ user groups - catering / facilities
- ❖ student representation on college committees
- ❖ feedback to the College through enrolment, induction and learning.

#### **Student representation**

One of the most important ways we get feedback from students is through the Class Representative System (a team of Class Representatives and Lead Representatives who collect and feedback on the student experience). The system is designed to empower student representatives to influence the curriculum, learning and teaching approaches, as well as raising concerns on behalf of individual students or groups. Class Representatives are elected by their classes and in turn the Lead Representatives are nominated by staff members and sit on the Student Experience Committee (SEC).

Feedback is discussed at SEC meetings with relevant actions assigned by members of the Senior Leadership Team. Meetings are attended by Lead Reps and Senior Managers and chaired by the Student President to ensure a student focussed approach. The

system is coordinated by BCSA who are responsible for recruitment, training and support of student representatives, and coordination of the SEC.

BCSA's team of Student Officers provide student representation across all committees and user groups relevant to the student experience and have developed strong positive working relationships with Senior Managers and the Wider Leadership Team.



*"We like how we get a voice through the Student Experience Committee to change things on our course and around the college."*

Skills for Learning & Work Year 1

BCSA also works closely with the Principal to create ways for students to feedback directly to Senior Managers. Examples include *Buzz the Boss* – a text messaging service direct to the Principal, *Ask Angela*; an open forum with the Principal, and *Talk Pizza* - a lunch time opportunity for students to discuss the student experience with Senior Managers.

## Student community

BCSA plays a key role in enriching the wider student experience at Borders College. Each year, BCSA host a range of student events and activities, designed to promote a sense of fun and belonging to students. This input starts at the beginning of the academic year with BCSA enrolment and induction events held to create a welcoming and inclusive atmosphere from the start of term.

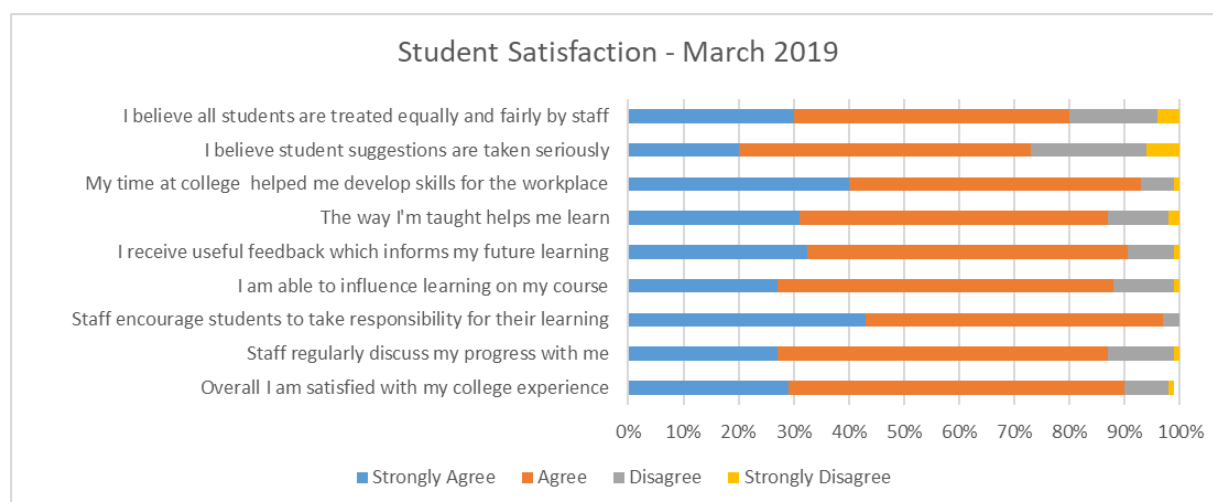
Some examples of successful BCSA events and activities include annual Freshers and ReFreshers events, Smash the Stigma mental health campaigns, LGBT History Month celebrations and a newly emerging range of student-led clubs and activities.

*"We enjoy all the events BCSA run and come to visit the office if we need anything."*  
New Connections



## Student satisfaction

The percentage of students overall, satisfied with their college experience remains high (Student Experience and Engagement Survey March 2019). Our targets are 90%, a level which is achieved overall and for the majority of the indicators.



## Enabling Services

### Student services

The Student Services Department supports individuals who have specific needs. They:

- ✓ Liaise closely with the Student Funding team, whereby individual's needs are assessed and support and/or services are provided for via appropriate use of student support funds.
- ✓ Provide First Aid mental health support. The department has worked with BCSA to establish a community partnership which has enabled signposting to support services.
- ✓ Are a remote reporting centre from where issues relating to hate crime and other criminal matters can be referred on to the police for further investigation. It has been used to report gender based violence and sexual bullying.
- ✓ Provide wider health and welfare support, administer free sanitary products, and promote sexual health awareness and information including the issue of condoms.

The College recognises the need to provide pastoral support to respond to the increasingly complex personal lives and poor mental health that our students experience. We have invested significantly in additional pastoral support through our Achievement Coaches, and our student support team and the Student Association work closely with a range of external agencies to keep our students retained. During this year, we have developed a Student Mental Health Agreement, and a Mental Health and Wellbeing Strategy.

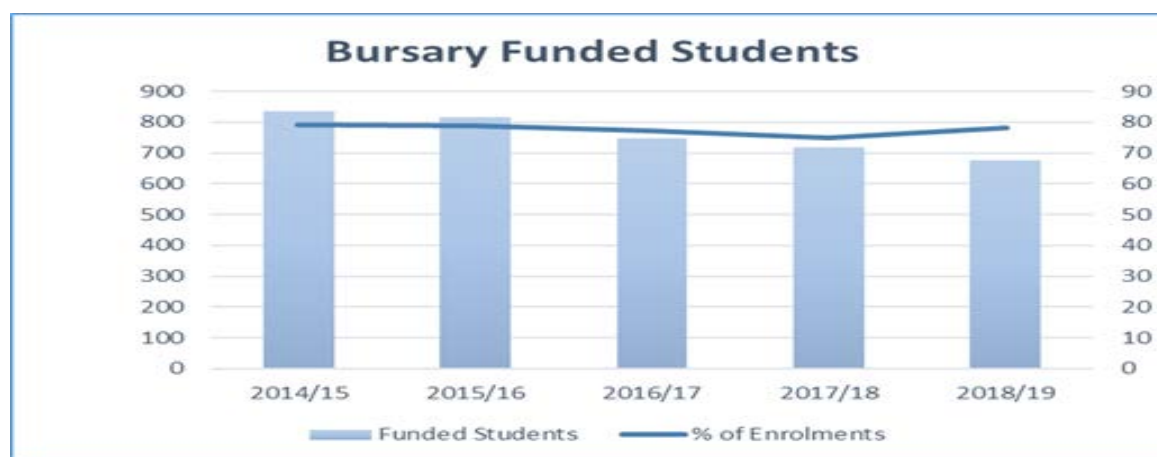
### Student funding

The Student Funding team provide support to students during the application process and provide advice and guidance on entitlement to state benefits while attending College.

They calculate and award appropriate funding to students through disbursement of the following Funds:

- Further Education Bursaries
- Education Maintenance Allowance
- Childcare Funds
- Discretionary Funds
- Transport Costs.

This chart shows the volume of funded students and as a percentage of all enrolments.



### Information systems and learning technologies

During 2018/19 we have enhanced the team through appointment to new posts: Modern Apprentice, Database Developer, and secondment of a lecturer to support teaching staff in developing digital content and delivery.

The team have made significant advances in the services delivered:

- ✓ Consistently achieved 90% resolution target for helpdesk calls
- ✓ Ensured business critical systems had an average uptime of over 99%
- ✓ Designed and installed Digital Learning Network across our Campuses and in five of the Borders Secondary Schools. With Dumfries and Galloway College we collaborated to create a common VLE under the banner of digiskillscotland.com
- ✓ Implemented Virtual Private Network enabling staff to work remotely
- ✓ Extensive programme of work to improve the functionality of student IT systems, develop data warehouses and management information solutions
- ✓ Achievement of Cyber Security Plus accreditation in August 2019
- ✓ Purchase of a Lapsafe Laptop Locker system for students to securely borrow laptops, which was implemented in September 2019.

Through funding from SOSEP we have installed a network of digital hubs across our campuses. These offer first class video conferencing for staff and students. They will be connected to digital spokes in local schools and other locations, early in 2019/20 to allow remote delivery out to those sites. Success in this significant project has involved working with several partners including, multiple IT providers, SBC and five schools. Planning is well advanced for how the digital hub and spoke network will be used to connect and collaborate with Dumfries & Galloway College and other external partners.

Priorities carried forward into 2019/20 include continued focus on enhancing skills of the team, implementing an upgraded Identity Management System which will enable integration of current email solutions into Office 365 and allow staff to use the full range of functionality within Office 365.

### Management Information Systems

The Management Information Systems (MIS) Department is responsible for ensuring we provide statistical information to our funders to ensure the college is able to draw down the correct credit funding. Wylie and Bisset our auditors review our processes and procedures allow us to meet the



requirements of our funders. This session we have achieved a clean audit with no recommendations.

The department also

- ❖ registers students with relevant awarding bodies to ensure that they are certificated for the qualifications they are undertaking whilst with us
- ❖ develops MIS systems to allow us to work efficiently and effectively whilst providing a good customer service
- ❖ work with IT developers to improve and develop systems to meet the needs of the College and our customers and external agencies
- ❖ liaises with staff and students across the College to provide a first class customer experience.

In session 2018/19 we undertook an extensive development on the UNIT-e MIS system to put our mainstream applications processes online.

## **Estates**

The Estates department provide services to both the College and Heriot Watt University:

- ✓ ensure all sites and buildings are well maintained and meet all statutory requirements
- ✓ implement projects to respond to the needs of the curriculum and business
- ✓ room booking and time tabling services to ensure resources are well planned and meet the demands of the curriculum
- ✓ health and safety services to ensure anyone attending any of our sites are safe and we comply with all statutory requirements
- ✓ manage external catering providers to ensure a wide range of high quality food is available for all users with our Union and shop.

The Student Union offers many options for vegan and vegetarian diets. There is a varied choice of foods from around the world such as Vietnamese, South African, Jamaican, Mexican, Indian and North African. The menu ensures that a wide variety of religious beliefs are catered, with halal meat sourced for many dishes.

In 2018/19 the estates department have successfully delivered a programme of works to improve the estate and react to changes within the curriculum. These include the SOSEP project creating a second floor, ECO house and STEM Hub at our Hawick Campus, and a Care Hub (hospital room and home environment) at the Galashiels Campus. A further programme created a new Human Resources (HR) Suite, Curriculum & Learning Managers base, Technical Training Centre staff base and a new iLearn Independent Digital Learning Suite at Galashiels.

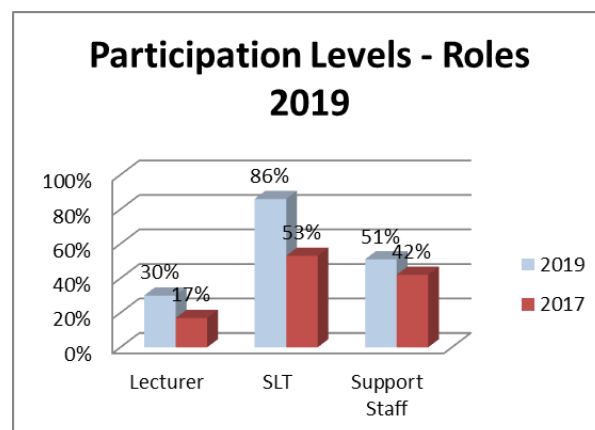
## **Human Resources and Development**

The HR and Development Department provides services to support staff and managers:

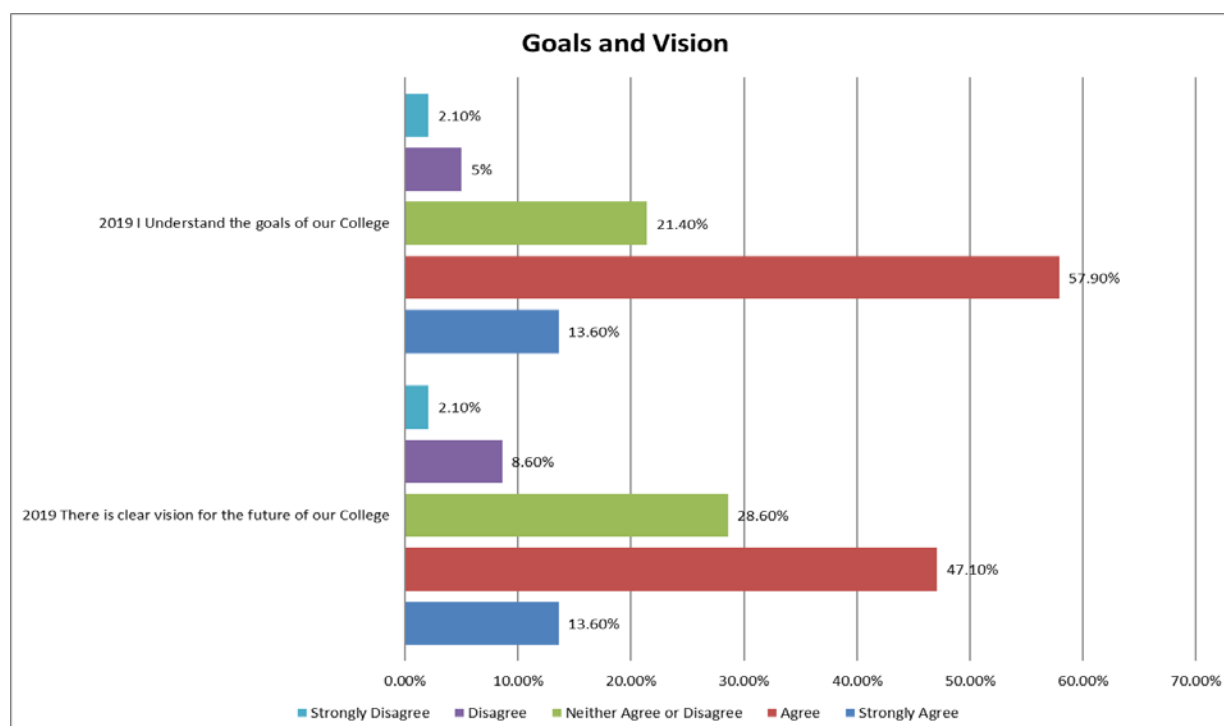
- ✓ development activities to support the implementation of the HR and Development Strategy
- ✓ supporting the employment journey from advertising, recruitment, services to support employment through to ending the employment journey
- ✓ providing services to maintain and enhance staff health and wellbeing
- ✓ staff development activity to maintain a professionally and well qualified and trained staff group who follow the values and behaviours of the College
- ✓ providing employment, payroll, wellbeing, staff development and pension services to staff
- ✓ enhancing the service to enable more on-line and electronic transfer of information.

