

**West Lothian College
Finance and General Purposes Committee
Monday 20 November at 9.30 am**

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Finance & General Purposes Committee

Minute of Meeting of the Finance & General Purposes Committee held on **Thursday 17 August at 9.30am** in the Barbour Suite, in the College.

Present: Morag McKelvie (Chair)
Angela Bell
Frank Gribben
Mhairi Harrington
Alex Linkston
Richard Lockhart
Moirra Niven

In attendance: Joanna Paterson - Secretary to the Board
Jennifer McLaren – Vice Principal, Finance & Curriculum Services
George Hotchkiss – Vice Principal, Curriculum & Planning
Simon Earp – Vice Principal, Curriculum & Enterprise
Derek O’Sullivan – Senior HR Business Partner
Stuart Thomson (observer)

17.25 Welcome/Apologies

The Chair welcomed everyone to the meeting, and in particular Stuart Thomson, HR Assistant, who was attending the meeting as an observer.

There were no apologies.

17.26 Declarations of interest

There were no declarations of interest.

17.27 Financial Issues Committee Briefing

The Committee had previously agreed that it would be useful to have an opportunity for a collective briefing session to supplement the individual training that was provided for new members.

Vice Principal, Finance & Curriculum Services introduced the briefing which covered ONS reclassification, budget and budget monitoring, annual accounts, funding methodology and the College loan.

In discussion members noted that one funding Credit was based on the equivalent of 40 hours of learning (rather than learning and teaching as was often assumed within the sector).

It was noted that there were challenges within the Simplified Funding Model used by the SFC, in particular if that Model was used as a proxy for funding other cost pressures such as salary costs arising from National Bargaining. It was agreed that it would be helpful to develop the lines of argument in this area, and to identify specific ways in which the Model might be disadvantaging the College.

It was agreed that the briefing provided a very useful overview and should be built into the induction for new members of the Committee.

17.28 Minute of Meeting of 15 June 2017

The Minute of the meeting of 15 June 2017 was approved as a correct record.

17.29 Matters Arising from Minute of Meeting of 15 June 2017

Members noted paper 2 detailing actions duly completed following the meeting of 15 June 2017.

There were no other matters arising that were not otherwise on the agenda.

17.30 Financial Progress

(i) Financial Forecast Return (FFR) 2017

Vice Principal, Finance & Curriculum Services introduced the Financial Forecast Return (FFR), required as part of the SFC's financial health monitoring framework. The forecast now covered a six rather than a three year period. The Committee noted the guidance on the key assumptions that were to be used in producing the forecasts.

In relation to staff costs the Committee noted that the assumptions were not fully in line with Scottish Government Public Sector Pay Policy which is 1% or £400 for employees earning below £22k whichever is the greater, and that the commentary should be revised to reflect that staff costs could be understated.

It was agreed that it would also be useful to include an indicative figure in the commentary for the additional employer pension contribution costs following a pension revaluation.

The Committee noted that the guidance assumed that additional grant for National Bargaining harmonisation costs would be phased out in 2020-21 and 2021-22, leading to forecast deficits of £471k and £800k respectively.

The Committee agreed that this should be clearly presented within the forecast and commentary, rather than attempting to artificially balance the budget with unrealistic reductions in operating expenditure.

It was recognised that new models of delivery would be developed both nationally and within the College ahead of this time frame, and that these new models would have an impact on costs going forward, but that it would not be credible to present the reductions in grant funding as something that be accommodated without significant negative impact.

Subject to these amendments the Committee agreed to recommend approval of the FFR to the Board.

It was noted that a draft needed to be submitted to the SFC on 18 August and agreed that the forecast and commentary should be revised on the basis of the discussion at this Committee and submitted to SFC as a draft, pending consideration and approval by the Board. A copy should also be sent to Committee members to assist in preparation for discussion at the September Board.

It was agreed that the draft FFR and commentary for the Board should be excluded from publication on the basis of substantial prejudice to commercial interests.

**Action 1: Vice Principal, Finance & Curriculum Services,
Board Secretary**

(ii) June 2017 Management Accounts

Vice Principal, Finance & Curriculum Services presented the Management Accounts for the three month period ended 30 June 2017 and a forecast for the year to end July 2017.

Variances as set out in the report were noted.

The Committee noted that based on the forecast surplus the Senior Team had approved £363k of additional spend, including £158K approved against Investment Fund bids put forward by Managers.

Members noted the positive impact and wide-ranging benefits of this level of investment. It was noted that the work of many different teams had contributed to the surplus, including achievements on part-time fee income and targets met by the Workforce Development and Commercial and Enterprise sections.

The Committee agreed to note the accounts.

(iii) Income Generation Report

Vice Principal, Curriculum and Enterprise presented the Income Generation Report for the quarter. It was agreed that this was a suitable level of detail in terms of both briefing the Committee and preserving commercial confidentiality. If more specific issues needed to be brought to the Committee's attention the report could be redacted or a separate, exempt from publication, paper prepared.

The Committee noted the programme of work in support of Foundation Apprenticeships and the induction programme for new students that was already underway. Members noted the update on workforce development and in particular the positive discussions with the NHS to develop greater partnership working.

The continuing high level of both activity and performance of the Children's Hearing Scotland Unit was noted. The College had submitted a response to the Prior Information Notice and Request for Supplier Information (RFI) as part of the re-tendering process and information on the next part of the process was now awaited.

Members commented that there may be opportunities to develop the Unit's delivery model for other parts of the public sector in Scotland, including other areas associated with tribunals.

The Committee agreed that this was a positive report and noted the various updates provided. It was agreed that their thanks should be passed on to the various teams involved.

(iv) Financial Regulations and Schedule of Financial Approvals

Vice Principal, Finance & Curriculum Services introduced a paper setting out proposed revisions to the Financial Regulations which had been updated to take into account changes in job titles and membership of the Senior Team, the move to the Scottish Government Banking Service, and the requirement to produce 5 year financial forecasts.

The Schedule of Financial Approvals had also been updated to allow Vice Principals to sign SDS contracts and introducing a new line for signing-off staff contracts.

It was agreed that the references to Vice Principal posts should be checked for consistency and updated if required.

The Committee agreed to recommend approval of the updated Financial Regulations and Schedule of Financial Approvals to the Audit Committee and the Board.

**Action 2: Vice Principal, Finance & Curriculum Services,
Board Secretary**

(v) Capital Update

Vice Principal, Finance & Curriculum Services introduced a paper providing an update on capital expenditure.

In relation to the College Efficiency Pathfinder Project (CEEP) the Committee noted that additional funding had been made available which was being used for additional secondary glazed windows. The costs of legal fees were also being met. It was noted that all works would be completed by the end of August 2017.

In relation to the Extension to the Visitors Car Park the Committee noted that the project had been completed on time and within budget. The College would make use of any of the old mono blocks that were reusable.

The Committee noted the final value of the projects funded from the Additional SFC Capital Maintenance Funding allocated during 2016-17.

The Committee also considered one additional item requesting approval of the award of the contract for the transportation of College students. Information on the tender exercise had been circulated by email to the Committee, advising that the proposed cost of the contract if carried out for 2 years and 2 one year extensions would be in excess of the £100,000 approval limit. It was noted that the contract would be funded from bursary funds.

The Committee agreed to approve the contract to Prentice Westwood Ltd at a total cost of £108,750.

(vi) Pre Audit Credit Report

Vice Principal, Curriculum and Planning introduced a paper setting out the Credit position as at 7 August 2017. The Committee noted that the target had been exceeded by 515 Credits and that this provided a level of comfort should Credits be disallowed following the year end audit..

The Committee agreed to note the report.

17.31 College Key Performance Indicators (KPIs) 2016-17

Vice Principal, Finance & Curriculum Services, introduced Paper 9 showing financial and non-financial performance indicators. Vice Principal, Curriculum and Planning, reported on the non-financial indicators.

In relation to the financial KPIs, it was noted that these reflected the management accounts.

It was noted that the learner KPIs now included national averages for comparison. Members noted that this was a headline comparison and did not take socio-demographic issues into account. It was noted that further checks would be undertaken to ensure that the College figures were reported on a like for like basis.

Members noted the intention to calculate the learner KPIs for 2016-17 at an earlier point in the year, albeit the figures might still be subject to adjustment pending checking and appeals.

The Committee agreed to note the report.

17.32 Organisational Well-being**(i) Human Resources Management Report**

The Senior HR Business Partner presented the report covering the period to end June 2017. Members commented that the format for the report was very helpful.

In relation to the figures for employee turnover, it was agreed that the presentation should distinguish between leavers and those who had come to the end of a short or fixed term contract. The Student Association President and Vice Presidents should not be included in the figures as this would have a distorting effect.

Action 3: Senior HR Business Partner

Members noted the current picture in relation to recruitment including applicant to vacancy ratios. It was noted that there were challenges recruiting for lecturers in some subject areas and that there may be a need to consider alternative ways to promote or describe the roles for individuals who were unlikely to identify themselves as lecturers.

(ii) Employers Association Update

Alex Linkston provided an update to the Committee on the work of the Employers Association and issues associated with national bargaining.

Agreement had been reached with Support Staff unions based on an increase of £425 and 44 days annual leave. Negotiations with the Lecturing side were still moving forward.

It was noted that September 2018 had been identified as the target date for new arrangements following job evaluation. Derek O'Sullivan was now a member of the job evaluation working group.

In relation to employment policies it was noted that colleges can make arrangements to update policies locally to reflect legislative changes. March 2018 had been agreed with the Unions as a target date for reviewing policies that are within the scope of National Bargaining.

It was noted that the Scottish Government was undertaking a review of arrangements for National Bargaining.

The Chair advised that he would be putting his name forward for election as Chair of the Employers Association. This had required an adjustment in College membership of the Association (now Alex Linkston and Mhairi Harrington). However, Sue Cook would also be able to attend meetings to ensure the College's interests were fully represented. Should he be successful in the election, reports from the Association would in future be given to this Committee and the Board by Mhairi Harrington and/or Sue Cook.

17.33 Quarterly Complaints Report

Vice Principal, Curriculum & Planning, presented the quarterly complaints report.

It was noted that some work was underway to clarify procedures and the quality and levels of service that students should expect which should assist with focusing complaints in relation to services delivered rather than disappointment or frustration at academic decisions or results.

West Lothian College

20 November 2017

The Committee noted with concern that there had been a serious incident following a complaint relating to non-award of a College place. The incident had been dealt with swiftly and carefully and was now in the hands of the police.

The Committee agreed to note the report.

17.34 Any Other Business

There were no other items of business.

17.35 Review of Meeting, Supporting Papers & Development Plan

The Committee were content with the meeting, the information received and supporting papers presented. The Committee noted the updated Development Plan and agreed that the no further changes were required.

It was noted that a recommendation had been made to Scottish Ministers for a new Board member to fill the vacancy on the Committee and it was hoped that this would be confirmed soon.

The Committee had visited the 'Endurance' fitness facility before the start of the meeting, as part of the new programme of campus visits by Committees. Members commented that it was very useful to see first-hand the facilities available at the College and the benefits that flowed from investments made. The Chair thanked members of staff for organising the visit.

17.36 The next meeting was scheduled for 23 November at 9.30am. If possible this would be brought forward by a few days, with details to be confirmed.

Note: There were no matters discussed during the meeting, during which Members declared any conflict of interest, or the Secretary to the Board was aware from the Register of Interests that discussion could give rise to such a conflict.

Signed
Chair, Finance & General Purposes Committee

Date

Finance & General Purposes Committee

Action update from the Finance & General Purposes Committee of 23 November 2017

Action 1 - Vice Principal, Finance & Curriculum Services, Board Secretary - Financial Progress - Financial Forecast Return (FFR) 2017 - It was agreed that the draft FFR and commentary for the Board should be excluded from publication on the basis of substantial prejudice to commercial interests.

This was duly completed

Action 2 - Vice Principal, Finance & Curriculum Services, Board Secretary - Financial Regulations and Schedule of Financial Approvals - The Committee agreed to recommend approval of the updated Financial Regulations and Schedule of Financial Approvals to the Audit Committee and the Board.

This was duly completed.

Action 3 - Senior HR Business Partner - Organisational Well-being - Human Resources Management Report - In relation to the figures for employee turnover, it was agreed that the presentation should distinguish between leavers and those who had come to the end of a short or fixed term contract. The Student Association President and Vice Presidents should not be included in the figures as this would have a distorting effect.

This was duly completed.

West Lothian College20 November 2017

Finance & General Purposes Committee**Annual Report & Financial Statements 2016-2017****Introduction**

The annual financial statements for financial year 2016-2017 are attached to this paper. These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) and with Financial Reporting Standards FRS102. They also comply with the 2016-2017 Government Financial Reporting Manual (FReM) issued by the Scottish Government.

Financial Results for the year ended 31 July 2017

The College generated a deficit before other gains and losses in the year of £277,000 (2016 - deficit of £595,000), with total comprehensive income surplus of £2,868,000 (2016 – deficit of £1,891,000). The total comprehensive income in 2017 included an unrealised surplus on revaluation of assets of £2,221,000 (2016 – Nil) and an actuarial gain in respect of pension funds of £924,000 (2016 – loss of £1,296,000). After transfer of £189,000 from the revaluation reserve, the cumulative deficit on the Income and Expenditure account decreased by £836,000 from £12,109,000 deficit to £11,273,000 deficit.

The cumulative deficit at the year-end comprised £137,000 for holiday pay accrual, £2,685,000 for voluntary agreed PFI termination loan, £3,953,000 for early retirement provisions, £4,416,000 for defined benefit pension obligations and £82,000 for trading activities (see Note 16).

The College is reporting net total liabilities of £4,833,000 in its balance sheet which is due to the reclassification of deferred Government Grant as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Interim Valuation

In line with the requirements of the FReM the College has adopted a formal revaluation policy of an external valuation every five years, with a desktop, interim valuation performed during the five year period. The interim valuation was performed as at 31 July 2017. This has resulted in a revaluation gain of £2.1m and impairment loss of £1.9m, leading to a net revaluation gain of £300k in the financial statements.

Key Changes to the format of the accounts 2016-2017

Statement of Comprehensive Income (SOCl)

Colleges are required to include a statement at the foot of the SOCl and a note to the accounts (Note 27) explaining the impact of the non-cash budget given for depreciation. This restates the SOCl results on a Government Accounting basis for the academic year and is required because the non-cash budget allocation for depreciation cannot be included in the SOCl under the FE/HE SORP accounting rules.

Performance Report

Table of Cash Budget for Priorities

Colleges are now required to provide in the Performance Report a breakdown of spend of the cash budget allocation previously earmarked for depreciation. This was previously referred to as net depreciation cash. This is provided on Page 14.

Underlying Operating Position

The Performance Report must provide details of the underlying operating position for 2016-2017. The allowable adjustments were specified in the Accounts Direction. The table is provided on Page 14.

Action

The Committee is asked to recommend approval of the annual financial statements for the year ended 31 July 2017.

Jennifer McLaren

Vice Principal, Finance & Curriculum Services

20 November 2017

WEST LOTHIAN COLLEGE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JULY 2017

Scottish Charity No. SC021216

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

West Lothian College

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West Lothian College

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Edinburgh
EH12 5HD

Internal Auditors

Scott Moncrieff
Exchange Place
3 Semple Street
Edinburgh
EH3 8BL

Bankers

Bank of Scotland
Almondvale South
Livingston
EH54 6NB

Royal Bank of Scotland
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Solicitors

Brechin Tindall Oatts
48 St Vincent Street
Glasgow
G2 5HS

Morton Fraser
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2 Lister Square
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EH3 9QL

PERFORMANCE REPORT FOR THE YEAR ENDED 31 JULY 2017

Purpose and Activities

1. Purpose

The Performance analysis provides a detailed performance summary and analysis of how West Lothian College measures its performance.

2. Performance and Overview

West Lothian is one of thirteen regions identified for the provision of further education across Scotland and has a particularly strong and productive relationship with the West Lothian Community Planning Partnership. This partnership of many public agencies delivers on the "Local Outcome Improvement Plan" for the community and delivers on the national ambitions and priorities set out by Scottish Government.

West Lothian has a population of about 177,200, accounting for 3.3% of Scotland's total population, and continues to be one of the fastest growing and youngest in the country, with an average age of 39 compared with 41 across Scotland. The growth is predicted to continue to 2035 by another 19.3%. This growth however will see the number of people of pensionable age increase significantly and particularly those aged over 75 years.

Almost 9,000 people in West Lothian (5% of the area population) live within some of the most deprived areas in Scotland and 13% of the population are experiencing income deprivation. In West Lothian the population dependent on out of work benefits or child tax credit is 47% which is similar to the Scottish average for this measure (46.6%) with an estimated 18% of children in West Lothian living in severe poverty just below the Scottish average of 19.2%.

There is a higher rate of Job Seeker's Allowance (JSA) for West Lothian adults than the UK average, and youth unemployment although improved in recent years, sits around the national average.

The College has responded very positively to these challenges and received, along with other Regions, some needs based growth from the Funding Council to increase the capacity of the college by around 23% over the last five years. West Lothian College was the only college in Scotland not to see a decline in overall student numbers over the period 2010- 2015 (Audit Scotland Report on Scotland's Colleges August 2016).

This has enabled the college to provide and target provision for 16-19 year olds, work with those 20-24 year olds wishing to re-train or enter the employment market and continue to deliver a robust suite of work based learning programmes for employees and businesses.

The pace of growth has not come without its challenges and alongside planning for growth has been a focus on raising attainment and improving the quality of our outcomes.

The colleges' performance in achieving its activity targets has been strong, recording an over achievement of sums or credits since 2009-2010 (seven years). There have been equally positive financial outcomes supported by a strong commercial and work based portfolio.

Performance on attainment has been more mixed with the college sitting either slightly above or below the National Averages for FE and HE Full Time and FE and HE Part Time with one or two anomalies in 2015-2016 caused by some very specific programmes.

West Lothian College

Improving attainment remains a key challenge for the college and its importance is reflected in our 2017- 2020 Regional Plan and Outcome Agreement.

3. Legal Status

West Lothian College is a free standing corporate body under the provisions of the Further and Higher Education (Scotland) Act 1992 as amended by the Further & Higher Education (Scotland) Act 2005 and subsequently the Post-16 Education (Scotland) Act 2013. The College is governed by a Board of Governors and receives the majority of its funding directly from the Scottish Funding Council (SFC). The College is listed on the Scottish Charity Register and is entitled, in accordance with section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a charity registered in Scotland.

4. Vision

The College's vision is:

To be a high performing and creative College with a regional and national reputation for excellence in demand led learning and skills development.

5. Learner profile

The College enrolled 8,016 learners in 2016-17 from a West Lothian working age population of 117,190. The breakdown of enrolments by level and study mode and age was;

| LEVEL | ENRs | ENRs % | Age Profile | | | | | | | |
|--------------|-------------|-------------|-----------------|-------------------|--------------|----------------|--------------|----------------|-------------|--------------|
| | | | Under 16 ENR | Under 16 ENR % | 16-18 ENR | 16-18 ENR % | 19-24 ENR | 19-24 ENR % | 25+ ENR | 25+ ENR % |
| FEFT | 1358 | 17% | 66 | 1% | 599 | 7% | 295 | 4% | 398 | 5% |
| HEFT | 831 | 10% | n/a | n/a | 312 | 4% | 276 | 3% | 243 | 3% |
| FEPT | 3885 | 48% | 378 | 5% | 619 | 8% | 566 | 7% | 2322 | 29% |
| HEPT | 1942 | 25% | 20 | 0% | 69 | 1% | 167 | 2% | 1686 | 21% |
| Total | 8016 | 100% | 464 | 6% | 1599 | 20% | 1304 | 16% | 4649 | 58% |

Part-time provision is the dominant mode of study accounting for 72% of College enrolments, with full time provision accounting for 28% of enrolments. The mode of study also has an impact upon the College's student age profile with over 25's accounting for 58% of total enrolments the majority of which are undertaking part time courses. The under 18's represent 26% of total enrolments with just over half (52.6% of these enrolled on part-time courses. This profile is accounted for by the College's success in working with employers and delivering commercial contracts for the up-skilling and re-skilling of the workforce.

The breakdown of enrolments by level and gender was;

| LEVEL | Female | | Male | | Total | |
|--------------|-------------|------------|-------------|------------|-------------|-------------|
| | ENRs | ENRs % | ENRs | ENRs % | ENRs | ENRs % |
| FEFT | 787 | 10% | 571 | 7% | 1358 | 17% |
| HEFT | 429 | 5% | 402 | 5% | 831 | 10% |
| FEPT | 2569 | 32% | 1316 | 16% | 3885 | 48% |
| HEPT | 1253 | 16% | 689 | 9% | 1942 | 25% |
| Total | 5038 | 63% | 2978 | 37% | 8016 | 100% |

West Lothian College

The learner profile of the College continues to show a higher percentage of full and part time female (63%) to male learners (37%). There is variance of both age and gender profiles across the Centres with many more young males in Engineering, Computing, Motor Vehicle and Construction and more mature females in Health and Social Care and Childhood Practice. The College clearly continues to recruit to courses on the basis of ability, experience and aspiration and not on the grounds of gender, age or any other protected characteristic.

6. Curriculum planning

With support from the Scottish Funding Council (SFC), the College has increased the available number of places for learners by around 20% since 2012-15, enabling us to contribute towards the Scottish Government's clear priorities to provide for those who are unemployed, those in the workplace who require up-skilling and to guarantee all 16-19 year olds a place in post-16 learning or training that fits regional and national employment prospects.

With a strong, co-operative commitment to improving the lives of people in West Lothian, our partnership approach ensures the College's High Priority Outcomes within its Regional Outcome Agreement align with West Lothian's Local Outcome Improvement Plan.

West Lothian College's Curriculum Strategy is to design, equality impact assess and deliver innovative, sustainable curriculum courses with a continuous focus on employability, literacy, numeracy and health and well-being, which are relevant to economic and social inclusion and reflect national and local sector skills priorities for growth in Creative Industries, Energy, Financial and Business Services, Food and Drink, Life Sciences, Sustainable Tourism and for the high participation sectors of Care, Retail, Manufacturing, Engineering and Construction.

Curriculum planning is informed by local and national priorities and by socio-economic data generated locally and national by Skills Development Scotland (SDS).

A major consultation exercise was undertaken in 2016-17 this informed production of the Regional Plan and Outcome Agreement 2017-20

7. College/School Partnership

The College is committed to contributing towards the Scottish Government's clear priorities to provide for those who are unemployed, those in the workplace who require up-skilling and to guarantee all 16-19 year olds a place in post-16 learning or training that better prepares young people for employment through informed career choice to fit regional and national employment prospects.

The College works in close collaboration with West Lothian Education services and has a strong partnership with all the secondary schools in the region. In 2016-17 the College Schools portfolio consisted of 42 courses which attracted over 440 young learners to study at the College.

The College sits on West Lothian's Developing Scotland's Young Workforce Steering Board, whose remit is to plan, co-ordinate and monitor partners working together to contribute to the implementation of Curriculum for Excellence in the Senior Phase, and to ensure a joined-up approach to strategic planning to provide training and employment opportunities for young people in West Lothian. Within the Opportunities for All agenda, all young people in West Lothian will have the opportunity to realise their entitlements, whatever their individual needs and wherever their learning is taking place, to progress into a guaranteed positive and sustained post-16 destination in learning, training or employment.

West Lothian College

Initial School Leaver Destination Return (SLDR) 2014-15 participation in Further Education (FE) in West Lothian was 29.6%, an increase of 3.2% from 2013-14. SLDR participation in Higher Education (HE) in West Lothian in 2014-15 was 4% lower than the previous year and is now at 37.1% although still above the Scottish average, particularly from the two schools Linlithgow Academy at 57.3% and St Margaret's Academy, Livingston at 42.5%.

8. Economic context

West Lothian had the 30th highest rate of growth amongst all UK non-metropolitan authorities and is the only Scottish authority and one of only 3 outside the south of England to have seen this level of sustained population growth over the last 20 years.

West Lothian has the youngest and fastest growing population in Scotland. The 2014 mid-year estimate indicates West Lothian has the highest percentage of under 15s in Scotland at 18.9% and the lowest percentage of over 65s at 13.6%. The 16-24 year old population represents 10.7% of the total population slightly below the national Scottish figure of 11.6%.

