

West Lothian College Finance and General Purpose Committee

Meeting Date:	25 November 2021: 10.30am – 12.30pm
Venue:	

Ref	Agenda Item	Paper	Lead	Time
1.	Committee Administration			
1.1	Welcome and Apologies		MN	10.30
1.2	Declaration of any Conflicts of Interest		MN	10.32
1.3	Minutes of Previous Meeting	1	MN	10.33
1.4	Matters Arising	2	MN	10.35
2.	Matters for Recommendation for Board Approval			
2.1	Financial Forecast Return (FFR)	3		10.40
3.	Matters for Recommendation for Audit Approval			
3.1	Annual Report & Financial Statements	4	JMc	10.50
4.	Matters for Attention			
4.1	Financial Management: i. Management Accounts – October 2021 ii. Reconciliation of Final Outturn of 2020-21 iii. College Certificate	5 6 7	JMc JMc SE	11.00
4.2	Business Development Report	8	SE	11.20
4.3	Infrastructure Report	9	JMc	11.30
4.4	HR & People Report i. HR & People Report (Update on People Strategy) ii. Employers Association	10 Verbal	DOS AL	11.40 12.00
5.	Matters for Information			
5.1	None			
6.	Any Other Business (AOB)		MN	12.20
7.	Review of Committee, Supporting Papers		LA	12.25
8.	Date of Next Meeting: 24 February		MN	

West Lothian College

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Finance and General Purposes Committee

Minute of Meeting of the Finance and General Purposes Committee held on **Thursday 9 September 2021 at 10.30am** via zoom

For information: A pre-meeting was held with Committee Members and a representative from the CHILDREN'S HEARINGS SCOTLAND TEAM to enable Committee Members to meet the team. The committee thanked the team for providing a positive insight into their work and commented on the potential cross college learning from the transition to online learning. The committee noted the appetite for growth and ability to respond to demands from the service, across Scotland.

Present: Moira Niven (Chair)
 Jackie Galbraith (Principal and Chief Executive)
 Lynne Hollis
 Alex Linkston
 Frank Gribben

In attendance Jeanette Dobson (SA President)
 Jennifer McLaren (Vice Principal, Finance and Corporate Services)
 Simon Earp, (Vice Principal, Performance and Improvement)
 Sarah-Jane Linton (Vice Principal, Learning and Attainment)
 Derek O'Sullivan (Head of HR and People Development) – item 6
 Fiona Hudson (Head of Finance, Procurement and Student Funding)
 Lesley Aitkenhead (Board Governance Advisor)

1 **Welcome/Apologies**

The Chair welcomed all to the meeting. Apologies were noted from Sue Stahly and Kirsti Clark. It was also noted that Julia Simpson has moved to the Audit Committee.

2 **Declarations of Interest**

There were no declarations of interest.

3 **Minutes of Meeting of 17 June 2021**

The Minute of the meeting of 17 June 2021 was approved as a correct record of the meeting subject to one amendment.

4 **Matters Arising**

The committee noted all actions as duly completed.

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5 Financial Progress

(i) June 2021 Management Accounts

Vice Principal, Finance and Corporate Services presented Paper 3 noting minor changes from the previous reporting period. Overall, the accounts reflect a successful year for the college, reporting a slightly reduced surplus.

The committee noted the overall positive position and raised a query in relation to the movement for Foundation Apprenticeships. The committee was advised that this movement reflected the impact of COVID with fewer starts and an increase in withdrawals during lockdown, resulting in reduced funding. However, Foundation Apprenticeships are moving from Skills Development Scotland (SDS) funding to SFC credits. The impact of this change will be covered under Item 9.

The committee asked if there were any potential concerns in relation to preparing the final year end accounts, impacted by access restrictions for the External Audit Team during lockdown. The committee was reassured that there were no concerns on completing on time, with adequate engagement with the External Audit team. The committee noted the paper and commented on the quality of the information.

(ii) Business Development

Vice Principal, Performance and Improvement presented Paper 4 for information. The committee noted a few key areas of development, including the reference to the work of the Children's Hearing Scotland Team, and the bids submitted to support students in poverty.

The committee asked for some additional information in future in relation to the bids, including a description, likelihood of success and potential impact. The committee discussed the bid for the Levelling Up Fund and Place Based Investment, and was provided with further detail in terms of the objectives and likelihood of success. The committee discussed the importance on including indirect costs into all bids, and to look beyond financial value, for items such as anti-poverty. The committee welcomed the report and recommended that additional information is included in future reports, to help provide a context.