## Employee Engagement

During the period, there was a dispute at a national level with the EIS regarding pay and conditions. The survey is a snapshot of how employees feel at a particular time. We increased both the overall numbers and percentage of our staff responding to our biennial Employee Engagement Survey, from 31% in 2017 to 42% in March 2019.



The majority of staff, 71.5%, agreed or agreed strongly that they understand the goals of the College. The proportion of staff who agreed or strongly agreed that there is a clear vision for the future of our College increased from 2017 by 5.56%, to 60.7%.



## Effective meetings

Managing College activity involves multiple meetings which involve a significant amount of time and resource so it is important to ensure that they are useful and productive, involving relevant personnel at appropriate intervals, with clear remits and communication.

Many staff participated in a detailed review including six focus groups, from mid February to late April. We have taken steps to improve clarity of purpose, include appropriate stakeholders and scheduling, including team meetings. We have reshaped the remits of the SLT and the Curriculum

and Learning Managers' meetings, reduced their frequency, enabling the introduction of a Wider Leadership Team, to enhance distributed leadership.

We are continuing to work on developing effective meeting practice, including meeting behaviours, alternative ways of increasing involvement and sharing key messages.

## **Corporate Social Responsibility**

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The Board has a corporate social responsibility to provide leadership in equality and diversity. All Board members are responsible for making sure that the College complies with equality legislation, meets all its duties and ensures that our outcomes are achieved and our action plan is followed. Board recruitment encourages participation from a wide and representative group of individuals.

The College recognises its position in the community as a partner to businesses and voluntary organisations throughout the Scottish Borders and further afield. Our relationships are not simply as an education and training provider, but also as a supplier and consumer of goods and services. The College will consider the local economy when appraising procurement options.

### **Equalities, diversity and inclusion**

Our commitment to equality, diversity and inclusion is enshrined within our mission and values.

- ❖ We promote a culture that enables every student and member of staff to feel respected and included, whatever their background, abilities, age, race, faith, sexuality or gender
- ❖ We embrace the benefits and opportunities that come from having a diverse mix of staff and learners
- ❖ We ensure that everyone has a fair chance to achieve agreed goals and we may take positive action or, if permitted, positively discriminate to help them achieve those goals.

Everyone is different so diversity includes us all not just those from minority groups.

- ❖ We oppose all unlawful or unfair forms of discrimination, harassment and victimisation.
- ❖ We are particularly concerned with those groups within society who are more likely to experience discrimination and are protected by the Equality Act 2010.
- ❖ We monitor our recruitment, our provision and the success of students from across the range of protected characteristics.



We have set six equality outcomes for the College. Regardless of any protected characteristic:

<b>Equality Outcome</b>	<b>Relates to General Duty</b>
1. <i>learners from all backgrounds have good access to our services and achieve high levels of success</i>	advancing equality of opportunity between different groups
2. <i>learners are prepared for life, work and to be responsible citizens</i>	fostering good relations between different groups
3. <i>learners and staff are treated with dignity and respect and their views help shape and improve our service</i>	eliminating unlawful discrimination, harassment and victimisation
4. <i>staff feel valued and have opportunities to develop their knowledge and skills and to progress in their careers</i>	advancing equality of opportunity between different groups
5. <i>Board and staff are representative of our community and offer good practice in promotion of opportunities for individuals with protected characteristics</i>	advancing equality of opportunity between different groups
6. <i>users of our facilities and services can access them easily</i>	eliminating unlawful discrimination, harassment and victimisation

The significant challenge for curriculum and admissions is gender segregation. The College has tried to target the gender minority, including specific taster courses, and targeted admissions and marketing. We set challenging recruitment targets within the Gender Action Plan and the Outcome Agreement. Despite this, targets were not met, and have been reviewed for 2019/20 to reduce to 75% the number of FT programmes with one gender being more than 75% of enrolments.

### Corporate parenting

We have a legal responsibility as a Corporate Parent for young people who are care experienced, implemented on 1 April 2015 as part of the Children and Young People (Scotland) Act 2014. We have a Corporate Parenting Action Plan that we monitor regularly, reporting to the Board twice yearly, and it was updated in 2016 and 2018.

### Human rights

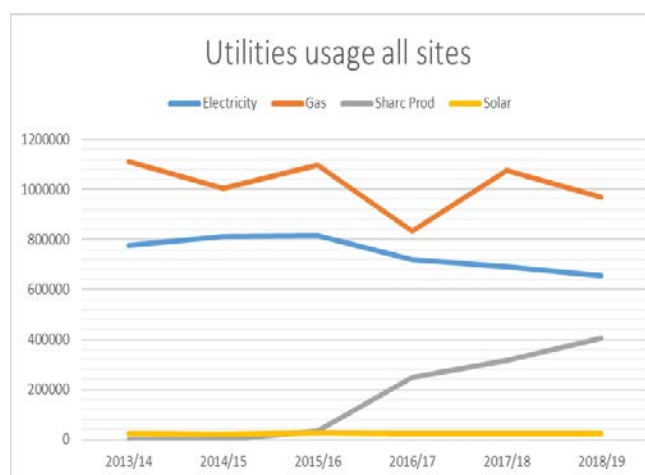
The College is committed to protecting the human rights of all staff and students and all of our policies and procedures are based on principles of dignity, fairness, respect and equality. This ensures that staff and students are protected in everyday life regardless of who they are, where they live and how they chose to live their life.

### Environmental and sustainability reporting

Five factors have affected our consumption and emissions over the past few years:

- implementation of the College Energy Efficiency Project (CEEP) in 2017/18
- use of SHARC heating plant in comparison to previous years from 2017/18
- size and usage of current estate (Tweedbank added in 2017)
- weather patterns in comparison to previous years
- solar production against previous years.

The College complies with Scottish Government's sustainability reporting framework in line with the requirements of the Climate Change (Scotland) Act 2009.



The SHARC heating system has increased output from 695,000 Kwhrs (2017/18) to 891,500 Kwhrs (2018/19), and is expected to reach 1,200,000 Kwhrs.

Co2 emissions continue to fall, exceeding our carbon management targets, reducing from 806 tco2 in 2014/15 to 535 tco2 in 2018/19.

Unfortunately our Co2 emissions will rise in 2019/20 due to an interruption in the supply of energy from the SHARC heating system. We are currently working with SHARC Caledonia to resume use of the system.

## Anti-bribery and anti-corruption

Our Anti-Bribery Policy states:

- ✚ Bribery is a criminal offence. We will not pay bribes or offer improper inducements to anyone for any purpose, nor do we, or will we, accept bribes or improper inducements.
- ✚ To use a third party as a conduit to channel bribes to others is a criminal offence. We will not engage indirectly in or otherwise encourage bribery.
- ✚ We are committed to the prevention, deterrence and detection of bribery. We have zero-tolerance towards bribery. We aim to maintain anti-bribery compliance 'business as usual', rather than as a one-off exercise.

Our Anti-Fraud and Corruption Policy states that the results of fraud and/or corruption can be costly, time consuming, disruptive and unpleasant. The College, therefore, sees that the overriding principle to be applied is that of prevention. Where this fails, reporting, investigation and, where necessary, sanctions, will be pursued rigorously and swiftly. The Policy is available on our website and sets out preventative measures including policies and procedures, systems, internal audit, culture, and staff recruitment and training.

Both policies were reviewed by the Audit Committee during the year and recommended changes have been adopted.

## Identification and Mitigation of Strategic Risk

During 2018/19 the College continued to reduce the level of risk across three of the five strategic goals, and overall sum of the risk ratings has decreased by 19%.

The table overleaf contains a description of the 11 risks with a rating of more than eight on the strategic risk register as at 19 July 2019 and compared to last year (14 risks). There are currently no high risks. Not all the factors are within the College's control. Other factors besides those listed may also adversely affect the College.

Strategic Goal	Risks	Rating	Last year
Respond to the needs of our region	IF EU funded credit activity is withdrawn THEN the College may not be able to sustain activity levels	10	15
	IF BREXIT has a significant impact on the Borders economy THEN the College cannot meet the needs of the region	9	9
Deliver successful outcomes for all our learners	No risks with a rating above 8		
Provide a high quality College experience	IF SFC does not provide sufficient capital maintenance funding THEN the quality of student experience will be reduced	9	9
Grow our business	IF BREXIT adversely affects the Regional economy, THEN employers may not have the capacity to undertake commercial training	9	9
	IF the College does not work effectively in partnership with Dumfries and Galloway College to implement the Hub and Spoke model THEN our ability to access future grant funding from SOSEA may be impaired.	9	New
Build sustainability	IF SFC funding is reduced, THEN the College may be unable to invest in a sustainable ICT infrastructure to offer up-to-date learning and improve business processes.	12	4
	IF national bargaining drives pay awards upwards ahead of any additional resources which are generated through growth, THEN the College will have less flexibility in managing its remaining resources	12	12
	IF regional demand reduces, THEN the credit target may not be achieved and funding reduced	9	9
	IF EU-funded Credit activity is withdrawn, THEN the College may not be able to sustain activity levels	10	10
	IF the College is unable to meet the requirements of GDPR THEN the College may suffer financial and reputational damage	12	6
	IF protection against cyber-attack is not sufficient, THEN the College could suffer financial and reputational damage, or negative impact on student success	12	6

Data protection and cyber security risks have been reassessed during the year and the risk rating is elevated to reflect the importance of fully implementing mitigating plans. Cyber Essentials Plus accreditation was achieved in August 2019. This provides confidence to students and other stakeholders that we take the security of systems and data seriously.

As evidenced by the risk ratings above, the College continues to identify national pay bargaining, uncertainty over BREXIT, and the sustainability of funding levels, as the greatest threats to achieving its strategic goals. A separate BREXIT impact and risk assessment has been compiled and reported to the Regional Board, and remains under review.

## Financial Planning and Performance

### Financial strategy

The College's financial strategy has four objectives:

Financial Sustainability	<ul style="list-style-type: none"> <li>• Outcome Agreement negotiation to ensure the needs of the region are recognised; and that the College receives a resource allocation to meet demand and deliver on national and local priorities</li> <li>• Manage financial resources to fully fund the maintenance of estate and ICT infrastructure, and future identified estates and ISLT developments</li> <li>• Ensure that all costs are accounted for, including depreciation and financing</li> <li>• Always consider long-term projections as part of budgeting</li> </ul>
Resource Deployment	<ul style="list-style-type: none"> <li>• Allocate resources through a budgeting cycle which considers external economic influence and scenario planning</li> <li>• Fully use allocation from SFC on both an academic and financial year basis</li> <li>• Ensure that the budget cycle focuses on strategic priorities, including front line service delivery - curriculum planning, estates, and ICT/ISLT</li> <li>• Ensure that expenditure on staff is reduced to 65% of turnover by 2019/20</li> </ul>
Liquidity	<ul style="list-style-type: none"> <li>• Maximise returns, against agreed risk profiles and within the constraints of the public sector regulatory framework</li> <li>• Minimise financing and banking costs</li> <li>• Retain adequate cash reserves, at a level of not less than 10 days trading activity</li> </ul>
Innovation and Flexibility	<ul style="list-style-type: none"> <li>• Optimise the use of SFC income to support innovation in learning and teaching while continuing to deliver against core performance indicators</li> <li>• Maximise funding from sources other than the SFC, with such funding to rise to 29% by 2019/20</li> </ul>

The financial statements have been prepared under the 2015 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) and Financial Reporting Standard 102 (FRS 102). A new SORP was issued in October 2018 and must be adopted for accounting periods beginning on or after 1 January 2019 and thereafter.

### Related bodies

In October 2010, the Office for National Statistics (ONS) reclassified Scottish incorporated colleges as public bodies, effective from 01 April 2014. A consequence was that colleges could no longer accumulate reserves to use across financial years. The Borders Further Education Trust (BFET) was established to receive a donation of college reserves held at 31 March 2014 and any reserves subsequently generated. It is a Scottish Charitable Incorporated Organisation, registered in Scotland by the Office of the Scottish Charity Register (OSCR) under number SC044668. Registration was approved by OSCR on 14 February 2014. During 2018/19 the College donated £0.150m of reserves to BFET.

The College retains one subsidiary company, BC Consultants Limited (BCC). BCC ceased trading on 31 July 2010 and all operations were transferred to the College. Final transactions for BCC were posted in 2012/13 and it is now dormant.

## Budget

In June 2018, the Board approved the 2018/19 budget and capital commitment, and agreed that once the guidance for the Five Year Forecast Return (FFR) was produced, the Chair's Committee would approve the FFR. The budget resulted in an Income and Expenditure (I&E) deficit of £46k.

Planning for a small deficit allowed us to effectively use our cash resources. However to achieve this we needed to make continued efficiencies within staff budgets. Management plans were in place to achieve the savings requirement for 2018/19.

The budget was further revised during the year:

- ❖ the FFR submission showed a budgeted deficit of £41k. The main changes were updates to the staff budget as a result of changes to structure and taking into account the curriculum plan which was updated following enrolment.
- ❖ the budget and the FFR was approved by the Chair's Committee in August 2018.
- ❖ following a high level review of the QTR1 position the staff budget was rebased to ensure it reflected changes made in curriculum areas. The outcome was a budgeted surplus of £163k. Reasons for the improvement include savings which had not been deducted from the base budget, and a rebasing of temporary lecturing costs.
- ❖ the revised budgeted surplus would be authorised to fund a donation of £150k to BFET, resulting in a broadly breakeven budget.

## Financial results

The actual result was an operating deficit of £11k prior to pensions adjustments. The underlying operating surplus position is £204k. This is a good result for the College.

The College's income for the 12 months to 31 July 2019 was £13.4m (last year £12.7m). Salary costs for the period, at £8.5m were 70.6% of income (66.7% for the previous year).

At 31 July 2019, the College has accumulated reserves of £40k and cash balances of £2.957m.

