



Annual Report and Consolidated Financial Statements 2019-20

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

Chair's Foreword

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

The Glasgow College Region represents just over one-fifth of all of Scotland's college education and we are working well towards our vision of being Scotland's most inclusive, responsive and effective regional college system.

The latter months of 2019-20 have been challenging for the college sector and beyond, as we adapted to an ever-changing landscape during a global pandemic. I am immensely proud of the students, staff and stakeholders across the region for their resilience and commitment during this time.

Despite these challenges, we have made significant progress overall during the last year in delivering a high quality and coherent college system for Glasgow, with examples of our collective achievements including:

- coordinating and delivering Regional Outcome Agreement goals, improving levels of learner attainment, successful progression into work or study, and access for learners from deprived postcodes and for those furthest from the labour market;
- increasing the alignment of skills training to employment needs, including significant childcare learning and development opportunities;
- delivering the regional programme of action, with new collaborative initiatives to provide additional support for learners, including improved mental health capacity and a new service to support care-experienced learners;
- improving business productivity through a regional approach to the Flexible Workforce Development Fund with more than 100 employers and nearly 5,000 employees successfully engaged;
- developing regional funding arrangements to align Glasgow's capital expenditure with areas of greatest regional need and to support regional efficiencies;
- implementing engagement structures which offer 'one door' access for our stakeholders;
- responding to the Covid-19 pandemic in conjunction with the Glasgow colleges, Scottish Funding Council and Scottish Government.

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

Janie McCusker
GCRB Chair
25 January 2021

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GLASGOW COLLEGES' REGIONAL BOARD 2019-20

A) THE PERFORMANCE REPORT

SECTION 1. OVERVIEW

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

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

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

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

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

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

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

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1.2 GCRB Executive Director Statement of Performance

GCRB has set high ambitions for itself, for Glasgow's colleges and learners and for the city region as a whole. This annual report demonstrates that the Glasgow Colleges' Regional Board is making substantial progress towards its aim of building Scotland's most inclusive, most responsive and most effective regional college education service.

The Glasgow College Region is working collaboratively to progress an integrated regional curriculum with each college offering learning opportunities, developing skills, meeting the needs of employers and key industries, and supporting the growth of our regional economy.

The region is committed to offering support to learners who face additional challenges or from more vulnerable backgrounds. For example, a collaborative project with Action for Children was launched in 2019-20, aimed at providing students with care-experienced backgrounds additional support at Glasgow's colleges through assigned support workers.

Mental health and wellbeing is a priority across the region and we have made considerable progress in strengthening the support available for students and staff across the region, working in partnership with Charlie Waller Memorial Trust. We increased our focus on mental health as college staff and students adapted to new ways of working during the coronavirus outbreak and launched award-winning digital mental health support service Togetherall.

Glasgow Colleges' Regional Board allocated additional funding to each Glasgow college to support students facing poverty and digital poverty this year.

Through regional planning, 30% of all our activity is delivered to learners residing in Scotland's 10% most deprived neighbourhoods. In response to the higher than average levels of residents with low or no qualifications, we have maintained the volume of our curriculum at Further Education levels. Annual college level targets, set out in the Regional Outcome Agreement, continue to ensure the right provision in the right place across the region, making effective use of colleges' resources and facilities. This means that we can respond to regional skills' needs with a regional provision – using colleges' specific and collective strengths – to create choices and opportunities for learners and employers and ensure our curriculum grows in line with the Glasgow region economy. We have increased the amount of learning we provide in community-based locations, to bring colleges closer to people who are furthest from the labour market.

This Annual Report highlights the work by the Glasgow colleges to deliver on these aspirations, and support continued improvements in student outcomes, both in terms of attainment and progression to positive post-course destinations. Attainment data from 2018-19 shows that three quarters of all students who enrolled on courses in Glasgow, successfully passed, with over 97% of full-time students successfully progressing to work or further study. In the context of a challenging social and economic environment, these figures are clear evidence that the Glasgow college region is addressing the attainment gap.

Our regional strategy is also delivering enhanced opportunities for professional development and for staff from across the region to support each other in their work, helping them to improve services for our learners, and through this, to make a bigger difference to the economic and social wellbeing of the Glasgow college region.

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

1.3 Key Issues and Risks for GCRB

GCRB's risk register has been redeveloped continuously to review and strengthen our assessment and management of regional risks. Risk management is reviewed at each meeting of the Board and all risks were reviewed during the year ending 31 July 2020 and are outlined below:

- Poor environment scanning, and scenario planning, results in a failure to respond proactively to macro-level changes.
- Effective working relationships are not developed/maintained with key partners due to a focus on short-term internal priorities.
- The reputation of the College Sector in Glasgow is damaged as a result of adverse publicity.
- Opportunities are missed/not resourced appropriately and the potential to add value via the strategic plan is overlooked.
- The impact of Brexit has an adverse impact on college education in Glasgow.
- A failure to effectively plan/monitor our educational delivery results in the curriculum not meeting regional economic and social needs.
- Fewer learners achieving positive outcomes.
- Financial sustainability is jeopardised by a reduction in funding and/or an increase in costs.
- Failure to achieve the targets set out in the Regional Outcome Agreement lessens our ability to meet regional needs.
- Working relationships within the Glasgow College Region (e.g. students, staff, and board members) are ineffective and reduces our collective impact.
- The approach to people issues (e.g. equality/diversity, skills mix, resourcing of GCRB etc.) is unsatisfactory and we're unable deliver our objectives.
- The capacity, and capability, of the Board is inadequate and standards of governance fall below the level required.
- There is a breach of legislation/guidance/code of practice and this results in a failure of governance.
- Controls, and preventative measures, are inadequate, which results in a breach of security/safety (e.g. Cyber Attack).
- Coronavirus has a long-lasting impact upon strategic, operational and financial planning for the region.
- Issues surrounding alleged fraudulent activity have an impact on reputation and finance.
- Scenario planning and stress testing of operational activity is inadequate to appropriately mitigate against major incident which impacts upon activity.

The Risk Register includes the mitigation measures in place to respond to identified risks.

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SECTION 2. PERFORMANCE ANALYSIS

2.1 Introduction

Glasgow Colleges' Regional Board is responsible for planning, funding and ensuring the delivery of a high-quality curriculum which meets economic and social needs, as well as current and future employment demands. This is monitored by the board over the course of the year and the impact of regional college learning opportunities for our learners and the region as a whole.

2.2 Covid-19

There can be no doubt that there has been a deep and lasting impact of the global Covid-19 pandemic on Glasgow's college sector. Like the rest of the education, and many other sectors, the Glasgow colleges were forced to close physical spaces at short notice and to switch to online delivery of education. This has continued as the main mode of delivery, and is expected to do so throughout 2021, with some level of physical attendance managed for practical courses.

The global health crisis brought with it significant associated social and financial crises, and this has had an impact on the region's colleges. Some existing challenges have increased, while new challenges have arisen. The coherence of the eco-system of colleges operating alongside school partnerships, universities, training providers and employers has been impacted. In addition, there is a clear development of deferrals and displacement which carries a risk over a longer period.

The challenges have highlighted key elements around digital provision and IT, student accessibility and support across all communities. That said, there is clear evidence of the college rising to the challenge by seeking to provide continuous access to education and student support, development of new courses to meet emerging needs, and innovation of practice which is likely to inform and improve future practice. Regional governance has continued to operate through the pandemic, with the full regional committee and board structure continuing to operate effectively in a robust and efficient manner, while seeking to create opportunities to bring the student voice to the centre of decision making.

2.3 Improving Regional Skills Alignment

Each year, GCRB leads a participative review of skills alignment and agrees Credit targets for economic sector groupings to ensure that the curriculum continues to adapt and develop alignment with known economic, employment and social needs.

Regional Curriculum Hubs corresponding to the economic sectors are in place to support a partnership-based approach to curriculum review activity and have worked to produce regional curriculum maps, which identify progression pathways across the study options and employment opportunities within their economic sectors. Since 2019, GCRB and the Glasgow colleges took part in pilot activity with Skills Development Scotland to develop effective regional skills data and make use of it in curriculum planning. This work will continue with a partnership approach across GCRB, the Glasgow colleges, SDS and SFC to develop regional skills alignment planning.

GCRB also plays a lead role in improving skills alignment across the Glasgow City-Region, formed of eight local authority council areas. The grouping was established to secure one of the largest City Deals in the UK, with over £1 billion investment being made across the Glasgow City-Region.