Action 1 VP, P&I: The Business Development Report will be updated to include additional information on all material bids.

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(iii) Pre-Audit Credit Update 2020-21

Vice Principal, Performance and Improvement presented paper 5 for noting. The committee commented on the benefit of having a surplus or credits as a strategic tool, but also acknowledged the desire to be efficient and reduce the surplus. The committee noted the paper.

6 HR and People Development

(i) HR and People Development Report

Head of HR and People Development presented Paper 6 for discussion and noted the inclusion of an additional paper covering the age and ethnicity profile of staff. The presenter summarised the key messages, including reference to recruitment and a slight increase in leavers. The committee noted that there were no issues raised and staff continue to show high levels of engagement. The committee discussed the report on age and ethnicity profile and welcomed the range of actions that the college was taking to enhance the diversity of the college, including staff and Board members.

The committee discussed non-disclosure of ethnicity for staff, and recommended engaging with local Trade Unions to encourage capture of this data to better inform the position within the college.

The committee discussed the importance of capturing other protected characteristics in the report, to provide greater insight on diversity.

Action 2 H of HR & PD: The committee recommended engaging with Trade Unions to reduce the non-disclosure of ethnicity and encourage staff to provide this information as a source of insight on diversity.

The committee discussed the levels of completion on mandatory training and personal learning plans, acknowledging that last year was particularly challenging for staff. The committee highlighted the importance of mandatory training, particularly during periods of significant change.

Action 3 H of HR & PD: The committee requested that action is taken to ensure that all staff who did not complete mandatory training last year complete with Q1 of 2021-22 academic year and that all staff are reminded of the importance of this training.

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The committee discussed the responses to the staff Pulse survey on hybrid working and was advised that the college's newly formed Hybrid Working Group would be looking at all of the findings from the survey, including hot desking. The committee highlighted the importance of positive messages and establishing a sustainable new way of working for staff.

(ii) Employers' Association Update

The committee received a verbal update from the Board Chair on ongoing discussions with the Employers' Association. The committee was advised of plans to roll out the nationally agreed registration process for lecturers, and requested that updates on the college roll-out is included in future HR Report.

Action 4 H of HR & PD: The committee requested that progress on the roll-out of the nationally agreed registration process for lecturers is included in future HR Reports.

The committee discussed progress on negotiations on pay awards for lecturers and support staff. Negotiations are ongoing and remain sensitive.

7 Infrastructure Update

Vice Principal, Finance and Corporate Services presented paper 7 for noting, with a further update to be presented to the committee on 25 November 2021. The committee noted the positive change to the college landscape, including the new Student Association Area and thanked staff for the considerable effort to date.

9 Complaints Report

Vice Principal, Performance and Improvement presented Paper 8 for noting and highlighted the key points. All complaints are managed in accordance with the complaints procedure.

The Committee Chair questioned whether the Complaints Paper would be a better fit for the Audit Committee. The committee discussed the range of topics that were included in the report and agreed that it should remain as one report with possible updates on key areas to other committees.

Action 5 BGA: The Committee Chair will discuss the potential inclusion of complaints, GDPR and FOI¹ reports in the Audit Committee, as part of its oversight of the control environment, supported by the BGA.

¹ GDPR and FOI were not explicitly discussed at this committee, but have been discussed with the Chair of the F&GP and Chair of Audit Committee, as information that should be reported together

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10 FINANCIAL FORECAST RETURN 2020-21 to 2023-24

Vice Principal, Finance and Corporate Services presented paper 9 for noting, and advised that an exceptional meeting of the committee will be required to approve the FFR. The committee discussed the potential challenges arising from the assumptions provided by SFC particularly the assumption that funded credits for Foundation Apprenticeships (FAs) would not continue beyond 2021-22 as the income and credits associated with FAs are significant for the college.

The committee discussed the importance of being prepared for a potential reduction in future income from the Scottish Government, and to complete robust scenario planning using a variety of key assumptions and mitigations. However, committee members felt strongly that the college should be committing to a financial plan based on a growth strategy, reflecting the ambitions of the college and needs of the local community. The committee were advised that the FFR would be presented for approval in October 2021.

Action 6 BGA: To arrange an exceptional meeting of the Finance and General Purpose Committee to review and recommend approval of the FFR to the Board of Governors.