Whilst there are many areas of affluence in West Lothian around 9,000 people, 5% of the area population, live within some of the most deprived areas in Scotland and 13% of the resident population is experiencing income deprivation. 9% of households have an income under £10,000, compared to 13% in Scotland, and 32% of households have an income over £30,000, compared to Scotland at 31%. 18% of workless households in the region is an increase from 15% since 2004.

At July 2017, unemployment in West Lothian stood at 1.8% (% is a proportion of resident working age people), which is lower than 2.5% for the same month the previous year. Unemployment is higher in the southwest of West Lothian (Whitburn and Blackburn, Armadale and Blackridge, Bathgate and Fauldhouse and the Breich Valley) and lower in Linlithgow and the southeast of the area.

West Lothian also maintains a higher proportion (3.6%) than Scotland (3.5%) of youth unemployment and this, with particular focus on the Scottish Government's agenda to increase the employment rate for young disabled people to the population average by 2021, remains a key concern to West Lothian's Community Planning Partnership and Economic Forum. The College's high priority outcome to improving life chances by increasing access for young people aged 16-24 to successfully participate in vocational education opportunities within the region has been, over 2011-15, to provide a steady average commitment of 50% of its funding allocation to increasing the number of full time courses offered to 16-19 year old learners and to maintaining our allocation of funding to 20-24 year olds.

West Lothian has a similar pattern to Scotland for basic and intermediate level qualifications with 74% of adults qualified to SVQ level 2 and above, compared with 74.8% for Scotland. However, West Lothian lags behind Scotland for higher level qualifications with just 34.9% qualified to SVQ level 4 and above, compared with 41% for Scotland. With non-advanced provision accounting for around 73% of all College activity and provision at SCQF level 7 and above at 27% of the portfolio, this represents a steady increase over the past three years in higher level provision to reflect the expressed skills needs of the economy and to promote positive destinations for our students into sustainable well paid employment.

9. Stakeholder Relationships

The College prioritises the value of partnership working and seeks to maximise the benefits of partnerships for our staff and learners through positive engagement with a wide range of organisations and stakeholders.

Full engagement in the strategic assessment process involves close working with Community Partners that clearly focus on establishing a shared 'plan for place'. The College's partnership approach ensures that its High Priority Outcomes within the Regional Outcome Agreement align with and support a West Lothian-wide integrated approach to reducing outcome gaps and inequalities through shared vision and effective use of resources.

The College has a well-developed "External Relations Mapping" document which it reviews annually. This captures all key contacts for organisations and further details the aims of specific partnerships and highlights commonality of outputs and outcomes.

10. Principal Risks and Uncertainties

During 2016-2017, the College was successful in the management of all high level, financial, reputational and operational risks.

The College has continued to utilise the shared services provided by West Lothian Council and managed the associated risks and uncertainties.

2016-17 was a fairly challenging year nationally for colleges, with employee relations and pay negotiations dominating events, with several days of industrial action taken by lecturing staff. However, the impact on our college learners of this was minimised, and the pay award 'settled'. This, however, may be a temporary respite, which may re-emerge in 2017/18. On the support side a national pay agreement was arrived at without industrial action. Looking ahead there is a significant financial risk to the College from 2020 onwards if the total cost of National Pay Bargaining harmonisation is not fully funded by the Government/SFC.

The risk register is led by the Senior Team with regular monitoring and reporting to the Board of Governors through the Audit Committee.

11. Going Concern

The Board of Governors has considered the College's forecasts and financial projections and considers that the College has adequate resources to meet its ongoing liabilities and continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Although the College has net liabilities, this is due to the change of treatment of deferred Government Grant (capital) which is now recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

12. Performance Summary

West Lothian College contributed to the following priority outcomes:

- Provision of sustainable post 16 vocational education supported by the efficiencies of shared services and joint provision with West Lothian Council.
- Improved life chances by increasing access for young people aged 16-24 to successfully participate in vocational education and opportunities within the region.
- Increased positive destinations for individuals in the region completing vocational programmes into employment or higher level study.

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- Contributed to economic growth and success in West Lothian by increasing the skills levels of individuals employed in the workplace and meeting the needs of employers in West Lothian.

13. Performance Analysis

The college made good progress towards the majority of the outcomes, outputs and targets identified in the 2015-2017 Regional Outcome Agreement.

Highlights

- 85% of learners satisfied with the quality and effectiveness of learning and teaching
- 98% of HE students progressed to employment or university study.
- Continued work on shared services with West Lothian Council achieved
- Enhanced progression opportunities from West Lothian to a range of other colleges.
- On track to achieve all targets set for and by the College
- Extension of employability programmes and engagement with new employment sectors including health care engineering, construction, and hospitality.
- Associate student places agreed and signed up for programmes with Edinburgh Napier University for Computing and Engineering
- Twinning Exchange visit with Cran-Gevrier Vocational College in France extended to Hospitality, Interactive Multimedia and Hairdressing students
- Successful, international, educational and cultural opportunities for students and staff to countries including South Africa, Sweden, Spain, and Indonesia.
- Further developed the activities of the Student Association and class representatives to ensure learner involvement in the life and work of the college
- Development of partnership work with the NHS

14. Resources

While the College is in receipt of recurrent grant funding, it also generates income from its commercial activities. Income is derived from the SDS contract, a wide range of Professional Qualifications in Management and Specialist subjects, the delivery of Scottish Vocational Qualifications in the workplace and the out of core time letting of College facilities and accommodation. We continue to provide training for all Panel members working within the Children's Hearings system delivered by the Children's Hearing Scotland Training Unit.

During this year the College worked very effectively with SDS to enhance a rolling employability programmes focused on the needs of young adults who have found entry to the labour market difficult. We also worked with SDS to extend the range of foundation apprentices available to young people with the College recruiting to 5 FA frameworks for a August 2017 start.

15. Performance Indicators

The College's management and control ensure financial stability is sound. There are clear management structures and reporting arrangements in place, with operating plans, performance indicators and risk management processes in place to support delivery of Regional Outcomes.

To monitor progress against the Regional Plan and Outcome Agreement the College works with a range of performance indicators, which are reviewed by the Senior Team and the Board of Governors on a regular basis.

The tables below detail performance in Academic Years 2014-15, 2015-16 and 2016-17

West Lothian College

WSUMS / Credits

| | | SFC Target | Actual | % Target |
|---------|---------|------------|--------|----------|
| 2014-15 | WSUMS | 53,665 | 54,016 | 101% |
| 2015-16 | Credits | 43,499 | 44,669 | 103% |
| 2016-17 | Credits | 43,499 | 44,085 | 101% |

Full-time FE

| | Early withdrawal | Further withdrawal | Partial Success | Completed successfully |
|---------|------------------|--------------------|-----------------|------------------------|
| 2014-15 | 8% | 18% | 10% | 64% |
| 2015-16 | 8% | 19% | 9% | 64% |
| 2016-17 | 9% | 17% | 12% | 62% |

Full-time HE

| | Early withdrawal | Further withdrawal | Partial Success | Completed successfully |
|---------|------------------|--------------------|-----------------|------------------------|
| 2014-15 | 8% | 10% | 11% | 71% |
| 2015-16 | 5% | 11% | 14% | 70% |
| 2016-17 | 5% | 11% | 11% | 73% |

Part time FE

| | Early withdrawal | Further withdrawal | Partial Success | Completed successfully |
|---------|------------------|--------------------|-----------------|------------------------|
| 2014-15 | 0.6% | 3% | 22% | 75% |
| 2015-16 | 2% | 5% | 22% | 74% |
| 2016-17 | 2% | 6% | 15% | 77% |

Part time HE

| | Early withdrawal | Further withdrawal | Partial Success | Completed successfully |
|---------|------------------|--------------------|-----------------|------------------------|
| 2014-15 | 4% | 2% | 21% | 74% |
| 2015-16 | 3% | 5% | 27% | 66% |
| 2016-17 | 1% | 10% | 11% | 79% |

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The table below details financial performance in Financial Periods 2014-15, 2015-16 and 2016-17

| | Actual 16 month period ended 31 July 2015 (restated) | Actual 12 month Academic Year 2015-16 | Actual 12 month Academic Year 2016-17 |
|---|--|--|--|
| Deficit for the year as a % of total income | (0.9%) | (3.8%) | (1.7%)* |
| Deficit for the year as a % of total expenditure | (0.9%) | (3.6%) | (1.6%)* |
| Staff costs as % of total income (excludes exceptional costs) | 61% | 67% | 65%* |
| Ratio of Current Assets to Current Liabilities | (0.5) | (0.5) | (0.7) |
| Days Cash to Total Expenditure | 6 | 14 | 35* |
| Debtor Days | 64 | 33 | 30 |

*Excludes £1.9m deferred capital grant release as a result of an impairment loss following interim revaluation of assets

16. Financial Strategy

As a result of the college sector's reclassification as a Central Government Department, the College's Financial Strategy is to:

- Generate sufficient cash surplus to meet the Scottish Funding Council (SFC) loan repayment obligations.
- Gift aid any cash surpluses over and above that required to repay the SFC loan to The Scottish Colleges Foundation.
- Utilise the contribution from commercial and project activities for re-investment in the College infrastructure.
- Secure efficiencies across support and curriculum areas through continued delivery of shared services and joint provision with West Lothian Council.
- Ensure sufficient working capital to meet liabilities.

During 2016-17 the College:

- Generated sufficient cash surplus to meet the SFC loan repayment obligations.
- Utilised the contribution from commercial activities for re-investment in the College infrastructure.

- Secured efficiencies through continued delivery of shared services with West Lothian Council.
- Ensured sufficient working capital to meet liabilities.

17. Nature, Objectives and Strategies

The Board present its report and the audited financial statements for the year ended 31 July 2017. The Board of Governors has approved these accounts on the basis the College is a going concern. The audited financial statements have been prepared under the historic cost convention in line with the principles and guidance set out in the Statement of Recommended Practice, Accounting for Further and Higher Education and with the Government Financial Reporting Manual (FReM).

18. Scope of the Financial Statements

The Financial Statements cover all activities of the College.

19. Financial Position

Financial Results for the year ended 31 July 2017

The College generated a deficit before other gains and losses in the year of £277,000 (2016 - deficit of £595,000), with total comprehensive income surplus of £2,868,000 (2016 – deficit of £1,891,000). The total comprehensive income in 2017 included an unrealised surplus on revaluation of assets of £2,221,000 (2016 – Nil) and an actuarial gain in respect of pension funds of £924,000 (2016 – loss of £1,296,000). After transfer of £189,000 from the revaluation reserve, the cumulative deficit on the Income and Expenditure account decreased by £836,000 from £12,109,000 deficit to £11,273,000 deficit.

The cumulative deficit at the year-end comprised £137,000 for holiday pay accrual, £2,685,000 for voluntary agreed PFI termination loan, £3,953,000 for early retirement provisions, £4,416,000 for defined benefit pension obligations and £82,000 for trading activities (see Note 16).

The College is reporting net total liabilities of £4,833,000 in its balance sheet which is due to the reclassification of deferred Government Grant as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Cash Budget for Priorities

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

Spend of the College's cash budget for priorities, and impact on the operating position, is detailed below.

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| Table of cash budget for priorities spend | | |
|--|----------------------------|----------------------------|
| | Year Ended 31 July 2017 | Year Ended 31 July 2016 |
| Revenue | | |
| 2016-17 Pay Award | 33 | - |
| Improvement to College Estate | - | 32 |
| Total impact on operating position | 33 | 32 |
| Capital | | |
| Loan repayments | 158 | 158 |
| Total Capital | 158 | 158 |
| Total cash budget for priorities spend | 191 | 190 |

The Scottish Funding Council has confirmed that a deficit resulting from the College following its guidance should be treated as a 'technical' deficit and should not be interpreted, on its own, as a challenge to the College's ongoing financial sustainability. Audit Scotland accepts that a deficit arising from the use of cash funding originally provided for non-cash depreciation does not indicate an underlying financial sustainability concern.

Underlying Operating Position

The deficit for the year as per the Statement of Comprehensive Income is the result of a number of factors which are explained below. When these factors are adjusted the underlying financial position is an operating surplus.

| | Note | Year Ended 31 July 2017 | Year Ended 31 July 2016 |
|--|------|----------------------------|----------------------------|
| | | £'000 | £'000 |
| Deficit for the year as per statement of comprehensive income before other gains and losses | | (277) | (595) |
| Add back: | | | |
| Non-cash pension adjustments | | | |
| Salary costs | 1 | 524 | 379 |
| Interest | 1 | 214 | 256 |
| Depreciation (net of deferred capital grant release) | | 191 | 190 |
| Deduct: | | | |
| Revenue funding allocated to ERP payments | | 200 | 202 |
| Revenue funding allocated to loan repayment | | 158 | 158 |
| Underlying operating surplus / (deficit) | | 294 | (130) |

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Note 1 - Pension Costs – Impact of introduction of Financial Reporting Standard 102

These costs are non-cash items and are a requirement of FRS 102. The costs represent the impact of the movement on the Lothian Pension Fund and College Early Retirement Provision which require to be charged to the College Statement of Comprehensive Income. The College expenses the actual pension contributions as they are incurred and these are recorded in Note 6 of the Financial Statements. As these costs are non-cash related the College cannot control the impact they have been adjusted for.

Taxation Status

The College is registered with the Office of the Scottish Charities Regulator as a Scottish Charity and is exempt from corporation tax and capital gains tax. The College receives no similar exemption in respect of Value Added Tax.

Cash Flows

Cash flow projections are prepared annually, broken down on a monthly basis to ensure that these are sufficient to meet the needs of the College. These are reviewed monthly and reports are provided to the Senior Management Team and the Finance and General Purposes Committee. Bank balances are checked on a daily basis and day-to day surplus funds are deposited overnight in a high interest bank account.

Liquidity

The College uses a number of ratios to assess the College's liquidity. The two key ratios are current assets: current liabilities and days cash to total expenditure. However as a result of ONS reclassification the College is only able to hold minimum cash reserves. At the end of 2016-17 current assets: current liabilities were 0.7 and days cash to total expenditure was 35 days reflecting the ONS requirement. Targets for 2017-18 are 15 days cash to total expenditure and current assets: current liabilities 0.9.

Creditor Payment Policy

The College complies with the Confederation of British Industry (CBI) Prompt Payment Code and has a policy of paying its suppliers within 30 days of invoice unless the invoice is contested. All disputes and complaints are handled as quickly as possible. The proportion of year-end creditors to the aggregate invoiced amounts during the year was 8%. The College did not pay any late interest payments during the year.

The Scottish Public Finance Manual sets a Government target for the payment of invoices within 10 working days of their receipt. While this is a difficult target for the College to achieve, it nevertheless strives to pay all invoices as promptly as possible.

20. Post-Balance Sheet Events

There are no post-balance sheet events.

21. Review of Resource outturn for year ended 31 March 2017

Following the reclassification of colleges as public bodies on 1 April 2014, the College has been required to comply with government accounting and budgeting rules on a fiscal year basis (ie to the end of March). The college is given a revenue resource budget (RDEL) and a capital

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resource budget (CDEL) and must account for this budget on a fiscal year basis. The resource budgets and final outturn for 2016-17 (1 April 2016-31 March 2017) are outlined below:

| | RDEL £'000 | CDEL £'000 |
|--|-----------------------|-----------------------|
| Resource budget for year ended 31 March 2017 | 13,187 | 105 |
| Expenditure against resource budget | 13,108 | 93 |
| Net underspend/(overspend) against budget | 79 | 13 |

In addition, the college received a non-cash budget from the government to cover depreciation costs. It should be noted that the figures in the table above have not been audited.

22. Climate Change (Scotland) Act 2009

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

23. Equal Opportunities

West Lothian College has published its Equality Mainstreaming Report 2013-16, which outlines how we will meet our General and Public Sector Equality Duties and informs and guides decision making and policy reviews. We have a range of policies which ensure that staff, learners and visitors are treated equitably regardless of colour, race, nationality, ethnic or national origin, religion or belief, disability, gender or gender reassignment, age and sexual orientation, pregnancy and maternity, marriage or civil partnership.

We value diversity and aim to advance equality of opportunity, foster good relations and eliminate discrimination, victimisation and harassment in all our activities.

Policies and procedures, work practices and terms and conditions of employment are continuously reviewed and equality impact assessed to ensure compliance with legislation and identified best practice.

The College considers all applications for a college course place from all members of the community in respect of the qualifications and skills necessary to meet the entry requirements of the course applied for.

The College considers all applications for employment from all members of the community in respect of the qualifications and skills necessary to fulfil the requirements of the position.

24. Future Performance

The College's Curriculum Strategy 2016-18 identifies key target groups by committing to:

- prioritising College places for young people aged 16-24 in recognition of the Scottish Government's Opportunities for All commitment to post-16 education and training for all 16-19 year olds and 19-24 year olds.
- developing the Young Workforce agenda through increasing the number of STEM-focused Foundation and Advanced Apprenticeship vocational offerings for school pupils S4 to S6 to realise the entitlements of the Senior Phase of Curriculum for Excellence (CfE) and reduce youth unemployment by 40%, from 2014 levels, by 2021.

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- maintaining and extending key sector employer partnerships that inform portfolio planning and course design to better equip learners with essential knowledge and employability skills through contextualised learning, real training and work experience opportunities.
- improving life chances by increasing the volume of learners in the most deprived 10% postcode areas in West Lothian through targeted community-based learning opportunities.
- increasing the number of Associate Student places and developing further articulation routes that enable credit transfer for Higher National Certificates (HNCs) and Higher National Diplomas (HNDs) for advanced standing into years 2 or 3 of university degree programmes.
- increasing the volume and successful completion of courses for care experienced learners by promoting opportunities and raising aspirations and successful outcomes to potential students.
- working with West Lothian Local Employability Partnership, support increasing numbers of unemployed people at stages 2, 3 and 4 of the strategic skills pipeline to develop employability skills to enable them to get a job and/or train for a career.
- engaging with Equalities groups, including Equality Challenge Unit, to support and improve gender balance and ensure appropriate support for the participation of groups currently experiencing inequalities in vocational education including specifically disabled people, young people who are care experienced, people from black and ethnic minorities and others with additional support needs.
- supporting up skilling of the working population of West Lothian through provision of work based learning and through an accessible, vocationally relevant part-time portfolio.
- providing high quality English language provision for English for Speakers of Other Languages (ESOL) learners to enable participation and integration in Scottish life.

The Performance Report is approved by the Principal on 12 December 2017.

Mhairi Harrington
Principal & Chief Executive

West Lothian College

ACCOUNTABILITY REPORT

1. Board of Governors Report

The members who served on the Board during the period were as follows:-

| Name | Status | Job Title |
|--|---|---|
| Alex Linkston | Regional Chair | Chair, Forth Valley Health Board |
| Simon Ashpool | Board member | Learning Manager, Crisis UK |
| Sue Cook | Chair, Learning and Teaching Committee; Vice Chair | Self employed consultant |
| Frank Gribben | Board member | Business and Strategic Planning Advisor, National Galleries of Scotland (On secondment from University of Edinburgh until 31 December 2016) |
| Cynthia Guthrie (resigned 24/01/17) | Board member | Joint Managing Director of Guthrie Group Ltd |
| Graham Hope | Chair, Audit Committee | Chief Executive, West Lothian Council |
| Mhairi Harrington | Board member | Principal and Chief Executive, West Lothian College |
| Frank McGraw (resigned 14/02/17) | Board member | Business Development Manager, Intellicentrics |
| Ian McIntosh | Board member | Assistant Principal, Edinburgh Napier University |
| Morag McKelvie | Chair, Finance and General Purposes Committee | Vice President Human Resources, iQor |
| Colin Miller | Board member | Partner, DWF solicitors |
| Richard Lockhart | Board member | Associate Director, Scottish Futures Trust |
| Moira Niven (appointed 13/12/16) | Board member | Retired |
| Norman Ross | Board member | Retired; director Kilmorack Consulting Ltd |
| Angela Bell | Board member | Support Staff member |
| Alan Morton | Board member | Teaching Staff member |
| Jarmila Slodyczka* | Board member | Student Association President. |
| Michael Allan * | Board member | Student Association Vice President |

***Post holders have changed post year-end.**

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Board of Governors

| Name | Possible Attendance | Actual Attendance |
|-------------------|---------------------|-------------------|
| Alex Linkston | 4 | 4 |
| Simon Ashpool | 4 | 3 |
| Sue Cook | 4 | 3 |
| Frank Gribben | 4 | 4 |
| Cynthia Guthrie | 2 | 1 |
| Mhairi Harrington | 4 | 4 |
| Graham Hope | 4 | 4 |
| Richard Lockhart | 4 | 3 |
| Frank McGraw | 2 | 0 |
| Iain McIntosh | 4 | 3 |
| Morag McKelvie | 4 | 3 |
| Colin Miller | 4 | 4 |
| Moira Niven | 3 | 3 |
| Norman Ross | 4 | 4 |
| Angela Bell | 4 | 3 |
| Alan Morton | 4 | 3 |
| Jarmila Slodyczka | 4 | 4 |
| Michael Allan | 4 | 3 |

Audit Committee

| Name | Possible Attendance | Actual Attendance |
|---------------------|---------------------|-------------------|
| Graham Hope (Chair) | 4 | 4 |
| Simon Ashpool | 4 | 3 |
| Sue Cook | 4 | 4 |
| Cynthia Guthrie | 2 | 2 |
| Norman Ross | 4 | 4 |

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Finance and General Purposes Committee

| Name | Possible Attendance | Actual Attendance |
|------------------------|---------------------|-------------------|
| Morag McKelvie (Chair) | 4 | 3 |
| Frank Gribben | 4 | 4 |
| Alex Linkston | 4 | 4 |
| Richard Lockhart | 4 | 3 |
| Frank McGraw | 2 | 0 |
| Moira Niven | 2 | 2 |
| Mhairi Harrington | 4 | 3 |
| Angela Bell | 4 | 2 |

Learning and Teaching Committee

| Name | Possible Attendance | Actual Attendance |
|-------------------|---------------------|-------------------|
| Sue Cook (Chair) | 4 | 4 |
| Mhairi Harrington | 4 | 4 |
| Iain McIntosh | 4 | 4 |
| Colin Miller | 4 | 3 |
| Alan Morton | 4 | 4 |
| Jarmila Slodyczka | 4 | 3 |
| Michael Allan | 4 | 1 |

Remuneration Committee

| Name | Possible Attendance | Actual Attendance |
|----------------|---------------------|-------------------|
| Alex Linkston | 2 | 2 |
| Sue Cook | 2 | 2 |
| Graham Hope | 2 | 2 |
| Morag McKelvie | 2 | 2 |

Related Party Transactions

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

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The related party transactions due to/by the College for the year ended 31 July 2017 and the amounts outstanding at this date are disclosed in note 24.

Statement to Auditors

In accordance with legislation, the Board of Governors certify that:

- so far as we are aware, there is no relevant audit information of which the College's auditors are unaware; and
- as members of the Board of Governors we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the College's auditors are aware of that information.

1. Statement of the Responsibilities of the Board of Governors

The Board of Governors are required to present audited financial statements for each financial year.

In accordance with the Further and Higher Education (Scotland) Act 1992 as amended by the Further & Higher Education (Scotland) Act 2005 and subsequently by the Post-16 Education (Scotland) Act 2013, the Board of Governors is responsible for the administration and management of the College's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992 as amended by the Further & Higher Education (Scotland) Act 2005 and subsequently amended by the Post-16 Education (Scotland) Act 2013, the 2015 Statement of Recommended Practice - Accounting for Further and Higher Education, the Government Financial Reporting Manual 2016-17 (FReM) where applicable and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Funding Council and the College's Board of Governors, the Board of Governors, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year.

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

In preparing the financial statements, the Board of Governors is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare financial statements on the going concern basis, unless it is inappropriate to presume that the College will continue in operation. The Board of Governors is satisfied that it has adequate resources to continue in operation for the foreseeable future and for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board of Governors has taken reasonable steps to:

- Ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;

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- Safeguard the assets of the College and prevent and detect fraud;
- Secure the economical, efficient and effective management of the College's resources and expenditure.