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To maximise the impact of this investment, GCRB supported the development of a Skills Investment Plan for the City-Region. The plan is accompanied by a set of actions for the first 12 months, and these incorporate specific contributions from the Glasgow College Region. To support delivery of these actions, a city-region colleges' group has been established with membership from across the West, Glasgow and Lanarkshire college regions, supported by GCRB, the Scottish Funding Council and Skills Development Scotland.

2.4 Developing the Young Workforce

GCRB prioritises the strengthening of vocational progression partnership activity with schools and employers to widen the range of options and support more young people in making the most appropriate choices for their futures. Our Developing the Young Workforce plans are enhancing employment, building on the strong school-college partnerships that already exist across the region. We work closely with local authority partners and engage with secondary schools throughout Glasgow, East Dunbartonshire and East Renfrewshire.

The Glasgow region also now delivers one of Scotland's largest Regional Foundation Apprenticeship programmes, coordinated by a single regional team with specialist school and employer engagement staff. Our regional approach to Foundation Apprenticeships generates wider access for learners to a greater range of vocational opportunities establishing positive career paths for school pupils. By working in unison, the three colleges are able to offer more choice to learners and better support for industry.

The Glasgow College Region is also working to strengthen colleges' engagement with industry to create new opportunities, flexibility and expertise. Our colleges have developed, and delivered, courses in subjects and broadly transferable skills, which reflect Glasgow's diverse economy, including management, IT, customer service, human resources, accounts and training. Others are more industry-specific and will build careers and capacity in our engineering, health and social care, education and hospitality sectors, as well as developing bespoke courses to deliver specialist training, from fish mongering to newsroom leadership. In 2019-20, 15,000 Glasgow employees enrolled in college training, strengthening skills, productivity and potential.

Planning for Specific Provision

In 2019-20, regional planning and provision has ensured coherent and connected regional responses on specific provision. This has included the development of STEM provision and pathways, where our colleges have worked with both employers and HE partners to develop efficient STEM pathways from school, through colleges and university, and on to employment.

Working with local authority partners, a regional childcare expansion strategy was also developed in 2018-19 to increase the volume, range and flexibility of college learning opportunities in order to meet the national policy objective of increasing free childcare allowance from 2020.

2.5 Improving Student Outcomes

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

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The region has set stretching targets for increasing levels of student success and continued to improve both rates of attainment and for successful progression into work or study. In terms of achievement, 69.2% of all learners who started college in Glasgow in 2018-19, successfully completed their course of study. This is a higher level of attainment than the Scottish average, delivered in a context of significant local social and economic challenges.

Levels for post-course success have increased, with over 97% of leavers now progressing successfully into work or further study.

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

Widening Access and Supporting Inclusion and Diversity

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

Widening access to life-changing college learning is a central aim of the Glasgow Region Strategic Plan for College Education. To deliver on this, the Board dedicates significant resources to the most deprived neighbourhoods, and to learners with low or no qualifications. In 2019-20, the region succeeded in delivering 29.2% of all activity to students in the most deprived postcodes (SIMD10).

2.6 Deepening Regional Collaboration and Efficient Regional Structures

Increased collaboration and coordination are at the heart of how we are delivering our strategy.

Regional collaboration is making us more effective, not just in terms of delivering joined up regional planning and responding coherently to regional needs, but also in maximising efficiencies across the region and delivering more impact for the public funds invested in Glasgow.

Delivering Regional Efficiencies: Joint Procurement

Procurement activity is carried out on a shared service basis by Advanced Procurement for Universities and Colleges (APUC), the sector's Centre of Procurement Expertise. Additionally, procurement is being used to deliver community benefits and to ensure that public funds are being spent to benefit society in general.

In 2019-20, GCRB and the three Glasgow colleges utilised the shared Data Protection Service provided by HEFESTIS. This collaborative model enables all parties to address the risks by providing access to specialist expertise. This is an efficient way which supports the sharing of expertise at a regional and national level (including access to a national Head of Data Protection Services).

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Through its Programme of Action, the Board has commissioned a range of services on behalf of the Glasgow College Region. Such projects include a Mental Health Project with Charlie Waller Memorial Trust and a programme to support Care Experienced Learners with Action for Children.

College, and regional board members, collaborate on key governance issues, including risk management, GDPR, cyber-security and increasing diversity on boards.

We continue to encourage collaboration through nominated 'Regional Leads' forming a 'virtual regional senior leadership team'. Taking an integrated, collaborative, approach means we can offer staff across the three colleges access to a new range of career and personal development opportunities.

2.7 Financial Performance

For the period under review, GCRB's running costs were funded from the SFC's core grant to the Glasgow region. The financial statements for the period show total income relating to GCRB's running, and programme, costs of £720k. Expenditure, which includes the actuarial valuation of the Strathclyde Pension Fund, is £713k for the period which results in a profit on continuing operations of £7k. We will continue to work closely with the three colleges to minimise regional governance and management costs to deliver maximum value from all our activities. We note that, on an annualised basis, the GCRB's expenditure for the accounting period represents around 0.5% of the core SFC grant of £92.8m provided to the Glasgow region in 2019-20.

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

	Year to 31 July 2020		Year to 31 July 2019	
	GCRB £'000	Group £'000	GCRB £'000	Group £'000
Surplus/(Deficit) before other gains and losses	7	(9,618)	(28)	(12,300)
Add back:				
Depreciation (net of deferred capital grant)	0	9,125	0	7,907
Exceptional non-restructuring costs	0	0	0	9,350
Non-pension cost adjustment – net service cost	47	4,888	20	6,570
Non-pension cost adjustment – net interest cost	3	510	2	90
Non-pension cost adjustment – early retirement provision	0	517	0	466
Donation to Arms' Length Foundation	0	0	0	0
Deduct:				
Non-Government capital grants (e.g. ALF grant)	0	(124)	0	(561)
Exceptional income – campus disposal	0	0	0	(5,790)
Revenue funding allocated to repayment of Lennartz	0	(396)	0	(392)
NPD income applied to reduce NPD balance sheet debt	0	(4,700)	0	(4,366)
Adjusted operating surplus/(deficit)	57	202	(6)	974

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2.8 Alleged Fraud – City of Glasgow College

During 2018-19, City of Glasgow College identified an alleged fraud, involving the fraudulent procurement and subsequent theft of IT equipment. The alleged fraudulent activity involves a member of staff and a college supplier and is understood to have commenced in 2016-17. The present value of IT equipment, which cannot be accounted for, is £600,000 (exclusive of VAT).

In 2019-20, following detection of the alleged fraud, the college has undertaken a forensic investigation and implemented a number of improvements to its systems of internal control. The external auditor has also undertaken a review of the college's Finance and IT functions.

The matter remains the subject of criminal proceedings.

2.9 Scottish Government Sustainability Reporting

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

2.10 Payment of Creditors

During the accounting period, responsibility for handling GCRB's financial transactions lay with the City of Glasgow College. GCRB seeks to comply with the CBI Prompt Payment Code, and has a policy of paying its suppliers within 30 days of invoice date unless the invoice is contested. All disputes and complaints are handled as quickly as possible. No interest or late payment penalties were paid during the year. The average creditor's payment period throughout 2019-20 was 36 days.

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

Janie McCusker
GCRB Chair
25 January 2021

Martin Boyle
GCRB Executive Director
25 January 2021

B) THE ACCOUNTABILITY REPORT

SECTION 1. CORPORATE GOVERNANCE REPORT

1.1 Directors' Report

Leadership of the GCRB

Robin Ashton was Executive Director between 16 May 2016 and 31 August 2019. Jim Godfrey was appointed as Interim Executive Director on 1 September 2019 undertaking this role until Martin Boyle was appointed as Executive Director on 2 March 2020.