11 AOB

The committee noted that the Strategic Risk Register was not included in the agenda for the F and GP Committee, as part of the agreed Risk Management Arrangements, and a new Risk Register will be presented at the 21 September Board for agreement on inherent risks and tolerance.

12 Review of Meeting, Development and Supporting Papers

The committee discussed the quality of the papers and discussion, with positive comments. Some consideration was requested on the HR Report and the committee was advised that work is ongoing, in terms of future reports.

Action 7 H of HR & PD: To present an updated version of the HR Report & People Development Report at the 25 November 2021 Committee.

14 Date of Next Meeting

The next scheduled meeting of the committee was Thursday 25 November 2021 at 10.30 am.

Signed

Chair, Finance and General Purposes Committee

Date

ACTION: For Attention

Matters Arising - Finance & General Purpose Committee - Action Tracker

West Lothian College

Date: 25 November 2021

Board/Committee	Meeting	Ref	Source	Action	Owner	Priority	Target Date	Status	Update
F&GP	25-Feb-21	F1	Business Development Plan	To remove the header in the third column to be updated to remove the word 'surplus' as it was agreed that 'contribution' was the correct term	VPP&I	2	25-Feb-21	Completed	
F&GP	25-Feb-21	F2	Strategic Risk Register	To update the Risk Register with the agreed changes and present to the Board.	VPF&CS	1	30-May-21	Completed	Risk Register updated
F&GP	25-Feb-21	F3	AOB	To propose that a Cyber Security Session is held at a future Board Meeting	Chair F&GP	2	06-May-21	Completed	Cyber Security Session presented at Board Strategy Day
F&GP	25-Feb-21	F4	Board Development Report	To approach Forth Valley College on behalf of the Chair, F&GP to virtually attend a Board Finance Committee	BGA	2	30-May-21	Completed	Chair F&GP attended a FVC Finance Committee
F&GP	09-Sep-21	F7	HR & People Development Report	The committee requested that action is taken to ensure that all staff who did not complete mandatory training last year complete with Q1 of 2021-22 academic year and that all staff are reminded of the importance of this training.	H of HR & PD	2	30-Nov-21	Completed	Included in HR & People Development Report for Nov F&GP.
F&GP	09-Sep-21	F8	HR & People Development Report	The committee requested that progress on the roll-out of the nationally agreed registration process for lecturers is included in future HR Reports.	H of HR & PD	2	30-Nov-21	Completed	Included in HR & People Development Report for Nov F&GP.
F&GP	09-Sep-21	F9	Complaints Report	The Committee Chair will discuss the potential inclusion of complaints, GDPR and FOI reports in the Audit Committee, as part of its oversight of the control environment, supported by the BGA.	BGA	2	30-Nov-21	Completed	Agreed that an overview of Complaints, GDPR and FOI will be included in Audit Committee as part of oversight.
F&GP	09-Sep-21	F10	FFR	To arrange an exceptional meeting of the Finance & General Purpose Committee to review and recommend approval of the FFR to the Board of Governors.	BGA	2	30-Nov-21	Completed	Financial Working Group held on 7 October, for discussion on FFR, with formal ratification due at next scheduled FGP on 25 November 21.
F&GP	09-Sep-21	F5	Business Development Plan	The Business Development Report is updated to include additional information on all material bids.	VP P&I	2	30-Nov-21	On Track	Business Development Report is included in agenda for F&GP 25 Nov - Item 4.2.
F&GP	09-Sep-21	F6	HR & People Development Report	The committee recommended engaging with Trade Unions to reduce the non-disclosure of ethnicity and encourage staff to provide this information as a source of insight on diversity.	H of HR & PD	2	28-Feb-22	On Track	Engagement with Trade Union is ongoing, and on track for completion by end of Feb 22.
F&GP	09-Sep-21	F11	Review of Committee Papers	To present an updated version of the HR Report & People Development Report at the 25 November 2021 Committee.	H of HR & PD	2	30-Nov-21	On Track	Revised HR&People Report is due to be presented to F&GP 25 Nov.

Finance and General Purposes Committee

FINANCIAL FORECAST RETURN (FFR)

Purpose

The purpose of this paper is to ask the committee to discuss the October 2021 FFR attached to this paper and agree the college's financial strategy to achieve a balanced budget over the planning period.