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

- Clear definitions of the responsibilities of, and the authority delegated to, heads of academic and support departments;
- A comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- Regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Governors;
- Comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Finance and General Purposes Committee;
- Professional internal audit team whose annual programme is approved by the Audit Committee and endorsed by the Board of Governors and whose head provides the Board of Governors with a report on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

Estates Strategy

The College Estates Strategy is evidence based and allows the College to continue with its programme of aligning its estate to the emerging needs of learners and curriculum delivery requirements going forward. The strategy allows for replacement of windows and window frames and boilers as well as implementing the agreed programme of lifecycle maintenance so that the fabric of the college buildings remain of a high standard.

2. Corporate Governance Statement

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles of good governance set out in 2016 Code of Good Governance for Scotland's Colleges and the Government's Scottish Public Finance Manual. Throughout the period ended 31 July 2017, the College has been in compliance with all the Code provisions set out in the 2016 Code of Good Governance for Scotland's Colleges and the Government's Scottish Public Finance Manual.

The College's Board of Governors is responsible for the College's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board of Governors is of the view that there is a process for identifying, evaluating and managing the College's significant risks, that it has been in place for the year ended 31 July 2017 and up to the date of approval of the annual report and financial statements, that it is regularly reviewed by the Board of Governors and that it accords with the 2016 Code of Good Governance for Scotland's Colleges and the Government's Scottish Public Finance Manual.

The College's Board of Governors comprises lay members, students and employees appointed under the Further and Higher Education (Scotland) Act 1992, as amended by the Further & Higher Education (Scotland) Act 2005 and subsequently by the Post-16 Education (Scotland) Act 2013, the majority of whom are non-executive. The roles of Chairman and Vice-Chairman of the Board of Governors are separated from the role of the College's Principal.

The matters specifically reserved to the Board for decision are set out in the College's Standing Orders, by custom and under the Financial Memorandum with the Scottish Funding Council. The Board acknowledges the responsibility for the ongoing strategic direction of the College, approval of major developments and the receipt of regular reports from the Principal on the day to day operations of its business.

The Full Board meets four times a year and has several sub-committees, including a Finance and General Purposes Committee, a Learning and Teaching Committee, a Remuneration Committee, an Audit Committee and a Nominations Committee. All of these Committees are formally constituted with terms of reference. The Finance and General Purposes Committee inter alia recommends to the Board the College's annual revenue and capital budgets and normally meets four times a year. The Learning and Teaching Committee meets three times a year, and focuses on the quality of the student experience. The Remuneration Committee determines the remuneration of the most senior staff, including the Principal and meets as required, normally once a year.

The Audit Committee meets four times a year, with the College's external and internal auditors in attendance where required. The Committee considers detailed reports together with recommendations for the improvement of the College's systems of internal control and management's responses and implementation plans. It also receives and considers reports from the Scottish Funding Council as they affect the College's business and monitors adherence to the regulatory requirements. Whilst the Principal attends meetings of the Audit Committee as necessary, she is not a member of the Committee. The Nominations Committee considers candidates to fill vacancies on the Board and meets as required, normally at least once per year. The Nominations Committee is responsible for selecting candidates for appointment by the Board of Governors to vacancies in its membership. The Committee may use a number of selection methods, including external advertising, personal contact, the encouragement of nominations and the use of a search committee. The Committee considers the balance of

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membership, including members' experience and skills and identify any gaps. The Committee also tries to ensure that the membership of the Board reflects its community. The Committee makes its recommendations to the Board for consideration and approval for appointment.

The Board, and its sub-committees, participate in annual self-evaluation reviews of its performance. This is facilitated by the Secretary to the Board using a self-evaluation questionnaire with all questions being discussed by the Board or Committee as a group and their consensus view recorded. Any actions for improvement are noted and followed up at subsequent meetings of the Board or Committees. The evaluation of the effectiveness of individual members is considered informally by the Chair of the Board or relevant Committee, and if concerns are noted they follow these up with the member directly.

The Board of Governors considers that the College has adequate resources to continue in operational existence for the foreseeable future.

Statement on System of Internal Control

We, the Board of Governors are aware of the need for effective internal control, and acknowledge our responsibility for the system for such control operated by West Lothian College. The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

Our review of the effectiveness of the system of internal control is conducted through the work of the Board of Governors, the Finance and General Purposes Committee and the Audit Committee. West Lothian College also has an internal audit service, the work of which concentrates on areas of key activities determined in accordance with the annual internal audit plan approved by the Board of Governors. The internal auditors report to the Audit Committee, and have direct access to the chairman of the Audit Committee if required. The internal auditors issue an annual report that gives an opinion of the adequacy, reliability and effectiveness of the College's internal control system.

The Board has reviewed the effectiveness of the College's system of internal control as follows:

- The College's risk management framework has been reviewed, including considering management's review of operational risks and the Audit Committee's review of strategic risks. This review has included considering whether risks are appropriately ranked based on likelihood and impact and considering whether mitigating controls highlighted as being in place are adequate.
- Reports by management have been received and reviewed by the Board and Board Committees which have provided information as to how risks are being managed and what internal controls are in place. The Board committees in place and their main roles are outlined on pages 19-22.
- Internal audit reports have been received on a range of areas within the College. The internal auditors in their annual statement have concluded that the College operates adequate and effective internal control systems.
- External auditors have reviewed the key financial controls to ensure the College's financial statements are not materially misstated and in their annual report have stated the accounting systems operated effectively and were satisfied that the College operates appropriate Governance procedures and that management has adequate arrangements in place covering standards of conduct.

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The College also has a range of internal financial controls which include:

- a budgeting system with an annual budget which is approved by the Board of Governors;
- the provision of management information on a planned, regular basis and as required;
- regular reviews by the Finance and General Purposes Committee of monthly and annual financial reports and key performance indicators which indicate financial performance against the forecasts;
- financial regulations, which identify policy and set up a control system within which management can delegate authority whilst informing staff of correct financial procedures.

In conclusion, it is the opinion of the Board of Governors that the College complies with all the provisions of the 2016 Code of Good Governance for Scotland's Colleges and the Scottish Public Finance Manual and it has complied throughout the year to 31 July 2017.

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3. Remuneration And Staff Report (FRem, Section 5, paras 5.3.15 to 5.3.27)

Remuneration Policy

The Remuneration Committee makes recommendations to the Board of Governors on the service arrangements and remuneration of the Principal and determines the service arrangements and remuneration of the other senior post holders.

Remuneration including salary and pension entitlements

Salary Entitlements¹

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

| Name | 12 months ended 31 July 2017 | | | 12 months ended 31 July 2016 | | |
|--------------------|------------------------------|--------------------------|----------------|------------------------------|--------------------------|----------------|
| | Actual Salary* £'000 | Pension Benefit £'000 | Total £'000 | Actual Salary* £'000 | Pension Benefit £'000 | Total £'000 |
| Alex Linkston | 20 - 25 | 0 | 20 - 25 | 0 - 5 | 0 | 0 - 5 |
| Sue Cook | 0 | 0 | 0 | 10 - 15 | 0 | 10 - 15 |
| Mhairi Harrington | 105 - 110 | 10 - 15 | 115 - 120 | 105 - 110 | 10 - 15 | 115 - 120 |
| Simon Earp* | 20 - 25 | 0 - 5 | 20 - 25 | | | |
| George Hotchkiss | 65 - 70 | 5 - 10 | 70 - 75 | 65 - 70 | 5 - 10 | 70 - 75 |
| Jennifer McLaren | 65 - 70 | 5 - 10 | 70 - 75 | 65 - 70 | 0 - 5 | 65 - 70 |
| Lindsay Seywright* | 15 - 20 | 5 - 10 | 20 - 25 | 65 - 70 | 5 - 10 | 70 - 75 |

*Lindsay Seywright left the College October 2016 and Simon Earp joined the College March 2017

Median Remuneration

Colleges are required by the FRem to disclose the relationships between the remuneration of the highest paid official and the median remuneration of their workforce.

Based on the 12 month equivalent figures above, the banded remuneration of the highest paid official in the organisation in the financial year 2016-17 was £107,500 (2015-16 £107,500). This was 3.7 times (2015-16 4.3 times) the median remuneration of the workforce which was £29,792 (2015-16 £25,089).

¹ Note:

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

West Lothian College

Accrued Pension Benefits

Pension benefits for employees are provided through the Scottish Teacher's Superannuation Scheme (STSS), a defined benefit scheme, which is notionally funded and the Local Government Pension Scheme (LGPS).

Both STSS and LGPS are career average salary pension schemes.

The scheme's normal retirement age is the scheme member's state pension age.

Contribution rates are set annually for all employees.

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

Senior Officials Pension

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

| Name | Accrued pension at pension age at 31 July 2017 | Accrued lump sum at pension age at 31 July 2017 | Real increase in pension 1 August 2016 to 31 July 2017 | Real increase in lump sum 1 August 2016 to 31 July 2017 |
|---------------------------------------|--|---|--|---|
| | £ | £ | £ | £ |
| Mhairi Harrington-Principal | 40,907 | 122,721 | 976 | 2,929 |
| George Hotchkiss- Vice Principal | 18,945 | 56,835 | 664 | 1,931 |
| Jennifer McLaren- Vice Principal | 10,000 | 0 | 3,000 | 0 |
| Lindsay Seywright-Assistant Principal | 19,023 | 57,069 | 639 | 1,917 |
| Simon Earp – Vice Principal | 458 | 0 | N/A | N/A |

| Name | CETV at 31 July 2017 | CETV at 31 July 2016 | Real increase in CETV |
|---------------------------------------|----------------------|----------------------|-----------------------|
| | £ | £ | £ |
| Mhairi Harrington-Principal | 954,772 | 904,834 | 36,878 |
| George Hotchkiss- Vice Principal | 429,579 | 403,177 | 18,812 |
| Jennifer McLaren- Vice Principal | 135,467 | 110,742 | 24,725 |
| Lindsay Seywright-Assistant Principal | 418,507 | 392,591 | 23,398 |
| Simon Earp – Vice Principal | 5,201 | N/A | N/A |

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.

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

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

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

Real increase in CETV

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

Compensation for loss of office

No employees left under voluntary exit terms during the year.

STAFF REPORT

Salaries and Related costs

| | 2017 Directly employed staff £'000 | 2017 Seconded and agency staff £'000 | 2017 Total £'000 | 2016 Total £'000 |
|-----------------------|---|---|------------------------|------------------------|
| Wages and salaries | 8,246 | 0 | 8,246 | 8,296 |
| Social security costs | 775 | 0 | 775 | 655 |
| Other pension costs | 1,902 | 0 | 1,902 | 1,677 |
| Restructuring Costs | 10 | 0 | 10 | 2 |
| Total | 10,933 | 0 | 10,933 | 10,630 |
| Average number of FTE | 272 | 0 | 272 | 282 |

The college employed 253 females and 132 males during 2016-17 (headcount).

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Approved by the members of the Board on 12 December 2017 and signed on its behalf by:

Alex Linkston
Chair

Mhairi Harrington
Principal

Independent auditor's report to the members of the Board of Governors of West Lothian College, the Auditor General for Scotland and the Scottish Parliament

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

Report on the audit of the financial statements

Opinion on financial statements

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

In our opinion the accompanying financial statements:

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

Basis of opinion

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

Conclusions relating to going concern

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

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

Responsibilities of the Board of Governors for the financial statements

As explained more fully in the Statement of the Board of Governors Responsibilities, the Board of Governors is responsible for the preparation of financial statements that give a true and fair view in

accordance with the financial reporting framework, and for such internal control as the Board of Governors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Other information in the annual report and accounts

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

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

Report on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Report on other requirements

Opinions on other prescribed matters

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

West Lothian College

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

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

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

Matters on which we are required to report by exception

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

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

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

We have nothing to report in respect of these matters.

Lucy Nutley
For and on behalf of Mazars LLP

Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

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

West Lothian College

STATEMENT OF COMPREHENSIVE INCOME

| | <i>Notes</i> | Year Ended 31 July 2017 £'000 | Year Ended 31 July 2016 £'000 |
|--|--------------|--|--|
| Income | | | |
| SFC grants | 2 | 13,625 | 10,961 |
| Tuition fees and education contracts | 3 | 3,020 | 2,725 |
| Other income | 4 | 1,971 | 2,098 |
| Investment income | 5 | 2 | 4 |
| Total Income | | 18,618 | 15,788 |
| Expenditure | | | |
| Staff Costs | 6 | 10,933 | 10,630 |
| Other operating expenses | 7 | 5,038 | 4,716 |
| Depreciation | 10 | 789 | 780 |
| Exceptional impairment loss | 10 | 1,921 | - |
| Interest payable | 8 | 214 | 257 |
| Total Expenditure | | 18,895 | 16,383 |
| Deficit before tax | | (277) | (595) |
| Taxation | 9 | - | - |
| Deficit for the year | | (277) | (595) |
| Unrealised surplus on revaluation of assets | | 2,221 | - |
| Actuarial gain /(loss) in respect of pension schemes | | 924 | (1,296) |
| Total comprehensive income for the year | | 2,868 | (1,891) |
| Represented by: | | | |
| Restricted comprehensive income | | - | - |
| Unrestricted comprehensive income | | 2,868 | (1,891) |
| | | 2,868 | (1,891) |

The Statement of Comprehensive Income is prepared under the FE/HE SORP. Colleges are also subject to Central Government accounting rules but the FE/HE SORP does not permit colleges to include Government non-cash allocations for depreciation in the Statement of Comprehensive Income. Note 28 provides details of the adjusted operating position on a Central Government basis.

West Lothian College

STATEMENT OF CHANGES IN RESERVES

| | <i>Income and Expenditure Account £'000</i> | <i>Revaluation Reserve £'000</i> | <i>Total</i> |
|--|---|--|----------------|
| Balance at 31 July 2015 | (10,408) | 4,598 | (5,810) |
| Deficit from statement of comprehensive income | (595) | - | (595) |
| Other comprehensive income | (1,296) | - | (1,296) |
| Transfers between revaluation reserve and income and expenditure account | 190 | (190) | - |
| Total comprehensive income for the year | (1,701) | (190) | (1,891) |
| Balance at 31 July 2016 | (12,109) | 4,408 | (7,701) |
| Deficit from statement of comprehensive income | (277) | - | (277) |
| Other comprehensive income | 924 | 2,221 | 3,145 |
| Transfers between revaluation reserve and income and expenditure account | 189 | (189) | - |
| Total comprehensive income for the year | 836 | 2,032 | 2,868 |
| Balance at 31 July 2017 | (11,273) | 6,440 | (4,833) |

West Lothian College

BALANCE SHEETS AS AT 31 JULY

| | <i>Notes</i> | 2017 £'000 | 2016 £'000 |
|---|--------------|-----------------------|-----------------------|
| Non-Current Assets | | | |
| Fixed Assets | 10 | 19,660 | 20,060 |
| Current Assets | | | |
| Trade and other receivables | 11 | 559 | 777 |
| Cash and cash equivalents | 17 | 1,530 | 597 |
| | | 2,089 | 1,374 |
| Less: Creditors; amounts falling due within one year | 12 | (2,923) | (2,643) |
| Net Current Liabilities | | (834) | (1,269) |
| Total Assets less Current Liabilities | | 18,826 | 18,791 |
| Creditors: amounts falling due after more than one year | 13 | (15,290) | (17,737) |
| Provisions | | | |
| Defined benefit obligations | 15 | (4,416) | (4,799) |
| Other provisions | 15 | (3,953) | (3,956) |
| Total Net Liabilities | | (4,833) | (7,701) |
| Unrestricted Reserves | | | |
| Income and expenditure account | 16 | (11,273) | (12,109) |
| Revaluation reserve | | 6,440 | 4,408 |
| Total Reserves | | (4,833) | (7,701) |

The financial statements on pages 34 to 62 were approved by the Board of Governors
On 12 December 2017 and signed on its behalf on that date by:

Alex Linkston
Chair

Mhairi Harrington
Principal

West Lothian College

STATEMENT OF CASH FLOWS

| | Year Ended 31 July 2017 £'000 | Year Ended 31 July 2016 £'000 |
|---|--|--|
| Cash flow from operating activities | | |
| Deficit for the year | (277) | (595) |
| Adjustment for non-cash items | | |
| Depreciation | 789 | 780 |
| Exceptional Impairment Loss | 1,921 | - |
| Deferred capital grants released to income | (2,511) | (590) |
| Decrease/(increase) in debtors | 218 | 244 |
| Increase/(decrease) in creditors due within one year | 413 | 136 |
| Increase/(decrease) in provisions | (200) | (202) |
| Pension costs less contributions payable | 524 | 379 |
| Adjustment for investing or financing activities | | |
| Investment income | (2) | (4) |
| Interest payable | 214 | 257 |
| Net cash inflow / (outflow) from operating activities | 1,089 | 405 |
| Cash flows from investing activities | | |
| Interest received | 2 | 4 |
| Capital grant receipts | 89 | 45 |
| Payments made to acquire fixed assets | (89) | (46) |
| | 2 | 3 |
| Cash flows from financing activities | | |
| Interest paid | - | (1) |
| Repayments of amounts borrowed | (158) | (158) |
| | (158) | (159) |
| Increase / (decrease) in cash and cash equivalents in the year | 933 | 249 |
| Cash and cash equivalents at start of the year | 597 | 348 |
| Cash and cash equivalents at end of the year | 1,530 | 597 |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2017

1 STATEMENT OF ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

a) Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015, and in accordance with Financial Reporting Standards FRS 102 and the 2016-17 Government Financial Reporting Manual (FReM) issued by the Scottish Government. They conform to the Accounts Direction and other guidance published by the Scottish Funding Council (FReM 2.2.6).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

b) Basis of Accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of surplus land and certain fixed assets.

The accounting policies contained in the FReM apply International Reporting Standards as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the College for the purposes of giving a true and fair view has been selected. The particular policies adopted by the College in dealing with items that are considered material to the financial statements are set out. (FReM 2.2.6).

c) Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Performance Report. The financial position of the College, its cash flow and liquidity are presented in the Financial Statements and accompanying Notes. The net liabilities are due to the reclassification of deferred Government grants as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

The College's forecasts and financial projections indicate that the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

d) Recognition of Income

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

Fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Comprehensive Income over the period in which students are studying.

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Income received in advance is recognised as deferred income within creditors on the balance sheet and then released to the Statement of Comprehensive Income in the period it is earned.

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

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

e) Grant Funding

Government revenue grants including the recurrent grants from the Scottish Funding Council are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

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

f) Capital Grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met,

g) Short Term Employment Benefits

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

h) Pension Schemes

Retirement benefits to employees of the College are provided by the Teachers' Superannuation Scheme (Scotland) (STSS) and the Lothian Pension Fund (LPF). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme until March 2016.

i) STSS

The College is unable to identify its share of the underlying assets and liabilities of the STSS on a consistent and reasonable basis and therefore, as required by FRS 102, accounts for the scheme as if it were a defined contribution scheme. The amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the year. The contributions are determined by qualified actuaries on the basis of periodic valuations using the projected unit method.

ii) LPF

The College's share of LPF scheme assets and liabilities are valued by the LPF actuary, Hymans Robertson. Contributions to the schemes are charged to the Statement of Comprehensive Income so as to spread the cost of pensions over employees working lives with the College. The contributions are determined by an actuary on the basis of triennial valuations. In accordance with FRS 102, the amount charged to the Statement of Comprehensive Income represents the service cost expected to arise from employee service in the current year.

The costs of enhanced early retirement benefits are borne directly by the College.

i) Tangible Fixed Assets

In line with the FReM all tangible assets must be carried at fair value.

i) Land and Buildings

Land and Buildings are measured using the revaluation model. Under the revaluation model assets are revalued to fair value. Where appropriate Depreciated Replacement cost has been used as a measure of fair value for land and buildings otherwise Market Value will be used. The College has a policy of ensuring a full revaluation takes place at least every 5 years such that the fair value is not materially different to the current value. Depreciation and impairment losses are subsequently charged on the revalued amount.

Freehold land is not depreciated as it is considered to have an indefinite useful life.

College buildings are depreciated over 30 years and transferred car parking areas are depreciated over 25 years, both commencing in the first full financial year after the date of transfer of the estate to public ownership (2 April 2007). Other additions to the estate are depreciated over 10 years from the date they are brought into use.

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

If a building is brought into use mid-way through a year the depreciation charge in the first year will be pro-rated to reflect the number of months the asset was in use.

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

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

ii) Equipment

Equipment is capitalised at cost and carried at depreciated historical cost, which is used as a proxy for fair value when it is expected to be in use within the business on a continuing basis for at least 3 years. Depreciated historical cost is deemed to be more appropriate than revaluing for equipment as it is common for such assets to reduce in value rather than to increase as they are utilised by the College (FReM 6.2). Capitalised equipment is depreciated over its useful economic life from the date it is brought into use as follows: -

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| | |
|--------------------|------------|
| Fixed Plant | 5-29 years |
| Furniture | 4 years |
| Equipment | 4 years |
| Computer equipment | 4 years |

Where equipment is brought into use mid-way through a year the depreciation charge in the first year will be pro-rated to reflect the number of months that the asset was in use. Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

iii) 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.

iv) Finance Leases

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

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

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

j) Maintenance of Premises

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

k) Stocks

The Board of Governors agree that stocks be written off in the year of acquisition on the basis of non-materiality.

l) Cash

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

m) Taxation

The College is an exempt charity within the meaning of the Trustee Investment and Charities (Scotland) Act 2005 and, as such is a charity within the meaning of section 506 (1) of the Income and Corporation Taxes Act (ICTA) 1988. The College is recognised as a charity by HM Revenue & Customs and is recorded on the index of charities maintained by the Office of Scottish Charity Regulator and therefore not liable for corporation tax.

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Non-recoverable Value Added Tax arising from expenditure on non-trading activities is charged to the Statement of Comprehensive Income.

The College benefits by being exempt from corporation tax on income it receives from tuition fees, interest and rents.

n) Provisions

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

o) Agency Arrangements

The College acts as an agent in the collection and payment of certain Student Support Funds. These funds are excluded from the College Statement of Comprehensive Income; movements have been disclosed in the notes. Where the College has more discretion in the manner in which specific funds are disbursed, and these funds do not meet the definition of agency funds, the income and expenditure relating to those funds is shown in the College Statement of Comprehensive Income.

p) Financial Instruments

The College only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and other loans to related parties.

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

q) Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management have made the following judgements:

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty

- Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account.

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability.