Board membership

The tables below set out the membership of the Board and its Committees for the period 1 August 2019 to 25 January 2021. Registers of interest are maintained for all serving individuals listed in the Directors' Report with copies available at: <http://www.gcrb.ac.uk/boardmembers>

Member	Type of member, background and related parties	Appointment start date	Appointment end date
Alisdair Barron	Chair of assigned college (City of Glasgow College). HR professional.	01/11/15	31/07/24
David Brown	Ordinary member. Management consultant.	01/08/19	31/07/23
Paul Buchanan	Ordinary member. Management consultant. Formerly Chair of Reid Kerr College.	17/05/16	31/07/22
Moira Connolly	Ordinary member. Consultant psychiatrist with NHS Glasgow.	01/06/18	30/04/22
Michael Cullen	Ordinary member. Elected Councillor, Glasgow City Council.	01/08/18	31/07/21
Nicolas Garcia	Student member. Student President City of Glasgow College.	04/09/20	31/08/21
Lesley Garrick	Ordinary member. Management consultant and former senior manager in the NHS.	17/05/16	31/07/21
Clare Ireland	Staff member. Employed as staff member at Glasgow Clyde College.	01/05/14	31/07/22
William Jeffrey	Student member. Student President Glasgow Kelvin College.	01/07/19	30/09/19
Karen Konkon	Student member. Student President Glasgow Kelvin College.	27/01/20	31/07/20

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Member	Type of member, background and related parties	Appointment start date	Appointment end date
Caroline MacDonald	Ordinary member. Former Deputy Vice Chancellor at Teesside University.	09/11/15	31/07/21
Janie McCusker	Chair of GCRB. Former Adviser for Security Coordination, UNICEF.	08/01/18	07/01/22
Ed McGrachen	Ordinary member. Chartered engineer.	01/06/18	30/04/22
Maureen McKenna	Ordinary member. Exec Director of Education Services, Glasgow City Council.	01/05/14	31/07/21
Sheila Meikle	Staff member. Employed as staff member at City of Glasgow College.	05/11/20	04/11/24
Alastair Milloy	Ordinary member. Director of Finance at Crown Estate Scotland.	22/08/17	31/07/21
Charlie Montgomery	Staff member. Employed as staff member at City of Glasgow College.	01/08/18	15/06/20
David Newall	Chair of assigned college (Glasgow Clyde College). Formerly Secretary of Court, University of Glasgow.	15/07/16	14/07/24
Ian Patrick	Chair of assigned college (Glasgow Kelvin College). Formerly Campus Director, Hamilton Campus, University of the West of Scotland.	01/08/18	31/07/22
Sissa D Rasmussen	Student member. Student President Glasgow Clyde College.	04/09/20	31/08/21
Jackie Russell	Ordinary member. Director of Human Resources, Royal Conservatoire of Scotland.	09/11/15	31/07/22
Aranka Szilassy	Student member. Student President Glasgow Clyde College.	01/07/19	31/07/20

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Membership of the Performance & Resources Committee

Member	Appointment start date	Appointment end date
David Brown	28/10/19	31/07/23
Paul Buchanan	17/05/16	31/07/22
Moira Connolly	18/06/18	30/04/22
Nicolas Garcia	04/09/20	31/08/21
Caroline MacDonald	09/11/15	31/07/21
Sheila Meikle	05/11/20	04/11/24
Alastair Milloy	22/08/17	28/10/19
Charlie Montgomery	01/08/18	15/06/20
Aranka Szilassy	01/07/19	31/07/20
Anwulika Umeh (co-opted member)	17/06/19	25/10/21

Membership of the Nominations & Remuneration Committee

Member	Appointment start date	Appointment end date
Michael Cullen	01/08/18	30/04/21
Lesley Garrick	17/05/16	31/07/21
Clare Ireland	25/01/16	31/07/22
Janie McCusker	08/01/18	07/01/22
Sissa D Rasmussen	04/09/20	31/08/21
Jackie Russell	09/11/15	31/07/22
Karen Konkon	27/01/20	31/07/20

Membership of the Audit and Assurance Committee

Member	Appointment start date	Appointment end date
Paul Buchanan	17/05/16	31/07/22
Ed McGrachan	18/06/18	30/04/22
Maureen McKenna	02/03/16	31/07/21
Alastair Milloy	28/10/19	31/07/21

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

1.2 Statement of Board Responsibilities

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

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

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

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

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

1.3 Governance Statement

Introduction

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

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Statement of Compliance with Code of Good Governance

The Audit Committee received a report further to a review of compliance with the Code of Good Governance on 26 May 2020, which identified no material areas of non-compliance. The Committee reported to the Board on 15 June 2020.

GCRB complies with all the principles of the 2016 Code of Good Governance for Scotland's Colleges, except where these apply only to college boards, and has complied throughout the year ended July 2020.

Board Membership

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

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

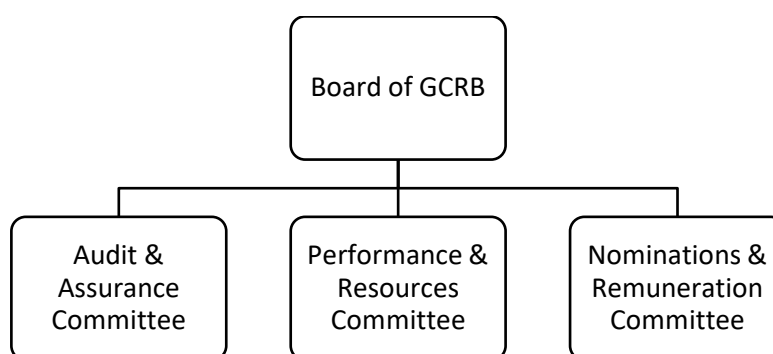
All appointments, and extension of appointments during 2019-20, followed approved procedures and were made in accordance with the relevant legislation and guidance.

Other appointments processes during 2019-20, to appoint staff, student, and non-executive members, were overseen by the Nominations and Remuneration Committee.

Further to a Board decision, observers from trade unions representing both teaching and support staff unions (one from each) were invited to attend Board meetings throughout the 2019-20 academic year.

Governance Structure

The following diagram outlines GCRB's governance structure:



The Board of GCRB held four formal meetings during the 2019-20 academic year. Two further meetings have been held so far within the 2020-21 academic year. The Nominations & Remuneration Committee and Performance & Resources Committee both met on five occasions with the Audit & Assurance Committee meeting four times during 2019-20.

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

Audit and Assurance Committee Remit

The Audit and Assurance Committee advises the Board, and Executive Director, on:

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

The Audit and Assurance Committee shall:

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

In relation to internal audit, the Audit and Assurance Committee shall:

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

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

In relation to the assigned colleges the Audit and Assurance Committee will:

- receive regular reports on risks identified by the assigned colleges
- ensure that risks identified by the assigned colleges inform GCRB's consideration of risks

and advise the Board and Executive Director on:

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

Performance & Resources Committee Remit

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

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

Nominations & Remuneration Committee Remit

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

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

Board Effectiveness

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

During the period of this report:

- The three committees of the Board reviewed their performance during the past year including a review of significant developments and decisions, and emerging priorities for the year ahead. An annual report for each committee was presented to the subsequent meeting of the Board.
- Members met individually with the Chair of the Board to discuss their role on the board, performance, development needs and objectives for the year ahead.
- A review of the Chair's performance was undertaken, led by the Senior Independent Member.
- Board Members completed an evaluation questionnaire based on the Code of Good Governance and areas for development highlighted in previous evaluation reports. Results were reported to the Board in January and March and findings incorporated into the Development Plan for the coming year.
- The Nominations and Remuneration Committee monitored progress against the Board's development plan, approved in March 2019, and an annual review of progress was presented to the Board in April 2020.

Board members' attendance at meetings is shown on the next page. Attendance is reviewed on a regular basis and it is recognised that a small number of members have been unable to attend on a regular basis. Personal reasons for absence as a result of extenuating circumstances have been kept under review by the Board Chair and, where appropriate, reported to the Nominations & Remuneration Committee and Board.

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

Board members' attendance at meetings (session 2019-20)

Board members attending board and committee meetings	Board (4 in period)	Audit (4 in period)	Nominations & Remuneration (5 in period)	Performance & Resources (5 in period)
Alisdair Barron	3 of 4			
David Brown	4 of 4			2 of 4
Paul Buchanan	4 of 4	4 of 4		4 of 5
Moira Connolly	4 of 4			5 of 5
Michael Cullen	2 of 4		0 of 5	
Lesley Garrick	4 of 4		5 of 5	
Clare Ireland	4 of 4		4 of 5	
William Jeffrey	0 of 0			
Karen Konkon	3 of 3		1 of 2	
Caroline MacDonald	3 of 4			5 of 5
Janie McCusker	4 of 4		5 of 5	
Ed McGrachan	4 of 4	4 of 4		
Maureen McKenna	4 of 4	3 of 4		
Alastair Milloy	3 of 4	2 of 3		1 of 1
Charlie Montgomery	2 of 4			1 of 5
David Newall	4 of 4			
Ian Patrick	4 of 4			
Jackie Russell	4 of 4		5 of 5	
Aranka Szilassy	2 of 4			3 of 4
Anwulika Umeh	N/A			4 of 5
Total Attendance	62 of 71	13 of 15	20 of 27	25 of 34
Average Attendance	87.3%	86.7%	74.1%	73.5%

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

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

Corporate strategy

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

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

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

Risk management

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

- GCRB adopts an open, and receptive, approach to risk identification and management;
- this includes identification, and consideration, of risk tolerances, and the implementation of actions to mitigate risks;
- GCRB makes conservative assessments, and disclosure of the financial, and non-financial risk factors;
- key risk indicators are identified and monitored on a regular basis.
- the Board is responsible for overseeing risk management within GCRB;
- the Audit Committee undertakes regular monitoring of risk management;
- the Executive Team supports, and implements, policies, and strategies, approved by the Board;
- the Executive Team is responsible for ensuring good risk management practice; and
- the Executive Team takes into account the possibility of the differential impact of risks upon people who share protected characteristics;

GCRB adopts a prudent approach to risks that have the greatest potential to impact negatively. However, the potential positive outcomes in the treatment of risks are recognised, and are each risk is evaluated accordingly. Section 1.3 of the Overview Section of this report details key risks identified within the current risk register.