Introduction

The College is required to produce a financial forecast and commentary as part of the Scottish Funding Council's (SFC) financial health monitoring framework. The attached financial forecast and commentary covers the period 2020-21 to 2023-24.

The FFR approved by the Board in June 2021 covered the period 2020-21 and 2021-22. The forecast for 2020-21 provided in June has been updated to reflect the latest forecast.

The key assumptions as advised by SFC were discussed at the September meeting of the Finance & General Purposes Committee and are set out below.

Key income assumptions

- The additional funded credits allocated for Foundation Apprenticeships (FAs) and deferred students in 2021-22 are not to continue beyond 2021-22 (core credits will need to be used to provide FAs) – this would result in a decrease in grant in aid (GIA) of just over £1 million, £740k of which relates to FA funding.
- Digital learning and mental health support will not continue beyond 2021-22 (the college received a total of £241k), however SFC advised in 2021-22 that these funding streams were one-off
- Estates maintenance grant to be based on 2021-22 funding allocation
- Flexible Workforce Development Fund, Young Person's Guarantee and National Transition Training Fund to continue at 2020-21 levels
- Funding for Counsellors and Access to free sanitary provision to continue at 2020-21 levels.

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Key expenditure assumptions

- For all staff the current Scottish Government public sector pay policy should be applied for each year of the forecast which is £800 for staff who earn £25k or less, 2% for staff who earn between £25k and £40k, 1% for staff who earn between £40k and £80k and £800 maximum for staff earning more than £80k
- SFC will not provide funding for voluntary severance schemes.

Additionally, SFC is asking colleges to consider an alternative more pessimistic scenario which is based on the assumption that there will be no cost of living increase made available by the Scottish Government to the college sector and provide a narrative which sets out mitigating actions that would be required to address financial sustainability challenges.

As in previous years SFC has asked colleges to present a balanced budget in each year and describe the mitigating actions needed in order for this to be achieved. The committee should be aware that the actions described in the commentary are being reported to SFC in order to flag the impact of not funding FA credits beyond 2021-22. This strategy was discussed and agreed at a special meeting of the Finance working Group on 7 October 2021.

For information, although the statement of comprehensive income shows a deficit position from 2021-22, break-even is achieved after transfer to and from the pension and revaluation reserves.

Action

The committee is asked to agree the college's financial strategy to achieve a balanced budget and recommend approval of the FFR to the Board of Governors.

Jennifer McLaren

Vice Principal Finance and Corporate Services
25 November 2021

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Finance and General Purposes Committee

FINANCIAL FORECAST RETURN, OCTOBER 2021

Introduction

This financial forecast return aims to reflect the college's strategic goals, in particular to inspire and enable success, to support economic recovery and growth, and to strengthen our communities. Together, making progress on these goals will enable the college to achieve our vision of developing a highly skilled, enterprising and resilient workforce.

The biggest challenge to achieving these goals is an ongoing flat core credit target at a time of growing demand for college courses, largely driven by a growing population in the region.

The college has responded very well to SFC guidance that required the sector to reduce full-time qualifications from 18 to 16 credits, de-prioritise schools delivery to the senior phase and have limited one-plus. In addition, in 2020-21 the college delivered proportionately more credits for additional priorities such as the Young Person's Guarantee and Foundation Apprenticeships.

In an attempt to meet the growing demand we face while achieving a break-even FFR, the college needs to make difficult choices from 2022-23 that allow us to support as many students as possible while receiving fewer planned credits to do so. Regrettably, we have concluded that ending the delivery of Foundation Apprenticeships is the only way we can achieve this.

The forecast for the 12-month period to 31 July 2021 is based on the April 2021 Management Accounts which were considered by the Board of Governors in June. The forecast from the latest set of Management Accounts for the eleven-month period to end June 2021 is in line with the April position.

The budget for 2021-22 is based on the college delivering its agreed 47,776 Credits (includes 1,483 ESF credits, 2,541 Foundation Apprenticeship credits and 912 credits for deferred students). The budget and forecasts are consistent with the Estates Plan and Finance Plan.

Review of Financial Performance 2020-21

For the twelve months to 31 July 2021 the college is forecasting a net increase to the I&E Reserve of £50k which is £108k lower than the loan repayment due to SFC at April 2021. This is £15k lower than the position reported in April and is due to additional investment in the estate.

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College Target Outturn 2021-22

As reported in June, the budget presented has been set at breakeven as is required by the Scottish Funding Council (SFC). The college will re-invest the value of the annual loan repayment in upgrading the estate during the period repayments are suspended. The budget therefore allows for an investment fund of £158k.