West Lothian College

2 SFC GRANTS

| | <i>Year Ended 31 July 2017 £'000</i> | <i>Year Ended 31 July 2016 £'000</i> |
|--|--|--|
| SFC Recurrent Grant (including fee waiver) | 9,823 | 9,524 |
| Childcare funds | 655 | 497 |
| Release of deferred capital grants (SFC) | 2,511 | 590 |
| Other SFC Grants | 636 | 350 |
| | 13,625 | 10,961 |

3 TUITION FEES AND EDUCATION CONTRACTS

| | <i>Year Ended 31 July 2017 £'000</i> | <i>Year Ended 31 July 2016 £'000</i> |
|---------------|--|--|
| FE Fees - UK | 852 | 820 |
| HE Fees - UK | 1,552 | 1,461 |
| SDS contracts | 616 | 444 |
| | 3,020 | 2,725 |

4 OTHER INCOME

| | <i>Year Ended 31 July 2017 £'000</i> | <i>Year Ended 31 July 2016 £'000</i> |
|------------------------------------|--|--|
| Residence and catering | 326 | 342 |
| European funds | 128 | 159 |
| Other income generating activities | 1,203 | 1,323 |
| Other income | 314 | 274 |
| | 1,971 | 2,098 |

5 INVESTMENT INCOME

| | <i>Year Ended 31 July 2017 £'000</i> | <i>Year Ended 31 July 2016 £'000</i> |
|---------------------------|--|--|
| Other Interest Receivable | 2 | 4 |
| | 2 | 4 |

West Lothian College

6 STAFF COSTS

The average weekly number of persons (including senior post-holders) employed by the College during the period was:

| | <i>Year Ended 31 July 2017 FTE</i> | <i>Year Ended 31 July 2016 FTE</i> |
|------------------------------------|--|--|
| Teaching departments | 160 | 161 |
| Teaching support services | 27 | 32 |
| Administration | 35 | 36 |
| Premises | 22 | 23 |
| Catering and residences | 9 | 8 |
| Other Income-generating activities | 16 | 18 |
| Other staff | 3 | 4 |
| | 272 | 282 |
| Analysed as: | | |
| Staff on permanent contracts | 245 | 246 |
| Staff on temporary contracts | 27 | 36 |
| | 272 | 282 |

| | <i>Year Ended 31 July 2017 £'000</i> | <i>Year Ended 31 July 2016 £'000</i> |
|--|--|--|
| Staff Costs for the above persons | | |
| Wages and salaries | 8,246 | 8,296 |
| Social security costs | 775 | 655 |
| Other pension costs | 1,902 | 1,677 |
| Restructuring costs | 10 | 2 |
| | 10,933 | 10,630 |
| Analysed as: | | |
| Staff on permanent contracts | 9,255 | 9,022 |
| Staff on temporary contracts | 1,144 | 1,227 |
| Pension charge less contributions paid | 524 | 379 |
| Restructuring costs | 10 | 2 |
| | 10,933 | 10,630 |

West Lothian College

| | <i>Year Ended 31 July 2017 £'000</i> | <i>Year Ended 31 July 2016 £'000</i> |
|--|--|--|
| Analysed as: | | |
| Teaching departments | 6,482 | 6,412 |
| Teaching support services | 946 | 950 |
| Administration | 1,447 | 1,343 |
| Premises | 576 | 550 |
| Catering and residences | 192 | 171 |
| Other income-generating activities | 661 | 722 |
| Other staff | 95 | 101 |
| Pension charge less contributions paid | 524 | 379 |
| Restructuring costs | 10 | 2 |
| | 10,933 | 10,630 |

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Team which comprises the Principal and three Assistant Principals.

Emoluments of Key management personnel, Accounting Officer and other higher paid staff

The number of key management personnel including the Accounting Officer was:

| 2017 | 2016 |
|------|------|
| No. | No. |
| 4 | 4 |

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

| | <i>Key management personnel</i> | | <i>Other staff</i> | |
|----------------------|---------------------------------|-------------|--------------------|-------------|
| | <i>2017</i> | <i>2016</i> | <i>2017</i> | <i>2016</i> |
| | <i>No.</i> | <i>No.</i> | <i>No.</i> | <i>No.</i> |
| £60,001 to £70,000 | 2 | 3 | - | - |
| £100,001 to £110,000 | 1 | 1 | - | - |
| | 3 | 4 | - | - |

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Key management personnel emoluments are made up as follows:

| | 2017 | 2016 |
|-----------------------|--------------|-------|
| | £'000 | £'000 |
| Salaries | 284 | 304 |
| Benefits in kind | - | - |
| | 284 | 304 |
| Pension contributions | 50 | 53 |
| Total emoluments | 334 | 357 |

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place. The above emoluments include amounts payable to the Accounting officer (who is also the highest paid officer) of:

| | 2017 | 2016 |
|-----------------------|--------------|-------|
| | £'000 | £'000 |
| Salaries | 110 | 108 |
| Benefits in kind | - | - |
| | 110 | 108 |
| Pension contributions | 19 | 18 |
| Total emoluments | 129 | 126 |

Compensation for loss of office paid to former key management personnel

| | 2017 | 2016 |
|---|--------------|-------|
| | £'000 | £'000 |
| Compensation paid to former post-holders | - | - |
| Estimated value of other benefits, including provision for pension benefits | - | - |

Overseas Activities

The following costs were incurred during 2016-17 in respect of overseas activities which were carried out in accordance with the strategy approved by the board of governors:

| | Total Cost £ | Contribution Received £ | Net Costs To College £ |
|---------------------|-----------------|----------------------------|---------------------------|
| Members | - | - | - |
| Senior post-holders | - | - | - |
| Other staff | 57,867 | - | 57,867 |

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7 OTHER OPERATING EXPENSES

| | <i>Year Ended 31 July 2017 £'000</i> | <i>Year Ended 31 July 2016 £'000</i> |
|------------------------------------|--|--|
| Teaching departments | 603 | 593 |
| Teaching support services | 270 | 349 |
| Administration | 1,353 | 1,276 |
| Premises | 1,233 | 993 |
| Catering | 170 | 165 |
| Other income generating activities | 494 | 591 |
| Overspend on student support funds | - | - |
| Childcare fund costs | 655 | 497 |
| Other | 260 | 252 |
| | 5,038 | 4,716 |

Other Operating Expenses (Administration) include:

| | | |
|---|-----------|-----------|
| Auditors Remuneration (including irrecoverable VAT) | | |
| - Internal audit | 33 | 27 |
| - External audit | 13 | 13 |
| Other services provided by: | | |
| - Internal audit | - | - |
| - External audit | - | - |
| - | | |
| | 46 | 40 |

8 INTEREST PAYABLE

| | <i>Year Ended 31 July 2017 £'000</i> | <i>Year Ended 31 July 2016 £'000</i> |
|---|--|--|
| On bank loans, overdrafts and other loans | - | 1 |
| Pension finance costs | 214 | 256 |
| | 214 | 257 |

9 TAXATION

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

West Lothian College

10 FIXED ASSETS

| | <i>Land & Buildings Freehold £'000</i> | <i>Fixed Plant £'000</i> | <i>Equipment £'000</i> | <i>Total £'000</i> |
|---|--|------------------------------|----------------------------|------------------------|
| Cost or valuation | | | | |
| At 31 July 2016 | 19,782 | 1,738 | 573 | 22,093 |
| Additions | 34 | - | 55 | 89 |
| Disposals | - | (3) | (562) | (565) |
| On Revaluation | (1,160) | 63 | - | (1,097) |
| At 31 July 2017 | 18,656 | 1,798 | 66 | 20,520 |
| Depreciation | | | | |
| At 31 July 2016 | 1,311 | 160 | 562 | 2,033 |
| Charge for Period | 634 | 148 | 7 | 789 |
| Disposals | - | (3) | (562) | (565) |
| On Revaluation | (1,104) | (293) | | (1,397) |
| At 31 July 2017 | 841 | 12 | 7 | 860 |
| Net Book Value At 31 July 2017 | 17,815 | 1,786 | 59 | 19,660 |
| Net Book Value At 31 July 2016 | 18,471 | 1,578 | 11 | 20,060 |
| Financed by: Capital Grant | 17,815 | 1,786 | 59 | 19,660 |

The College's land and buildings were independently valued by GVA James Barr as at 31 July 2017. This valuation has been incorporated into these financial statements. The basis of valuation adopted was depreciated replacement cost. Had they not been re-valued, inherited and owned land, buildings and fixed plant would have had an historic net book value of £16,709,000 (2016: £17,268,000).

West Lothian College

11 TRADE AND OTHER RECOVERABLES

| | <i>Year Ended 31 July 2017 £'000</i> | <i>Year Ended 31 July 2016 £'000</i> |
|--------------------------------|--|--|
| Trade Debtors | 328 | 338 |
| European Funding | - | (2) |
| Prepayments and accrued income | 171 | 361 |
| Amounts Owed by SFC | 60 | 80 |
| | 559 | 777 |

12 CREDITORS: Amounts falling due within one year

| | <i>Year Ended 31 July 2017 £'000</i> | <i>Year Ended 31 July 2016 £'000</i> |
|---|--|--|
| Trade Creditors | 437 | 542 |
| Taxation and Social Security | 383 | 345 |
| Accruals and Deferred income | 554 | 714 |
| Deferred Income – Deferred capital grant < 1 Year | 457 | 590 |
| Deferred Income – SFC capital grants | 5 | 69 |
| Deferred Income – SFC revenue grants | 870 | 200 |
| Amounts Owed to SFC | 158 | 158 |
| Unspent Student Funds | 59 | 25 |
| | 2,923 | 2,643 |

13 CREDITORS: Amounts falling due after one year

| | <i>Year Ended 31 July 2017 £'000</i> | <i>Year Ended 31 July 2016 £'000</i> |
|--------------------------------------|--|--|
| Amounts Owed to SFC | 2,527 | 2,685 |
| Deferred Income – SFC Capital grants | 12,763 | 15,052 |
| | 15,290 | 17,737 |

West Lothian College

14 MATURITY OF DEBT

SFC Loan is repayable as follows:

| | Year Ended 31 July 2017 £'000 | Year Ended 31 July 2016 £'000 |
|----------------------------|--|--|
| In one year or less | 158 | 158 |
| Between one and two years | 158 | 158 |
| Between two and five years | 632 | 632 |
| In five years or more | 1,737 | 1,895 |
| | 2,685 | 2,843 |

The College voluntarily terminated its PFI contract in April 2007, at which point the title of the College buildings transferred to the College. The College received total funding from SFC in April 2007 of £27.7million to enable it to terminate the contract. This comprised a grant of £22.16million and a repayable advance of £5.54million representing the College's own contribution towards the cost of the assets previously held under the PFI contract.

The £5.54million advance is interest free and was repayable in equal instalments over 16 years. The first repayment was made in August 2010 and at 31 July 2017 the amount outstanding was £2,684,929. In March 2014 the College made an upfront payment of £650,000 towards the loan and negotiated a reduced annual payment of £157,937 per annum with the Scottish Funding Council from April 2015.

15 PROVISIONS

| | Defined Benefit Obligations £'000 | Early Retirement Provision £'000 | Other Provision £'000 | Year Ended 31 July 2017 £'000 |
|---------------------------|--|---|--------------------------------------|--|
| At 1 August 2016 | 4,799 | 3,956 | - | 8,755 |
| Expenditure in the period | (670) | (200) | - | (870) |
| Additions in period | 287 | 197 | - | 484 |
| At 31 July 2017 | 4,416 | 3,953 | - | 8,369 |

Defined benefit obligations relate to liabilities under the College's membership of the Local Government pension scheme. Further details are given at Note 18.

The early retirement provision is in accordance with a valuation carried out by Hymans Robertson, an independent firm of actuaries at 31 July 2017.

West Lothian College

16 RESERVES

Analysis of income and expenditure account

| | <i>I&E Account Trading Activities</i> | <i>I&E Account Holiday Pay</i> | <i>I&E Account PFI Loan</i> | <i>I&E Account Early Retirement</i> | <i>I&E Account Defined Benefit Pension</i> | <i>Total</i> |
|---|---|--|---|---|--|-----------------|
| | <i>£'000</i> | <i>£,000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| At 31 July 2016 | (341) | (170) | (2,843) | (3,956) | (4,799) | (12,109) |
| Total comprehensive income for the year (excluding revaluation) | 428 | 33 | - | (197) | 383 | 647 |
| Transfer from Revaluation Reserve | 189 | - | - | - | - | 189 |
| Repayments of PFI loan | (158) | | 158 | - | - | - |
| Payments for early retirement | (200) | - | | 200 | - | - |
| At 31 July 2017 | (82) | (137) | (2,685) | (3,953) | (4,416) | (11,273) |

17 CASH AND CASH EQUIVALENTS

| | <i>At 1 August 2016 £'000</i> | <i>Cash Flows £'000</i> | <i>Other £'000</i> | <i>At 31 July 2017 £'000</i> |
|------------------------|---------------------------------------|-----------------------------|------------------------|--------------------------------------|
| Cash | 597 | 933 | - | 1,530 |
| Debt due within 1 year | (158) | 158 | (158) | (158) |
| Debt due after 1 year | (2,685) | - | 158 | (2,527) |
| | (2,246) | 1,091 | - | (1,155) |

West Lothian College

18 PENSION COMMITMENTS

The College's employees belong to two principal pension schemes: the Scottish Teachers' Superannuation Scheme (STSS), and the Lothian Pension Fund (LPF).

| Total pension cost for the period | Year Ended 31 July 2017 £'000 | Year Ended 31 July 2016 £'000 |
|---|--|--|
| STSS contributions paid | 708 | 694 |
| LPF Pension scheme: Contributions paid | 670 | 604 |
| FRS 102 (28) charge | 524 | 379 |
| Charge to the Statement of Comprehensive Income | 1,194 | 983 |
| Total Pension Cost for the period within staff costs | 1,902 | 1,677 |

Contributions amounting to £113,000 (2016 £107,000) were payable to the schemes at 31 July and are included within creditors.

Scottish Teachers Superannuation Scheme

The Scottish Teachers' Superannuation Scheme is a notional fund valued every year by the Government actuary. Contributions are paid by the College at the rate specified. The Scheme is unfunded and contributions are made to the Exchequer. The payments from the scheme are made from funds voted by the Scottish Parliament. The contribution rate payable by the employer since 1 April 2015 is 17.2% of pensionable salaries.

Under the definitions set out in Financial Reporting Standard 102 (28.11) (FRS 102), the STSS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the College has taken advantage of its exemption in FRS 102 and has accounted for its contributions as if it were a defined contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

Lothian Pension Fund Scheme

The Lothian Pension Fund is valued every three years by professionally qualified independent actuaries using the projected unit credit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the LPF actuary reviews the progress of the LPF scheme.

The Lothian Pension Fund is a funded defined-benefit plan, with assets held in separate funds administered by City of Edinburgh Council. The total contributions made for the year ended 31 July 2017 were £872,000 and employees' contributions totalled £202,000. The agreed contribution rates for future years are 18.3% for employers and range from 5.5% to 11.2% for employees, depending on salary.

West Lothian College

Principal Actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2014 updated to 31 July 2017 by a qualified independent actuary.

| | At 31 July 2017 | At 31 July 2016 |
|---|--------------------|--------------------|
| Rate of increase in salaries | 4.5% | 4.4% |
| Future pensions increases | 2.5% | 1.9% |
| Discount rate for scheme liabilities | 2.7% | 2.4% |
| Inflation assumption (CPI) | 2.4% | 1.9% |
| Commutation of pensions – pre April 2009 | 50% | 50% |
| Commutation of pensions – post April 2009 | 75% | 75% |

The current mortality assumptions include sufficient allowance for future improvements in mortality rate. The assumed life expectations on retirement at age 65 are:

| | Males | Females |
|--------------------|------------|------------|
| Current pensioners | 22.1 years | 23.7 years |
| Future pensioners | 24.2 years | 26.3 years |

The College's share of assets in the scheme and the expected rate of return are:

| | <i>Long term rate of return</i> | Fair Value at 31 July 2017 £'000 | <i>Long term rate of return</i> | Fair Value at 31 July 2016 £'000 |
|--|---|--|---|--|
| Equities | 2.7% | 15,572 | 2.4% | 11,688 |
| Bonds | 2.7% | 2,396 | 2.4% | 3,609 |
| Property | 2.7% | 1,198 | 2.4% | 1,375 |
| Cash | 2.7% | 798 | 2.4% | 516 |
| Total fair value of employer assets | | 19,964 | | 17,188 |
| Actual return on employer assets | | 2,116 | | 3,076 |

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The amount included in the balance sheet in respect of the defined benefit pension plan is as follows:

| | Year Ended 31 July 2017 £'000 | Year Ended 31 July 2016 £'000 |
|-------------------------------------|-------------------------------------|-------------------------------------|
| Fair value of employer assets | 19,964 | 17,188 |
| Present value of funded liabilities | (24,380) | (21,987) |
| Net Pension Liability | (4,416) | (4,799) |

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

| | Year Ended 31 July 2017 £'000 | Year Ended 31 July 2016 £'000 |
|--|-------------------------------------|-------------------------------------|
| Amounts included in staff costs | | |
| Current service cost | 1,194 | 983 |
| Past service cost | - | - |
| Total | 1,194 | 983 |

| | | |
|--|------------|------------|
| Amounts included in Pension Costs | | |
| Net pension costs | 121 | 138 |
| Total | 121 | 138 |

| | | |
|---|--------------|--------------|
| Amounts recognised in Other Comprehensive Income | | |
| Return on pension assets | 1,696 | 2,578 |
| Experience gains arising on defined benefit obligations | - | 172 |
| Changes in assumptions underlying the present value of scheme liabilities | (668) | (3,390) |
| Total | 1,028 | (640) |

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| Movement in net defined benefit (liability) during year | Year Ended 31 July 2017 £'000 | Year Ended 31 July 2016 £'000 |
|--|--|--|
| Net defined benefit (liability) at start of period | (4,799) | (3,642) |
| Movement in period: | | |
| Current service costs | (1,194) | (983) |
| Employer contributions | 670 | 604 |
| Net interest on the defined liability | (121) | (138) |
| Actuarial gain or loss | 1,028 | (640) |
| Net defined benefit (liability) at end of period | (4,416) | (4,799) |

Asset and Liability Reconciliation

| Changes in fair value of plan assets | Year Ended 31 July 2017 £'000 | Year Ended 31 July 2016 £'000 |
|---|--|--|
| Fair value of plan assets at start of period | 17,188 | 13,556 |
| Interest on plan assets | 420 | 498 |
| Return on plan assets | 1,696 | 2,578 |
| Employer contributions | 670 | 604 |
| Contributions by plan participants | 202 | 196 |
| Benefits paid | (212) | (244) |
| Fair value of plan assets at end of period | 19,964 | 17,188 |

| Changes in the present value of defined benefit obligations | Year Ended 31 July 2017 £'000 | Year Ended 31 July 2016 £'000 |
|--|--|--|
| Defined benefit obligation at start of period | 21,987 | 17,198 |
| Current service cost | 1,194 | 983 |
| Interest cost | 541 | 636 |
| Contributions by plan participants | 202 | 196 |
| Experience gains / losses on defined benefit obligations | - | (172) |
| Changes in financial assumptions | 668 | 3,390 |
| Benefits paid | (212) | (244) |
| Defined benefit obligation at end of period | 24,380 | 21,987 |

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19 FINANCIAL ASSETS AND LIABILITIES

Financial Assets

Financial assets that are debt instruments measured at amortised cost totalled £388,000 (2016: £418,000) at the balance sheet date. This comprises trade debtors and amounts owed by SFC.

Financial Liabilities

Financial liabilities measured at amortised cost totalled £3,735,000 (2016: £4,124,000) at the balance sheet date. This comprises trade creditors, accruals, unspent student funds and amounts owed to SFC.

20 LOSSES AND SPECIAL PAYMENTS

Above SFC annual reporting requirements

| | SFC Requirement Per Instance | 2017 Number | 2017 £Total |
|------------------------------|---|------------------------|------------------------|
| Debt write-off | £3,000 | - | - |
| Cash losses | £3,000 | - | - |
| Voluntary severance payments | £1,000 | - | - |
| Compensation payments | £5,000 | - | - |

21 CAPITAL COMMITMENTS

At 31 July the College had commitments of a capital nature as follows:

| | 2017 £000 | 2016 £000 |
|------------------------------|----------------------|----------------------|
| Committed but not contracted | 50 | - |
| Committed and contracted | 6 | 20 |

The committed not contracted value relates to the planned purchase of an IT backup and restore solution. The committed and contracted amount relates to residual commitments in respect of the extension works to the Skills Workshop and Gym Hall areas completed two years ago.

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22 LEASE OBLIGATIONS

At 31 July the College had minimum lease payments under non-cancellable operating leases as follows:

| | 2017 £'000 | 2016 £000 |
|-------------------------------------|---------------|--------------|
| Other | | |
| Expiring within one year | 23 | 36 |
| Expiring between one and five years | 23 | - |
| Expiring in more than five years | - | - |
| | 46 | 36 |

During 2016/17 the College paid £36,000 in operating lease rentals.

23 CONTINGENT LIABILITIES

There were no contingent liabilities at Balance Sheet date.

24 RELATED PARTY TRANSACTIONS

Owing to the nature of the College's operations and the composition of the board of governors being drawn from local public and private organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

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

| Name | Organisation | Position |
|------------------|--------------------------------|---|
| Mr Frank Gribben | National Galleries of Scotland | Business and Strategic Planning Advisor (On secondment from University of Edinburgh until 31 December 2016) |
| Mr Graham Hope | West Lothian Council | Chief Executive |
| Mr Ian McIntosh | Edinburgh Napier University | Assistant Principal |

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The value of the transactions due to/by the College for the twelve months ended 31 July 2017, and the amount outstanding at this date was as follows:

| Organisation | Year ended 31 July 2017 | | Year ended 31 July 2016 | |
|-----------------------------|--------------------------------------|------------------------------|--------------------------------------|------------------------------|
| | Total Value of Transactions £'000 | Balance Outstanding £'000 | Total Value of Transactions £'000 | Balance Outstanding £'000 |
| Due to WLC | | | | |
| West Lothian Council | 134 | 24 | 347 | 10 |
| Edinburgh Napier University | 352 | 4 | 293 | 76 |
| Due by WLC | | | | |
| University of Edinburgh | 2 | - | 5 | - |
| West Lothian Council | 107 | 54 | 192 | 32 |
| Edinburgh Napier University | 2 | - | 2 | - |

The total expenses paid to or on behalf of the Governors during the year was £500 ; 2 governors (2016: £1,000 ; 3 governors). This represents travel and subsistence expenses and other out of pocket expenses in attending Governor meetings and other events in their official capacity.

The Chairs of the Board received a salary in accordance with the directions issued by the Scottish Government. The total paid to the Chairs over the period was £21,000 (2016: £13,000)

West Lothian College

25 FE BURSARIES AND OTHER STUDENT SUPPORT FUNDS

| | FE Bursary £'000 | FE Discr'y £'000 | EMAs £'000 | Other £'000 | 2016-17 Total £'000 | 2015-16 Total £'000 |
|------------------------------|------------------------|------------------------|---------------|----------------|------------------------------------|---------------------------|
| Balance b/fwd | 17 | - | 8 | - | 25 | 109 |
| Allocations received in year | 2,477 | 179 | 266 | 151 | 3,074 | 2,719 |
| Expenditure | (1,903) | (505) | (297) | (151) | (2,857) | (2,680) |
| Repaid to SFC | (18) | - | (8) | - | (26) | (52) |
| College Contribution | - | - | - | - | - | - |
| Virements | (514) | 326 | - | - | (188) | (71) |
| Balance c/fwd | 59 | - | (31) | - | 28 | 25 |

Residual cash balances and the corresponding creditor / (debtor) are included in the balance sheet. FE Bursaries and Student Support Funds are available solely for students; the College acts only as paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

26 CHILDCARE FUNDS

| | 2016-17 £'000 | 2015-16 £'000 |
|------------------------------|--------------------------|------------------|
| Balance b/fwd | - | - |
| Allocations received in year | 467 | 426 |
| Expenditure | (655) | (497) |
| College contribution | - | - |
| Virements | 188 | 71 |
| Balance c/fwd | - | - |

Residual cash balances and the corresponding creditor are included in the balance sheet. Childcare Funds are reported gross in the Statement of Comprehensive Income.

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27 POST BALANCE SHEET EVENTS

There have been no significant post balance sheet events.

28 NON-CASH ALLOCATION

| | 2016-17 £'000 | 2015-16 £'000 |
|--|------------------|------------------|
| Surplus / (deficit) before other gains and losses (FE/HE SORP basis) | (277) | (595) |
| Add back: Non-cash pension adjustments for the Lothian Pension Fund | 645 | 517 |
| Add back: Non-cash allocation for depreciation (net of deferred capital grant) | 191 | 190 |
| Operating surplus on Central Government accounting basis | 559 | 112 |

Following reclassification, colleges received additional non-cash budget to cover depreciation and pension adjustments but this additional budget is not recognised under the FE/HE SORP accounting rules. As a result, colleges show a deficit equivalent to net depreciation and pension adjustments (where funds are spent on revenue items) in order to meet Government accounting rules and the requirement to spend the entire cash allocation.

Under the FE/HE SORP, the college recorded an operating deficit of £277,000 for the year ended 31 July 2017. After taking account of the Government non-cash budget, the college shows an "adjusted" surplus of £559,000 on a Central Government accounting basis. This demonstrates that the college is operating sustainably within its funding allocation.

Appendix 1

Accounts Direction

The following note is taken from the 2016-17 SFC Accounts Directions and has been included as required by SFC. It does not form part of the Financial Statements.