Fixed asset additions during the period amounted to £841k of which £458k was a transfer to Assets Under Construction. Work has continued on the Hawick campus to create a STEM Hub and Passive House. Land and buildings were revalued at 30 June 2019 with an increase in value of £3.4m.

The College has significant reliance on the SFC as its principal funding source, largely from recurrent grants. In the 12 months to 31 July 2019 the SFC provided 76.7% of the College's total income (last year 70.8%).

## Adjusted operating position

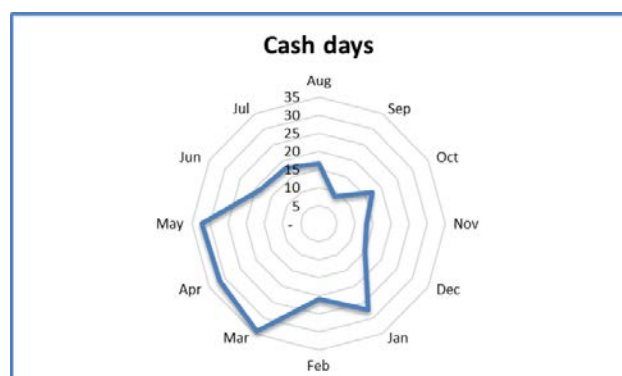
The Statement of Comprehensive Income presents financial performance during the accounting period in accordance with the SORP. The Adjusted Operating Position (AOP) is intended to reflect the underlying operating performance after allowing for material one-off or distorting items required by the SORP or other items out with the control of the College. The AOP is therefore designed to smooth any volatility in reported results arising from FRS 102 and also to recognise that some of the reported costs do not have an immediate cash impact on the College. The College's underlying operating position is shown below.

	2018/19 £000	2017/18 £000
<i>Deficit before other gains and losses</i>	(1,038)	(76)
<b>Add back:</b>		
<i>Depreciation (net of deferred capital grant release)</i>	305	311
<i>Net service cost pension adjustment</i>	895	610
<i>Net interest cost pension adjustment</i>	154	226
<i>Donation to Arm's Length Foundation</i>	150	50
<b>Deduct:</b>		
<i>Non-Government capital grants</i>	-	673
<i>Cash Budget for Priorities - Revenue funding allocated to loan repayments</i>	252	248
<b>Underlying operating surplus</b>	<b>214</b>	<b>200</b>

restated

Prior years figures are restated in agreement with the Scottish Funding Council as per their accounts direction.

## Cash management

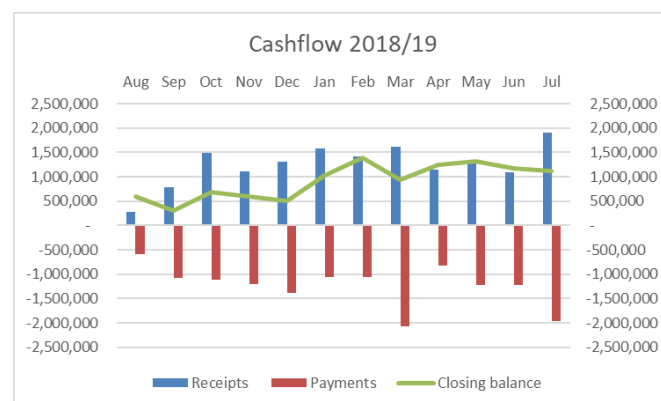


We cannot retain cash in advance of need. We do not have bank loans or overdrafts nor any plans to use such facilities. Cash is held at as low a level as possible, however, we need to allow for identified future payments, principally the Scottish Borders Campus Lifecycle Costs, and up to 20 days of operating costs.

Cash balances (excluding lifecycle) were between 9 – 34 days of operating costs, with the variation being larger than normal due to turnover of senior finance staff.

The College maintained positive operating cash balances over the year, and at 31 July 2019 showed a net inflow of £216k (last year net outflow of £489k). The chart shows the pattern of receipts and payments and the corresponding bank position each month (excluding Lifecycle Costs).

The net balance was retained at around £500k until December and then around £1-1.5m thereafter. The closing balance of 18 days is within the Financial Strategy parameters.



## Cash budget for priorities

A consequence of the ONS reclassification is in addition to preparing accounts under the SORP, there is a requirement to comply with Central Government budgeting rules. This affects the way in which depreciation charges are treated for budgeting purposes and how the College uses the cash



released as a result. The College sector separately identifies this as a “cash budget for priorities”, recognising that the Scottish Government has identified specific priorities for its use. Spend from the cash budget for priorities, and the impact on the operating position, is below.

	2018/19 £000	2017/18 £000
<b>Revenue</b>		
Student support	0	0
2015/16 pay award	0	4
Voluntary severance	0	0
Estates costs	0	0
Other agreed priority– lifecycle costs	0	0
<b>Total Impact on Operating Position</b>	<b>0</b>	<b>4</b>
<b>Capital</b>		
Loan repayments	252	248
Estates costs	0	0
Provisions per 1 April 2014	0	0
<b>Total Capital</b>	<b>252</b>	<b>248</b>
<b>Total Cash Budget for Priorities Spend</b>	<b>252</b>	<b>252</b>

### Creditor payment policy

The College strives to comply with the Confederation of British Industry (CBI) prompt payment code and has a policy of paying its suppliers within 30 days of invoice unless the invoice is contested. However performance in the last four years has been poor due to increasing volumes of transactions and inefficient processes. A finance transformation programme will be undertaken in 2019/20 with a focus on automation, improvement in controls and streamlining of the purchase to pay process.

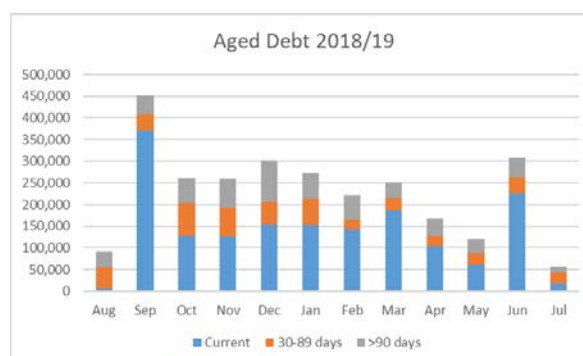
The total number of invoices processed during the year was 4,332 (2018 4,180) with a value of £4,502k (2018 £4,194k). During the year one late payment charge was paid by the College in respect of invoices paid beyond that date.

	<b>Measure of Better Payment</b>	<b>2018/19</b>	<b>2017/18</b>
<i>Paid by value</i>	In 10 days	£420k (9%)	£177k (4%)
	In 30 days	£2,085k (46%)	£2,476k (59%)
<i>Average days of credit taken</i>		40	37
<i>Paid by volume</i>	In 10 days	117 (3%)	106 (3%)
	In 30 days	1,835 (41%)	2,050 (49%)

### Debtors

The aged debt has a seasonal profile.

Student and Trade debt normally increases in September/October (after enrolment). Student debt should decline as payment plans take effect. Commercial debt levels should remain constant, if billing is up to date. The total debt in Aug 2019 was £96k which is comparable to last year (£92k). 51% of the debt is current, which is an improvement on last year.



## **Future plans**

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As noted previously, the College is in year three of implementation of the Strategic Plan “*Towards 2020*” and supporting strategies.

In support of the Borders Regional Outcome Agreement 2019/20 with SFC, the College has been allocated teaching funding totalling £8.89m (2018/19 £8.74m). The College budget for 2019/20 is based on this level of funding and management are confident that they can achieve a budgeted £19k deficit in 2019/20. Reductions in staff expenditure ought to accommodate this.

In line with advice on budget setting for the College sector, the College is planning for the level of SFC teaching grant for activity levels to remain static until 2022/23 with a loss of ESF funding. While recognising the SFC provision of medium-term support for the impact of national pay bargaining, the Board recognises that significant efficiencies will be required in the future. The medium term financial plan will incorporate scenario planning and will identify the mitigating actions required to deliver a sustainable financial position over the five year term of the FFR.

In negotiating Outcome Agreements and additional contracts such as MAs, we continue to make a case for additional activity in the Borders Region, reflecting current unmet demand. The College plans to continue to reduce dependency on the SFC main grant and is seeking opportunities in areas where it currently performs well, while also targeting increased contributions to training costs from employers. The College continues to seek best value through using collaborative procurement and framework agreements.

In developing our curriculum offer further, digitalisation of delivery will continue to be a key focus, as will maximising the benefits of the STEM and Care Hubs.

The College is developing a new planning brief for the Melrose Road Campus and continues to seek a buyer for this site. An offer for part of the site was approved by the Board in October 2019. We are evaluating Newtown St Boswells for long term planning and continue to focus on maintenance and lifecycle priorities. We continue to focus on a long term reduction in carbon emissions. Our sustainability annual report was very positively received.

## **Post Balance Sheet Events**

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On 24 October 2019, the Regional Board approved an offer for purchase of part of the Melrose Road site, namely the workshops and Thornidean House. At the time of writing this report (31 October 2019) we await formal SFC approval.

## **Disclosure of Information to Auditors**

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The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College’s auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College’s auditors are aware of that information.

**Signed: Principal.....**

**5 December 2019**



## Accountability Report

### 1. Corporate Governance Report

#### Introduction

The purpose of the Corporate Governance Report is to explain the composition and organisation of the College's governance structures and how they support the achievement of the College's strategic goals. The report incorporates:

- ✚ Directors' Report including Statement of Board responsibilities
- ✚ Governance Statement.

Borders College is a further education corporation, established under the Further and Higher Education (Scotland) Act 1992, as amended by the Further and Higher Education (Scotland) Act 2005 and the Post-16 Education (Scotland) Act 2013. It is funded directly by the SFC.

It is a registered charity (Scottish Charity Number SC021180) and is exempt from corporation tax on charitable activities. The College is on the Scottish Charity Register and is entitled, in accordance with Section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a charity registered in Scotland. The College is recognised by HMRC as a charity for the purposes of Section 505, Income and Corporation Taxes Act 1988 and is exempt from corporation tax on charitable activities. The College receives no similar exemption in respect of Value Added Tax (VAT).

#### Directors' Report

The FReM requires government bodies to provide a Statement of Accounting Officer's responsibilities. However, the SFC Chief Executive is the Accountable Officer for the college sector and is required to provide a governance certificate of assurance covering all institutions to the Principal Accountable Officer of the Scottish Government, based upon certificates of assurance provided by institutions. In light of this unique arrangement, the College is required to continue to provide a Statement of Board's responsibilities within their Corporate Governance report.

#### Statement of Board responsibilities

The Board is responsible for the administration and management of the College's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each year. An independent Board Secretary is in place to support the work of the Board.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992, the SORP for Further and Higher Education, FRS 102 and other relevant accounting standards. A new SORP was issued in October 2018 and must be adopted for accounting periods beginning on or after 1 January 2019 and thereafter.

The financial statements are prepared in accordance with the Accounts Direction issued by the SFC, which brings together the provisions of the Financial Memorandum and other formal disclosures that the SFC require the Board to make in the financial statements and related notes.

In preparing the financial statements the Board is required to:

- ✚ select suitable accounting policies, then apply them consistently
- ✚ make judgements and estimates that are reasonable and prudent
- ✚ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- ✚ prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.
- ✚ ensure that funds from SFC are used only for the intended purposes and in accordance with the Financial Memorandum and any other conditions that SFC may prescribe
- ✚ ensure that there are appropriate financial and management controls in place sufficient to safeguard public funds and funds from other sources
- ✚ safeguard the assets of the College and prevent and detect fraud
- ✚ secure the economic, efficient and effective management of resources and expenditure.

The Board delegates specific powers and processes to committees. These committees are accountable to the Board.

The Principal is responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

The Principal is required to provide an annual Certificate of Assurance to the SFC (to coincide with their Financial Year End of 31 March). The latest return was on 26 April 2019 which confirmed that controls have been, and are, working well. There were in her opinion no significant matters arising in the College which would require to be raised specifically in the governance statement.

In addition, within the terms and conditions of the Financial Memorandum agreed between SFC and the Board of the College, the Board through its designated office holder (the Principal), is required to prepare financial statements for each financial year that give a true and fair view of the state of the affairs of the College and the surplus or deficit and cash flows for that year.

### **Appointments to the Board**

The Board comprises independent members, two nominated student members, one elected teaching staff member, one elected support staff member, and the Principal. The roles of Chair and Vice Chair are distinct from the role of the Principal.

The Regional Chair is appointed by Scottish Ministers through the Public Appointments process.

The Nominations Committee is responsible on behalf of the Board for identifying other new Board members, considering extensions of tenure for existing Board members and considering nominations for co-opted members.

The recruitment process for appointing new Board members involves advertising in local or national press, targeted letters to relevant organisations and existing Board members identifying potential new members. All applicants are required to undergo the same selection process which is submission of a written application and interview by the Nominations Committee. Members of

the Nominations Committee are required to confirm whether they have any prior knowledge of the applicants before the interview process is undertaken.

The Nominations Committee make recommendations to the Board concerning appointments, with the full Board retaining responsibility for approval of new members, extensions and co-options. Any such appointment is also subject to approval by Scottish Ministers.

At the Committee meeting in August 2018 to consider the next Board member recruitment campaign it was noted that it had proven difficult to attract anyone of under-represented characteristics during previous recruitments. Considerable efforts were therefore made in the recruitment exercise then undertaken, to target the board member advertisements to relevant groups. The Committee remains committed to attracting a diverse membership of the Board.

Members are appointed to the Board for an initial period of four years; which can be extended for a further four years. Only in exceptional circumstances, and where compelling reasons exist, may a further extension of up to two years be approved. Three new members were appointed during the year.

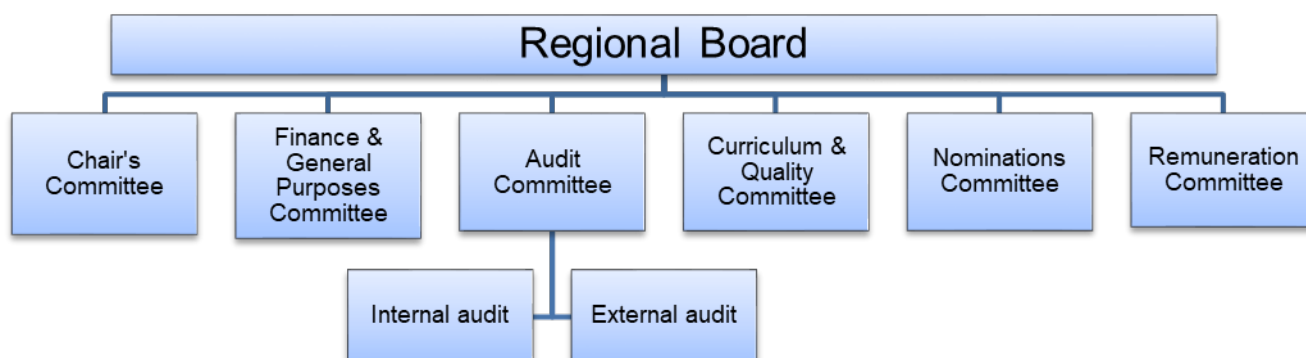
### **Board effectiveness**

The Board has a strong and independent element and no individual or group dominates its decision-making process. The Board considers that each of its independent members is independent of management and free from any business or other relationship that could materially interfere with the exercise of their judgement.