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

Internal audit

Henderson Loggie was appointed as internal auditors in September 2016.

Based on a comprehensive audit needs analysis process, three areas for internal audit work were identified for 2019-20. These are listed below with the respective audit findings in terms of overall level of assurance:

- Monitoring of Achievement of Target Student Numbers and Delivery of Enhanced Regional Outcomes: Grade Good
- Shared Services: Grade Requires Improvement
- Collaborative Training Provision BPR: Grade Satisfactory
- Glasgow Region Risk Management: Grade Satisfactory

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

The internal auditor's annual report stated that, in their opinion, "GCRB has adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure Value for Money. The opinion has been arrived at taking into consideration the work we have undertaken during 2019-20 and also in previous years."

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

The Board is of the view that there is an on-going process for identifying, evaluating and managing GCRB's significant risks. This process is reviewed by the Board through assurances provided by the Audit and Assurance Committee and GCRB management. The principal risks faced by GCRB are set out in further detail on page 6 of this report. On the basis that assurances provided from the sources of assurance outlined above, we can confirm that sound systems of governance, risk management and internal control, consistent with the requirements of the Scottish Public Finance Manual, have operated for the period ended 31 July 2020 and up to the date of approval of the Annual Report and Consolidated Financial Statements.

Data Security Lapses

There have been no data breaches during the reporting period.

Expenditure

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

Going Concern

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

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

SECTION 2. REMUNERATION AND STAFF REPORT

2.1 Remuneration Policy

The remit of the Nominations & Remuneration Committee includes responsibility for advising the Board on the remuneration of GCRB employees, within the context of budgetary constraints and Scottish Government guidance. The Committee's terms of reference are detailed on page 19. The remuneration of the Chair is determined by the Scottish Government and all other Board members are non-remunerated.

2.2 Remuneration Including Salary and Pension Entitlements

Remuneration of the Chair

The following table shows the remuneration of the Chair of the Board of GCRB:

NAME	ACTUAL	
	Year ended 31 July 2020	Year ended 31 July 2019
	£'000	£'000
Janie McCusker – 1 August 2019 to 31 July 2020 ¹	30-35	30-35

Salary entitlements

The table below shows the remuneration and pension interests of senior management:

NAME	ACTUAL					
	Year ended 31 July 2020			Year ended 31 July 2019		
	Salary	Pension Benefit	Total	Salary	Pension Benefit	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Salary of Martin Boyle 1 March to 31 July 2020	35-40	10-15	45-50	0	0	0
Salary of Robin Ashton 1 August to 31 August 2019	05-10	0	05-10	90-95	40-45	130-135
Salary of Jim Godfrey 1 August 2019 to 31 July 2020	80-85	25-30	110-115	75-80	25-30	100-105

¹ An annual equivalent has not been included as the post is remunerated on the basis of a daily fee, subject to an annual maximum. The Chair is not entitled to a pension in respect of their office.

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

NAME	ANNUAL EQUIVALENT					
	Year ended 31 July 2020			Year ended 31 July 2019		
	Salary	Pension Benefit	Total	Salary	Pension Benefit	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Salary of Martin Boyle 1 March to 31 July 2020	85-90	25-30	110-115	0	0	0
Salary of Robin Ashton 1 August to 31 August 2019	90-95	0	90-95	90-95	40-45	130-135
Salary of Jim Godfrey 1 August 2019 to 31 July 2020	80-85	25-30	110-115	75-80	25-30	100-105

Notes on salary information:

- No members of the Board, or senior management, received any benefits in kind, bonuses or overtime in addition to their remuneration or salary.
- There have been no exit, compensation, or termination costs, during the year.
- Robin Ashton is an employee of Glasgow Kelvin College and was seconded to GCRB from 16 May 2016 to 31 August 2019. GCRB reimbursed Glasgow Kelvin College for the cost of Robin Ashton's salary, national insurance and pension costs.
- The salaries in the tables above represent the amounts earned in the financial period.
- The value of pension benefits is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The x20 multiplier aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20 year period which is the estimated life span following retirement.

Pay Multiples

GCRB is required (by the Government Financial Reporting Manual - FReM) to disclose the relationships between the remuneration of the highest paid official and the median remuneration of the workforce. The banded remuneration of the highest paid official in the organisation in the financial year 2019-20 was £85,000-£90,000 (2018-19 - £90,000-£95,000) on a pro-rata 12-month basis. This was 1.8 times (2018-19 - 1.9 times) the median remuneration of the workforce which was £45,000-£50,000 (2018-19 - £45,000-£50,000).

Staff Composition

The current Executive Director is male as was the previous post-holder. In addition, the team consists of one other male member of staff and three female members of staff (at 31 July 2020). A breakdown of the salaries has been included in Note 6 to the financial statements.

Staff Sickness

There was a total of 6 days of sickness absence in the financial year ending 31 July 2020.

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

Staff Policies

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

Accrued Pension Benefits

Pension interests are provided to senior managers on the same basis as all other staff. The accrued pension benefits for senior managers are set out in the table below, together with the pension contributions made by GCRB.

	Accrued pension at pension age at 31 July 2020	Accrued lump sum at pension age at 31 July 2020	Real increase in pension 1 August 2019 to 31 July 2020	Real increase in lump sum 1 August 2019 to 31 July 2020	CETV at 31 July 2020	CETV at 31 July 2019	Real increase in CETV
NAME	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Martin Boyle	2.5-5	-	0-2.5	-	37	29	8
Jim Godfrey	2.5-5	-	0-2.5	-	53	30	23

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

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

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

- There is no automatic entitlement to a lump sum (except for membership of the LGPS prior to 1 April 2008 and membership of the STSS prior to 1 April 2007). For members who contributed to the schemes after these dates they may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on final pensionable salary and years of pensionable service.

Cash Equivalent Transfer Value (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The value of the accrued pension benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total and not just their current appointment.

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

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

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

Salaries and Related Costs

	2020	2020	2020	2019
	Directly employed staff on permanent UK contracts	Other staff including short-term contract, seconded and agency staff	Total	Total
	£'000	£'000	£'000	£'000
Wages and salaries	254.8	0.0	254.8	296.5
Social security costs	28.1	0.0	28.1	30.9
Other pension costs	43.3	0.0	43.3	44.0
Total	326.2	0.0	326.2	371.4
Average number of FTE	3.9	0.0	3.9	3.8

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

Other

During the year, GCRB spent £9,000 on consultancy, this mainly consisted of specialist advice in respect of data protection and board development. In addition, GCRB spent £17,000 on the costs associated with the recruitment of the new Executive Director.

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

Janie McCusker
GCRB Chair
25 January 2021

Martin Boyle
GCRB Executive Director
25 January 2021

INDEPENDENT AUDITOR'S REPORT

to the members of the Board of the Glasgow Colleges' Regional Board, the Auditor General for Scotland and the Scottish Parliament

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Glasgow Colleges' Regional Board and its group for the year ended 31 July 2020 under the Further and Higher Education (Scotland) Act 1992. The financial statements comprise the Consolidated and Glasgow Colleges' Regional Board's Statement of Comprehensive Income, Consolidated and Glasgow Colleges' Regional Board's Statement of Changes in Reserves, Consolidated and Glasgow Colleges' Regional Board's Balance Sheet, and the Consolidated and Glasgow Colleges' Regional Board's Statement of Cash Flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the affairs of Glasgow Colleges' Regional Board and its group as at 31 July 2020 and of the surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (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 three years. We are independent of the Glasgow Colleges' Regional Board and its group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to 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.

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

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

Other information in the annual report and accounts

The Board 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 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.

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

Gary Devlin (for and on behalf of Azets Audit Services)
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date.....

Gary Devlin is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006 (for firms)/section 21 of the Public Finance and Accountability (Scotland) Act 2000.