2016-17 Accounts direction for Scotland's colleges and universities

- 1 It is the Scottish Funding Council's direction that colleges comply with the 2015 *Statement of Recommended Practice: Accounting for Further and Higher Education* (SORP) in preparing their annual report and accounts.
- 2 Colleges 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 (for assigned colleges).
- 3 Incorporated colleges are also required to comply with the Government Financial Reporting Manual 2016-17 (FReM) where applicable.
- 4 Incorporated colleges are reminded that they must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2017.
- 5 The annual report and accounts should be signed by the chief executive officer and by the chair, or one other member of the governing body.
- 6 Incorporated colleges should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council
30 June 2017

West Lothian College

20 November 2017

Finance and General Purposes Committee**Reconciliation of Final Outturn for 2016-17 with Forecast at June 2017**

The management accounts for the eleven month period ended 30 June 2017 and a forecast for the twelve month financial year to 31 July 2017 were presented to the Finance & General Purposes Committee meeting of 17 August 2017. This paper reconciles the forecast position to the final accounts for 2016-2017.

The operating result for the College for the twelve months to 31 July 2017 was a surplus of £647k which compared with a deficit of £472k forecast in the June 2017 Management Accounts. The change of £1,119k was due to the following:

| | Variance at June 2017 £'000 | Variance at Final Outturn £'000 | Difference £'000 |
|-------------------------------|--------------------------------------|--|---------------------|
| Income Related | | | |
| Grant in Aid | 84 | 146 | +62 |
| Fees | 307 | 318 | +11 |
| SDS Contracts | 140 | 103 | -37 |
| Income Generation | 24 | 35 | +11 |
| European grants | 43 | 55 | +12 |
| Other income | 105 | 120 | +15 |
| Other SFC funding | 165 | 94 | -71 |
| | 868 | 871 | +3 |
| Expenditure Related | | | |
| Salaries | (37) | (53) | -16 |
| Supplies | (394) | (397) | -3 |
| Holiday Pay Accrual | (127) | 6 | +133 |
| Interest (Net) | - | (1) | -1 |
| Deferred Grant & Depreciation | - | (9) | -9 |
| Investment funds | (108) | (50) | +58 |
| | (666) | (504) | +162 |
| Pension Related | | | |
| FRS102 LPF | (143) | 907 | +1,050 |
| Early retirement provision | 25 | (71) | -96 |
| | (118) | 836 | +954 |
| | | | |
| | 84 | 1,203 | 1,119 |

West Lothian College

20 November 2017

Comments on specific variances

Changes in income variances

Grant in Aid was £62k better than forecast as a result of additional SFC grant received in July in respect of the lecturers pay award. SDS Modern Apprenticeship and Employability Fund contract income was lower than forecast due to a lower than expected level of claims in July. Other SFC funding was lower than forecast due to a lower level of estates grant being released at end of July.

Changes in expenditure variances

Restructuring costs were £133k better than forecast due to the holiday pay provision at the end of July being much lower than expected.

Investment Fund spending was lower than forecast due to a combination of late delivery of goods, causing spend to be delayed until after the July year-end, and decisions not to proceed.

Changes in pensions variances

The Lothian Pension Fund liability and early retirement provision variances at June 2017 were based on the FRS102 projections by the scheme actuaries Hyman Robertson in their report for the 2016 accounts. The differences between costs projected and final were almost exclusively the result of actuarial gains and losses.

Action

For information

Jennifer McLaren

Vice Principal, Finance & Curriculum Services
20 November 2017

Summary
as at 2016/012

| | BUDGET FOR YEAR | ACTUAL | BUDGET TO DATE | VARIANCE |
|--|-------------------|-------------------|-------------------|------------------|
| INCOME | | | | |
| Grant in Aid | 9,676,382 | 9,822,400 | 9,676,382 | 146,018 |
| Fees | 2,085,729 | 2,403,584 | 2,085,729 | 317,855 |
| SDS Contracts | 512,807 | 616,096 | 512,807 | 103,289 |
| Income Generation | 1,169,400 | 1,203,763 | 1,169,400 | 34,363 |
| European Funds | 72,809 | 127,925 | 72,809 | 55,116 |
| Other Income | 520,042 | 639,970 | 520,042 | 119,928 |
| Other SFC Funding | 542,026 | 635,917 | 542,026 | 93,891 |
| | <u>14,579,195</u> | <u>15,449,655</u> | <u>14,579,195</u> | <u>870,460</u> |
| EXPENDITURE | | | | |
| SALARIES | | | | |
| Teaching Centres | 5,391,131 | 5,445,301 | 5,391,131 | -54,170 |
| Teaching Support | 942,918 | 983,751 | 942,918 | -40,834 |
| Administration | 1,526,582 | 1,473,868 | 1,526,582 | 52,713 |
| Commercial & Enterprise | 1,840,325 | 1,799,539 | 1,840,325 | 40,786 |
| Other Activities | 99,862 | 119,251 | 99,862 | -19,389 |
| Estates | 743,009 | 775,415 | 743,009 | -32,406 |
| | <u>10,543,826</u> | <u>10,597,126</u> | <u>10,543,826</u> | <u>-53,299</u> |
| SUPPLIES & SERVICES | | | | |
| Teaching Centres | 429,320 | 356,336 | 429,320 | 72,984 |
| Teaching Support | 255,573 | 233,163 | 255,573 | 22,410 |
| Administration | 1,222,328 | 1,323,693 | 1,222,328 | -101,365 |
| Commercial & Enterprise | 628,068 | 639,421 | 628,068 | -11,353 |
| Other Activities | 85,541 | 159,729 | 85,541 | -74,188 |
| Estates | 1,091,011 | 1,396,291 | 1,091,011 | -305,280 |
| | <u>3,711,841</u> | <u>4,108,632</u> | <u>3,711,841</u> | <u>-396,791</u> |
| | | | | |
| TOTAL EXPENDITURE | <u>14,255,667</u> | <u>14,705,758</u> | <u>14,255,667</u> | <u>-450,091</u> |
| | | | | |
| TRADING SURPLUS (DEFICIT) | <u>323,528</u> | <u>743,897</u> | <u>323,528</u> | <u>420,370</u> |
| RESTRUCTURING | | | | |
| Voluntary Severance | 0 | -4,500 | 0 | -4,500 |
| Redundancy Act | 0 | -13,224 | 0 | -13,224 |
| Apprenticeship Levy | 0 | -9,124 | 0 | -9,124 |
| Holiday Pay Accrual | 0 | 32,665 | 0 | 32,665 |
| | <u>0</u> | <u>5,817</u> | <u>0</u> | <u>5,817</u> |
| INTEREST | | | | |
| Interest Receivable | 2,400 | 1,787 | 2,400 | -613 |
| Interest Payable | 0 | 0 | 0 | 0 |
| | <u>2,400</u> | <u>1,787</u> | <u>2,400</u> | <u>-613</u> |
| DEFERRED GRANT & DEPRECIATION | | | | |
| Release of Deferred Grant | 589,909 | 2,510,879 | 589,909 | 1,920,970 |
| Depreciation | -779,936 | -2,709,749 | -779,936 | -1,929,813 |
| | <u>-190,027</u> | <u>-198,870</u> | <u>-190,027</u> | <u>-8,843</u> |
| STUDENT FUNDS | | | | |
| Student Funds Income | 3,295,171 | 3,511,618 | 3,295,171 | 216,447 |
| Student Funds Expenditure | -3,295,171 | -3,511,618 | -3,295,171 | -216,447 |
| | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| INVESTMENT FUND | | | | |
| College Spend | -50,000 | -99,696 | -50,000 | -49,696 |
| Transfer to ALF | 0 | 0 | 0 | 0 |
| | <u>-50,000</u> | <u>-99,696</u> | <u>-50,000</u> | <u>-49,696</u> |
| | | | | |
| COLLEGE SURPLUS (DEFICIT) | <u>85,901</u> | <u>452,935</u> | <u>85,901</u> | <u>367,034</u> |
| PENSION | | | | |
| FRS102 LPF | -524,000 | 383,000 | -524,000 | 907,000 |
| Early Retirement Provision | -118,000 | -188,937 | -118,000 | -70,937 |
| | <u>-642,000</u> | <u>194,063</u> | <u>-642,000</u> | <u>836,063</u> |
| | | | | |
| FRS102 SURPLUS (DEFICIT) | <u>-556,099</u> | <u>646,998</u> | <u>-556,099</u> | <u>1,203,097</u> |
| Transfer (to)/from pension reserve | 524,000 | -383,000 | 524,000 | -907,000 |
| Transfer (to)/from revaluation reserve | 189,696 | 189,696 | 189,696 | 0 |
| | | | | |
| AMOUNT CARRIED FORWARD TO I&E | <u>157,597</u> | <u>453,694</u> | <u>157,597</u> | <u>296,098</u> |

West Lothian College

20 November 2017

Finance & General Purposes Committee

Credit Claim 2016-2017

The attached certificate shows that the College delivered 1% above target in relation to the Credit claim for academic year 2016-2017.

Action

For information

Jennifer McLaren

Vice Principal, Finance & Curriculum Services
20 November 2017

College certificate

Scottish Funding Council

Apex 2

97 Haymarket Terrace

Edinburgh

EH12 5HD

I confirm that the FES return contains details of all Credits claimed in respect of fundable programmes relating to college activity in AY 2016-17. I also confirm that I am satisfied that the information supplied in the FES return is free from material misstatement. I confirm that the figures include, where appropriate, any adjustments identified from our auditors' review. The total number of Credits claimed is as follows:

| Baseline Credits target | ESF credits target (where applicable) | Total Credits funding claimed - Baseline + ESF (where applicable) |
|-------------------------|--|--|
| 42,527 | 972 | 44085 |

College name: West Lothian College.....

College Principal's signature: *M. Hamington*Date: *5th October 2017*

Please return your completed form to:

Kenny Wilson, Senior Policy/Analysis Officer, Funding Policy, Scottish Funding Council, Apex 2, 97 Haymarket Terrace, Edinburgh, EH12 5HD by **29 September 2017**.

West Lothian College

20 November 2017

Finance & General Purposes Committee**October 2017 Management Accounts****Introduction**

The October 2017 Management Accounts show comparisons of actual with budget income and expenditure for the three-month period ended 31 October 2017 and a forecast for the year to 31 July 2018.

Financial Results

The net trading position at 31 October 2017 is:

| | Actual £'000 | Budget £'000 | Variance £'000 |
|------------------------------------|-------------------------|-------------------------|---------------------------|
| Income | 5,187 | 4,939 | +248 |
| Expenditure | 4,263 | 3,996 | -267 |
| Trading Surplus/(Deficit) | 924 | 943 | -19 |
| Net I&E Transfer Surplus/(Deficit) | 893 | 938 | -45 |
| Net I&E Transfer % of Income | 17.2% | 19.0% | -1.8% |

The forecast outturn for the year to 31 July 2018 is:

| | Forecast £'000 | Budget £'000 | Variance £'000 |
|------------------------------------|---------------------------|-------------------------|---------------------------|
| Income | 16,668 | 15,645 | +1,023 |
| Expenditure | 16,317 | 15,294 | -1,023 |
| Trading Surplus /(Deficit) | 351 | 351 | +0 |
| Net I&E Transfer Surplus/(Deficit) | 106 | 158 | -52 |
| Net I&E Transfer % of Income | 0.6% | 1.0% | -0.4% |

The most significant variances are detailed below:

| Analysis of Income Variances | To Date £'000 | Forecast £'000 |
|--|--------------------------|---------------------------|
| Grant In Aid | - | - |
| Fees | (82) | - |
| Skills Development Scotland (SDS) Contracts | (314) | - |
| Income Generation | (50) | (50) |
| European Funds | 5 | - |
| Other income | 2 | 5 |
| Other Scottish Funding Council (SFC) funding | 687 | 1,068 |
| | 248 | 1,023 |

West Lothian College

20 November 2017

| Analysis of Expenditure Variances | To Date £'000 | Forecast £'000 |
|-----------------------------------|------------------|-------------------|
| Salary costs | 12 | (350) |
| Teaching Centres supplies | 130 | (22) |
| Teaching Support supplies | 55 | - |
| Administration supplies | 58 | - |
| Commercial & Enterprise supplies | 96 | 61 |
| Other Activity supplies | 6 | - |
| Estates & Catering supplies | (624) | (712) |
| | (267) | (1,023) |

Comment on Specific Variances:

| Teaching Centres | | To Date £'000 | Forecast £'000 |
|-------------------------|------|------------------|-------------------|
| | | +181 | +20 |
| Areas of Concern | None | | |

Full-time HE fees are currently £38k better than budget, part-time FE fees £36k worse and part-time HE fees £10k worse. CITB contracts worth approximately £45k have still to be invoiced and transferred to the accounts.

Staff costs are £37k lower than budget and this is forecast to outturn £20k below budget by the end of July. Significant variances in the Computing & Engineering and Hospitality & Community centres will be investigated.

Supplies budgets are currently £130k underspent but are expected to outturn £22k worse than budget by the year-end due to a payment of SFC ESOL grant to West Lothian Council of in respect of community ESOL activities.

| Teaching Support | | To Date £'000 | Forecast £'000 |
|-------------------------|------|------------------|-------------------|
| | | +48 | -9 |
| Areas of Concern | None | | |

This category is on target

| Administration | | To Date £'000 | Forecast £'000 |
|-------------------------|-------------|------------------|-------------------|
| | | +30 | -23 |
| Areas of Concern | Staff costs | | |

Additional agency and casual staff costs are being incurred in a number of support areas to cover for maternity leave and to cope with early session

West Lothian College

20 November 2017

demand on services. This is not expected to continue beyond the first semester.

| Commercial & Enterprise | | To Date £'000 | Forecast £'000 |
|------------------------------------|--|------------------|-------------------|
| | | -222 | +36 |
| Areas of Concern | SDS Foundation Apprentice contract income Flexible Workforce Development Fund | | |

Fees are £74k behind budget but this is mainly due to the BA in Business Management courses where enrolments are still to be confirmed with Napier. The College has three SDS Foundation Apprentice contracts running this year covering nine different frameworks. The funding for these are paid when prescribed milestones are achieved but the milestone payments due in October have not yet been received. Children's Hearings Scotland venue cost recoveries are lower than expected but these are equally matched by a reduction in venue hire costs.

Since the budget was approved SFC has announced details and allocations for the new Flexible Workforce Development Fund. The College has been allocated £328k for AY 2017-18 and this is recognised in the forecast income for the year. Until a fuller understanding of the use of this funding is obtained it has been assumed that all funding will be spent on additional staffing costs.

Supplies budgets are expected to outturn £61k lower than budget as a result of savings on CHS venue hire costs and SDS contract costs.

| Other Activities | | To Date £'000 | Forecast £'000 |
|-------------------------|------|------------------|-------------------|
| | | +6 | -8 |
| Areas of Concern | None | | |

This category is on target.

| Estates | | To Date £'000 | Forecast £'000 |
|-------------------------|--------------------------------|------------------|-------------------|
| | | -62 | -16 |
| Areas of Concern | SFC grant spend Staff costs | | |

In July 2017 the College accepted an offer from SFC to participate in the Scottish Governments College Energy Efficiency Pathfinder (CEEP) project. The College was allocated £647k funding under this initiative and this funding and the related expenditure is included in the Estates forecast. In addition the College carried forward an extra £65k in SFC estates grant funding at 31 July

West Lothian College

20 November 2017

than was originally planned, and this will need to be spent in addition to the planned spend by 31 March 2018.

Staffing costs are expected to outturn £16k above budget due to overtime and back pay payments.

| | | | |
|-------------------------|------|------------------|-------------------|
| Restructuring | | To Date £'000 | Forecast £'000 |
| | | +1 | +0 |
| Areas of Concern | None | | |

This category is on target.

| | | | |
|--|------|------------------|-------------------|
| Deferred Grant and Depreciation | | To Date £'000 | Forecast £'000 |
| | | -38 | -148 |
| Areas of Concern | None | | |

As a result of the revaluation of fixed assets for the 2016/17 annual accounts, the depreciation charge going forward will exceed the amount released from Deferred Capital Grants. The excess depreciation is mostly covered by a release from the Revaluation Reserve but a £41k shortfall will remain.

| | | | |
|-------------------------|------|------------------|-------------------|
| Student Funds | | To Date £'000 | Forecast £'000 |
| | | +0 | +0 |
| Areas of Concern | None | | |

The College has been allocated £3,026k in student funds for academic year 2017-18 (excluding EMA) with a further £14k from the SFC/ESF project. Early projections indicate that these allocations will be sufficient to meet commitments to students this year, so it is not intended to request any additional monies from the annual SFC in-year redistribution exercise.

However although the overall funding appears adequate the amount of grant available for drawdown between August and March is expected to be short by £218k compared to student spend. A request will therefore be made to re-profile the grant drawdown.

| | | | |
|-------------------------|------|------------------|-------------------|
| Investment Funds | | To Date £'000 | Forecast £'000 |
| | | -15 | +0 |
| Areas of Concern | None | | |

West Lothian College

20 November 2017

The College has set aside £78k in the budget for investment bids from centres and services of which £15k has been used due to an overrun from last year's exercise.

| Pension Funds | To Date £'000 | Forecast £'000 |
|-------------------------|------------------|-------------------|
| | +0 | -157 |
| Areas of Concern | None | |

Pension figures in the accounts are based on the forecast in the actuarial report for the July 2017 accounts.

Balance Sheet, Cash Flow and Capital Expenditure

The Balance Sheet and Cash Flow forecast as at 31 October 2017 are appended. Net current assets are currently £131k positive but, based on the forecast outturn, are expected to outturn £847k negative at the year-end.

The cash balance forecast at end of July takes into account the forecast surplus.

Jennifer McLaren

Vice Principal, Finance & Curriculum Services
20 November 2017

WEST LOTHIAN COLLEGE

MANAGEMENT ACCOUNTS
OCTOBER 2017

| | | |
|------------------------------|------|---|
| Summary | page | 1 |
| (i) Teaching Centres | | 2 |
| (ii) Teaching Support | | 3 |
| (iii) Administration | | 4 |
| (iv) Commercial & Enterprise | | 5 |
| (v) Other Activities | | 6 |
| (vi) Estates | | 7 |
| Balance Sheet | page | 8 |
| Cash Flow | page | 9 |

| | 2017/18 BUDGET £'000 | As at 31 October 2017 | | | Forecast to 31 July 2018 | | |
|--|----------------------------|-----------------------|-----------------|-------------------|--------------------------|-----------------|-------------------|
| | | ACTUAL £'000 | BUDGET £'000 | VARIANCE £'000 | ACTUAL £'000 | BUDGET £'000 | VARIANCE £'000 |
| SUMMARY | | | | | | | |
| INCOME | | | | | | | |
| GRANT IN AID | 10,115 | 2,529 | 2,529 | | 10,115 | 10,115 | |
| FEES | 2,374 | 1,513 | 1,595 | -82 | 2,374 | 2,374 | |
| SDS CONTRACTS | 800 | 63 | 377 | -314 | 800 | 800 | |
| INCOME GENERATION | 1,107 | 248 | 298 | -50 | 1,057 | 1,107 | -50 |
| EUROPEAN FUNDS | 227 | 14 | 9 | +5 | 227 | 227 | |
| OTHER INCOME | 498 | 133 | 131 | +2 | 503 | 498 | +5 |
| OTHER SFC FUNDING | 524 | 687 | | +687 | 1,592 | 524 | +1,068 |
| TOTAL INCOME | 15,645 | 5,187 | 4,939 | +248 | 16,668 | 15,645 | +1,023 |
| EXPENDITURE | | | | | | | |
| SALARIES | | | | | | | |
| Teaching Centres | 5,621 | 1,365 | 1,402 | +37 | 5,601 | 5,621 | +20 |
| Teaching Support | 1,000 | 260 | 248 | -12 | 1,014 | 1,000 | -14 |
| Administration | 1,553 | 412 | 385 | -27 | 1,581 | 1,553 | -28 |
| Commercial & Enterprise | 2,147 | 491 | 528 | +37 | 2,451 | 2,147 | -304 |
| Other Activities | 102 | 33 | 26 | -7 | 110 | 102 | -8 |
| Estates | 791 | 211 | 195 | -16 | 807 | 791 | -16 |
| | 11,214 | 2,772 | 2,784 | +12 | 11,564 | 11,214 | -350 |
| SUPPLIES & SERVICES | | | | | | | |
| Teaching Centres | 470 | 179 | 309 | +130 | 492 | 470 | -22 |
| Teaching Support | 276 | 46 | 101 | +55 | 276 | 276 | |
| Administration | 1,275 | 189 | 247 | +58 | 1,275 | 1,275 | |
| Commercial & Enterprise | 707 | 148 | 244 | +96 | 646 | 707 | +61 |
| Other Activities | 234 | 18 | 24 | +6 | 234 | 234 | |
| Estates | 1,118 | 911 | 287 | -624 | 1,830 | 1,118 | -712 |
| | 4,080 | 1,491 | 1,212 | -279 | 4,753 | 4,080 | -673 |
| TOTAL EXPENDITURE | 15,294 | 4,263 | 3,996 | -267 | 16,317 | 15,294 | -1,023 |
| TRADING SURPLUS/(DEFICIT) | 351 | 924 | 943 | -19 | 351 | 351 | |
| RESTRUCTURING | | | | | | | |
| Voluntary Severance | | | | | | | |
| Redundancy Act | | | | | | | |
| Apprenticeship Levy | -24 | -5 | -6 | +1 | -24 | -24 | |
| Holiday Pay Accrual | -24 | -5 | -6 | +1 | -24 | -24 | |
| INTEREST | | | | | | | |
| Interest receivable | 2 | | 1 | -1 | 2 | 2 | |
| Interest Payable | | | | | | | |
| | 2 | | 1 | -1 | 2 | 2 | |
| DEFERRED GRANT & DEPRECIATION | | | | | | | |
| Release of Deferred Grant | 590 | 114 | 148 | -34 | 457 | 590 | -133 |
| Depreciation | -780 | -199 | -195 | -4 | -795 | -780 | -15 |
| | -190 | -85 | -47 | -38 | -338 | -190 | -148 |
| STUDENT FUNDS | | | | | | | |
| Student Funds Income | 3,490 | 638 | 618 | +20 | 3,490 | 3,490 | |
| Student Funds Expenditure | -3,490 | -638 | -618 | -20 | -3,490 | -3,490 | |
| INVESTMENT FUNDS | | | | | | | |
| College Spend | -78 | -15 | | -15 | -78 | -78 | |
| Transfer to ALF | -78 | -15 | | -15 | -78 | -78 | |
| COLLEGE SURPLUS/(DEFICIT) | 61 | 819 | 891 | -72 | -87 | 61 | -148 |
| PENSION | | | | | | | |
| FRS17 LPF | -667 | | | | -813 | -667 | -146 |
| Early Retirement provision | -93 | | | | -104 | -93 | -11 |
| | -760 | | | | -917 | -760 | -157 |
| OPERATING SURPLUS/(DEFICIT) | -699 | 819 | 891 | -72 | -1,004 | -699 | -305 |
| Transfer (To) / From Pension Reserve | 667 | | | | 813 | 667 | +146 |
| Transfer (To) / From Revaluation Reserve | 190 | 74 | 47 | +27 | 297 | 190 | +107 |
| NET TRANSFER TO I&E RESERVE | 158 | 893 | 938 | -45 | 106 | 158 | -52 |

Variances

A + variance means an increase in surplus
A - variance means a decrease in surplus