The Board performance appraisal system involves the Chair meeting with each member annually during their term of office (except for the student member due to their appointment being for one year) to discuss their objectives and training needs. The Senior Independent Member leads the annual appraisal of the Chair, alone or in conjunction with the Vice Chair.

### **Board attendance and committee representation**

The Board met five times in 2018/19 and is supported by a Chair's Committee, a Finance and General Purposes Committee, an Audit Committee, a Curriculum and Quality Committee, a Nominations Committee, and a Remuneration Committee. During the year the Board agreed that the Finance and General Purposes Committee would assume the responsibilities of the Human Resources Committee and a revised terms of reference was prepared. The committee structure is shown below.



All committees are formally constituted with terms of reference approved by the Board. The terms of reference of the committees are set out in the Board's Standing Orders (available on the Regional Board website). They are comprised mainly of independent members, one of whom chairs the committee.

Agendas, papers and reports are supplied to members in a timely manner, prior to meetings. These documents, except those deemed to be confidential, are available on the website.

The Board Secretary maintains a register of financial and personal interests of members. The register is available on the website.

The members who served on the Board during the year and up to the date of signature of this report were as listed in the table overleaf. Actual attendance is compared to the number of meetings that the member was eligible, as a member of the Board, to attend during the year.

Borders College  
Report and Financial Statements for Year Ended 31 July 2019

Name	Date of Appointment	Date of Resignation	Status of Appointment	Board attendance	C&Q	F&GP	Audit	Nom	Rem
T Jakimciw	Re-appointed 4 March 2018		Independent Member – Chair	5 out of 5	M to 21/2 C from 30/5	M		C	M
A Cox	30 January 2017		Principal	5 out of 5	M	M			
E Acaster	14 August 2014 Re-appointed 14 August 2018		Independent Member	4 out of 5		C		M	M
D Black	16 February 2019		Academic Staff Member	3 out of 3	M				
N Broderick	1 February 2019		Independent Member	3 out of 3	M				
D Elder	Re-appointed 21 September 2018	18 June 2019	Student Member	4 out of 5	M	M			
J Gaddie	1 March 2015 Re-appointed 1 March 2019		Independent Member	4 out of 5			M		C
V Grant	1 March 2015 Reappointed 1 March 2019		Independent Member	5 out of 5	M			M	
I Ireland	Re-appointed 1 March 2015	28 February 2019	Independent Member	1 out of 2	C to 21/2		M		
D Jardine	19 June 2018	18 June 2019	President, Student Association	4 out of 5			M		
D Johnson	1 June 2018		Independent Member	4 out of 5	M	M			
S Ker	1 October 2015	7 February 2019	Independent Member	1 out of 1			C to 7/2		
J McBeath	1 February 2019		Independent Member	3 out of 3		M			
B McGrath	Re-appointed 1 August 2018		Independent Member	4 out of 5			M to 7/2 C from 16/5	M	
N McIlwraith	5 August 2016	6 December 2018	Independent Member	1 out of 1		M			
J MacKenzie	22 June 2017		Support Staff Member	5 out of 5			M		
L Parkes	1 March 2015 Reappointed 1 March 2019		Independent Member	4 out of 5		M			M
D Peace	1 March 2015 Reappointed 1 March 2019		Independent Member	4 out of 5		M		M	
P Scrimger	1 February 2019		Independent Member	3 out of 3			M		
S Shinton	5 Aug 2016		Independent Member	4 out of 5	M				

In addition, the following Senior Managers exert influence on the direction of the College as a whole:

Name	Designation
H Anderson	Vice Principal – Curriculum and Student Services
H Robertson (From 22 October 2018)	Vice Principal – Finance and Corporate Services
P Smith (Resigned 14 September 2018)	Vice Principal – Finance and Corporate Services

The two Vice Principals are not Board members but are normally in attendance at the Board and its supporting committee structure.

The Board delegates certain responsibilities to its committees.

#### Audit Committee

- Chair - S Ker (to 7 February 2019), B McGrath (Interim Chair from 7 March 2019)
- Met four times
- Agreeing the internal and audit work programme, considering their and SFC reports as they affect the College. High level review of internal control, including risk management and procurement, obtaining the relevant degree of assurance.

#### Curriculum and Quality Committee

- Chair I Ireland (to 21 February 2019), T Jakimciw (Interim Chair from 7 March 2019)
- Met three times
- Consider matters related to the standards of service provided by the College. It considers the appropriateness of curriculum offered and is responsible for driving quality assurance. KPIs for student achievement and retention.

#### Finance and General Purposes Committee

- Chair - E Acaster
- Met four times
- Agreeing financial policy and regulation. Recommends the annual budget to the Board and receives Business Review reports comparing actual and budget, and other financial indicators. Estates and ISLT strategy review.
- Approval of spend between £100,000 and £249,000
- Assumed role of appropriate scrutiny of Human Resources during 2018-19

#### HR Committee

- Chair - T Jakimciw
- No longer active, did not meet in 2018-19
- Agreed at the June 2018 Board that the role of this committee would be assumed by the Finance and General Purposes Committee.

#### Chair's Committee

- Chair - T Jakimciw
- Met once
- Advises the Board on selection of the Principal, and on any matters relating to misconduct on any member or the Board Secretary
- Oversees any urgent matter that may affect the operation of the College, and makes recommendations in relation to matters of unusual or special interest not within the remit of any other Committee

#### Nominations Committee

- Chair - T Jakimciw
- Met once
- The Committee deals with nominations, appointments / extensions to the Board of ordinary members, including induction, training and development, and succession of Board members.

#### Remuneration Committee

- Chair J Gaddie
- Met once
- The Committee determines the remuneration of the most senior staff, including the Principal. It reviews redundancy terms and conditions as required.
- Details of remuneration for the year ended 31 July 2019 are set out in note 6 to the Financial Statements and in the Remuneration and Staff Report.

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## Governance Statement

### Introduction

The College is committed to best practice in all aspects of Corporate Governance with regards to its business and that of all its related bodies. This statement describes the manner in which the College has applied the principles of good governance, set out in the 2016 Code of Good Governance for Scotland's Colleges. It also reflects the guidance as set out by Audit Scotland in their 2019 publication on Good Practice Note on improving the quality of College Annual Report and Accounts. Its purpose is to help the reader of the accounts understand how the principles have been applied.

This statement comprises:

- ❖ Scope of responsibility
- ❖ System of internal control
  - Risk management arrangements
  - Internal audit arrangements
- ❖ Board self-evaluation
- ❖ Data security
- ❖ Going concern
- ❖ Review of effectiveness
- ❖ Significant issues
- ❖ Statement of compliance

## **Scope of responsibility**

The Board is the College's governing body. It is responsible for bringing independent judgement to bear on issues pertaining to the College's strategic direction, reputation, financial wellbeing, the wellbeing of staff and students and establishing high standards of academic conduct and probity. The Board is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. It is supported by committees with specific areas of remit.

The Board has delegated day-to-day responsibility to the Principal for maintaining a sound system of internal control which supports the achievement of the College's strategies and policies, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with responsibilities in the Financial Memorandum between Borders College and the SFC.

## **The system of internal control**

The system of internal control is an ongoing process designed to identify and prioritise the risks to the achievement of College strategy, goals and priorities, and drive up compliance with policies. It is designed to evaluate the likelihood of risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. It can therefore only provide reasonable and not absolute assurance of system effectiveness.

The College's system of internal control includes the following elements:

- ❖ a strategic plan supported by service strategies, annual priorities, enabled by income, expenditure, capital and cash flow budgets reviewed and agreed by the Board
- ❖ regular review by the Board of KPIs, targets, risks and financial results involving variance reporting and forecasts
- ❖ comprehensive Financial Regulations, approved by the Finance & General Purposes Committee setting out:
  - clear definitions of responsibilities and authority delegated to managers, including segregation of duties, and arrangements for holding managers to account
  - clearly defined requirements for approval and control of income and expenditure, with investment decisions being subject to detailed appraisal and review according to processes and levels set by the Board
- ❖ comprehensive and robust risk management arrangements, for identification, assessment, and management of risks to an acceptable level within the Board's risk appetite
- ❖ College wide self-evaluation and enhancement planning arrangements including self-assessment of compliance with quality indicators set by Education Scotland
- ❖ the adoption of formal project management and controls where appropriate
- ❖ a professional Internal Audit team whose annual programme is approved by the Audit Committee and whose head provides an annual report on internal audit activity and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

The system of internal control has been in place in Borders College for the year ended 31 July 2019 and up to the date of approval of the annual report and financial statements.



### **Risk Management Arrangements**

The College has a Risk Management Strategy and a Risk Management Policy. The Strategic Risk Register was developed through a Board level workshop to determine potential risks and the Board's appetite level for each strategic goal.

Individual risks are shown at original, current and target rating. The format has been updated to aid the reader understand its elements. The Senior Leadership Team (SLT) provides management scrutiny, enabling it to be updated regularly. Risks have subsequently been added by the SLT, committees or the Board itself. Risk ratings are amended as a result of analysis of progress in completing action plans.

The Board and committees receive the register at each meeting. Members are advised of any new risks, changes in risk rating, and risks recommended for closing. Members provide scrutiny through questioning current controls, outstanding actions and focussing on risks above target or any new or emerging risks.

A separate risk and impact assessment has been conducted in relation to BREXIT, which has been discussed by the Board. It has been shared with SFC and recognised as good practice.

The table on page 8 contains a summary analysis of our risk profile, across strategic goals. There are currently no high risks (last year one high risk relating to EU funding). The table on page 27 shows all risks with a score of eight or above. Data protection and cyber security risks were reassessed during the year and the risk rating was elevated to reflect the importance of fully implementing mitigating plans. Cyber Essentials Plus accreditation was achieved in August 2019. In overall terms, the College has been able to mitigate risks downwards.

As evidenced by the risk ratings, the College continues to identify national pay bargaining, uncertainty over BREXIT, and the sustainability of funding levels, as the greatest threats to achieving its strategic goals.

Other elements of a robust risk management culture are in place including

- ❖ Health and Safety Committee supported by policies, procedures, training and review
- ❖ Emergency Plan, Business Continuity Plan, departmental risk assessments
- ❖ Full suite of financial policies and procedures including Anti-Bribery and Anti-Fraud
- ❖ Robust safeguarding arrangements
- ❖ IT Security Policies
- ❖ Data Protection Policy, procedures and guidance.

### **IMPACT ASSESSMENT**

Board and committee members are able to make connections between their scrutiny of reports provided and the register. Additional risks have been identified as a result of this scrutiny – for example, two risks were added relating to partnership working, and two risks increased in rating as a result of scrutiny of internal audit reports.

The Board have identified a need to set aside some development time to consider any changes to risk appetite and tolerances and thus ensure that the register remains reflective of current strategic direction. The workshop will also include a refresher on the overall risk management process. This refresh process is considered best practice, particularly given the turnover in members in the latter part of 2018/19.

*The Board are satisfied that wider risk management arrangements are in place and working effectively. The Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks which has been in place for the year ended 31 July 2019 and up to the date of approval of the annual report and financial statements.*

### **The Internal Audit Service**

The College internal audit service is provided by Wylie and Bisset, and operates in accordance with the requirements of the SFC's Financial Memorandum. The audit plan is informed by:

- ✚ an analysis of the risks to which the College is exposed
- ✚ review of previous audits and reports
- ✚ discussion with the Principal and the Vice Principal (Finance and Corporate Services)
- ✚ an assurance mapping exercise
- ✚ identification of key controls
- ✚ resource required to meet the identified audit needs.

The analysis of risks and the internal audit plan is endorsed by the Board on the recommendation of the Audit Committee.

Annually, the Internal Auditors provide the Board with a report on internal audit activity in the College. The report takes account of the following work:

- ❖ review of financial and other controls in operation
- ❖ review of established policies and procedures
- ❖ assessment of whether internal controls are reliable
- ❖ review of accounting information
- ❖ compliance testing
- ❖ review of procedures to promote value for money.

The report includes their independent opinion on the adequacy and effectiveness of the College's system of risk management, control and governance processes.

### **IMPACT ASSESSMENT**

For the reviews undertaken in 2018/19 the table below summarises the findings of the auditors.

	Conclusion	High	Medium	Low
Credits	N/A			1
Education Maintenance Allowance	N/A			
Student Support Funds	N/A			
Enrolment and Withdrawals	Strong			
Follow Up	Strong			1
IT Systems	Weak	2	2	1
Payroll	Strong		1	1

In his annual report, the Internal Auditor stated:

*"We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a conclusion as to the adequacy and effectiveness of the College's risk management, control and governance processes.*

*In our opinion Borders College did have adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives at the time of our audit work, based on the areas of work we reviewed and our cyclical risk based plan. In our opinion, the College has proper arrangements to promote and secure value for money. We have however raised a weak level of assurance around the IT Systems arrangements in place which management have accepted and are taking steps to address the two high grade recommendations raised and we will follow up on these recommendations in 2019-2020."*

## **Board self-evaluation**

The Board is required under the Code of Good Governance for Scotland's Colleges to keep its effectiveness under annual review and to have in place a robust self-evaluation process. For 2018/19 the Board agreed that in light of the extensive nature of the review carried out in the preceding year, a questionnaire based format would be proportionate. The headings within the questionnaire reflect the key principles of governance contained in the Code and accordingly relate to the key Principles of Leadership and Strategy / Quality of the Student Experience / Accountability / Effectiveness / Relationships and Collaboration. The questions related to the broader picture behind each Principle rather than seeking a detailed response to each point within a Principle. Questionnaires were sent to Board members during the relevant period.