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

2019-20 ACCOUNTS DIRECTION

(for Scotland's colleges and Glasgow Colleges' Regional Board)

It is the Scottish Funding Council's direction that institutions comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts.

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).

Incorporated colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2019-20 (FRoM) where applicable.

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 2020.

The annual report and accounts should be signed by the chief executive officer/Executive Director and by the chair, or one other member of the governing body.

Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council
17 July 2020

STATEMENT OF ACCOUNTING POLICIES

BASIS OF PREPARATION

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

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

Where applicable, the Report and Financial Statements also comply with the 2019-20 Government Financial Report Model (FReM) issued by the Scottish Government. The financial statements conform to the Accounts Direction and other guidance issued by the Scottish Funding Council.

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

ACCOUNTING POLICIES & BASIS OF ACCOUNTING

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

GOING CONCERN

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

JUDGEMENTS IN APPLYING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

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

REVENUE RECOGNITION

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

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

For Bursary, Discretionary and Education Maintenance Allowance funds, the grants are excluded from the Consolidated Statement of Comprehensive Income and Expenditure as these grants are available solely for students, with the colleges acting as paying agent. Childcare funds are included in the Consolidated Statement of Comprehensive Income and Expenditure.

GOVERNMENT GRANTS

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

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

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

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

NON-EXCHANGE TRANSACTIONS

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

ACCOUNTING FOR RETIREMENT BENEFITS

GCRB, and the three colleges, participate in the Strathclyde Pension Fund (SPF) and the Scottish Teachers Superannuation Scheme (STSS).

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

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

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

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

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

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

EMPLOYEE BENEFITS

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

FINANCE LEASES

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

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

OPERATING LEASES

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

TANGIBLE FIXED ASSETS - LAND AND BUILDINGS

Land and buildings in operational use have been included in the balance sheet at valuation which, due to their specialised nature in being used as a college, is stated at depreciated replacement cost. Land is not depreciated.

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

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

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

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

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

TANGIBLE FIXED ASSETS - PLANT AND EQUIPMENT

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

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

MAINTENANCE OF PREMISES

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

STOCK

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

PROVISIONS

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

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

CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

FINANCIAL INSTRUMENTS

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

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

CASH AND CASH EQUIVALENTS

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

TAXATION

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

EVENTS AFTER THE REPORTING PERIOD

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

Two types of events can be identified:

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

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

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

Year Ended 31 July 2020

	Note	Year to 31 July 2020		Year to 31 July 2019	
		GCRB	Group	GCRB	Group
		£'000	£'000	£'000	£'000
INCOME					
Funding Council Grants	1	720	132,238	445	129,620
Tuition Fees and Education Contracts	2	0	28,422	0	30,603
Other Income	3	0	11,487	0	11,951
Investment Income	4	0	5	0	32
Endowments and Donations	5	0	1,643	0	1,188
Total Income		720	173,795	445	173,394
EXPENDITURE					
Staff Costs	6	377	118,824	391	112,171
Exceptional Staff Costs - Restructuring	6	0	823	0	705
Other Operating Expenses	8	333	32,810	80	46,486
Depreciation and Amortisation	11/12	0	16,695	0	17,743
Exceptional Impairment		0	0	0	123
Interest and Other Finance Costs	9	3	14,261	2	14,258
Donation to Arm's-Length Foundation		0	0	0	0
Total Expenditure		713	183,413	473	191,486
Surplus/(loss) on Continuing Operations before gains/(losses)		7	(9,618)	(28)	(18,092)
Gain/(Loss) on Disposal of Fixed Assets		0	1	0	5,792
Surplus/(loss) on Continuing Operations before tax		7	(9,617)	(28)	(12,300)
Taxation	10	0	0	0	0
Surplus/(loss) on Continuing Operations after tax		7	(9,617)	(28)	(12,300)
Unrealised Surplus/(Loss) on Revaluation of Land and Buildings		0	0	0	50,042
Actuarial Gains/(Losses) on Defined Benefit Pension Plans	21	(109)	(34,317)	(55)	(14,392)
Correction to Prior Year Movement		(5)	(5)	0	0
Disposal of Revalued Fixed Asset		0	0	0	0
Movement on Restricted Reserves		0	(38)	0	(21)
Total Comprehensive Income for the year		(107)	(43,977)	(83)	23,329
Represented by:					
Restricted Comprehensive Income for the Year		0	(38)	0	(21)
Unrestricted Comprehensive Income for the Year		(107)	(43,939)	(83)	23,350
		(107)	(43,977)	(83)	23,329

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

Year Ended 31 July 2020

	<u>Income and Expenditure Reserve</u>		<u>Restricted Reserve</u>	<u>Revaluation Reserve</u>	<u>Total</u>	<u>Total</u>
	<u>GCRB</u>	<u>Group</u>	<u>Group</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2019	(133)	(1,860)	462	134,221	(133)	132,823
Surplus/(Loss) on Continuing Operations after Tax	7	(9,617)	0	0	7	(9,617)
Actuarial Adjustment	(109)	(34,317)	0	0	(109)	(34,317)
Transfer to/from Revaluation Reserve	0	2,556	0	(2,556)	0	0
Revaluation of Buildings in Year	0	0	0	0	0	0
Disposal of Revalued Fixed Assets	0	0	0	0	0	0
Correction to Prior Year Movement	(5)	(5)	0	0	(5)	(5)
Movement on Restricted Funds	0	0	(38)	0	0	(38)
Total Comprehensive Income in the Year	(107)	(41,383)	(38)	(2,556)	(107)	(43,977)
Balance at 31 July 2020	(240)	(43,243)	424	131,665	(240)	88,846
Balance at 1 August 2018	(50)	21,832	483	87,179	(50)	109,494
Surplus/(Loss) on Continuing Operations after Tax	(28)	(12,300)	0	0	(28)	(12,300)
Actuarial Adjustment	(55)	(14,392)	0	0	(55)	(14,392)
Transfer to/from Revaluation Reserve	0	3,000	0	(3,000)	0	0
Revaluation of Buildings in Year	0	0	0	50,042	0	50,042
Disposal of Revalued Fixed Assets	0	0	0	0	0	0
Prior Year Adjustment	0	0	0	0	0	0
Movement on Restricted Funds	0	0	(21)	0	0	(21)
Total Comprehensive Income in the Year	(83)	(23,692)	(21)	47,042	(83)	23,329
Balance at 31 July 2019	(133)	(1,860)	462	134,221	(133)	132,823

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

CONSOLIDATED BALANCE SHEET

At 31 July 2020

	<u>Note</u>	<u>31 July 2020</u>		<u>31 July 2019</u>	
		<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible Fixed Assets	11	0	1	0	59
Tangible Fixed Assets	12	0	421,599	0	436,608
Long-term Investments	13	0	4	0	4
Total Fixed Assets		0	421,604	0	436,671
CURRENT ASSETS					
Stocks	14	0	63	0	55
Debtors	15	90	10,450	4	9,690
Cash at Bank and in Hand	16/20	183	16,601	81	12,581
Total Current Assets		273	27,114	85	22,326
Less: Creditors – Amounts Due in One Year	17	(232)	(34,148)	(96)	(31,293)
NET CURRENT LIABILITIES		41	(7,034)	(11)	(8,967)
TOTAL ASSETS LESS CURRENT LIABILITIES		41	414,570	(11)	427,704
Less: Creditors – Amounts Due After More Than One Year	18	0	(120,672)	0	(124,397)
Finance Liability	12	0	(134,538)	0	(139,549)
NET ASSETS BEFORE PENSION ASSET/LIABILITY		41	159,360	(11)	163,758
Provision for Liabilities and Charges	19	0	(9,779)	0	(9,915)
Funded Pension Provision	21	(281)	(60,735)	(122)	(21,020)
NET ASSETS AFTER PENSION LIABILITY		(240)	88,846	(133)	132,823
RESERVES					
Income and Expenditure – Unrestricted		(240)	(43,243)	(133)	(1,860)
Restricted Reserve		0	424	0	462
Revaluation Reserve		0	131,665	0	134,221
TOTAL		(240)	88,846	(133)	132,823

The financial statements were approved by the Board on 25 January 2021 and signed on its behalf by:

Janie McCusker
GCRB Chair
25 January 2021

Martin Boyle
GCRB Executive Director
25 January 2021

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 31 July 2020

	<u>Note</u>	<u>31 July 2020</u>		<u>31 July 2019</u>	
		<u>GCRB</u> £'000	<u>Group</u> £'000	<u>GCRB</u> £'000	<u>Group</u> £'000
Cash (outflow)/inflow from operating activities					
Surplus/(loss) for the Year		7	(9,618)	(28)	(18,092)
Adjustment for non-cash items					
Depreciation and Amortisation	11/12	0	16,695	0	17,743
Disposal of Fixed Asset		0	1	0	9,730
Revaluation		0	0	0	0
Impairment		0	0	0	123
Decrease/(increase) in Stock	14	0	(8)	0	(9)
Decrease/(increase) in Debtors	15	(86)	(760)	7	(269)
Increase/(decrease) in Creditors	17/18	131	(875)	48	(4,846)
Increase/(decrease) in Other Provision	19	0	(136)	0	(163)
Increase/(decrease) in Pension Provision	22	50	5,398	22	6,660
Increase/(decrease) in Restricted Reserve		0	(38)	0	(21)
Investment Income	4	0	5	0	(32)
Interest Paid	9	3	14,261	2	14,258
Capital Grant Income Received		0	(3,413)	0	(3,337)
		105	21,512	51	21,745
Cash Flows from Investing Activities					
Cash Payments to Acquire Fixed Assets	12	0	(1,628)	0	(4,720)
Capital Grants Received		0	3,413	0	3,337
Cash Flows from Financing Activities					
Interest Paid	9	(3)	(14,261)	(2)	(14,258)
Investment Income	4	0	(5)	0	32
Finance Lease Creditor	12	0	(311)	0	(334)
Capital Element of Finance Lease and Concessions	12	0	(4,700)	0	(4,366)
Net Cash (Outflow)/Inflow from Investments and Financing Activities		(3)	(17,492)	(2)	(20,309)
(Decrease)/Increase in Cash and Equivalents in the Year	20	102	4,020	49	1,436
Cash and Equivalents at Beginning of Year	16	81	12,581	32	11,145
Movement in Net Funds	16	102	4,020	49	1,436
Cash and Equivalents at End of Year	16	183	16,601	81	12,581

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SFC GRANTS

	<u>31 July 2020</u>		<u>31 July 2019</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Recurrent Grant	720	92,829	445	88,541
Childcare Funds	0	3,160	0	4,142
Capital Grants Received	0	2,115	0	1,434
Capital Grant for NPD Contract	0	20,156	0	20,102
Release of Deferred Capital Grants	0	6,489	0	8,496
Other	0	7,489	0	6,905
Total SFC Grants	720	132,238	445	129,620

2. TUITION FEES AND EDUCATION CONTRACTS

	<u>31 July 2020</u>		<u>31 July 2019</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Further Education – Home and EU	0	1,427	0	1,598
Further Education – non-EU	0	1,788	0	2,367
HE Fees	0	14,527	0	15,070
SDS Contracts	0	2,747	0	2,735
Education Contracts	0	7,315	0	8,248
Other Contracts	0	618	0	585
Total Tuition Fees and Education Contracts	0	28,422	0	30,603

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

3. OTHER INCOME

	<u>31 July 2020</u>		<u>31 July 2019</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Residences and Catering	0	3,536	0	4,825
Other European Income	0	486	0	465
Other Income Generating Activities	0	2,308	0	1,233
Other Grant Income	0	2,140	0	2,163
Release from Deferred Grants non-SFC	0	1,080	0	1,461
Other Income	0	1,937	0	1,804
Total Other Income	0	11,487	0	11,951

4. INVESTMENT INCOME

	<u>31 July 2020</u>		<u>31 July 2019</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Other Interest Received	0	5	0	32
Total Investment Income	0	5	0	32

5. DONATIONS AND ENDOWMENTS

	<u>31 July 2020</u>		<u>31 July 2019</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Donations with Restrictions	0	1,643	0	1,188
Total Donations and Endowments	0	1,643	0	1,188

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

6. STAFF COSTS

	<u>31 July 2020</u>		<u>31 July 2019</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Wages and Salaries	259	87,768	296	83,719
Social Security Costs	28	8,694	31	8,226
Pension Costs	43	16,957	44	13,404
FRS102 Pension Adjustment	47	4,888	20	6,570
Provision for Unfunded Pensions	0	517	0	252
Total Recurring Staff Costs	377	118,824	391	112,171
Exceptional Staff Costs	0	823	0	705
Total Staff Costs	377	119,647	391	112,876

Analysed as follows:

	<u>31 July 2020</u>		<u>31 July 2019</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Academic Teaching Departments	0	77,644	0	70,511
Academic Teaching Services	0	12,457	0	12,991
Administration and Central Services	330	16,951	371	15,115
Premises	0	3,864	0	4,026
Other Expenditure	0	1,204	0	1,002
Catering and Residences	0	1,299	0	1,704
FRS102 Pensions Adjustment	47	4,888	20	6,570
Provisions for Unfunded Pensions	0	517	0	252
Total Recurring Staff Costs	377	118,824	391	112,171
Exceptional Staff Costs	0	823	0	705
Total Staff Costs	377	119,647	391	112,876

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

Staff Numbers

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

	<u>31 July 2020</u>		<u>31 July 2019</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
Academic Teaching Departments	0	1,447	0	1,409
Academic Teaching Services	0	308	0	331
Administration and Central Services	4	349	4	343
Premises	0	134	0	135
Other Expenditure	0	24	0	17
Catering and Residences	0	50	0	69
Total Number of Staff	4	2,312	4	2,304

Through the National Bargaining process, in line with an instruction from the Colleges Scotland Employers Association, the following teaching staff pay awards were agreed in 2018-19. The related costs to July 2019 were included in the 2018-19 financial statements and the related costs for August 2019 to July 2020 are included in the 2019-20 financial statements.

Year 1 and 2 – 1st April 2017 – 31st March 2019 - All lecturing staff receive a £400 unconsolidated payment. This will be applied pro rata to part time staff and staff who commence or leave employment part way through this period.

Year 3 (17 months) – 1st April 2019 – 31st August 2020 - Immediately following the final migration payment, a consolidated award of £1,500 for all unpromoted and promoted lecturer scale points.

Through the National Bargaining process, in line with an instruction from the Colleges Scotland Employers Association, the following support staff pay awards were agreed in 2018-19. The related costs to July 2019 were included in the 2018-19 financial statements and the related costs for August 2019 to July 2020 are included in the 2019-20 financial statements.

Year one 1 April 2018 - 31 March 2019

- 3% increase for staff earning less than £36,500 with a minimum payment of £650 (FTE)
- 2% increase for staff earning more than £36,500, with a maximum payment of £1,600 (FTE) for those earning more than £80,000.

Year two 1 April 2019 - 31 March 2020

- 3% increase for staff earning less than £36,500 with a minimum payment of £650 (FTE)
- 2% increase for staff earning more than £36,500, with a maximum payment of £1,600 (FTE) for those earning more than £80,000.

Year three 1 April 2020 – 31 August 2020

- £300 (FTE) or 5/12ths Public Sector Pay Policy, whichever is greater.

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

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

The number of staff, including senior post-holders, who received emoluments² were as follows:

	<u>31 July 2020</u>		<u>31 July 2019</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
£60,001 to £70,000 per annum	0	24	0	22
£70,001 to £80,000 per annum	0	6	1	3
£80,001 to £90,000 per annum	1	3	0	5
£90,001 to £100,000 per annum	0	5	1	9
£100,001 to £110,000 per annum	0	1	0	2
£110,001 to £120,000 per annum	0	0	0	1
£120,001 to £130,000 per annum	0	2	0	1
£130,001 to £140,000 per annum	0	1	0	1
£140,001 to £150,000 per annum	0	0	0	0
£150,001 to £160,000 per annum	0	0	0	0
£160,001 to £170,000 per annum	0	1	0	1
£170,001 to £180,000 per annum	0	0	0	0
£180,001 to £190,000 per annum	0	0	0	0
£190,001 to £200,000 per annum	0	0	0	0
Total Staff Costs	1	43	2	45

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

	<u>31 July 2020</u>		<u>31 July 2019</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
£60,001 to £70,000 per annum	0	0	0	1
£70,001 to £80,000 per annum	0	1	1	2
£80,001 to £90,000 per annum	1	3	0	3
£90,001 to £100,000 per annum	0	4	1	5
£100,001 to £110,000 per annum	0	1	0	0
£110,001 to £120,000 per annum	0	0	0	0
£120,001 to £130,000 per annum	0	1	0	1
£130,001 to £140,000 per annum	0	1	0	1
£140,001 to £150,000 per annum	0	0	0	0
£150,001 to £160,000 per annum	0	0	0	0
£160,001 to £170,000 per annum	0	1	0	1
Total Staff Costs	1	12	2	14

² Emoluments include salary, benefits in kind, severance payments but exclude pension contributions.