Explanations

Explanations for variances are noted in the following papers

| | 2017/18 BUDGET £'000 | As at 31 October 2017 | | | Forecast to 31 July 2018 | | |
|---|----------------------------|-----------------------|-----------------|-------------------|--------------------------|-----------------|-------------------|
| | | ACTUAL £'000 | BUDGET £'000 | VARIANCE £'000 | ACTUAL £'000 | BUDGET £'000 | VARIANCE £'000 |
| TEACHING CENTRES | | | | | | | |
| INCOME | | | | | | | |
| GRANT IN AID | 9,023 | 2,256 | 2,256 | | 9,023 | 9,023 | |
| FEES | 1,668 | 1,339 | 1,347 | -8 | 1,668 | 1,668 | |
| SDS CONTRACTS | | | | | | | |
| INCOME GENERATION | | | | | | | |
| EUROPEAN FUNDS | | | | | | | |
| OTHER INCOME | | | | | | | |
| OTHER SFC FUNDING | | 22 | | +22 | 22 | | +22 |
| TOTAL INCOME | 10,691 | 3,617 | 3,603 | +14 | 10,713 | 10,691 | +22 |
| EXPENDITURE | | | | | | | |
| SALARIES | | | | | | | |
| Business & Creative | 701 | 166 | 173 | +7 | 701 | 701 | |
| Beauty Therapy & Hairdressing | 488 | 114 | 119 | +5 | 488 | 488 | |
| Computing & Engineering | 951 | 265 | 239 | -26 | 977 | 951 | -26 |
| Construction & Motor Vehicle | 740 | 179 | 187 | +8 | 740 | 740 | |
| Childhood Practice & Sports and Fitness | 977 | 247 | 248 | +1 | 977 | 977 | |
| Hospitality & Communities | 1,069 | 236 | 282 | +46 | 1,023 | 1,069 | +46 |
| Health & Social Care, SS & Science | 695 | 158 | 154 | -4 | 695 | 695 | |
| | 5,621 | 1,365 | 1,402 | +37 | 5,601 | 5,621 | +20 |
| SUPPLIES AND SERVICES | | | | | | | |
| Business & Creative | 57 | 18 | 38 | +20 | 57 | 57 | |
| Beauty Therapy & Hairdressing | 68 | 70 | 83 | +13 | 68 | 68 | |
| Computing & Engineering | 65 | 9 | 25 | +16 | 65 | 65 | |
| Construction & Motor Vehicle | 71 | 20 | 40 | +20 | 71 | 71 | |
| Childhood Practice & Sports and Fitness | 72 | 7 | 39 | +32 | 72 | 72 | |
| Hospitality & Communities | 111 | 48 | 65 | +17 | 133 | 111 | -22 |
| Health & Social Care, SS & Science | 26 | 7 | 19 | +12 | 26 | 26 | |
| | 470 | 179 | 309 | +130 | 492 | 470 | -22 |
| TOTAL EXPENDITURE | 6,091 | 1,544 | 1,711 | +167 | 6,093 | 6,091 | -2 |
| TRADING SURPLUS/(DEFICIT) | 4,600 | 2,073 | 1,892 | +181 | 4,620 | 4,600 | +20 |

Notes

- 1 ESOL funding
- 2 To be investigated
- 3 ESOL spend including transfer of funds to West Lothian Council

| | 2017/18 BUDGET £'000 | As at 31 October 2017 | | | Forecast to 31 July 2018 | | |
|----------------------------------|----------------------------|-----------------------|-----------------|-------------------|--------------------------|-----------------|-------------------|
| | | ACTUAL £'000 | BUDGET £'000 | VARIANCE £'000 | ACTUAL £'000 | BUDGET £'000 | VARIANCE £'000 |
| TEACHING SUPPORT | | | | | | | |
| INCOME | | | | | | | |
| GRANT IN AID | | | | | | | |
| FEES | | | | | | | |
| SDS CONTRACTS | | | | | | | |
| INCOME GENERATION | | | | | | | |
| EUROPEAN FUNDS | | | | | | | |
| OTHER INCOME | | 5 | | +5 | 5 | | +5 |
| OTHER SFC FUNDING | | | | | | | |
| TOTAL INCOME | | 5 | | +5 | 5 | | +5 |
| EXPENDITURE | | | | | | | |
| SALARIES | | | | | | | |
| Quality & Learner services | 682 | 176 | 169 | -7 | 689 | 682 | -7 |
| External Engagement | 181 | 45 | 45 | | 181 | 181 | |
| Student Advice & Admissions | 127 | 39 | 32 | -7 | 134 | 127 | -7 |
| Course Approvals / Other | 10 | | 2 | +2 | 10 | 10 | |
| | 1,000 | 260 | 248 | -12 | 1,014 | 1,000 | -14 |
| SUPPLIES AND SERVICES | | | | | | | |
| Quality & Learner services | 229 | 44 | 89 | +45 | 229 | 229 | |
| External Engagement | 27 | 2 | 6 | +4 | 27 | 27 | |
| Student Advice & Admissions | | | 6 | +6 | 20 | 20 | |
| Course Approvals / Other | 20 | | | | | | |
| | 276 | 46 | 101 | +55 | 276 | 276 | |
| TOTAL EXPENDITURE | 1,276 | 306 | 349 | +43 | 1,290 | 1,276 | -14 |
| TRADING SURPLUS/(DEFICIT) | (1,276) | (301) | (349) | +48 | (1,285) | (1,276) | -9 |

Note 1

Note 2

Notes

1 Includes £3k for Student Association president and reps

2 Agency staff cover

| | 2017/18 BUDGET £'000 | As at 31 October 2017 | | | Forecast to 31 July 2018 | | | |
|---|----------------------------|-----------------------|-----------------|-------------------|--------------------------|-----------------|-------------------|--------|
| | | ACTUAL £'000 | BUDGET £'000 | VARIANCE £'000 | ACTUAL £'000 | BUDGET £'000 | VARIANCE £'000 | |
| ADMINISTRATION | | | | | | | | |
| INCOME | | | | | | | | |
| GRANT IN AID | | | | | | | | |
| FEEs | | | | | | | | |
| SDS CONTRACTS | | | | | | | | |
| INCOME GENERATION | | | | | | | | |
| EUROPEAN FUNDS | | | | | | | | |
| OTHER INCOME | 54 | 8 | 14 | -6 | 54 | 54 | | |
| OTHER SFC FUNDING | | 5 | | +5 | 5 | | +5 | |
| TOTAL INCOME | 54 | 13 | 14 | -1 | 59 | 54 | +5 | |
| EXPENDITURE | | | | | | | | |
| SALARIES | | | | | | | | |
| Executive Office incl. Senior Management Team | 718 | 177 | 178 | +1 | 718 | 718 | | |
| Finance | 201 | 58 | 50 | -8 | 209 | 201 | -8 | Note 1 |
| HRM | 177 | 47 | 44 | -3 | 180 | 177 | -3 | " |
| ICT | 100 | 32 | 25 | -7 | 107 | 100 | -7 | " |
| Marketing | 59 | 15 | 14 | -1 | 59 | 59 | | |
| MIS | 208 | 51 | 52 | +1 | 208 | 208 | | |
| Student Funding | 90 | 32 | 22 | -10 | 100 | 90 | -10 | Note 2 |
| | 1,553 | 412 | 385 | -27 | 1,581 | 1,553 | -28 | |
| SUPPLIES AND SERVICES | | | | | | | | |
| Executive Office incl. Senior Management Team | 90 | 14 | 23 | +9 | 90 | 90 | | |
| Finance | 210 | 55 | 56 | +1 | 210 | 210 | | |
| HRM | 102 | 11 | 26 | +15 | 102 | 102 | | |
| ICT | 168 | 22 | 40 | +18 | 168 | 168 | | |
| Marketing | 150 | 8 | 28 | +20 | 150 | 150 | | |
| MIS | 554 | 79 | 73 | -6 | 554 | 554 | | |
| Student Funding | 1 | | 1 | +1 | 1 | 1 | | |
| | 1,275 | 189 | 247 | +58 | 1,275 | 1,275 | | |
| TOTAL EXPENDITURE | 2,828 | 601 | 632 | +31 | 2,856 | 2,828 | -28 | |
| TRADING SURPLUS/(DEFICIT) | (2,774) | (588) | (618) | +30 | (2,797) | (2,774) | -23 | |

Notes

1 Agency and IT casual staff

2 Maternity cover

| | 2017/18 BUDGET £'000 | As at 31 October 2017 | | | Forecast to 31 July 2018 | | | |
|------------------------------------|----------------------------|-----------------------|-----------------|-------------------|--------------------------|-----------------|-------------------|--------|
| | | ACTUAL £'000 | BUDGET £'000 | VARIANCE £'000 | ACTUAL £'000 | BUDGET £'000 | VARIANCE £'000 | |
| COMMERCIAL & ENTERPRISE | | | | | | | | |
| INCOME | | | | | | | | |
| GRANT IN AID | 1,092 | 273 | 273 | | 1,092 | 1,092 | | |
| FEEs | 706 | 174 | 248 | -74 | 706 | 706 | | |
| SDS CONTRACTS | 800 | 63 | 377 | -314 | 800 | 800 | | Note 1 |
| INCOME GENERATION | 1,107 | 248 | 298 | -50 | 1,057 | 1,107 | -50 | Note 2 |
| EUROPEAN FUNDS | | | | | | | | |
| OTHER INCOME | 38 | 9 | 8 | +1 | 38 | 38 | | |
| OTHER SFC FUNDING | | 82 | | +82 | 329 | | +329 | Note 3 |
| TOTAL INCOME | 3,743 | 849 | 1,204 | -355 | 4,022 | 3,743 | +279 | |
| EXPENDITURE | | | | | | | | |
| SALARIES | | | | | | | | |
| Commercial & Enterprise | 229 | 52 | 56 | +4 | 229 | 229 | | |
| Childrens Hearings Scotland | 525 | 134 | 131 | -3 | 528 | 525 | -3 | |
| Workforce Development | 1,051 | 252 | 261 | +9 | 1,380 | 1,051 | -329 | Note 4 |
| SDS Contracts | 342 | 52 | 80 | +28 | 314 | 342 | +28 | Note 5 |
| Other Centres | | 1 | | -1 | | | | |
| | 2,147 | 491 | 528 | +37 | 2,451 | 2,147 | -304 | |
| SUPPLIES AND SERVICES | | | | | | | | |
| Commercial & Enterprise | 21 | 6 | 9 | +3 | 21 | 21 | | |
| Childrens Hearings Scotland | 380 | 75 | 119 | +44 | 336 | 380 | +44 | Note 6 |
| Workforce Development | 41 | 34 | 11 | -23 | 64 | 41 | -23 | Note 7 |
| SDS Contracts | 260 | 33 | 100 | +67 | 220 | 260 | +40 | Note 8 |
| Other Centres | 5 | | 5 | +5 | 5 | 5 | | |
| | 707 | 148 | 244 | +96 | 646 | 707 | +61 | |
| TOTAL EXPENDITURE | 2,854 | 639 | 772 | +133 | 3,097 | 2,854 | -243 | |
| TRADING SURPLUS/(DEFICIT) | 889 | 210 | 432 | -222 | 925 | 889 | +36 | |

Notes

- 1 Second milestone payments on Foundation Apprentice contracts due October 2017 but not yet paid
- 2 Childrens Hearings venue recovery -£50k (matched by reduced venue costs)
- 3 Flexible Workforce Development Fund allocation for AY 2017-18
- 4 Salary costs for FWDF activity
- 5 Underspends on Foundation Apprentice contracts
- 6 Venue costs fully receivable from CHS
- 7 ePortfolio costs
- 8 Underspends on Foundation Apprentice contracts

| | 2017/18 BUDGET £'000 | As at 31 October 2017 | | | Forecast to 31 July 2018 | | |
|----------------------------------|----------------------------|-----------------------|-----------------|-------------------|--------------------------|-----------------|-------------------|
| | | ACTUAL £'000 | BUDGET £'000 | VARIANCE £'000 | ACTUAL £'000 | BUDGET £'000 | VARIANCE £'000 |
| OTHER ACTIVITIES | | | | | | | |
| INCOME | | | | | | | |
| GRANT IN AID | | | | | | | |
| FEES | | | | | | | |
| SDS CONTRACTS | | | | | | | |
| INCOME GENERATION | | | | | | | |
| EUROPEAN FUNDS | 227 | 14 | 9 | +5 | 227 | 227 | |
| OTHER INCOME | 114 | 32 | 30 | +2 | 114 | 114 | |
| OTHER SFC FUNDING | | | | | | | |
| TOTAL INCOME | 341 | 46 | 39 | +7 | 341 | 341 | |
| EXPENDITURE | | | | | | | |
| SALARIES | | | | | | | |
| Terrace Restaurant | | | | | | | |
| Platinum Salon | 71 | 20 | 18 | -2 | 73 | 71 | -2 |
| Europe | | 6 | | -6 | 6 | | -6 |
| Other Activities | 31 | 7 | 8 | +1 | 31 | 31 | |
| | 102 | 33 | 26 | -7 | 110 | 102 | -8 |
| SUPPLIES AND SERVICES | | | | | | | |
| Terrace Restaurant | 9 | 3 | 3 | | 9 | 9 | |
| Platinum Salon | 15 | 7 | 8 | +1 | 15 | 15 | |
| Europe | 205 | 4 | 11 | +7 | 205 | 205 | |
| Other Activities | 5 | 4 | 2 | -2 | 5 | 5 | |
| | 234 | 18 | 24 | +6 | 234 | 234 | |
| TOTAL EXPENDITURE | 336 | 51 | 50 | -1 | 344 | 336 | -8 |
| TRADING SURPLUS/(DEFICIT) | 5 | (5) | (11) | +6 | (3) | 5 | -8 |

Note 1

Notes

- 1 Special Project Co-ordinator and ad-hoc payments for Erasmus projects.

| | 2017/18 BUDGET £'000 | As at 31 October 2017 | | | Forecast to 31 July 2018 | | |
|----------------------------------|----------------------------|-----------------------|-----------------|-------------------|--------------------------|-----------------|-------------------|
| | | ACTUAL £'000 | BUDGET £'000 | VARIANCE £'000 | ACTUAL £'000 | BUDGET £'000 | VARIANCE £'000 |
| ESTATES | | | | | | | |
| INCOME | | | | | | | |
| GRANT IN AID | | | | | | | |
| FEES | | | | | | | |
| SDS CONTRACTS | | | | | | | |
| INCOME GENERATION | | | | | | | |
| EUROPEAN FUNDS | | | | | | | |
| OTHER INCOME | 292 | 79 | 79 | | 292 | 292 | |
| OTHER SFC FUNDING | 524 | 578 | | +578 | 1,236 | 524 | +712 Note 1 |
| TOTAL INCOME | 816 | 657 | 79 | +578 | 1,528 | 816 | +712 |
| EXPENDITURE | | | | | | | |
| SALARIES | | | | | | | |
| Estates | 586 | 155 | 144 | -11 | 597 | 586 | -11 Note 2 |
| Catering | 205 | 56 | 51 | -5 | 210 | 205 | -5 " |
| | 791 | 211 | 195 | -16 | 807 | 791 | -16 |
| SUPPLIES AND SERVICES | | | | | | | |
| Estates | 974 | 866 | 246 | -620 | 1,686 | 974 | -712 Note 1 |
| Catering | 144 | 45 | 41 | -4 | 144 | 144 | |
| | 1,118 | 911 | 287 | -624 | 1,830 | 1,118 | -712 |
| TOTAL EXPENDITURE | 1,909 | 1,122 | 482 | -640 | 2,637 | 1,909 | -728 |
| TRADING SURPLUS/(DEFICIT) | (1,093) | (465) | (403) | -62 | (1,109) | (1,093) | -16 |

Notes

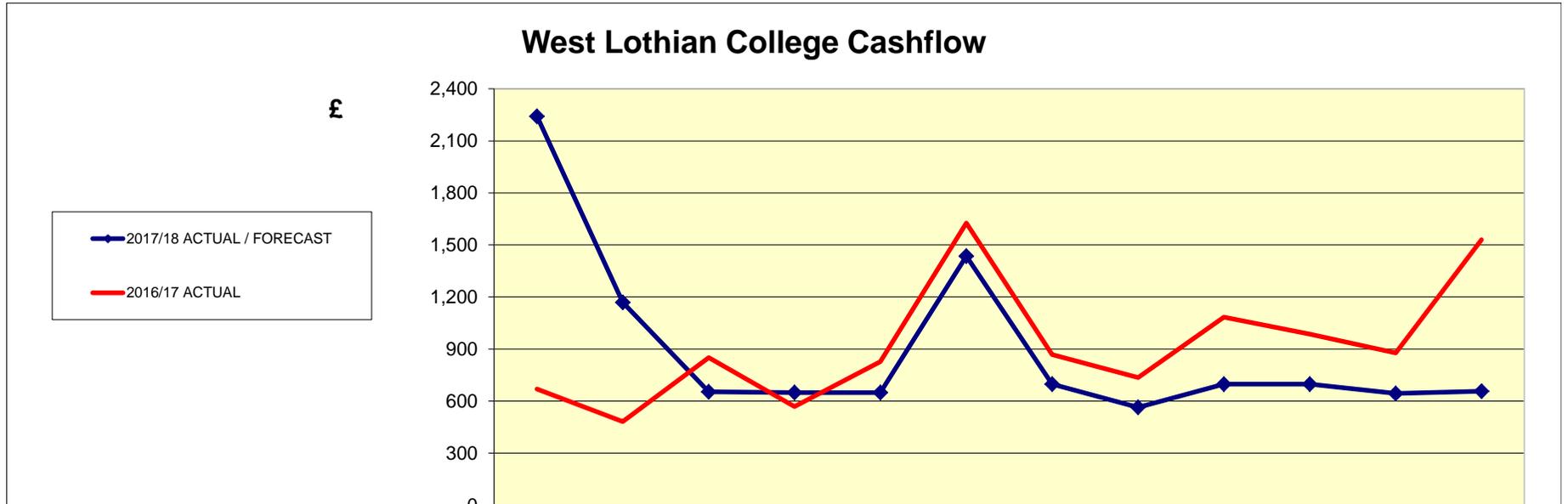
- 1 CEEP project funding +£647, additional SFC grant C/F at July 2017 +£65k
- 2 Overtime and backpay
- 1 Costs of CEEP project and additional B/F monies

BALANCE SHEET PROJECTION

| | Actual 31 JUL 2016 £'000 | Actual 31 JUL 2017 £'000 | Actual 31 OCT 2017 £'000 | Forecast 31 JUL 2018 £'000 |
|---|--------------------------------|--------------------------------|--------------------------------|----------------------------------|
| Fixed Assets | | | | |
| Land & Buildings | 18,471 | 17,815 | 17,616 | 17,221 |
| Equipment | 1,589 | 1,845 | 1,845 | 1,644 |
| New additions | | | | |
| | 20,060 | 19,660 | 19,461 | 18,865 |
| Current Assets | | | | |
| Trade Debtors | 418 | 388 | 1,417 | 331 |
| Europe | (2) | | | 56 |
| Prepayments | 267 | 147 | 265 | 313 |
| Accrued Income | 93 | 24 | | 24 |
| Bank | 597 | 1,530 | 653 | 657 |
| | 1,373 | 2,089 | 2,335 | 1,381 |
| Current Liabilities | | | | |
| Trade Creditors | (541) | (437) | (363) | (405) |
| Payroll | (345) | (383) | (403) | (394) |
| Loans | (158) | (158) | (158) | (158) |
| Accruals | (351) | (246) | (241) | (278) |
| Deferred Income | (632) | (1,183) | (465) | (536) |
| Deferred Capital Grant | (590) | (457) | (343) | (457) |
| Unspent Student Funds | (25) | (59) | (231) | |
| | (2,642) | (2,923) | (2,204) | (2,228) |
| Net Current Assets (Liabilities) | (1,269) | (834) | 131 | (847) |
| Total Assets less current liabilities | 18,791 | 18,826 | 19,592 | 18,018 |
| Creditors: Amounts falling due after more than one year | (2,685) | (2,527) | (2,527) | (2,370) |
| Deferred Capital Grant | (15,052) | (12,763) | (12,763) | (12,306) |
| Provisions | | | | |
| LPF Pension Liability | (4,799) | (4,416) | (4,416) | (4,416) |
| Early Retirement Provision | (3,956) | (3,953) | (3,900) | (3,953) |
| Total Net Liabilities | (7,701) | (4,833) | (4,014) | (5,027) |
| Reserves | | | | |
| Income and Expenditure Account (Trading) | (341) | (82) | 844 | (104) |
| Income and Expenditure Account (Holiday Pay) | (170) | (137) | (170) | (170) |
| Income and Expenditure Account (PFI Loan) | (2,843) | (2,685) | (2,685) | (2,527) |
| Income and Expenditure Account (Early Retirement) | (3,956) | (3,953) | (3,953) | (3,953) |
| Income and Expenditure Account (LPF Pensions) | (4,799) | (4,416) | (4,416) | (4,416) |
| Revaluation Reserve | 4,408 | 6,440 | 6,366 | 6,143 |
| Total Reserves | (7,701) | (4,833) | (4,014) | (5,027) |

2017/18 FORECAST CASHFLOW

| | August <i>Actual</i> | September <i>Actual</i> | October <i>Actual</i> | November <i>Forecast</i> | December <i>Forecast</i> | January <i>Forecast</i> | February <i>Forecast</i> | March <i>Forecast</i> | April <i>Forecast</i> | May <i>Forecast</i> | June <i>Forecast</i> | July <i>Forecast</i> | Total |
|--|-------------------------|----------------------------|--------------------------|-----------------------------|-----------------------------|----------------------------|-----------------------------|--------------------------|--------------------------|------------------------|-------------------------|-------------------------|---------------|
| <i>Income</i> | | | | | | | | | | | | | |
| SFC funding (including bursaries and hardship funds) | 1271 | 344 | 1,484 | 1,269 | 1,408 | 1,079 | 495 | 1,275 | 1,439 | 1,210 | 1,312 | 1,167 | 13,753 |
| <i>less loan repayments</i> | | | | | | | | | -158 | | | | -158 |
| Other cash received | 773 | 240 | 196 | 310 | 397 | 1,197 | 333 | 604 | 583 | 407 | 223 | 212 | 5,475 |
| Total cash in | 2,044 | 584 | 1,680 | 1,579 | 1,805 | 2,276 | 828 | 1,879 | 1,864 | 1,617 | 1,535 | 1,379 | 19,070 |
| <i>Expenditure</i> | | | | | | | | | | | | | |
| Payroll | 866 | 873 | 975 | 978 | 965 | 937 | 988 | 1,042 | 981 | 973 | 1,008 | 957 | 11,543 |
| Other payments | 392 | 590 | 933 | 271 | 399 | 288 | 280 | 679 | 445 | 358 | 330 | 409 | 5,374 |
| SFC Student support payments | 74 | 194 | 288 | 334 | 441 | 264 | 298 | 292 | 304 | 286 | 251 | | 3,026 |
| Interest payments | | | | | | | | | | | | | |
| Total cash out | 1,332 | 1,657 | 2,196 | 1,583 | 1,805 | 1,489 | 1,566 | 2,013 | 1,730 | 1,617 | 1,589 | 1,366 | 19,943 |
| Net cash inflow/(outflow) | 712 | (1,073) | (516) | (4) | | 787 | (738) | (134) | 134 | | (54) | 13 | (873) |
| Balance b/f (cash and overdraft) | 1,530 | 2,242 | 1,169 | 653 | 649 | 649 | 1,436 | 698 | 564 | 698 | 698 | 644 | 1,530 |
| Balance c/f (cash and overdraft) | 2,242 | 1,169 | 653 | 649 | 649 | 1,436 | 698 | 564 | 698 | 698 | 644 | 657 | 657 |



West Lothian College

20 November 2017

Finance & General Purposes Committee

Income Generation Report

In 2016-2017 commercial income had a very good year with total income of £3.8m against a target of £3.4m. With respect to KPIs the £380,000 trading surplus helped deliver a percentage of income over direct costs of 35% against a budgeted target of 27%.

In relation to this first quarter, activity in all the areas has got off to a promising start with new contracts being awarded and volume levels at or above expectations. This activity however is not yet fully reflected in the management accounts which is not uncommon at this point in the year, but will begin to flow through in subsequent quarters.

Headline Activities

Workforce Development

A very good start to the year. Two new clients worthy of note are Greggs who started the first of 26 MAs in September and Skills Development Scotland (SDS) who are undertaking assessor training for 6 of their staff.

The Greggs contract has got off to a great start and recent feedback from their apprentice manager is an excellent illustration of this (Names of the Greggs staff members have been deleted).

I just want to pass on some feedback on from one of our Apprenticeship Coaches. They have recently joined the apprentice team and were unsure of a few things regarding the Apprenticeship Programme in Scotland. After phoning Carolyn Roy [WLC] they sang her praises and said that nothing was too much trouble for her. They also said that after speaking with Carolyn they felt that by working together we'd create a fantastic programme for our apprentices.

It was great to get this sort of feedback.