The results of this questionnaire have been analysed and will be reported to the Board. Any development actions identified from the results will be used to prepare a Board development plan which will also include any ongoing matters from the previous development plan.

## **Data security**

The College has comprehensive IT policies and procedures in place. All staff are required to undertake IT Security and Data Protection training on induction and refresher within two years. The College has implemented a programme of work to ensure compliance with the General Data Protection Regulations which came into force in May 2018. During the year we have updated our information registers to ensure they are compliant with Article 30 requirements, our Data Protection Policy was renewed and a suite of guidance documentation was made available to support staff in preparing Privacy Notices, developing Information Sharing Agreements, undertaking Data Protection Impact Assessments, identifying, reporting and managing a potential breach, and complying with legal requirements for a subject data request. An audit on Information Governance is planned for 2019/20, focussing on data protection and freedom of information.

There were no significant lapses in data security in 2018/19 (last year nil).

However, the Internal Audit on IT systems highlighted a high risk in relation to "data leakage" and recommended that the College puts stronger controls in place and looks at locking down all forms of removable, and cloud-based storage that is not required to be accessed. We have reiterated to staff that encrypted devices should be used whenever person specific data is concerned. Once we implement an upgraded Identity Management System (during 2019/20) we will be in a better position to promote additional solutions to enable staff to access and share information safely.

## **Going concern**

The Board has reviewed the strategic plan, activity and financial projections and considers that the College has adequate resources to meet its ongoing liabilities and continue operations for the foreseeable future. Scenario planning has been undertaken as part of the 2019/20 planning process and appropriate actions are built into the financial plan. Changes in the funding formula forecast for 2022/23 present significant challenges for Borders College as a small and rural College. The impact of these intended funding formula changes is being discussed with the SFC.

For these reasons, the College continues to adopt the going concern basis in preparing the financial statements.

## **Review of effectiveness**

The Principal has responsibility for reviewing the effectiveness of the system of internal control. Her review of the effectiveness of the system of internal control is informed by:

- ➔ the work of the internal auditors
- ➔ the work of the senior managers within the College who have responsibility for the development and maintenance of the internal control framework
- ➔ comments made by the College's external auditors in their management letters and other reports.

The Principal has been advised on the implications of her review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and considers the findings of the external auditors. A plan is in place to address weaknesses and ensure continuous improvement of the system.

Based on the Strategic Plan, the SLT develops annual priorities and annually undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, and specific actions that should mitigate the potential impact on the College. These internal controls are implemented and the subsequent year's appraisal will review the effectiveness of risk mitigation actions. In addition to the annual review, the SLT also consider risks relating to new areas of work.

The strategic risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate risks. Risks are rated using a consistent scoring system, and assigned a target level. All risks are assigned to senior managers to manage, with additional support from operational managers. The SLT regularly considers changes to the potential impact and likelihood of risks materialising and opens or closes risks as appropriate. The updated register is presented for review to each meeting of the Board and its Committees. The mitigating actions have been effective in reducing risk exposure on many of our risks. Financial sustainability, National Bargaining and EU BREXIT remain our greatest concerns, in line with the rest of the College sector.

The SLT and the Audit Committee receive regular reports from the internal auditors, which include identified risks and recommendations for improvement.

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its September 2019 meeting, the Audit Committee carried out the annual assessment for the year ended 31 July 2019 by considering documentation from senior management and internal audit, and taking account of events since 31 July 2019.

## **Significant issues**

In putting together the governance statement the Principal needs to take a view on the extent to which issues are significant enough to warrant recording. The following matters have been highlighted from the performance report:

- Two new risks were identified in year relating to partnership working, which if not effectively managed could cause reputational damage. Mitigating actions have been put in place and have reduced this risk to an acceptable level.
- The IT systems audit highlighted two high risk issues, one relating to data leakage and the other relating to web filtering. The College is putting in place measures to deal with both of these issues. Whilst the auditors identified these as high risk issues there is no evidence that either of these issues has resulted in any particular events or matters of concern. Mitigating procedures will be in place by early in 2020.

- The change in the delivery model for construction apprentices has the potential to cause reputational damage and significant changes in staffing and increase in costs. Alternative models of delivery are being explored to reduce the financial and service risk to the College.

In the review of the effectiveness of the system of internal control, no further matters of significant concern have been identified relating to:

- achievement of the business plan or other priorities
- fraud or other misuse of resources
- significant programme or project at risk
- a material impact on the accounts
- financial stability, security or data integrity.

### **Statement of compliance**

The College complies with all the principles of the 2016 Code of Good Governance for Scottish Colleges, and it has complied throughout the year ended 31 July 2019.

### **Conclusion**

The Board considers that there is an ongoing process for identifying, evaluating and managing the College's operations, which reflects the strategic priorities and significant risks facing the College. This process has been in place for the year ended 31 July 2019 and up to the date of approval of the annual report and financial statements. The Board is satisfied that the internal control arrangements comply with all required regulatory standards and that all necessary disclosures have been made to aid the reader in understanding this report and financial statements.

## 2. Remuneration and Staff Report

### Remuneration Policy

The remuneration of the Chair of the Board is set by the Scottish Government.

Remuneration of the Principal and senior management is agreed by the Remuneration Committee. The Committee takes into account public pay policy, pay awards to other categories of staff and guidance from the SFC and Scottish Government.

### Remuneration including salary and pension entitlements

#### Salary entitlements<sup>1</sup>

The following table provides detail of the remuneration and pension interests of the Regional Chair and senior management.

Name	Year ended 31 July 2019			Year ended 31 July 2018		
	Salary £000	Pension Benefit £000	Total £000	Salary £000	Pension Benefit £000	Total £000
<b>T Jakimciw</b> Chair of the Regional Board – Actual	20-25	-	20-25	20-25	-	20-25
<b>A Cox</b> Principal – Actual	105-110	35-40	140-145	100-105	30-35	135-140
<b>H Anderson</b> Vice Principal – Curriculum and Student Services – Actual	70-75	10-15	80-85	70-75	10-15	75-80
<b>H Robertson</b> Vice Principal – Finance and Corporate Services - Actual from 22/10/18 (Annual Equivalent)	55-60 (75-80)	15-20 (20-25)	75-80 (100-105)	-	-	-
<b>P Smith</b> Vice Principal – Finance and Corporate Services – Actual to 14/09/18 (Annual Equivalent)	5-10 (75-80)	0-2.5 (5-10)	10-15 (80-85)	75-80	10-15	85-90

### Accrued pension benefits

Pension benefits for employees are provided through the Scottish Teacher's Superannuation Scheme (STSS), a defined benefit scheme which is notionally funded and contracted out of State Earnings-Related Pension Scheme, and the Scottish Borders Local Government Pension Scheme (LGPS). Both are Career Average Revalued Earnings schemes. This means that pension benefits are based on the revalued average of pensionable years' pay and the number of years that the person has been a member of the scheme.

<sup>1</sup> Note:

- The salaries in the table above represent the amount earned in the financial year and include salary, bonuses, overtime and other allowances (as applicable)
- The value of pension benefits is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The x20 multiplier aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20 year period which is the estimated life span following retirement.
- The details in this table are subject to audit

Normal retirement age is linked to the member's individual State Pension Age.

Contribution rates are set annually for all employees and can be found in note 29. LGPS members with pre 01 April 2009 service have an automatic entitlement to a lump sum. Members with only post 01 April 2009 service have no automatic entitlement to a lump sum.

Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on final pensionable salary and years of pensionable service.

### Senior manager's pension

Pension benefits are provided to senior management on the same basis as all other staff. The accrued pension benefits for the Regional Chair and senior management are set out in the table below, together with the pension contributions made by the College.

Name and role	As at July 2019		31 July 2018 to 31 July 2019		At 31 July 2019	At 31 July 2018	Real increase in CETV
	Accrued pension at pension age	Accrued lump sum at pension age	Real increase in pension	Real increase in lump sum	CETV	CETV	
	£000	£000	£000	£000	£000	£000	
<b>T Jakimciw</b> Chair of the Regional Board	-	-	-	-	-	-	-
<b>A Cox</b> Principal	5-10	-	0-2.5	-	62	34	28
<b>H Anderson</b> Vice Principal – Curriculum and Student Services	30-35	90-95	0-2.5	0-2.5	710	637	25
<b>H Robertson</b> Vice Principal – Finance and Corporate Services (from 22/10/18)	35-40	-	0-2.5	-	466	-	-
<b>P Smith</b> Vice Principal – Finance and Corporate Services (to 14/09/18)	30-35	55-60	0-2.5	0-2.5	532	530	37

### Cash equivalent transfer value (CETV)

A 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 pensionable service and not just their current appointment.



In considering 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 reflect the pension contributions that both the employer and the scheme member have made over a period of time.

### Real increase in CETV

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

### Remuneration of senior post holders

Details of the remuneration of senior post holders is set out in Note 6 to the accounts, on page 65.

There were no payments to senior post holders in relation to compensation of early retirement or loss of office in 2017/18 or 2018/19.

There were no payments to past directors in 2017/18 or 2018/19.

### Fair pay

Borders College supports the principles of Equal Pay and is committed to ensuring that the procedures in place to determine pay and conditions of employment do not discriminate unlawfully and are free from bias. To achieve this it has an Equal Pay Statement and Policy. An equal pay audit was carried out in March 2019 and indicates that the College currently has a 6.9% pay gap between men and women. This was calculated using the mean. Nationally this is 15% therefore the College is much better than average. This pay gap has decreased significantly since the last reported figure of 13%.

The College is currently paying the Living Wage as a minimum to its staff and is an accredited Living Wage employer. It is hoped that this will also help to address the gender pay gap. With effect from 1st April 2019, the College's catering contractor (Baxter Storey) has been paying the Living Wage to its employees.

The table below compares the median pay to the highest paid individual.

	2018/19	2017/18
Highest paid official	£108,841	£104,615
	3.3 times the median	3.8 times the median
Median of workforce	£32,310	£27,690
Lowest paid	£16,830	£15,141

## Staff Report

### Number of senior managers by band

Remuneration of senior post holders, including the Principal  
(excluding employers' NI and pension contributions):

	2019	2018
£70,001 to £80,000	3	2
£90,001 to £100,000	0	0
£100,001 to £110,000	1	1
	<b>4</b>	<b>3</b>

### Salaries and related costs

	Year to 31 July 2019			Year to 31 July 2018
	Directly employed staff	Seconded and agency staff	Total	Total
Wages and salaries	£6,832,417	103,122	£6,935,539	£6,249,573
Social security costs	£607,043	-	£607,043	£570,328
Other pension costs	£2,022,379	-	£2,022,379	£1,677,527
<b>Total</b>	<b>£9,461,839</b>	<b>£103,122</b>	<b>£9,564,961</b>	<b>£8,497,428</b>
Average number of FTE	202	1	203	200

The College employed 115 males and 221 females at 31 July 2019. At the time of approval of the Remuneration and Staff Report, senior management comprised three females.

### Sickness absence

The total number of days lost per full time equivalent (FTE) to sickness absence during 2018/19 was 19.03 days, an increase from 16.07 days last year. The increase was due to a number of individuals with long term sickness absence throughout the course of the year. Occupational Health have been involved and a resolution is anticipated.

### Equalities, diversity and inclusion

The Performance Report on page 24 and 25 sets out the College commitment to the principles of equality, diversity and inclusion. We promote an organisational culture that enables every member of staff to feel respected and included, whatever their background, abilities, age, race, faith, sexuality or gender. Three of our six equality outcomes set out our position in relation to staff. Regardless of any protected characteristic:

- staff are treated with dignity and respect and their views help shape and improve our services (eliminating unlawful discrimination, harassment and victimisation)
- staff feel valued and have the opportunity to develop their knowledge and skills and to progress in their careers (advancing equality of opportunity between different groups)
- College staff are representative of our community and offers a model of good practice in the promotion of opportunities for individuals with protected characteristics (advancing equality of opportunity between different groups).

## **Employment policies**

The Employee Resourcing Policy states our policy as being to recruit the best person for each vacancy, regardless of any protected characteristic. Applications for employment, training and promotion are monitored by protected characteristic and reported in the Equality Mainstreaming Report. Any pattern of inequality will be addressed. All College staff who participate in any aspect of the staff recruitment and selection process will have undergone training in recruitment and selection procedures and in equality and diversity.

Any applicant with a disability will be afforded reasonable adjustment with regard to all stages of the recruitment process. Where a candidate with a disability meets the minimum criteria, as set out in the person specification, they will be guaranteed an interview.

The College is committed to retaining and supporting individuals who have a disability and engage the services of the NHS Borders Occupational Health Service to provide guidance and recommendations to enable this to happen.

We monitor and report on disability both to the SFC as part of the staffing return and through the Mainstreaming Report. Staff feel supported in their role and have opportunities to develop and apply for promotion. It is clear from this data that there continues to be a need for us to focus on encouraging individuals with disabilities or from ethnic minorities to apply to the College, although the level of applications from these groups is representative of the demographics of the area.

The College has been awarded and has retained the Disability Confident Employer Award which demonstrates our commitment to disabled staff and those applying to work with the College.

The HR Department has a process of carrying out exit interviews with staff members who are leaving. This can either be through an online survey or a face-to-face meeting/interview with a member of the HR team. During 2018/19, the majority of staff who completed the survey indicated that they would recommend the College as a good place to work.

## **Staff development**

It is our aim to enable each staff member to achieve the standards within the “Promoting Excellence: The Scottish Government’s response to the Review of Scotland’s Colleges 2007” and also the Staff Governance Standards (January 2011). These standards ensure that all staff complete a minimum of 6 days CPD per annum (pro rata for part time staff).

This standard is monitored as part of the College’s Staff Performance and Development Review process and individual staff members are responsible for maintaining records recording both formal and informal CPD. This is enabled through the Staff Development Day programmes. There are four dedicated staff development days during the year in August, November, February and June.

Additionally the College has undertaken a senior leadership development programme that has been rolled out to middle managers and to 13 staff who are on a Talent Development Programme. The Programme will run into 2019/20 and beyond. These activities will develop current managers and provide opportunities and development activities for individuals who see themselves as future leaders.

## **Staff involvement**

The College has an HR and Staff Development Strategy that states that we will maintain a committee structure that allows for consultation and negotiation with all staff groups and will provide, where possible, staff with the opportunity to progress through the implementation of next

generation opportunities, promotions and talent management. Management meet regularly with the recognised trade unions, the EIS (Educational Institute for Scotland), Unison and a non-union staff representative for support staff.