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7. SENIOR POST-HOLDERS EMOLUMENTS

	<u>31 July 2020</u>		<u>31 July 2019</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
The number of senior post-holders at 31 July:	2	14	2	16
Senior post-holders' emoluments are made up as follows:	£'000	£'000	£'000	£'000
Salaries	128	1,309	169	1,436
Benefits in Kind	0	0	0	0
Severance	0	62	0	2
Pension Contributions	24	275	31	258
Total Emoluments	152	1,646	200	1,696

	<u>31 July 2020</u>	<u>31 July 2019</u>
	<u>GCRB</u>	<u>GCRB</u>
Emoluments of the GCRB Executive Director:	£'000	£'000
Salaries	87	90
Benefits in Kind	0	0
Pension Contributions	17	16
Total Emoluments	104	106

The interim, and current, GCRB Executive Director, are ordinary members of the Strathclyde Pension Fund. The former GCRB Executive Director was a member of Scottish Teachers Superannuation Scheme.

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

8. OTHER OPERATING EXPENSES

	<u>31 July 2020</u>		<u>31 July 2019</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Academic Teaching Departments	0	4,671	0	5,930
Academic Teaching Services	0	2,576	0	3,369
Administration and Central Services	89	5,781	80	5,894
Premises	0	11,216	0	12,132
Catering and Residences	0	2,173	0	2,797
Childcare	0	3,157	0	4,142
Disposal – North Hanover Street	0	0	0	9,350
Other	244	3,236	0	2,872
Total Operating Costs	333	32,810	80	46,486

Other Operating Expenses Include:

	<u>31 July 2020</u>		<u>31 July 2019</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Auditors' Remuneration:				
External Audit	23	153	21	118
Internal Audit	9	106	8	104
Other Services – External Audit	0	36	4	8
Other Services – Internal Audit	0	0	0	0
Agency Staff Costs	0	418	0	526
Hire of other assets – Operating lease	0	103	0	104

9. INTEREST AND OTHER FINANCE COSTS

	<u>31 July 2020</u>		<u>31 July 2019</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
NPD Contract	0	13,751	0	14,168
Net Pension Financing Costs	3	510	2	90
Total Interest and Other Finance Costs	3	14,261	2	14,258

10. TAXATION

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

11. INTANGIBLE ASSETS

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

	<u>31 July 2020</u>	<u>31 July 2019</u>
	<u>Group</u>	<u>Group</u>
	£'000	£'000
Cost or Valuation		
Brought Forward at 1 August	230	230
Additions	0	0
Carried Forward at 31 July	230	230
Amortisation		
Brought Forward at 1 August	171	113
Charge for the Period	58	58
Carried Forward at 31 July	229	171
Net Book Value at 31 July	1	59
Net Book Value at 1 August	59	117

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

12. TANGIBLE ASSETS

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

	<u>Assets under Construction</u>	<u>Land & Buildings</u>	<u>Plant & Equipment</u>	<u>Total</u>
	<u>Group</u>	<u>Group</u>	<u>Group</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Cost or Valuation				
Brought Forward at 1 August	428	425,301	50,278	476,007
Additions	616	0	1,012	1,628
Disposals	0	0	(629)	(629)
Transfers	(466)	428	38	0
Impairment	0	0	0	0
Revaluations	0	0	0	0
Carried Forward at 31 July	578	425,729	50,699	477,006
Depreciation				
Brought Forward at 1 August	0	587	38,812	39,399
Charge for the Period	0	10,395	6,242	16,637
Disposals	0	0	(629)	(629)
Impairment	0	0	0	0
Revaluations	0	0	0	0
Carried Forward at 31 July	0	10,982	44,425	55,407
Net Book Value at 31 July	578	414,747	6,274	421,599
Net Book Value at 1 August	428	424,714	11,466	436,608
Represented by:				
At valuation	0	184,171	0	184,171
Inherited	0	10,004	0	10,004
Financed by Capital Grant	578	41,558	3,565	45,701
Other	0	179,014	2,709	181,723
At 31 July 2020	578	414,747	6,274	421,599

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

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

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

	<u>31 July 2020</u>	<u>31 July 2019</u>
	<u>Group</u>	<u>Group</u>
	£'000	£'000
Brought Forward at 1 August	144,249	148,615
Additions during the year	0	0
Repayments in the year	(4,700)	(4,366)
Carried Forward at 31 July	139,549	144,249

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

	<u>Payable in 1 year</u>	<u>Payable in 2- 5 years</u>	<u>Payable later than 5 years</u>	<u>Total</u>
	<u>Group</u>	<u>Group</u>	<u>Group</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Liability repayments	5,011	22,481	112,057	139,549
Finance charge	13,303	48,206	103,023	164,532
Service arrangement	3,579	16,886	131,371	151,836
Total	21,893	87,573	346,451	455,917

13. LONG-TERM INVESTMENTS

	<u>31 July 2020</u>		<u>31 July 2019</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Government Stock at Cost	0	4	0	4

14. STOCKS

	<u>31 July 2020</u>		<u>31 July 2019</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Goods for Resale	0	63	0	55

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

15. DEBTORS

	<u>31 July 2020</u>		<u>31 July 2019</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Trade Debtors	0	2,747	0	3,799
Funds Held by SFC	0	0	0	0
Other Debtors	0	120	1	202
Prepayments and Accrued Income	90	7,583	3	5,689
Total Debtors	90	10,450	4	9,690

16. CASH AND CASH EQUIVALENTS

	<u>31 July 2020</u>		<u>31 July 2019</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Cash and Cash Equivalents	183	14,098	81	12,377
Bursaries and Student Fund Accounts	0	2,503	0	204
Total Cash and Cash Equivalents	183	16,601	81	12,581

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>31 July 2020</u>		<u>31 July 2019</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Trade Creditors	0	1,867	0	1,955
Other Taxation and Social Security	0	2,365	0	2,688
Other Creditors	20	2,784	58	1,420
Deferred Income – Government Capital Grants	0	5,735	0	8,119
VAT Creditor	0	212	0	155
VAT accumulated under the Lennartz Principle	0	289	0	711
Accruals and Deferred Income	212	15,762	38	11,355
Payments Received in Advance	0	123	0	190
Finance Liability – NPD Contract	0	5,011	0	4,700
Total Creditors Due Within One Year	232	34,148	96	31,293

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

	<u>31 July 2020</u>		<u>31 July 2019</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Deferred Income – Government Capital Grants	0	120,672	0	124,397
VAT accumulated under the Lennartz Principle	0	0	0	0
Total Creditors Due After One Year	0	120,672	0	124,397

19. PROVISION FOR LIABILITIES AND CHARGES

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

	<u>31 July 2020</u>		<u>31 July 2019</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Brought Forward at 1 August	0	9,915	0	10,078
Expenditure in the period	0	(653)	0	(629)
Adjustment to Provision	0	517	0	466
Carried Forward At 31 July	0	9,779	0	9,915

20. ANALYSIS OF CHANGES IN NET FUNDS

	<u>31 July 2019</u>		<u>Cash Flow</u>		<u>31 July 2020</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000	£'000	£'000
Cash and Cash Equivalents	81	12,377	102	1,721	183	14,098
Bursaries and Student Fund Accounts	0	204	0	2,299	0	2,503
Total Cash and Cash Equivalents	81	12,581	102	4,020	183	16,601

21. PENSIONS AND SIMILAR OBLIGATIONS

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

	<u>31 July 2020</u>		<u>31 July 2019</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Scottish Teachers' Superannuation Scheme	1	11,862	16	8,091
Strathclyde Pension Fund	44	5,097	28	5,093
Unfunded Pensions	0	517	0	466
Pensions Charge	47	4,888	20	6,570
Total Pensions Cost	92	22,364	64	20,220

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

Scottish Teachers Superannuation Scheme (STSS)

- GCRB and the Region participates in the Scottish Teachers' Pension Scheme. This is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and 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 at 31 March 2016 and this has set the contribution rate from 1 September 2019.
- GCRB and the Region has no liability for other employers' obligations to the multi-employer scheme.
- As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.
- The scheme is an unfunded multi-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 GCRB and the Region is unable to identify its share of the underlying assets and liabilities of the scheme.
- At the last valuation (31 March 2016) a shortfall was identified in the notional fund and the employer contribution rate increased to 23% from 1 September 2019.