Kind Regards,

Apprenticeship Manager

Whilst the SDS contract is small with respect to both contract value and volume, it is worthy of note in that the College was chosen to train SDS's assessment team, the very same team who in turn assess College provision.

All the Workforce Development Assessors are working at full capacity with a waiting list to commence new learner starts now sitting at start dates of January/ February. A number of new appointments are underway to expand the team aligned with contracted volumes.

West Lothian College

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Discussions are underway with the NHS regarding a significant number of potential Modern Apprenticeship (MA) starts in Healthcare clinical and Social Services and Healthcare commencing in 2018.

Employability Fund (see below for an overview of the fund) recruitment is going well. This financial year our contract value is £118, 890 and contract volume is 57 starts.

FOCUS ON the Employability Fund (EF)

EF was introduced by the Scottish Government as a response to the 2007-2008 financial crash to support young people (16-24) into employment with a particular focus on those furthest removed from the job market with complex barriers to employment.

EF has evolved over the years but essentially the 3 stages of programmes consist of a;

- Rolling 8 week course
- Combination of taught & work placement
- Placements aligned to labour market demands
- Varied destination options

SDS awards and administers the initiative with colleges, private and third sector organisations bidding for contracts. This year a number of colleges were unsuccessful in their bids resulting in WLC being only one of 6 being awarded contracts.

The College has previously been commended by Education Scotland for its delivery of the EF as being an example of best practice.

Commercial and Enterprise

The year has got off to a good start with contracts being won from:

Scottish Government to provide SVQs in Procurement
Glasgow City Council to provide SVQs in Playwork

West Lothian College

20 November 2017

The College was successful in its submission to the Edinburgh, Lothians and Fife Supertender and is on the shortlist framework for all qualifications we bid for. This should generate additional business over the coming years in the following areas:

Health and Social Care and Early Years and Childcare
Essential Learning for Care
Looked After Children
Social Care
Social Work
Leadership and Management

We were awarded £328,000 Flexible Workforce Development Funding in September and since then we have approached over 100 companies to alert them to the opportunities of the funding and to discuss potential applications. Our target is to have 32 organisations with successful bids by 15 December 2017. The allocation, use and associated timings of the funding was determined by the SFC and is causing some concerns in the sector with colleges reporting some real challenges in both generating interest and gearing up to deliver the volume of activity in the timescales required. Whilst we share some of these concerns the team is confident that we will meet our targets. It should be noted that this funding was not initially featured in this year's budget as at the time this was set there was no guidance from SFC as to the scale and nature of the funding.

We have been successful in our application to join the new Individual Training Account (ITA) scheme and are in the process of making it operational. This will provide access to education to adult learners from the least well off backgrounds further evidencing our efforts to support the College in widening access to all. ITAs have replaced the previous Individual Learning Accounts. It is unfortunate that the majority of the changes following the introduction of ITAs place a greater burden on Colleges in relation to reporting and verification.

As part of our efforts to promote equality and widen access we have successfully pitched to deliver courses in industry on tackling homophobia and Dementia awareness.

Foundation Apprenticeships (FAs)

The three day FA induction programme attracted high praise from Skills Development Scotland (SDS) and made a major contribution to the way the classes have settled down and to student retention. We have only lost 4 students, 3 to jobs and 1 to one of our HNC courses, resulting in first year cohort of 71. Whilst below our target number anecdotal feedback from across the sector suggests we have performed significantly better than most other regions.

West Lothian College

20 November 2017

We are waiting to hear from SDS regarding the financial implications of under recruitment but the team is confident that this can be managed without major impact on financial contribution as costs savings have already been instigated.

In addition to our own FA contract we also act as a sub-contractor to deliver support to 4 cohorts of FA learners consisting of 56 learners based in Fife Schools.

We submitted and won a joint tender with West Lothian Council to deliver our existing FA frameworks plus 4 new ones for 2018-2020 with a target number of 196 enrolments.

Marketing and recruitment

Marketing have been very successful in supporting recruitment to Full Time and Part Time Courses with overall enrolment targets having been achieved. One good illustration of this is we have 40 learners on ILM Certificate in Management (SCQF Level 9). This is 100% up on last year and bodes well for future cohort numbers in the BA Business Management. The introduction of this course was informed by the market research study commissioned by the College in early 2015 looking at the future of Part-Time course provision so it is pleasing to see this investment being realised.

National Health Service (NHS)

Discussions are progressing well across a number of areas of activity between the College and the NHS with a view to broaden and deepen engagement.

We have recruited a new staff member to deliver the revised format NPA. The delivery of the first cohort through the programme went very well but unfortunately the second programme was cancelled by the NHS due to challenges in recruiting staff to attend.

International

We have launched the competition across College for students and staff to go on mobility in 2017-2018. One hundred learners from across College will travel in 10 groups to 10 different destinations undertaking two weeks work experience with an overseas employer. They will additionally undertake a work placement unit mapped to the European Qualification framework and evidenced through a Europass Certificate. They will be supported by 17 College staff travelling as accompanying adults. Many staff will come from the support area which will further evidence our efforts to create a staff body with the student experience at the core of its purpose.

West Lothian College

20 November 2017

As part of our efforts to Develop the Future Workforce we have been selected by the British Council to partner with Umgungundlovu TVET College in South Africa to look at ways to innovate and develop the Curriculum for Construction at the same time building in entrepreneurial skills and looking at ways to challenge gender stereotypes in this sector. This sector will be by far the most important in terms of demand for future employees over the coming decade so this project will be instrumental in accelerating the speed of our progress in ensuring this demand is met.

Children's Hearings Scotland (CHS)

The Children's Hearings Scotland Training Unit (CHSTU) submitted its annual report to CHS that was received very well by the CHS Board. Some key headlines contained within include;

- Number of courses planned 317, of which 300 were delivered
- Number of participants expected to attend to courses 6,321 of which 5,926 attended resulting in a non-attendance rate of 7% which is a significant improvement over last year
- A total of 41,482 hours of face-face training was delivered with a further substantial number of hours delivered via blended learning means.
- 94% of attendees rated the courses they attended as having **fully** met the intended outcomes
- 89% of attendees rated the effectiveness of courses they attended as good or very good.

Following the award of an additional contract to the College for the first time in the panel's existence all 2,900 volunteer members of the Panel community are now enrolled and engaging with Moodle and on-line learning. We were also successful in being awarded a further additional contract (£82k) to manage and deliver a digital transformation project between now and March 2018 with a good prospect of this being extended to September 2018.

There is no update on the timing of the re-tendering process which we anticipate will be formally launched in January.

Simon Earp

Vice Principal, Curriculum and Enterprise
20 November 2017

Finance & General Purposes Committee

Capital Report on Infrastructure

Background and Introduction

The Cole Report was commissioned by Edinburgh City Council last summer after the collapse of a wall at Oxbgangs Primary School and subsequent closure of 17 schools.

The Scottish Parliament's Education & Skills Committee has subsequently published a report entitled 'School infrastructure'. The Committee's report makes specific reference to the Cole Report and includes the following recommendations:

- The Committee recommends that Scottish Government ensures that every devolved public body in Scotland studies the Cole Report in detail and reviews their own estates in light of its findings.
- Specifically in the post-16 education sector, the Committee seeks confirmation from the Scottish Funding Council (SFC), along with Colleges Scotland and Universities Scotland, that their sectors are fully aware of the findings of the Cole Report and that they have taken appropriate actions to ensure that the college and university estates across Scotland are safe, including halls of residence.
- The Committee requests an update on this work from the SFC, Colleges Scotland, Universities Scotland and SCIS by the end of 2017 to confirm they have studied the Cole Report and are implementing its recommendations.

Actions Required by West Lothian College

The Cole Report has been reviewed. The report is 270 pages long and there are forty individual recommendations listed under nine headings (Procurement, Independent Certifier, Client's Relationship with the Design Team, Information Sharing, Construction, Training and Recruitment, Building Standards, Sharing of Information, Recommendations for the City of Edinburgh Council and Further Inspections).

Three of the nine headings are directed at Edinburgh City Council, Buildings Standards Agency and clients of recently constructed PPP1 buildings and therefore the recommendations are not relevant.

West Lothian College

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The recommendations under the headings Procurement, Independent Certifier, Client's Relationship with the Design Team, Information Sharing and Construction are only applicable to organisations undertaking capital projects. However these would need to be taken on board in the event that the College enters into a Capital Project.

The recommendations under Training & Recruitment relate to skills shortages in Bricklaying, Clerks of Works and Building Standard Inspectors and the effectiveness of the current apprenticeship course and skills test. These are directed at SDS and CITB, however given the subject matter colleges might have a role to play at some future stage.

Under the heading Information Sharing there is a recommendation that public bodies should make an automatic disclosure to a central source of information on building failures. There are no current issues that would be reportable.

In relation to the recommendations put forward by the Education & Skills Committee SFC will be working with College's Scotland on individual and collective responses which may require the College to provide additional data. The deadline for responding to the Committee is December 2017.

Cladding and Fire Risk

Following the Grenfell Tower disaster the Committee was informed the cladding used to construct College buildings was non-combustible. As the product is 20 years old the actual product specification was archived by the company who supplied it. However this Company has now been taken over and the archiving materials are no longer available. A representative from the new company has confirmed in writing that this product is non-combustible.

Action

The Committee is asked to note the position with regard to the Cole Report Recommendations and the Cladding and Fire Risk.

Jennifer McLaren

Vice Principal, Finance & Curriculum Services

20 November 2017

West Lothian College

20 November 2017

Finance & General Purposes Committee

Key Performance Indicators (KPIs) 2016-2017

The attached paper shows the College's Key Financial and Non-Financial Performance Indicators for the period 2013-2014 to 2016-2017.

The Non-Financial KPI targets for 2016-2017 were set within the Regional Outcome Agreement (ROA) planning cycle. Good progress has been made in relation to three targets with Further Education Full Time requiring further improvement.

The Committee is reminded that whilst the Non-Financial indicators cover an academic year, the Financial Indicators only cover an academic year in 2015-2016 and 2016-2017. Periods 2013-2014 and 2014-2015 cover 8 months and 16 months respectively.

In addition, and for benchmarking purposes, Financial KPIs have been obtained from Borders College, Dumfries & Galloway College and Forth Valley College.

Action

For information

Jennifer McLaren

Vice Principal, Finance & Curriculum Services
20 November 2017

West Lothian College -Key Financial Performance Indicators 2016-17

| | Target 2016-17 | Actual For the year ended 31 July 2017 ** | Actual For the year ended 31 July 2016 | Actual 16 month period ended 31 July 2015 | Actual 8 month period ended 31 March 2014 |
|--|----------------|---|--|---|---|
| College Surplus (£'000) | 86 | 453 | 41 | 492 | (39) |
| Operating Surplus (£'000) | (556) | 647 | (1,891) | 76 | (264) |
| Non SFC Income as % of total income | 28% | 30% | 31% | 29% | 28% |
| Trading Surplus on commercial activities as % of income from commercial activities | 27% | 35% | 28.0% | 29.0% | 28% |
| Staff costs as % of total income (excludes exceptional costs) | 67% | 65% | 67% | 61%* | 64% |
| Ratio of Current Assets to Current Liabilities | 0.6: 1 | 0.7 | 0.5 :1 | 0.7: 1 | 0.9: 1 |
| Days Cash to Total Expenditure | 9 | 35 | 14 | 8 | 105 |

* Excludes £1.6m income adjustment following revaluation

** 2016-17 Excludes £1.9m deferred capital grant release as a result of an impairment loss following interim revaluation of assets

| Comments | Actions |
|--|---------|
| Ahead of target due to additional fees income from part time provision, articulation students, SDS Contracts and Workforce Development Activity | None |
| Ahead of target due to actuarial gain from pension revaluation | None |
| Ahead of target due to additional fees income from part time provision, articulation students, SDS Contracts and Workforce Development Activity and Hall hire | None |
| Ahead of target due to additional MA and FA income and staff cost savings from the replacement Business & Growth post and the closure of the Children's Panel Inverness Office | None |
| Staff costs below target due to additional income generated not fully matched by additional staff costs and savings due to delays in replacement of posts | None |
| Above target due to improved trading position | None |
| Above target due to improved trading position and late receipt of SFC Energy Efficiency Project money. | None |

| | 2014-15 (16 months) | | | |
|---|---------------------|--------------|--------------|---------------------|
| | Borders | Forth Valley | West Lothian | Dumfries & Galloway |
| Non SFC Income as % of total income | 27% | 27% | 29% | 24% |
| Staff costs as % of total income (excludes exceptional costs) | 64% | 67% | 61% | 58% |
| Ratio of Current Assets to Current Liabilities | 2.35: 1 | 01:01 | 0.7: 1 | 1.31: 1 |
| Days Cash to Total Expenditure | 90 | 14 | 8 | 60 |

| | 2015-16 | | | |
|---|---------|--------------|--------------|---------------------|
| | Borders | Forth Valley | West Lothian | Dumfries & Galloway |
| Non SFC Income as % of total income | 26% | 31% | 31% | 20% |
| Staff costs as % of total income (excludes exceptional costs) | 68% | 70% | 67% | 64% |
| Ratio of Current Assets to Current Liabilities | 1.5:1 | 0.65:1 | 0.5:1 | 0.82:1 |
| Days Cash to Total Expenditure | 76 | 11 | 14 | 59 |

Key Performance Indicators 2014-2017
Learner Performance

| West Lothian College | 2014-15 Actual | | 2015-16 Actual | Sector Averages 15-16 | 2016-17 Target | 2016-17 Actual |
|--------------------------------|-----------------------|--------------------------------|-----------------------|------------------------------|-----------------------|-----------------------|
| Activity WSUMS | 53,665 | Activity Credits | 44,390 | | 43,499 | 44,085 |
| Full Time FE Programmes | | Full Time FE Programmes | | | | |
| Early Withdrawal | 8% | Early Withdrawal | 8% | 9% | below 8% | 9% |
| Further Withdrawal | 18% | Further Withdrawal | 19% | 17% | below 18% | 17% |
| Partial Success | 10% | Partial Success | 9% | 9% | below 10% | 12% |
| Completed Successfully | 64% | Completed Successfully | 64% | 66% | 68% | 62% |
| | | | | | | |
| Full Time HE Programmes | | Full Time HE Programmes | | | | |
| Early Withdrawal | 8% | Early Withdrawal | 5% | 5% | below 8% | 5% |
| Further Withdrawal | 10% | Further Withdrawal | 12% | 13% | below 10% | 11% |
| Partial Success | 11% | Partial Success | 14% | 11% | below 11% | 11% |
| Completed Successfully | 71% | Completed Successfully | 70% | 72% | 75% | 73% |
| | | | | | | |
| Part Time FE Programmes | | Part Time FE Programmes | | | | |
| Early Withdrawal | 1% | Early Withdrawal | 2% | 3% | below 1% | 2% |
| Further Withdrawal | 3% | Further Withdrawal | 4% | 6% | below 4% | 6% |
| Partial Success | 22% | Partial Success | 24% | 16% | below 20% | 15% |
| Completed Successfully | 75% | Completed Successfully | 71% | 74% | 78% | 77% |
| | | | | | | |
| Part Time HE Programmes | | Part Time HE Programmes | | | | |
| Early Withdrawal | 4% | Early Withdrawal | 2% | 3% | below 3% | 1% |
| Further Withdrawal | 2% | Further Withdrawal | 4% | 6% | below 2% | 10% |
| Partial Success | 21% | Partial Success | 28% | 12% | below 21% | 11% |
| Completed Successfully | 74% | Completed Successfully | 66% | 79% | 78% | 79% |

Finance and General Purposes Committee

Human Resources Report

The Human Resources Report and Equality Monitoring Statistics for the quarter 1 July 2017 to 30 September 2017 are attached to this paper.

The key points from the report are:

Recruitment

All vacancies except one were filled (this post is being re-advertised).

Applicant: Vacancy Ratio

The applicant to vacancy ratio for lecturing posts is 5:1 (a slight reduction from previous quarter which was 6:1) and for support posts is 24:1 (a slight increase from previous quarter which was 21:1).

Employee Turnover

Employee turnover remains below national average at 13.2% for this quarter.

Sickness Absence

The sickness absence rate of 5.20% for this quarter is higher compared to the same quarter for 2016-2017 which was 4.34%. This is due to high levels of long term sickness absence (3.72%). HR Business Partners meet Centres'/Departments' management bi-monthly to review sickness absence to ensure appropriate management action is taken, as well as providing advice and guidance on an ongoing basis.

Action

For discussion.

Jennifer McLaren

Vice Principal, Finance & Curriculum Services
20 November 2017

**by Gender, Disability, Ethnicity, Nationality and Age
Equality Monitoring and Analysis - 01 July to 30 September 2017**

by Gender, Disability, Ethnicity, Nationality and Age

| | |
|--|---------|
| 1. Local population: | 175,100 |
| 2. Number of Posts Advertised: | 25 |
| 3. Number of Applications: | 410 |
| 4. Number of Applications Interviewed: | 77 |
| 5. Number of Appointments: | 20 |
| 6. Workforce: | 371 |
| 7. Leavers (retiral, resignation, severance) | 12 |

| | Local population (% of Total) | | Applicants (% of Total) | | Interviewed (% of Total) | | Appointed (% of Total) | | Staff Turnover (% of Leavers) Retiral/Resignation/ Severance | | Workforce Profile (% of Total) | |
|--------------------|----------------------------------|-------|----------------------------|-------|-----------------------------|-------|---------------------------|-------|---|-------|--------------------------------------|-------|
| | No. | % | No. | % | No. | % | No. | % | No. | % | No. | % |
| Gender* | | | | | | | | | | | | |
| Male | 85550 | 48.86 | 69 | 16.83 | 18 | 23.38 | 5 | 25.00 | 4 | 33.33 | 127 | 34.23 |
| Female | 89550 | 51.14 | 329 | 80.24 | 57 | 74.03 | 14 | 70.00 | 8 | 66.67 | 244 | 65.77 |
| Other | - | - | 2 | 0.49 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Not Disclosed | - | - | 10 | 2.44 | 2 | 2.60 | 1 | 5.00 | 0 | 0.00 | 0 | 0.00 |
| Disability* | | | | | | | | | | | | |
| Yes | 32448 | 18.53 | 29 | 7.07 | 9 | 11.69 | 15 | 75.00 | 0 | 0.00 | 16 | 4.31 |
| No | - | - | 317 | 77.32 | 56 | 72.73 | 1 | 5.00 | 10 | 83.33 | 221 | 59.57 |
| Not Disclosed | - | - | 64 | 15.61 | 12 | 15.58 | 4 | 20.00 | 2 | 16.67 | 134 | 36.12 |

*Source: 2011 Census

The 2011 Census disabled figures are not a direct comparison with the College's disabled employees, as the census records people with 'limiting long term illness'

1 November 2013 - 31 January 2014

| | Local population (% of Total) | | Applicants (% of Total) | | Interviewed (% of Total) | | Appointed (% of Total) | | Staff Turnover (% of Leavers) | | Workforce Profile (% of Total) | |
|-------------------|----------------------------------|-------|----------------------------|-------|-----------------------------|-------|---------------------------|--------|----------------------------------|-------|--------------------------------------|-------|
| | No. | % | No. | % | No. | % | No. | % | No. | % | No. | % |
| Ethnicity | | | | | | | | | | | | |
| White | 170850 | 97.57 | 379 | 92.44 | 67 | 87.01 | 20 | 100.00 | 11 | 91.67 | 258 | 69.54 |
| Indian | 641 | 0.37 | 3 | 0.73 | 1 | 1.30 | 0 | 0.00 | 0 | 0.00 | 1 | 0.27 |
| Pakistani | 1402 | 0.81 | 4 | 0.98 | 1 | 1.30 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Bangladeshi | 11 | 0.01 | 1 | 0.24 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| South Asian Other | 371 | 0.21 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Chinese | 498 | 0.28 | 1 | 0.24 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Black Caribbean | 118 | 0.07 | 1 | 0.24 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Black African | 445 | 0.25 | 2 | 0.49 | 1 | 1.30 | 0 | 0.00 | 0 | 0.00 | 1 | 0.27 |
| Black Other | 12 | 0.01 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 1 | 8.33 | 0 | 0.00 |
| Mixed | 534 | 0.3 | 11 | 2.68 | 4 | 5.19 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Other | 218 | 0.12 | 4 | 0.98 | 2 | 2.60 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Not Disclosed | - | - | 4 | 0.98 | 1 | 1.30 | 0 | 0.00 | 0 | 0.00 | 111 | 29.92 |

| | Local population (% of Total) | | Applicants (% of Total) | | Interviewed (% of Total) | | Appointed (% of Total) | | Staff Turnover (% of Leavers) | | Workforce Profile (% of Total) | |
|---------------------|----------------------------------|------|----------------------------|-------|-----------------------------|-------|---------------------------|-------|----------------------------------|-------|--------------------------------------|-------|
| | No. | % | No. | % | No. | % | No. | % | No. | % | No. | % |
| Nationality* | | | | | | | | | | | | |
| British | 165284 | 94.4 | 362 | 88.29 | 65 | 84.42 | 18 | 90.00 | 11 | 91.67 | 247 | 66.58 |
| Irish | 510 | 0.29 | 4 | 0.98 | 3 | 3.90 | 2 | 10.00 | 0 | 0.00 | 2 | 0.54 |
| Rest of Europe | 5112 | 2.92 | 4 | 0.98 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 9 | 2.43 |
| Elsewhere ** | 3646 | 2.08 | 36 | 8.78 | 8 | 10.39 | 0 | 0.00 | 1 | 8.33 | 2 | 0.54 |
| Not Disclosed | 548 | 0.31 | 4 | 0.98 | 1 | 1.30 | 0 | 0.00 | 0 | 0.00 | 111 | 29.92 |

*Source: 2011 Census

** Includes dual nationality in addition to elsewhere

1 November 2013 - 31 January 2014

| | Local population (% of Total) | | Applicants (% of Total) | | Interviewed (% of Total) | | Appointed (% of Total) | | Staff Turnover (% of Leavers) | | Workforce Profile (% of Total) | |
|---------------|----------------------------------|-------|----------------------------|-------|-----------------------------|-------|---------------------------|-------|----------------------------------|-------|--------------------------------------|-------|
| | No. | % | No. | % | No. | % | No. | % | No. | % | No. | % |
| Age | | | | | | | | | | | | |
| 16-29 | 29924 | 17.09 | 107 | 26.10 | 8 | 10.39 | 2 | 10.00 | 1 | 8.33 | 32 | 8.63 |
| 30-49 | 52973 | 30.25 | 186 | 45.37 | 39 | 50.65 | 12 | 60.00 | 8 | 66.67 | 179 | 48.25 |
| 50-64 | 32881 | 18.79 | 82 | 20.00 | 19 | 24.68 | 5 | 25.00 | 3 | 25.00 | 135 | 36.39 |
| 65-74 | 14373 | 8.21 | 2 | 0.49 | 1 | 1.30 | 1 | 5.00 | 0 | 0.00 | 22 | 5.93 |
| 74+ | 9514 | 5.43 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 3 | 0.81 |
| Not Disclosed | 35435 | 20.23 | 33 | 8.05 | 10 | 12.99 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |

| | Local population (% of Total) | | Applicants (% of Total) | | Interviewed (% of Total) | | Appointed (% of Total) | | Staff Turnover (% of Leavers) | | Workforce Profile (% of Total) | |
|-----------------|----------------------------------|---|----------------------------|-------|-----------------------------|-------|---------------------------|-------|----------------------------------|-------|--------------------------------------|-------|
| | No. | % | No. | % | No. | % | No. | % | No. | % | No. | % |
| Religion | | | | | | | | | | | | |
| Buddhist | - | - | 1 | 0.24 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 1 | 0.27 |
| Christian | - | - | 158 | 38.54 | 35 | 45.45 | 10 | 50.00 | 4 | 33.33 | 109 | 29.38 |
| Hindu | - | - | 2 | 0.49 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 2 | 0.54 |
| Jewish | - | - | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Muslim | - | - | 4 | 0.98 | 1 | 1.30 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Sikh | - | - | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| No Religion | - | - | 214 | 52.20 | 38 | 49.35 | 9 | 45.00 | 6 | 50.00 | 103 | 27.76 |
| Not Disclosed | - | - | 31 | 7.56 | 3 | 3.90 | 1 | 5.00 | 2 | 16.67 | 156 | 42.05 |

1 November 2013 - 31 January 2014

| | Local population (% of Total) | | Applicants (% of Total) | | Interviewed (% of Total) | | Appointed (% of Total) | | Staff Turnover (% of Leavers) | | Workforce Profile (% of Total) | |
|---------------------------|----------------------------------|---|----------------------------|-------|-----------------------------|-------|---------------------------|--------|----------------------------------|-------|--------------------------------------|-------|
| | No. | % | No. | % | No. | % | No. | % | No. | % | No. | % |
| Sexual Orientation | | | | | | | | | | | | |
| Bi-Sexual | - | - | 4 | 0.98 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 2 | 0.54 |
| Gay Man | - | - | 3 | 0.73 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 2 | 0.54 |
| Gay Woman/Lesbian | - | - | 6 | 1.46 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 1 | 0.27 |
| Heterosexual/Straight | - | - | 377 | 91.95 | 72 | 93.51 | 20 | 100.00 | 10 | 83.33 | 226 | 60.92 |
| Other | - | - | 1 | 0.24 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Not Disclosed | - | - | 19 | 4.63 | 5 | 6.49 | 0 | 0.00 | 2 | 16.67 | 140 | 37.74 |

1 November 2013 - 31 January 2014

Human Resources Report – 01 July to 30 September 2017

Recruitment

For the period 01 July to 30 September 2017, 25 vacancies were dealt with and a total of 410 applications reviewed.