We recognise the benefits of keeping employees informed about performance and encouraging suggestions for improvement of the College's position. In particular, a Joint Consultative Committee comprising management, members of recognised trades unions (both teaching and support staff) has been established for this purpose. In addition, periodic core communication sessions are held on all sites to receive information and brief staff on current developments. The College publishes newsletters that are readily available to all staff. Staff consultation is a key part of our strategic planning process with workshops taking place to allow all academic faculties and support departments to contribute.

Pay policy is determined at a national level through membership of the Employers Association National Joint Negotiating Committee. Local engagement activity takes place through the Local Joint Negotiation and Consultation Committees, representation on Equalities and Inclusion Committee, and Health & Safety Committee, as well as informal meetings where we discuss staff matters, training and development.

### **Health and safety**

The College recognises and accepts its duties under the Health and Safety at Work Act 1974 and is committed to ensuring the health, safety and welfare of its employees, so far as is reasonably practicable. It also fully accepts its responsibility for other persons who may be affected by its activities. The College will take steps to ensure that its statutory duties are met at all times. The College upholds the principle of inclusiveness and will ensure that each employee and learner will be given health and safety information, and instruction and training in a format suitable for the learner. Adequate facilities and arrangements will be maintained to enable employees and their representatives to raise issues of health and safety. Competent people will be appointed to assist the College in meeting its statutory duties including, where appropriate, specialists from outside the College.

In 2018/19 the College reported five incidents under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (last year three). Four students attended hospital as a result of an accident and one staff member suffered a fracture. There were no connections between the incidents reported and no follow up action by the Health and Safety Executive.

### **Trade union facility time**

Facility time is the provision of paid or unpaid time off from an employee's normal role to undertake Trade Union duties and activities as a Trade Union representative. There is a statutory entitlement to reasonable paid time off for undertaking Trade Union duties. There is no statutory entitlement to paid time off for undertaking Trade Union activities.

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, we are required to publish specific information on trade union officials and facility time. This information is to be published by 31 July each year.

This information is available on the College's website under College documents, reports, or via this [hyperlink](#)

## Off payroll engagements

As a public authority if we plan to offer a temporary job to someone who works through their own intermediary (often their own company, but this could also be a partnership or another person), we need to decide whether the off-payroll working rules apply.

The off-payroll working rules are in place to make sure that, where an individual would have been an employee if they were providing their services directly, they pay broadly the same tax and National Insurance contributions as an employee. As a public authority, we need to decide whether the off-payroll working rules apply because the appropriate conditions have been met. We also need to deduct tax and National Insurance contributions if we pay the worker's intermediary directly.

If the worker is paid by an agency or other labour provider, we need to tell the body that pays the worker that, in our view the off-payroll working rules should apply.

## Expenditure on consultancy

During the year there was no expenditure on consultancy (2018 nil).

## Exit packages

Four (2018 – five) employees left under voluntary exit terms during the year. They received a total payment of £83,236 (2018 - £67,331). The table below summarises the packages by cost band.

Cost band	Year to 31 July 2019			2018
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total number of exit packages by cost band
<£10,000	0	0	0	2
£10,001 - £25,000	0	3	3	3
£25,001 - £50,000	0	1	1	0
Total number of packages	0	4	4	5
<b>Total cost (£)</b>	<b>0</b>	<b>£83,236</b>	<b>£83,236</b>	<b>£67,331</b>

The Accountability Report was approved by order of the members of the Borders College Regional Board on 5 December 2019 and signed on its behalf by:

**T Jakimciw**  
Chair

**A Cox**  
Principal

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

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

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

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

In our opinion the accompanying financial statements:

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

#### **Basis of opinion**

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is 3 years. We are independent of the college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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



## **Risks of material misstatement**

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

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

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

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

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

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

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

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

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

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

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



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

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

### **Opinion on regularity**

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

### **Responsibilities for regularity**

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

### **Report on other requirements**

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

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

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

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

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

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

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

We have nothing to report in respect of these matters.

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

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

## **Use of our report**

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

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

Date.....

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

## Statement of Comprehensive Income

	Note	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
<b>Income</b>			
SFC grants	1	9,940	9,009
Tuition fees and education contracts	2	1,299	1,354
Other grant income	3	618	821
Other operating income	4	1,533	1,546
Investment income	5	3	1
<b>Total income</b>		<b>13,393</b>	<b>12,731</b>
<b>Expenditure</b>			
Staff costs	6	9,462	8,497
Fundamental restructuring costs	6	84	4
Other operating expenses	7	3,187	2,704
Donation to charitable trust	10	150	50
Depreciation	11	1,255	1,176
Interest and other finance costs	8	292	376
<b>Total expenditure</b>		<b>14,430</b>	<b>12,807</b>
<b>Deficit before other gains and losses, and tax</b>		<b>(1,038)</b>	<b>(76)</b>
Taxation	9	0	0
<b>Deficit for the year</b>		<b>(1,038)</b>	<b>(76)</b>
Actuarial gain/(loss) in respect of pension schemes	29	(1,322)	4,154
<b>Total comprehensive (expenditure)/income for the year</b>		<b>(2,360)</b>	<b>4,078</b>
Represented by:			
Endowment comprehensive income for the year		0	0
Restricted comprehensive income for the year		0	0
Unrestricted comprehensive (expenditure)/income for the year		(2,360)	4,078
<b>Total comprehensive (expenditure)/income for the year</b>		<b>(2,360)</b>	<b>4,078</b>

All items of income and expenditure relate to continuing activities.

The Statement of Comprehensive Income is prepared under the FE/HE SORP. The SORP does not permit colleges to reflect the non-cash budget for depreciation in the Statement of Comprehensive Income. Note 33 provides details of the adjusted operating position on a Central Government accounting basis.

## Balance Sheet

	Note	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
<b>Non-current assets</b>			Restated
Fixed assets (31 July 2018 restated)	11, 35	30,062	27,027
Investments	12	0	10
		30,062	27,037
<b>Current assets</b>			
Trade and other receivables	13	815	486
Investments (assets held for resale)	14	585	585
Cash and cash equivalents	15	2,957	2,544
		4,357	3,615
Less: Creditors: amounts falling due within one year	16	(2,991)	(2,279)
<b>Net current assets</b>		1,366	1,336
<b>Total assets less current liabilities</b>		31,428	28,373
Creditors: amounts falling due after more than one year	17	(21,941)	(22,710)
<b>Provisions</b>			
Pension provisions	22	(7,708)	(5,337)
Other provisions	21	(1,066)	(702)
<b>Total net assets</b>		<b>713</b>	<b>(376)</b>
<b>Restricted reserves</b>			
Income & expenditure reserve – endowment reserve	23	22	22
Income & expenditure reserve – restricted reserve	24	0	15
<b>Unrestricted reserves</b>			
Income & expenditure reserve - unrestricted	25	(3,538)	(1,193)
Revaluation reserve (restated)		4,229	780
<b>Total reserves</b>		<b>713</b>	<b>(376)</b>

See note 35. The 2018 fixed assets have been restated to reflect capitalisation of irrecoverable VAT only. This in turn impacts on revaluation reserve and income and expenditure reserves brought forward.

The financial statements on pages 57 to 79 were approved by the Regional Board on 5 December 2019 and signed on its behalf on that date by:

**T Jakimciw**  
Chair

**A Cox**  
Principal

## Statement of Changes in Reserves

	Endowment (Note 23)	Income and expenditure reserve		Revaluation reserve	Total
	£000	Restricted (Note 24)	Unrestricted (Note 25)	£000	£000
	£000	£000	£000	£000	£000
<b>Balance at 1 August 2017</b>	<b>22</b>	<b>36</b>	<b>(4,877)</b>	<b>809</b>	<b>(4,010)</b>
Deficit from the income & expenditure statement			(76)		(76)
Other comprehensive income			4,154		4,154
Transfers between revaluation and income & expenditure reserve			9	(9)	0
Release of restricted funds in year		(21)	21		0
	0	(21)	4,108	(9)	4,078
Prior Year adjustment (note 35)			(424)	(20)	(444)
<b>Balance at 1 August 2018</b>	<b>22</b>	<b>15</b>	<b>(1,193)</b>	<b>780</b>	<b>(376)</b>
Deficit from the income & expenditure statement			(1,038)		(1,038)
Other comprehensive income	0		(1,322)		(1,322)
Transfers between revaluation and income & expenditure reserve				3,449	3,449
Release of restricted funds in year		(15)	15		0
Total comprehensive income for the year	0	(15)	(2,345)	3,449	1,089
<b>Balance at 31 July 2019</b>	<b>22</b>	<b>0</b>	<b>(3,538)</b>	<b>4,229</b>	<b>713</b>

2018 reserves have been restated to reflect the impact of capitalisation of only irrecoverable VAT on fixed assets, based on the partial exemption calculation.

## Statement of Cash Flows

	Note	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
<b>Cash flow from operating activities</b>			
Deficit for the year		(1,038)	(76)
<b>Adjustment for non-cash items</b>			
Depreciation	11	1,255	1,176
(Increase)/decrease in trade and other receivables	13	(329)	17
Decrease in creditors	16	(962)	(2,227)
Increase in other provisions	21	364	26
Increase in pension provisions	22	1,049	836
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(3)	(1)
Interest payable	8	292	376
<b>Net cash inflow from operating activities</b>		<b>628</b>	<b>127</b>
<b>Cash flows from investing activities</b>			
Investment income		3	1
Non-current investment disposal		10	0
Receipt of deferred capital grants		803	527
Payments made to acquire fixed assets		(738)	(768)
		<b>78</b>	<b>(240)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(292)	(376)
		<b>(292)</b>	<b>(376)</b>
<b>Increase/(decrease) in cash and cash equivalents in the year</b>		<b>414</b>	<b>(489)</b>
Cash and cash equivalents at beginning of the year	15	2,544	3,033
Cash and cash equivalents at end of the year	15	2,957	2,544

## Statement of Accounting Policies

### 1. Basis of Preparation

These financial statements have been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and the Accounts Direction issued by the SFC that requires compliance with the Statement of Recommended Practice (SORP) 2015: Accounting for Further and Higher Education, and in accordance with Financial Reporting Standards 102 (FRS 102). The financial statements must also comply with the Scottish Public Finance Manual (SPFM), the Government Financial Reporting Manual (FReM) and Consolidated Budgeting Guidance (CBG).

The College is a public benefit entity and has applied the relevant public benefits requirements of FRS 102.

### 2. Basis of Accounting

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

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

<b>Estimate</b>	<b>Basis of Estimation</b>
Valuation of buildings	College buildings are of a specialist nature and are valued on the depreciated replacement cost basis. Irrecoverable VAT is capitalised, based on the partial exemption calculation.
Useful economic lives of buildings and equipment	Buildings are depreciated over their expected remaining useful economic life as assessed by an independent, qualified valuer.
Recoverable amount of trade debtors	Trade debtors are reviewed by appropriately experienced senior management team members with appropriate provision for non-payment of debt being charged to the financial statements as required.
Obligations under the LGPS	The Board has relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate.

### 3. Recognition of Income

Income from the sale of goods or services is credited to the Statement of Comprehensive Income when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Comprehensive Income over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount, income receivable is shown net of the discount.

All income from short-term deposits and investments is credited to the Statement of Comprehensive Income on a receivable basis.



Funds the College receives and disburses as paying agent on behalf of a funding body are excluded from the Statement of Comprehensive Income.

#### *Grant funding*

Government revenue grants, including the recurrent grants from the SFC, are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. 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.

Grants from non-government sources are recognised in income when the College is entitled to the income and performance-related conditions of the grant 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.

#### **4. Tangible Fixed Assets**

##### *Land and buildings*

Land and buildings are stated in the Balance Sheet at depreciated replacement cost on the basis of a valuation carried out in June 2019. Irrecoverable VAT is capitalised based on the partial exemption calculation. Freehold land associated with the buildings and undeveloped freehold land is not depreciated. New buildings are depreciated over their expected useful economic life to the College of up to 50 years.

A review for impairment of fixed assets is carried out if events or changes in circumstances indicated that the carrying amount of the fixed asset may not be recoverable. Major improvements to buildings, where no new floor space is created, are depreciated over a term consistent with their useful life, to a maximum of the remaining undepreciated life of the building.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July 2019. Finance costs that are directly attributable to the construction of buildings are capitalised as part of the cost of those assets. Buildings are not depreciated until they are brought into use.

##### *Subsequent expenditure on existing fixed assets*

Where significant expenditure is incurred to tangible fixed assets it is charged to the Statement of Comprehensive Income in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed asset in excess of the previously assessed standard of performance
- where a component of the tangible fixed asset that has been treated separately for depreciation purposes and depreciated over its individual useful economic life, is replaced or restored; or
- where the subsequent expenditure relates to a major inspection or overhaul of a tangible fixed asset that restores the economic benefits of the asset that have been consumed by the entity and have already been reflected in depreciation.

##### *Revaluation reserve*

Surpluses arising on the revaluation of the College's properties are transferred to the revaluation reserve. Additional depreciation charged on the revalued amount of these assets is transferred from revaluation reserve to the Statement of Comprehensive Income together with any surplus or deficit on disposal.

### *Equipment*

Equipment costing less than £3,000 per individual item, unless it is part of a group of items purchased as part of a discrete project, is written off to the Statement of Comprehensive Income in the period of acquisition. Additionally, individual assets whose cost falls below the threshold but pose a risk of fraud or theft and are of a similar type, are grouped together and capitalised. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

Plant, equipment, furnishings and fittings	- up to 10 years
Computer equipment	- up to 8 years
Motor vehicles and general equipment	- up to 8 years
Buses	- up to 8 years

Where equipment is acquired with the aid of specific Government grants the related grant is credited to a deferred capital grant account and released to the Statement of Comprehensive Income over the expected useful economic life of the related equipment.

### *Leased assets*

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements that transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the Statement of Comprehensive Income in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets. Assets held under hire purchase contracts that have the characteristics of finance leases are depreciated over their useful lives.

### *Maintenance of premises*

The cost of long-term and routine corrective maintenance is charged to the Statement of Comprehensive Income in the period which it is incurred.

### *Impairment of assets*

Any reduction in the recoverable amount of fixed assets arising from impairment reviews are recognised in the Statement of Comprehensive Income or Statement of Changes in Reserves as appropriate.