Credit and Foundation Apprenticeship Targets 2021-22

The college is on target to meet its credit target and is on track to achieve 88% of its target for Foundation Apprenticeships.

SFC Grants

2021-22

- £11.913m in funding for the base teaching and fee waiver allocation, and £416k for the ESF allocation, to deliver 44,323 credits
- £741k for delivery of 2,541 Foundation Apprenticeship credits
- £260k for deferred students (912 credits)
- £525k of Flexible Workforce Development Funding (FWDF) - the college will also receive £100k from West Lothian Council to supplement this funding
- £756k of estates grant funding which comprises the full allocations for Fiscal Year (FY) 2021-22 (£378k) and FY 2022-23 (£378k)
- £128k to support the transition towards the provision of increased digital learning
- £113k to provide additional mental health services to staff and students due to the impact of COVID19.

2022-23 and 2023-24

SFC grants are as per guidance contained in the Financial Forecast Return circular.

Young Person's Guarantee and National Transition Training Fund

2021-22

The budget assumes a grant of £236k that matches the costs of delivery.

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2022-23 and 2023-24

As per SFC guidance, it has been assumed that this funding will continue at 2020-21 levels.

Changes in tuition fee income and other income

2021-22

Tuition fees are based on a detailed curriculum plan and include fees for articulation students from Napier and Queen Margaret Universities. Part-time students are encouraged to apply for ITA and PFG scheme funding. Changes to SDS income reflect the transfer of funding for Foundation Apprenticeships to SFC.

2022-23 and 2023-24

The forecast assumes that tuition fees will continue at 2021-22 levels. SDS income is forecast to decrease with the transfer of FAs to SFC. Modern Apprenticeship (MA) income is forecast to remain at 2021-22 levels. However, in 2020-21 the college delivered additional activity (23% over the initial allocation) and hopes there will be opportunities for further MA starts. As the college has no control over whether SDS will invite the college to deliver additional activity, no assumption has been made about an increase in numbers.

Commercial Income

2021-22

The main source of commercial income for the college is our contract to deliver training to Children's Hearings Scotland (CHS) panel members. The contract has been extended for a further year to September 2022 with costs and income included in the budget.

2022-23 and 2023-24

Under the terms of our current contract, the CHS contract can be extended for one further year to 30 September 2023 (at which point it will be re-tendered). While this is yet to be negotiated, it has been assumed that this contract will continue in 2022-23. It is assumed that the contract will not be renewed in 2023-24.

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Other Income

Other income shows an increased contribution from business development activities.

In 2021-22, refectory, restaurant and salon sales have been significantly reduced to take account of the ongoing effects of COVID19 restrictions. This is assumed to continue for 2022-23 and 2023-24.

Staff Costs

2021-22

The budget and forecasts provide for cost of living pay awards in line with public sector pay policy and for the expected additional cost of implementing the support staff and middle managers job evaluation.

If the current NJNC negotiations result in higher than public sector pay, this will impact negatively on the college's budget for 2021-22.

Employer contributions to SPPA are provided for at 23.0% and 19.8% for the Lothian Pension fund throughout the planning period.

2022-23 and 2023-24

The planning assumption (as advised by SFC) is that the funded credit activity for FAs and deferred students will not continue beyond 2021-22. Not funding credits for FA delivery will have a significant and disproportionate impact on West Lothian College for the following reasons:

- We have the 7th highest number of planned FA enrolments in the sector – more than some significantly larger regional colleges.
- As a proportion of core credits, we have been allocated the highest percentage of credits to Foundation Apprenticeships of all 13 college regions.
- In absolute terms, we have the sixth largest number of credits allocated to FAs and 8.4% of the sector total.
- In financial terms, of the total £8,799,607 cut across the sector, we account for 8.4% of that cut – significantly disproportionate to other college regions.

While it would be very disappointing to stop delivering FAs, in order to remain financially sustainable we would have little choice but to take this course of

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action from 2022-23 onwards. This would result in in corresponding staff reductions. As the college does not have the cash reserves to fund a voluntary severance scheme, we would need to consider redundancy as a last resort unless SFC supported a VS scheme.

The estimated reduction in FTEs is:

	2022-23	2023-24
FTE reduction	12.6	4

If cost of living pay awards are not funded, this would result in the need to reduce staffing further by approximately 1.8 FTE in 2022-23 and 7 FTE in 2023-24.