Recruitment for the following staff vacancies was underway or completed:

Lecturing:

| Job Status | Job Title | Centre | Total Number of Applicants | Number of applicants - Hired |
|--|---|--|-----------------------------------|-------------------------------------|
| Closed/Filled | Temporary Lecturer – CIPD | Business and Creative | 3 | 1 |
| Closed/Filled | Temporary Lecturer - Core Skills | Beauty Therapy and Hairdressing | 11 | 1 |
| Closed/Filled | Temporary Lecturer - English | Hospitality and Communities | 5 | 1 |
| Closed/Filled | Temporary Lecturer - Maths | Hospitality and Communities | 3 | 1 |
| Closed/Filled | Temporary Lecturer - Mechanical Engineering | Computing and Engineering | 6 | 1 |
| Closed/Filled | Temporary Lecturer - Painting and Decorating | Construction and Motor Vehicle | 2 | 1 |
| Closed/Filled | Temporary Lecturer – PDA Health and Social Care | Commercial and Enterprise | 5 | 5 |
| Closed/Filled | Temporary Lecturer (Childhood Practice x 12 hours) | Childhood Practice, Sports and Fitness | 10 | 1 |
| Open | Temporary Lecturer (Civil Engineering and the Built Environment x 12 hrs) | Construction and Motor Vehicle | 8 | 0 |
| 2 candidates have been identified following shortlisting and have been invited to interview. | | | | |

| Job Status | Job Title | Centre | Total Number of Applicants | Number of applicants - Hired |
|-------------------|--|--|-----------------------------------|-------------------------------------|
| Closed/Filled | Temporary Lecturer (Hairdressing) | Beauty Therapy and Hairdressing | 9 | 1 |
| Closed/Filled | Temporary Lecturer (Health and Social Care x 10 hrs) | Health and Social Care, Social Science and Science | 13 | 1 |

Support:

| Job Status | Job Title | Centre | Total Number of Applicants | Number of applicants - Hired |
|-------------------|--|--|-----------------------------------|-------------------------------------|
| Closed/Filled | Catering Assistant - Fixed Term - 6 Months | Facilities Management | 12 | 1 |
| Closed/Filled | E-Learning Coordinator | CHSTU | 9 | 1 |
| Closed/Filled | Secretary to the Board of Governors | Executive | 13 | 1 |
| Closed/Filled | Student Advice & Enrolment Co-ordinator | Quality & Learner Services | 113 | 1 |
| Closed/Filled | Student Advice & Enrolment Co-ordinator (Fixed Term and Part Time) | Quality & Learner Services | 50 | 1 |
| Closed/Filled | Student Systems Manager | Quality & Learner Services | 9 | 1 |
| Closed/Filled | Support for Learning Assistant | Quality & Learner Services | 36 | 1 |
| Closed/Filled | Support for Learning Assistant (Fixed Term) | Quality & Learner Services | 38 | 1 |
| Closed/Filled | SVQ Assessor – Health and Social Care | Health and Social Care, Social Science and Science | 4 | 1 |
| Closed/Filled | SVQ Assessor – Health and Social Care - Fixed Term - 1 Academic Year | Health and Social Care, Social Science and Science | 6 | 1 |

| Job Status | Job Title | Centre | Total Number of Applicants | Number of applicants - Hired |
|--|--|--|-----------------------------------|-------------------------------------|
| Closed/Filled | SVQ Assessor – Health and Social Care - Part-Time | Health and Social Care, Social Science and Science | 4 | 1 |
| Closed/Filled | Work Based Assessor - Social Services and Healthcare | Workforce Development | 11 | 1 |
| Closed/Filled | Work Based Assessor - Social Services, Children and Young People | Workforce Development | 16 | 1 |
| Open | Work Based Assessor - Social Services, Children and Young People - Fixed Term Post 24 Months | Workforce Development | 14 | 0 |
| The role is now being re-advertised as a result of no one being considered appointable to this role. | | | | |

New Starts

21 new members of staff joined the College between 01 July and 30 September 2017.

| Centre | Position | Date Joined |
|------------------------------|----------------------------------|--------------------|
| Quality & Learner Services | Student Systems Co-ordinator | 03-Jul-17 |
| Commercial & Marketing | Project Administrator | 10-Jul-17 |
| Commercial & Marketing | FA Recruitment Advisor | 10-Jul-17 |
| Facilities Management | Cleaning Operative | 01-Aug-17 |
| Beauty Therapy & Hair | Temp Lecturer Hairdressing | 28-Aug-17 |
| Childhood Practice S & F | Temp Lecturer Childhood Practice | 28-Aug-17 |
| Childhood Practice S & F | Temp Lecturer Childhood Practice | 28-Aug-17 |
| Construction & Motor Vehicle | Temp Lecturer Construction | 28-Aug-17 |
| Computing & Engineering | Temporary Lecturer Computing | 28-Aug-17 |

| Centre | Position | Date Joined |
|------------------------------|----------------------------------|--------------------|
| Learning Support | Support for Learning Assistant | 28-Aug-17 |
| Childhood Practice S & F | Temp Lecturer Childhood Practice | 28-Aug-17 |
| H&S Care Social S & S | Temp Lecturer Healthcare | 29-Aug-17 |
| Workforce Development | Temp Work Based Assessor | 04-Sep-17 |
| Business & Creative | Temp Lecturer Business | 05-Sep-17 |
| CHSTU | Administrator | 05-Sep-17 |
| Construction & Motor Vehicle | Temp Lecturer Construction | 06-Sep-17 |
| Quality & Learner Services | Student Advice & Enrol Co-or | 06-Sep-17 |
| Hospitality & Communities | Temp Lecturer Communities | 21-Sep-17 |
| H&S Care Social S & S | Temp Lecturer Healthcare | 25-Sep-17 |
| Hospitality & Communities | Temp Lecturer Communities | 25-Sep-17 |
| Computing & Engineering | Temp Lecturer Engineering | 26-Sep-17 |

Leavers

There were 12 leavers.

| Date of Leaving | Position | Centre | Due to expiry of Fixed Term Contract? |
|------------------------|---|------------------------------|--|
| 14-Jul-17 | Work Based Assessor | Workforce Development | No |
| 28-Jul-17 | Temp Lecturer Construction | Construction & Motor Vehicle | No |
| 31-Jul-17 | Work Based Assessor - SDS | Workforce Development | No |
| 07-Aug-17 | Temp Lecturer Workforce Development | Commercial and Marketing | No |
| 07-Aug-17 | Work Base Assessor - Sessional | H&S Care Social S & S | No |
| 13-Aug-17 | Lecturer Business | Business & Creative | No |
| 13-Aug-17 | Support for Learning Assistant -Sessional | Learning Support | No |

| | | | |
|-----------|--|----------------------------|----|
| 13-Aug-17 | Lecturer Computing | Computing & Engineering | No |
| 13-Aug-17 | Lecturer Computing | Computing & Engineering | No |
| 14-Aug-17 | MIS Student Records Assistant & Awards Officer | Quality & Learner Services | No |
| 18-Aug-17 | Project Administrator | Commercial and Marketing | No |
| 01-Sep-17 | Catering Assistant | Facilities Management | No |

Employee Turnover

The employee turnover for this period was 13.2%. This is a decrease on the turnover during the same period last year which was 17.92%. For comparison the median annual employee turnover rate for the CIPD's most recent UK survey was 16.5% (Source: CIPD's Resourcing and Talent Planning Survey 2017).

Comparative employee turnover for the previous full academic years are shown below:

| Year | Employee Turnover |
|---------|-------------------|
| 2014/15 | 16.75% |
| 2015/16 | 10.44% |
| 2016/17 | 12.32% |

Staff Absence

The absence figures for 01 July to 30 September 2017 are as follows:

| Month | Long Term Sickness | | Short Term Sickness | | Total | |
|-----------|--------------------|------|---------------------|------|-------|------|
| | % | Days | % | Days | % | Days |
| July | 3.27 | 176 | 1.11 | 60 | 4.38 | 236 |
| August | 4.18 | 225 | 1.43 | 77 | 5.61 | 302 |
| September | 3.70 | 199 | 1.91 | 103 | 5.61 | 302 |

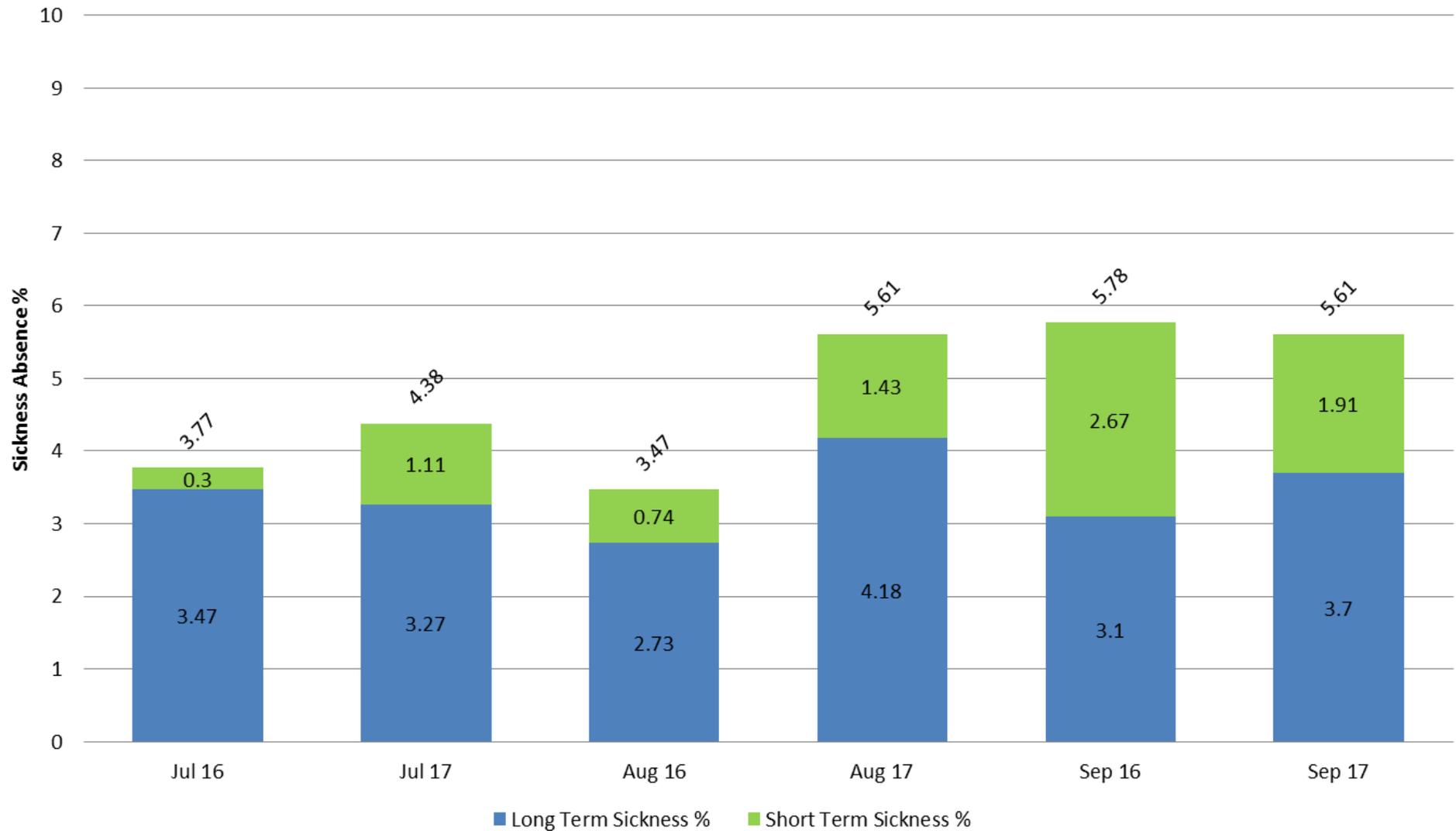
The following charts show absence trends in further detail:

Sickness Absence – Jul to Sep 17 chart: Shows month on month absence trend compared to previous year.

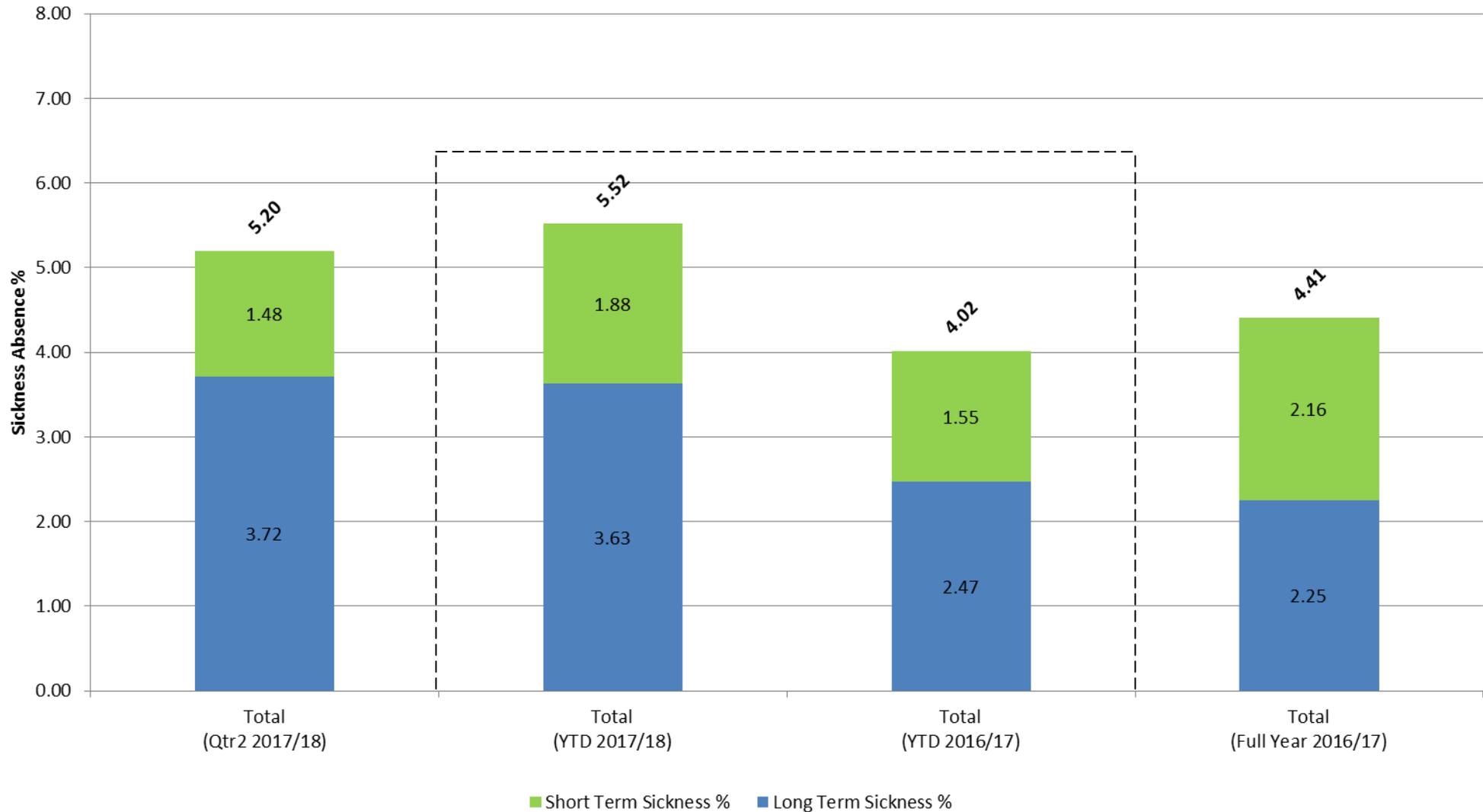
West Lothian College – Sickness Absence chart: The first bar shows absence for current Quarter (July to September 2017), the second and third bar shows absence for the current Fiscal Financial Year 2017-2018 and the previous Year to Date figure for 2016-2017 respectively. The fourth and final bar shows the absence for the full Fiscal Financial Year 2016-2017. This allows a year-on-year comparison to be made.

Absence Costs: An indicative figure for the cost of long term absence (hours lost multiplied by average salary of £22,500) is £37,087.

Sickness Absence - Jul to Sep 17



West Lothian College - Sickness Absence



The total absence percentage for the three month period 01 July to 30 September 2017 was 5.20% which is an increase of 1.86% compared to last year's figure of 4.34% for the same period. This is primarily due to high levels of long term sickness absence.

HR Business Partners meet Centres'/Departments' management bi-monthly to review sickness absence to ensure appropriate management action is taken, as well as providing advice and guidance on an ongoing basis.

Any employees who reach the short term sickness absence Policy 'trigger' are managed appropriately under the Policy. Any employees on long term sickness absence are supported and a return to work, where appropriate, is facilitated through relevant advice from Occupational Health and ongoing communication between the employee and their line manager. During this period two employees were formally managed under the Absence Management Policy with Stage 1 meetings being conducted.

Absence reports are sent out to the Centre Heads/Deputes monthly. The reports show absence episodes for the previous 6 months for all staff in the Centre, assisting in appropriate management action being taken, in line with the College's Absence Management Policy.

Leave of Absence

The main reasons for Leave of Absence (in terms of the number of instances rather than the number of days) over the three month period are:

- Bereavement
- Family Care
- Hospital and other medical Appointments
- Attending a Funeral
- Jury Duty

The total numbers of days granted this period were:

| Month | Leave of Absence | |
|--------|------------------|------|
| | % | Days |
| Jul 17 | 0.87 | 47 |
| Aug 17 | 1.41 | 76 |
| Sep 17 | 1.49 | 80 |

Occupational Health

OH Assist - the College's Occupational Health provider - changed their reporting and customer interface system in this quarter. As a result of significant technical difficulties with this change, no activity and performance information is available at present. Difficulties were also experienced in the level of service that OH Assist were providing. The College, in conjunction with APUC as the procurement partner, addressed the operational issues arising and service has now returned to an acceptable level.

Disciplinary & Grievance

One investigation under the Disciplinary Procedure commenced and concluded with no further action.

Two hearings under the Disciplinary Procedure took place.

One investigation under the Harassment Procedure commenced and concluded with no further action.

Employee Relations

Two Joint EIS/UNISON JNCC meetings took place.

It was agreed to commence an Absence Management pilot within Facilities, and Hairdressing & Beauty Therapy Centre, that employees on sickness absence are contacted by their line manager upon notifying of their absence. This will run until end of February 2018 – at which point it will be reviewed.

It was agreed to hold separate quarterly EIS and UNISON JNCC meetings from now onwards.

Policies and Procedures

Core HR policies, as per the *National Bargaining – Contractual Effect of National Collective Agreements* circular, cannot be reviewed locally at present as these discussions are to take place at the national level.

Other Policies have been reviewed – in this reporting quarter the Secondment and Retirement Policies were updated and agreed.

Operational Matters

A National Bargaining agreement was reached, as part of the national Support Staff Pay Deal for 2017-2018, to increase the combined leave total for Support Staff to 44 days, backdated to 1st April 2017. This increased the flexible leave entitlement for all Support Staff to 29 flexible days (there are 15 fixed leave days for all Support Staff in addition to the flexible leave days.)

The College received Living Wage accreditation in August. The Living Wage is currently £8.45 per hour, and is based on the cost of living. If an employer pays all employees at or above this rate, they are then accredited as a Living Wage employer - a symbol of responsible business practice.

The College became a Disability Confident Employer in July. This is Level 2 of the national Disability Confident scheme which aims to help employers successfully employ and retain disabled people and those with health conditions.

Equalities Monitoring

A set of reports for the three months July to August 2017 is attached.

Derek O'Sullivan
Senior HR Business Partner
16 November 2017

West Lothian College

20 November 2017

Finance & General Purposes**Complaints Report - 1 August 2017 – 31 October 2017**

In keeping with the Scottish Public Services Ombudsman (SPSO) requirements, the College had adopted the National Complaints Handling procedure. Henceforth complaints will be reported to the Finance & General Purposes meeting, in terms of number of complaints and comment as to whether complaints were upheld or not.

A complaint is now defined as:

‘An expression of dissatisfaction, by one or more customers, about the College’s actions or lack of action, or about the standard of service provided by the College or on its behalf’ (SPSO).

This definition excludes matters which are subject to an appeals process such as an academic award/decision.

From 1 August 2017 to 31 October 2017 six matters were raised as complaints compared with seven complaints at this time last year.

The complaints are listed below:

| Name of Course | Nature of Complaint | Date Received | Date Acknowledged | Action Taken | Completed |
|--|---|----------------------|--------------------------|--|-------------------|
| ECDL | Student complained regarding sub standard teaching. | 02/08/17 | 02/08/17 | Apology sent for standard of learning and teaching. | Upheld |
| Potential Student - HNC Additional Support Needs | Current student complained as she had not progressed onto HNC Additional Support Needs. | 25/08/17 | 31/08/17 | Letter sent stating that the student did not have the criteria qualifications to progress. | Not Upheld |
| Human Biology (Evening) | Student complained regarding sub standard teaching. | 26/09/17 | 29/09/17 | Apology sent and refund of fees. New lecturer working with the group. | Upheld |
| Preparation for Health and Social Care | Student complained that their EMA had not been paid. | 2/10/17 | 4/10/17 | Letter sent stating that bank details provided were inaccurate. | Not Upheld |

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| | | | | | |
|----------------------------------|--|---------|----------|---|-----------------------|
| NC Fabrication and Welding | Student complained regarding the lecturer's behaviour. | 9/10/17 | 11/10/17 | Letter sent stating that there had been no evidence to support that the lecturer had behaved inappropriately. | Not Upheld |
| NC Fabrication and Welding | Student complained regarding the lecturer's behaviour. | 9/10/17 | 11/10/17 | Letter sent stating that there had been no evidence to support that the lecturer had behaved inappropriately. | Not Upheld |

Discussion regularly takes place with staff on how to improve communication to prevent some of the complaints.

Action

The Committee is asked to note this paper.

George Hotchkiss

Vice Principal, Curriculum & Planning
20 November 2017

Finance and General Purposes Committee

Committee Development Plan June 2017 – May 2018

Membership

No current issues. Board member who is an accountant has been recruited to join the Committee.

Remit

Annual review of remit – reviewed June 2017, next review June 2018

Visits to Parts of the Campus

Campus visit (to gym) took place August 2017.

Opportunities for Strategic Discussion

No current issues

Development Issues Identified in Meetings

Briefing session took place August 2017; now included in induction pack for new Committee members.

Self-Evaluation

Annual self-evaluation of Committee – March 2018

Include opportunity for reflection on new approaches (campus visits, briefing session)

Update 3: November 2017