## **5. Investments**

Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value. Current asset investments are included in the Balance Sheet at the lower of their original cost and net realisable value.

## **6. Foreign Currency Translation**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

## **7. Taxation**

The College is registered under Scottish Charity Number SC021180 and is a "Charity" within the meaning of Section 506(1) of the Income and Corporation Taxes Act (ICTA) 1988. Accordingly, the College is potentially exempt from taxation in respect of income and capital gains received within categories covered by Section 505 of the ICTA 1988 or Section 256 of the Taxation of

Charitable Gains Act 1992, to the extent that such income and gains are applied to exclusively charitable purposes.

The College has no similar exemption in respect of Value Added Tax (VAT). Non-recoverable VAT arising from expenditure on non-trading activities is charged to the Statement of Comprehensive Income.

The College's subsidiary company is subject to Corporation Tax and VAT in the same way as any commercial organisation.

## **8. Financial Instruments**

Financial instruments are recognised in the Balance Sheet when the College becomes party to the contractual provisions of the instrument. All of the College's financial instruments are classified as 'basic' in accordance with Chapter 11 of FRS 102. All of the College's financial instruments are measured at transaction price.

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

Cash and cash equivalents: liquid resources include sums on short term deposits with recognised banks and building societies and government securities.

## **9. Provisions**

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

## **10. Pension Schemes**

Retirement benefits to employees of the College are provided by the STSS and the LGPS.

Contributions to the STSS are charged to the Statement of Comprehensive Income so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the 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. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method for the LGPS.

## **11. Bursary and Discretionary Funds**

The College administers Bursary and Discretionary Funds from the SFC, on behalf of its student, acting as paying agent on behalf of SFC. Unexpended funds are included in creditors.

## Notes to the Accounts

	Note	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
<b>1. SFC grants</b>			
SFC recurrent grant (including fee waiver)		8,652	7,570
Estates (maintenance) grants		63	200
Other SFC grants		248	288
HE & FE childcare funds	30b	135	156
Release of deferred capital grants	20	842	795
		<u>9,940</u>	<u>9,009</u>
<b>2. Tuition fees &amp; education contracts</b>			
Higher education fees – home & EU		359	341
Further education fees – UK		337	344
Skills Development Scotland contracts		246	297
Education contracts		357	372
		<u>1,299</u>	<u>1,354</u>
<b>3. Other grant income</b>			
Release of deferred capital grants – other government	20	107	71
European union funds		25	70
Other grants (revenue & capital)		486	313
UK based charities (revenue & capital)		0	367
		<u>618</u>	<u>821</u>
<b>4. Other operating income</b>			
Exam & registration fees		3	4
Income from academic departments		70	83
Sundry income		194	140
Catering & residences		23	106
Hire of accommodation & equipment		1,243	1,213
		<u>1,533</u>	<u>1,546</u>
<ul style="list-style-type: none"> <li>Because catering operations are managed by an external agency, catering income has been excluded from the Statement of Comprehensive Income.</li> <li>Hire of accommodation and equipment includes the recovery of costs from Heriot Watt University per the agreed Service Level Agreement.</li> </ul>			
<b>5. Investment income</b>			
Investment income on endowments	23	0	0
Other investment income		3	1
Net return on pension scheme	29	0	0
		<u>3</u>	<u>1</u>

- Interest received on discretionary funds increases support funding available for HE students therefore it is not included in the College's Statement of Comprehensive Income or Cash Flow Statements.

	Note	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
<b>6. Staff costs</b>			
Wages and salaries		6,833	6,249
Social security costs		607	570
Other pension costs (including FRS 102 adjustment)		2,022	1,678
		9,462	8,497
Fundamental restructuring costs		84	4
		9,546	8,501
Teaching departments		4,116	4,232
Teaching and other support services		638	574
Administration and central services		4,130	3,156
Premises		578	535
		9,462	8,497
Fundamental restructuring costs		84	4
		9,546	8,501
Senior post holders emoluments:			
Salaries		270	299
Pension contributions		44	46
Total emoluments		314	345
		£	£
The above senior post holder emoluments include amounts payable to the Principal of:			
Salary		108,116	108,015
Pension contributions		19,333	18,890
		Number	Number
Average number of full-time equivalent staff, including senior post holders, during the year was:		.	.
Teaching departments		80	87
Teaching and other support services		22	18
Administration and central services		80	74
Premises		20	21
		202	200
Remuneration of senior post holders, including the Principal (excluding employers' NI and pension contributions):		2019	2018
£70,001 to £80,000		3	2
£90,001 to £100,000		0	0
£100,001 to £110,000		1	1
		4	3

- Pension contributions for senior post holders are employers' contributions to the STSS and LGPS and are paid at the same rate as for other employees.

	Year ended 31 July 2019 £000	Year ended 31 July 2019 No.	Year ended 31 July 2018 £000	Year ended 31 July 2018 No.
<b>Staff costs (continued)</b>				
Staff costs are analysed as:				
Staff on permanent contracts	8,118	177	7,095	167
Staff on temporary contracts	1,344	25	1,402	33
	9,462	202	8,497	200

## 7. Analysis of expenditure by activity

	Other operating expenses £000	FE & HE childcare fund £000	Depreciation £000	Interest & other finance costs £000	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
Teaching departments	630	136	1,255	292	2,313	2,276
Teaching and other support services	27				27	21
Administration & central services	1,279				1,279	959
Catering & residences	61				61	120
Premises	1,056				1,056	880
Donation to charitable trust	150				150	50
<b>TOTAL</b>	<b>3,203</b>	<b>136</b>	<b>1,255</b>	<b>292</b>	<b>4,886</b>	<b>4,306</b>

	£	£
Other operating expenses include:		
External auditors remuneration – external audit of these financial statements	16	18
External auditors remuneration – non audit services	3	3
Internal auditors remuneration – internal audit services	8	9
Operating lease rentals – land, buildings & equipment	155	174

## 8. Interest and other finance costs

	Note	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
On loans, repayable in more than five years		138	150
Net charge on pension scheme	29	154	226
		292	376

## 9. Taxation

Neither the College nor its subsidiary company has a current or deferred liability to corporation tax in respect of the year (2018 £Nil).

	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
<b>10. Deficit for the year</b>		
The deficit for the year is comprised as follows:		
College deficit	(881)	(26)
Donation to Borders Further Education Trust	(150)	(50)
	<b>(1,031)</b>	<b>(76)</b>

#### Donation to Charitable Trust

Following the re-classification of Borders College as a public body by the ONS, the College is unable to generate and retain its own reserves for future investment. Cash backed reserves at 31 March 2014 and any future surplus generated can be donated to a charitable trust to be used in the future for the benefit of learners and potential learners at Borders College. The Borders Further Education Trust is an independent charity approved by OSCR (Charity Number SC044668). Transactions with this body are carried out at arm's length.

#### 11. Fixed assets

	Note	Assets under construction £000	Land & buildings £000	Plant & equipment £000	TOTAL £000
<b>Cost or valuation</b>					
As at 31 July 2018 (restated)	35	1	26,327	3,284	29,612
Additions		458	5	378	841
Revaluation		0	2,587	0	2,587
Reclassifications		(1)	1	0	0
As at 31 July 2019		458	28,920	3,662	33,040
<b>Depreciation</b>					
As at 31 July 2018 (restated)	35	0	0	2,585	2,585
Charge for year		0	1,019	236	1,255
Revaluation		0	(862)	0	(862)
Reclassifications		0	0	0	0
As at 31 July 2019		0	157	2,821	2,978
<b>Net book value</b>					
As at 31 July 2018 (restated)	35	1	26,327	699	27,027
As at 31 July 2019		458	28,763	841	30,062
<b>Net book value</b>					
Inherited		0	659	0	659
Financed by govt capital grant	20	0	19,268	337	19,605
Other (restated)	35	458	8,836	504	9,798
As at 31 July 2019		458	28,763	841	30,062

- Land and buildings were revalued at June 2019 by J&E Shepherd Chartered Surveyors in the capacity of independent valuer. The basis of valuation adopted was depreciated replacement cost and the valuation was made in accordance with the Royal Institution of Chartered Surveyors Global Standards 2017. Land and buildings with a net book value of £29,179,836 have been funded from exchequer funds. These assets may not be disposed of without prior approval of the SFC.
- Prior year land and buildings valuation has been restated to include irrecoverable VAT only based on the partial exemption calculation.
- Plant and equipment includes assets under hire purchase and finance leases with a net book value of £Nil (2018 £Nil).



	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
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The depreciation charge for the period is analysed as follows:

Depreciation based on cost	1,175	1,167
Depreciation based on valuation dated June 2019	80	9
	<b>1,255</b>	<b>1,176</b>
Owned assets	1,328	1,176
Assets held under hire purchase and finance leases	0	0
	<b>1,328</b>	<b>1,176</b>

## 12. Investments (College only)

Subsidiary company	0	10
Impairment of investment in subsidiary company	0	0
	<b>0</b>	<b>10</b>

The College owns 100% of the issued ordinary shares of BC Consultants Limited, a company incorporated in Scotland. BC Consultants Limited ceased trading on 31 July 2010 and is dormant.

## 13. Trade & other receivables

### Amounts falling due within one year:

Trade receivables	25	145
Prepayments and accrued income	772	335
Amounts due from subsidiary undertakings	0	0
	<b>797</b>	<b>480</b>
<b>Amounts falling due after one year</b>	<b>18</b>	<b>6</b>
	<b>815</b>	<b>486</b>

## 14. Investments (assets held for resale)

Assets held for resale as at 1 August 2018	585	585
Reclassifications	0	0
Assets held for resale as at 31 July 2019	<b>585</b>	<b>585</b>

## 15. Cash and cash equivalents

College funds	2,876	2,448
Bursary funds	59	61
Other student support funds	0	13
Endowment funds	23	22
	<b>2,957</b>	<b>2,544</b>

	Note	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
<b>16. Creditors: amounts falling due within one year</b>			
Trade payables		92	58
Other tax and social security		0	59
Other creditors and accruals		1,490	792
HE discretionary funds	30	9	7
Bursary funds	30	59	61
Other creditors (Netherdale)	18	326	273
Other creditors (HMRC – Lennartz)	19	0	146
Deferred capital grants (Government)	20	1,015	883
		<b>2,991</b>	<b>2,279</b>

**17. Creditors: amounts falling due after more than one year**

Other creditors and accruals		659	822
Other creditors (Netherdale)	18	2,448	2,774
Other creditors (HMRC – Lennartz)	19	0	0
Deferred capital grants (Government)	20	18,834	19,114
		<b>21,941</b>	<b>22,710</b>

**18. Other creditors (Netherdale)**

Amounts falling due within one year	326	273
Amounts due after more than one year	2,448	2,774
	<b>2,774</b>	<b>3,047</b>

**Deferred Consideration**

During 2006/07 the College acquired the Scottish Borders Campus of Heriot Watt University for a consideration of £4.75m. The cost of acquiring the Campus will be repaid to the University over a 17.5 year term, commencing in April 2009, the date on which the College moved to the refurbished campus. No interest is payable on the consideration. The cost of the campus acquisition is within Land and Buildings in note 11.

**19. Other creditors (HMRC – Lennartz)**

Amounts falling due within one year	0	146
Amounts due after more than one year	0	0
	<b>0</b>	<b>146</b>

During 2008/09 the College reached an agreement with HMRC to apply the Lennartz mechanism to the building works at Netherdale and Newtown St Boswells. The amount received from HMRC has been repaid to them over a ten year period.

## 20. Deferred capital grants (government)

	SFC £000	2019 Other govt £000	Total £000	2018 Total £000
<b>As at 1 August 2018</b>				
Land and buildings	17,737	1,985	19,722	20,093
Equipment	275	0	275	242
	18,012	1,985	19,997	20,335
<b>Grants received in year</b>				
Land and buildings	0	337	337	421
Equipment	185	281	466	106
	185	618	803	527
<b>Released to Statement of Comprehensive Income</b>				
Land and buildings	721	72	793	792
Equipment	121	35	156	73
	842	107	949	865
<b>As at 31 July</b>				
Land and buildings	17,016	2,250	19,266	19,722
Equipment	339	246	585	275
	17,355	2,496	19,851	19,997

## 21. Other provisions

	2019 Lifecycle costs - Netherdale £000	2019 Job Evaluation £000	2019 Leasehold dilapidation £000	2019 Total £000	2018 Total £000
<b>As at 1 August</b>	697	0	5	751	676
Released to Statement of Comprehensive Income	23	0	0	(26)	(95)
Provision for lifecycle costs - Netherdale	121	220	0	341	121
<b>As at 31 July</b>	842	220	5	1,066	702

## 22. Pension provision

	Note	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
<b>Scottish Borders Council Pension Fund</b>	29		
Scheme assets		23,940	22,005
Scheme liabilities		31,648	27,342
Deficit in the scheme – pension liability		(7,708)	(5,337)

	Note	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
<b>23. Endowment Reserves</b>			
Restricted net assets relating to endowments are as follows:			
George Heron Wilson Bequest		21	21
Robert Noble Trust		1	1
		22	22
Represented by:			
Cash and cash equivalents		22	22

#### 24. Restricted Reserves

The restricted reserve represents the proceeds from the sale of exchequer funded assets that are being held for reinvestment in future estates' expenditure.

#### 25. Unrestricted Reserves

General reserve (2018 restated)		4,602	4,568
Pension reserve	29	(7,708)	(5,337)
		(3,106)	(769)

The value of the general reserve at 31 July 2018 has been restated to reflect the capitalisation of only irrecoverable VAT (based on the partial exemption calculation) on non current assets.

#### 26. Capital and other commitments

No provision has been made for the following capital commitments:

Commitments contracted for	376	1,147
Expenditure authorised but not yet contracted	329	0
	705	1,147

#### 27. Lease obligations

Annual rental commitments under operating leases are as follows:

<b>Land, buildings and equipment</b>		
Leases that expire in less than one year	101	5
Leases that expire between one and five years	12	24
Leases that expire later than five years	41	41
	154	70

Future minimum operating lease payments due:

<b>Land, buildings and equipment</b>		
That expire in less than one year	67	74
That expire between one and five years	255	222
That expire later than five years	84	126
	406	422

## 28. Contingent liabilities

The College had no contingent liabilities at 31 July 2019 (2018 £nil).

## 29. Pension schemes

Different categories of staff were eligible to join one of two schemes:

- Scottish Teachers' Superannuation Scheme (STSS)
- Scottish Borders Council Local Government Pension Fund (LGPS).