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Strathclyde Pension Fund

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

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

- For the purposes of FRS 102 an actuarial valuation was calculated by the actuary as at 31 July 2020. The major financial assumptions used by the actuary and agreed by GCRB, and the Region, were:

	<u>31 July 2020</u>	<u>31 July 2019</u>
Pension Increase Rate	2.1%	2.4%
Salary Increase Rate	3.2%	3.6%
Interest Income on Assets	1.4%	2.2%
Discount Rate	1.4%	2.2%

- Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2018 model with an allowance for smoothing of recent mortality experience and long-term rates of 1.5% p.a. for males and 1.25% p.a. for females. Based on these assumptions, average future life expectancies at age 65 are summarised below:

	<u>Male</u>	<u>Female</u>
Current Pensioners	20.7	22.9
Future Pensioners	22.2	24.6

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

	<u>31 July 2020</u>		<u>31 July 2019</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Equities	147	122,997	114	128,288
Bonds	58	48,810	42	47,368
Property	26	21,476	18	19,737
Cash	2	1,952	2	1,974
Total Assets	233	195,235	176	197,367

- An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

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- The following amounts represent GCRB's, and the Region's, share of the scheme at 31 July 2020 and were measured in accordance with the requirements of FRS 102:

	<u>31 July 2020</u>		<u>31 July 2019</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Fair Value of Employer Assets	233	195,235	176	197,367
Present value of defined benefit obligations (liabilities)	(514)	(255,970)	(298)	(218,387)
Net (under) funding in Funded Plans	(281)	(60,735)	(122)	(21,020)
Net Pension Asset/(Liability)	(281)	(60,735)	(122)	(21,020)

Amount Charged to Staff Costs (Note 6)

Current service cost	91	10,767	40	9,783
Past service cost	0	(1,008)	5	1,325
Curtailments and settlements	0	0	0	0
Less contributions paid	(44)	(4,871)	(25)	(4,538)
Total Charged to Staff Costs	47	4,888	20	6,570

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

Interest income on pension costs	5	4,173	4	5,099
Interest cost on defined benefit obligation	(8)	(4,683)	(6)	(5,189)
Total Charged to Interest	(3)	(510)	(2)	(90)

Net Revenue Account Cost

	50	5,398	22	6,660
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The contribution rates are set by the scheme actuaries.

	<u>Employer contribution rates</u>	<u>Employee contribution rates (based on employee pensionable pay)</u>
1 st August 2018 to 31 st July 2019	19.3%	5.5%-12%
1 st August 2019 to 31 st July 2020	19.3%	5.5%-12%

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

The employer contribution for the period to 31 July 2020 is £44,000 for GCRB and £4,871,000 for the Group.

22. FE BURSARY AND OTHER STUDENT SUPPORT FUNDS

	<u>Bursary</u>	<u>EMA</u>	<u>Other</u>	<u>Year ended</u> <u>31 July</u> <u>2020</u>	<u>Year ended</u> <u>31 July</u> <u>2019</u>
	£'000	£'000	£'000	£'000	£'000
Balance brought forward	158	1	32	191	(41)
Opening SFC Debtor	0	0	0	0	(14)
Allocation received in year	20,787	927	4,482	26,196	24,145
Expenditure	(19,928)	(930)	(3,538)	(24,396)	(23,560)
Repaid as clawback	(158)	0	(32)	(190)	(203)
Virements	0	0	245	245	(181)
Closing SFC Debtor	0	0	0	0	45
Balance carried forward	859	(2)	1,189	2,046	191
Represented by:					
Repayable as Clawback	859	0	62	921	191
Retained for Students	0	(2)	1,127	1,125	0
	859	(2)	1,189	2,046	191

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

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

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23. CHILDCARE FUNDS

	<u>31 July 2020</u>	<u>31 July 2019</u>
	£'000	£'000
Balance brought forward	13	92
Allocation received in year	3,859	3,882
Expenditure	(3,170)	(4,142)
Virements	(245)	181
Balance carried forward	457	13
Represented by:		
Repayable to SFC as Clawback	457	13
Retained for Students	0	0
	457	13

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

24. CAPITAL COMMITMENTS

	<u>31 July 2020</u>		<u>31 July 2019</u>	
	<u>GCRB</u>	<u>Region</u>	<u>GCRB</u>	<u>Region</u>
	£'000	£'000	£'000	£'000
Authorised but not contracted for at the year end	0	0	0	312
Authorised and contracted for at the year end	0	797	0	305

25. CONTINGENT LIABILITIES

GCRB and the Region had no material contingent liabilities at 31 July 2020.

26. EVENTS AFTER THE REPORTING PERIOD

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

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

27. RELATED PARTY TRANSACTIONS

GCRB, and the assigned colleges within the region, are bodies incorporated under the Further and Higher Educational (Scotland) Act 1992 and funded by the Scottish Government by the Scottish Funding Council (SFC). The SFC and Scottish Government are regarded as related parties.

During the year GCRB, and the assigned colleges, had various material transactions with SFC and with other entities for which the Scottish Government is regarded as the sponsor department such as the Student Awards Agency for Scotland. In addition, there are a number of material transactions with other government departments and bodies such as local authorities, local community planning partnerships and other colleges and universities.

Because of the nature of the operations and composition of our boards (being drawn from local public and private sector organisations), it is inevitable that transactions may take place with organisations in which a member of the GCRB or college boards may have an interest. All transactions involving organisations in which a member of a board may have a material interest are conducted at arm's length and in accordance with normal project and procurement procedures. Board members are required to declare an interest in relevant items on the agenda of meetings of the Board and its standing committees.

GCRB, and the assigned colleges within the region, had transactions during the year with the following bodies in which members of the boards hold, or held, official positions as listed in the table below. The same disclosure of interests has been made in respect of members of the senior management teams.

Organisation	Regional Body	Member	Type of Transaction	Value £'000
Glasgow City Council	Glasgow Kelvin College	S Birrell, A McTaggart, G Lyons	Grants	671
Glasgow Kelvin Learning Foundation	Glasgow Kelvin College	I Patrick, S Birrell	Grants	470
Glasgow City Council	Glasgow Kelvin College	S Birrell, A McTaggart, G Lyons	Income	137
Glasgow Colleges' Regional Board	Glasgow Kelvin College	I Patrick	Income	12
Glasgow East Arts Company Ltd	Glasgow Kelvin College	D Smeall, A Allan, J Gow	Income	1
Glasgow Caledonian University	Glasgow Kelvin College	E Clafferty, E O'Neil	Income	172
Strathclyde University	Glasgow Kelvin College	J Hogg	Income	140
Scottish Qualifications Authority	Glasgow Kelvin College	M O'Donnell	Income	1

GLASGOW COLLEGES' REGIONAL BOARD 2019-20

Organisation	Regional Body	Member	Type of Transaction	Value £'000
Glasgow City Council	Glasgow Kelvin College	S Birrell, A McTaggart, G Lyons	Expenditure	500
Glasgow East Arts Company Ltd	Glasgow Kelvin College	D Smeall, A Allan, J Gow	Expenditure	48
HEFESTIS	Glasgow Kelvin College	L Clark	Expenditure	18
West Highland College	Glasgow Kelvin College	G MacRae	Expenditure	5
Scottish Qualifications Authority	Glasgow Kelvin College	A Sherry	Expenditure	354
Scottish Government	Glasgow Kelvin College	M Allison	Expenditure	31
Colleges Scotland	GCRB	J McCusker	Expenditure	4
Skills Development Scotland	City of Glasgow College	S Erskine	Income	33
Glasgow Caledonian University	City of Glasgow College	J Gallacher	Income	960
Trinity House	City of Glasgow College	P Little	Income	51
Glasgow Chamber of Commerce	City of Glasgow College	P Little, S Patrick	Expenditure	22
University of Glasgow	Glasgow Clyde College	D Watt, R Fraser	Income	2
University of Glasgow	Glasgow Clyde College	D Watt, R Fraser	Expenditure	18
Glasgow Clyde Education Foundation	Glasgow Clyde College	K Rosser, F Godsman	Grants	1,115
Strathclyde University	Glasgow Clyde College	S Heidinger	Income	62
Skills Development Scotland	Glasgow Clyde College	G McGuinness	Income	505
Strathclyde University	Glasgow Clyde College	S Heidinger	Expenditure	6
REED Global	Glasgow Clyde College	K Rosser	Expenditure	26
Skills Development Scotland	Glasgow Clyde College	G McGuinness	Expenditure	1
Vocational Training Charitable Trust	Glasgow Clyde College	R McNamara	Expenditure	1
Advanced Procurement for Universities and Colleges	Glasgow Clyde College	J Thomson	Expenditure	38
West of Scotland Colleges' Partnership	Glasgow Clyde College	B Hughes	Expenditure	20