	2019 £000	2018 £000
<b>The total pension charge is analysed as follows:</b>		
STSS - contributions paid	510	476
LGPS - contributions paid	564	531
LGPS – FRS 102 charge	895	620
	1,459	1,151
Unfunded pensioner payments	53	51
Charge to the Statement of Comprehensive Income (staff costs)	2,022	1,678

### Scottish Teachers Superannuation Scheme

Borders College participates in the Scottish Teachers Superannuation Scheme (STSS). The scheme is an unfunded statutory public service pension scheme with benefits that are 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 2012. The next valuation will be at 31 March 2016 and this will set contribution rates from 1 April 2019.

Borders College has no liability for other employers' obligations to the multi-employers scheme.

The scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or the withdrawal from the scheme.

The scheme is a multi-employer defined benefit scheme.

It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the Borders College is unable to identify its share of the underlying assets and liabilities of the scheme.

The employer contribution rate for the period from 1 August 2015 was 14.9% of pensionable pay. This increased to 17.2% from 1 September 2015. While the employee rate applied is a variable it will provide an actuarial yield of 9.8% of pensionable pay.

At the last valuation a shortfall of £1.3 billion was identified in the notional fund which will be repaid by a supplementary rate of 4.5% of employer's pension contributions for 15 years from 1 April 2015. This contribution is included in the 17.2% employers' contribution rate.

## Scottish Borders Council Local Government Pension Fund

The scheme is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme (Scotland) Regulations 2014 and currently provides benefits based on career average revalued earnings. The scheme, as specified in the regulations, is financed by payments from employers and from those current employees who are members of the scheme and pay contributions at progressively higher marginal rates based on pensionable pay.

Contribution rates are set every three years as a result of an actuarial valuation of the fund. The last triennial valuation of the fund was at 31 March 2017. The valuation set the contribution rates for the period 1 April 2018 to 31 March 2021. The minimum employer contribution rate was set at 18% and the calculated cost of future accruals set to 20.6%, effective from 1 August 2018. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

On the employers' withdrawal from the Fund, a cessation valuation will be carried out in accordance with Regulation 62 which will determine the termination contribution due by the employer, based on the assumptions deemed appropriate by the fund actuary.

### Assumptions

The principal financial assumptions used to calculate scheme liabilities under FRS 102 are:

	31 July 2019 %p.a.	31 July 2018 %p.a.
Salary increases	3.40	3.35
Pension increases	2.40	2.35
Discount rate	2.10	2.65

### Mortality

The post retirement mortality tables adopted are the S2PA tables with a multiplier of 110% for males and 100% for females. Improvements are in line with the CMI 2018 Model, with an allowance for smoothing of recent experience and long-term rates of 1.25% p.a. for males and females.

	Males	Females
Current pensioners	21.2 years	23.5 years
Future Pensioners	22.4 years	24.9 years

Figures assume members aged 45 as at the last formal valuation date.

### Historic Mortality

Life expectancies for the prior period end are based on S2PA tables with a multiplier of 110% for males and 100% for females. The allowance for future life expectancies are shown below:

Period ended	Prospective Pensioners	Pensioners
31 July 2018	CMI 2016 Model, allowing for a long-term rate of improvement of 1.5% p.a and smoothing parameter of 7.5.	CMI 2016 Model, allowing for a long-term rate of improvement of 1.5% p.a and smoothing parameter of 7.5.

Mortality loadings were applied to the SAPS tables based on membership class.

## Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash.

## Scheme assets

The major categories of plan assets as a percentage of total plan assets as at 31 July are:

Asset breakdown	31 July 2019	31 July 2018
Equities	63%	66%
Bonds	23%	20%
Property	13%	14%
Cash	1%	0%

The College's fair value of plan assets is approximately 3.2% (2018 3%).

The current service cost includes an allowance for average administration expenses of 0.3% of payroll. For unfunded liabilities as at 31 July 2019, it is assumed that all unfunded pensions are payable for the remainder of the member's life. It is also assumed that 90% of pensioners are married (or cohabiting) at death and that their spouse (cohabitee) will receive a pension of 50% of the member's pension as at the date of the member's death.

	31 July 2019 £000	31 July 2018 £000
<b>Charged to staff costs</b>		
Current service cost	(1,180)	(1,187)
Administration expenses	(0)	(8)
Past service cost, including curtailments	(332)	(6)
<b>Total charged to staff costs</b>	<b>(1,512)</b>	<b>(1,201)</b>
<b>Charge for net return on pension scheme</b>		
Interest on assets	586	510
Interest on cost	(740)	(736)
<b>Net interest charged</b>	<b>(154)</b>	<b>(226)</b>
<b>Charge to other comprehensive income</b>		
Return on assets less interest	1,102	1,159
Other actuarial gains/ (losses)	0	1,328
Change in financial assumptions	(3,455)	1,772
Change in demographic assumptions	1,127	336
Experience loss	(96)	(441)
<b>Actuarial Gain/(Loss)</b>	<b>(1,322)</b>	<b>4,154</b>
<b>Total charge to the Statement of Comprehensive Income</b>	<b>(2,988)</b>	<b>2,727</b>

## Analysis of the movement in deficit during the year

<b>Deficit in scheme at the start of the year</b>	<b>(5,338)</b>	<b>(8,646)</b>
Service costs	(1,512)	(1,200)
Employer contributions	617	581
Net interest costs	(154)	(226)
Actuarial (loss)/gain	(1,322)	4,154
<b>Deficit at end of period</b>	<b>(7,709)</b>	<b>(5,337)</b>



### 30a. FE bursaries and other student support funds

	2019 FE bursary £000	2019 EMAs £000	2019 Other £000	2019 Total £000	2018 Total £000
<b>Balance b/fwd</b>	<b>61</b>	<b>(13)</b>	<b>(40)</b>	<b>8</b>	<b>379</b>
Allocation received in year	1,749	138	14	1,901	2,129
Expenditure	(1,753)	(138)	(5)	(1,896)	(1,990)
Repaid to funding council as clawback	0	13	40	53	(510)
College contribution to funds	0	0	0	0	0
Intra-region allocations	0	0	0	0	0
Virements	0	0	0	0	0
<b>Balance c/fwd</b>	<b>57</b>	<b>0</b>	<b>9</b>	<b>66</b>	<b>8</b>

**Represented by:**

Repayable to funding council as clawback

57 0 9 66 61

Retained by college for students

0 0 0 0 (53)

- These grants are available solely for students; the College acts only as paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

### 30b. FE & HE childcare funds

	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
<b>Balance b/fwd</b>	<b>7</b>	<b>36</b>
Allocation received in year	139	163
Expenditure	(135)	(156)
Funds repaid to funding council as clawback	(7)	(36)
Virements		0
<b>Balance c/fwd</b>	<b>4</b>	<b>7</b>

**Represented by:**

Repayable to funding council as clawback

4 7

Retained by College for students

0 0

- FE & HE childcare fund transactions are included within the College Statement of Comprehensive Income in accordance with the Accounts Direction issued by SFC.

### 31. Related party transactions

Borders College is a body incorporated under the Further and Higher Education (Scotland) Act 1992 and receives funding from the SFC.

Scottish Borders Council and the SFC are registered as related parties. During the year, Borders College had various material transactions with these bodies and a number of other colleges and higher education institutions.

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

During the year under review, the College received £47,000 (2018 £65,908) from the Robertson Trust. T Jakimciw is a member of the Scholarship Committee of the Robertson Trust. The College had no other transactions with non-public bodies in which a member of the Board has an interest and that, in aggregate, exceeded £6,000.

The College had transactions during the year or worked in partnership with, the following publicly funded or representative bodies in which members of the Board hold, or held, official positions.

Member	Organisation	Position
A Cox	BFET	Trustee
A Cox	Live Borders	Board Member
V Grant	Riddell Estate	Partner
I Ireland	BFET	Trustee
T Jakimciw	Colleges Scotland	Director & Trustee
T Jakimciw	SOSEP	Board Member
B McGrath	SBC	Chief Officer Economic Development

Organisation	Purchase invoices issued		Balance included in trade receivables	
	2019	2018	2019	2018
Borders FE Trust	£900	£492,938	£Nil	£4,276
Scottish Borders Council	£122,993	£198,050	£Nil	£1,732
South of Scotland Economic Partnership	£76	£nil	£nil	£nil
Live Borders	£7,035	£16,268	£494	£373

Organisation	Sales Invoices received		Balance due included in creditors	
	2019	2018	2019	2018
Scottish Borders Council	£262,038	£166,984	£nil	£644
Riddell Estate	£5,021	£5,007	£nil	£nil
Live Borders	£45,038	£42,407	£nil	£84
Colleges Scotland	£26,000	£26,000	£nil	£nil

Under FRS 102, members of senior management are classed as key management personnel as they have authority and responsibility for the planning, directing and control of the organisation. Detail of the remuneration paid to senior managers is within the Remuneration and Staff Report.

### 32. Events after the reporting period

On 24 October 2019, the Regional Board approved an offer for purchase of part of the Melrose Road site, namely the workshops and Thornidean House. At the time of writing this report (31 October 2019) we await formal SFC approval.

### 33. Non-cash Budget for Depreciation

	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
Deficit before other gains and losses (FE/HE SORP basis)	(1,038)	(76)
Add: Non-cash allocation for depreciation (net of deferred capital grant)	305	311
Operating (deficit)/surplus on Central Government accounting basis	(733)	235

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

Under the SORP, the College recorded an operating deficit of £1,038k for the year ended (2018 £76k). After adjusting for the non-cash allocated provided under government rules, the College shows an 'adjusted' deficit of £733k (2018 adjusted surplus of £235k) on a Central Government accounting basis.

### 34. Financial Instruments

	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
<b>Financial assets</b>		
Financial assets measured at amortised cost	2,983	2,689
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	1,981	2,208

### 35. Prior year adjustments

A prior year adjustment is required in the year ending 31 July 2018 to Land & Buildings. This was the result of vat recoverable under partial exemption being incorrectly capitalised during a previous valuation. Only that part which is not recoverable through partial exemption is available for capitalisation in Fixed Assets in the year.

This resulted in changes to the revaluation and general reserves brought forward into 2018/19, as well as the carrying value of land and buildings.

The prior year adjustment to Land & Buildings (note 11) is:

	£000
As at 31 July 2018	31,003
Prior year adjustment	(4,676)
As at 31 July 18 (restated)	<u>26,327</u>
	£000
Depreciation as at 31 July 2018	4,232
Prior year adjustment	(4,232)
As at 31 July 18 (restated)	<u>0</u>
	£000
Net book value at 31 July 2018 (restated)	26,327
Net book value at 31 July 2018 (prior to restatement)	26,771
Prior year adjustment	<u>444</u>

The prior year adjustment to restricted reserves (note 25) is:

	£000
Unrestricted Income & Expenditure reserve at 31 July 18 (prior to restatement)	(769)
Unrestricted Income & Expenditure reserve at 31 July 18 (restated)	(1,193)
Prior year adjustment	<u>(424)</u>

The prior year adjustment to the revaluation reserve is:

	£000
Revaluation reserve at 31 July 18 (prior to restatement)	800
Revaluation reserve at 31 July 18 (restated)	780
Prior year adjustment	<u>(20)</u>

## **Appendix 1 – Scottish Funding Council accounts direction**

### **2018/19 Accounts direction for Scotland's colleges and Glasgow College's Regional Board**

- 1 It is the Scottish Funding Council's direction that colleges comply with the 2015 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts.
- 2 A new SORP ("the 2019 SORP") was issued in October 2018 and this must be adopted for accounting periods beginning on or after 1 January 2019 and thereafter. Early adoption is permitted as described in Section 27 ('Transition to the 2019 SORP') of the 2019 SORP.
- 3 Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RSB) (for assigned colleges).
- 4 Incorporated colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2018/19 (FReM) where applicable.
- 5 Incorporated colleges and Glasgow Colleges' Regional Board are reminded that they must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2019.
- 6 The annual report and accounts should be signed by the chief executive officer / Executive Officer and by the chair, or one other member of the governing body.
- 7 Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council  
5 July 2019

## Appendix 2 – Glossary of terms

AOP	Adjusted operating position
ALF	Arm's Length Foundation (Borders Further Education Trust or BFET)
BCC	Borders College Consultants Ltd
BCSA	Borders College Students Association
BDU	Business Development Unit
BFET	Borders Further Education Trust (also known as ALF or Arm's Length Foundation)
CBI	Confederation of British Industry
CEEP	College Energy Efficiency Project (CEEP)
CETV	Cash Equivalent Transfer Value (value of pension scheme benefits)
Co2	Carbon dioxide
CPD	Continuing professional development
EIS	Educational Institute for Scotland
ESF	European Social Fund
ESP	Energy Skills Partnership
EU	European Union
FEFT	Further Education Full Time
FEPT	Further Education Part Time
FFR	Financial Forecast Return
HEFT	Higher Education Full Time
HEPT	Higher Education Part Time
FRC	Financial Reporting Council
FTE	Full Time Equivalent staff numbers
GDPR	General Data Protection Regulations
HMRC	Her Majesty's Revenues and Customs
HNC/D	Higher National Certificate / Diploma
HR	Human resources
I&E	Income & Expenditure
ICT	Information Communications and Technology
ICTA	Income and Corporation Taxes Act 1988
ISA	International Accounting Standards
ISLT	Information Systems and Learning Technologies
IT	Information Technology
KPIs	Key Performance Indicators
Kwhrs	Kilowatt hours
LGBT+	Lesbian, Gay, Bisexual, Transgender/Transsexual +
LGPS	Scottish Borders Local Government Pension Scheme
MA	Modern Apprenticeship
ONS	Office for National Statistics
OSCR	Office of the Scottish Charity Register
QTR1	First quarter of the financial year
SBC	Scottish Borders Council
SCQF	Scottish Credit and Qualifications Framework
SDS	Skills Development Scotland
SEC	Student Experience Committee
SFC	Scottish Further and Higher Education Funding Council
SIMD1	Scottish Index of Multiple Deprivation - most deprived
SLT	Senior Leadership Team
SORP	Statement of Recommended Practice
SOSEP	South of Scotland Economic Partnership
SSSES	Student satisfaction and engagement survey
STEM	Science Technology Engineering and Maths
STSS	Scottish Teachers Superannuation Scheme
tCo2	Tons of carbon dioxide
VAT	Value added tax
VLE	Virtual Learning Environment