Non-staff Costs

In 2021-22 non-staff costs are based on detailed costings provided by budget holders. An inflationary uplift of 3% has been applied in 2022-23 and 2023-24.

Investment

The budget and forecast assume that the college will invest £158k each year of the forecast to improve our learning estate in line with the value of the SFC loan repayment, for which we have been allowed a five-year loan break.

The college has an ambitious five-year estates plan to reconfigure our campus to meet the requirements of key industry sectors, to be equipped to better support hybrid models of delivery and to enhance the student experience. Our challenge in achieving this is that what is required will cost significantly more than planned estates funding from SFC. Seeking funds to deliver this is the focus and priority of our income-generating activity in the period covered by this FFR.

Cash Budget for Priorities

The college has a fixed annual Cash Budget for Priorities of £190k. This has been allocated against estates costs.

Balance Sheet – Cash Position

The college tries to maintain an operational cash balance of £750k throughout the year, although this can vary. The forecast cash balance at 31 July 2021 is £749k positive and this position is expected to be maintained

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throughout the planning period on the basis that costs reduce in line with the reduction in grant-in-aid.

Risk Management

Management of the key budget risks takes place through the college's risk register and the relevant risks are outlined in the spreadsheet accompanying this paper.

The main risk, based on the financial planning assumptions from 2022-23, is that the college is unable to meet growing demand from individuals, employers and communities in our region.

To mitigate this risk, we need to consider the efficiency of the qualifications we offer as there is limited scope for making efficiencies in staff costs following a successful restructure in 2020 that resulted in a leaner management and staffing complement.

As explained earlier in this paper, the college has responded to SFC guidance on making full-time courses more efficient and ensuring schools activity is focused on the senior phase. With the increasing demand for courses in the region and SFC's proposed removal of funding and associated credits for FAs, ceasing the expensive delivery of FAs is our only realistic way of achieving the required break-even FFR for years beyond 2021-22.

Jennifer McLaren

Vice Principal Finance and Corporate Services

25 November 2021

Financial Forecast Return 2021

College	<input type="text" value="West Lothian College"/>
Contact	<input type="text" value="Jennifer McLaren"/>
Telephone	<input type="text" value="01506 427806"/>
Email:	<input type="text" value="jmclaren@west-lothian.ac.uk"/>

DECLARATION:	The attached worksheets represent the financial forecasts for the College. They reflect a financial statement of our academic and physical plans from 2020-21 to 2023-24. Adequate explanations have been provided where requested on the return. The worksheets and their underpinning assumptions have been reviewed and approved by the Board of Management in accordance with their agreed practices. In preparing this financial forecast the College has fully considered the financial implications of all aspects of its strategy and has properly reflected these in the forecast.
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Signed:	<input type="text"/>
	Principal/Chief Executive Officer

Date:	<input type="text"/>
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KEY RISKS

Please use the boxes below to provide a commentary on material risks to income and expenditure as identified in the Risk Register. Where possible these risks should be quantified.

There is a risk that the college is unable to meet ongoing demand in the region due to insufficient funding resulting in the college not meeting the needs of the region.

There is a risk that the college fails to deliver high quality learning, teaching and assessment due to poor alignment of resources and/or poor quality of teaching resulting in poor retention, attainment and progression for students.

There is a risk that the college is not able to budget for or achieve break-even or a surplus on an annual basis due to poor cost control resulting in the college not being financially sustainable.

There is a risk that pay awards and terms and conditions negotiated through the national bargaining process are unaffordable resulting in the college not being financially sustainable.

There is a risk of failure to deliver contracts achieved through non-core funding due to insufficient demand in the economy resulting in a clawback of funding.

There is a risk that the college fails to secure alternative income streams due to economic challenges or poor horizon scanning resulting in a loss of income and/or investment opportunity for the college.

There is a risk that the college fails to deliver on its 5-year estates plan due to insufficient funding resulting in the college not meeting the needs of our students.

Please use the boxes below to describe the actions planned by the College to address/mitigate the identified risks.

Currently at 86% full time enrolments against target. Additional activity deployed to reach target. Regular discussions with Scottish Funding Council (SFC) outcome agreement manager to consider 'in-year distribution' opportunities and the readiness of the curriculum to respond. This is evidenced in the fortnightly planning & review meetings held by the VPL&A with directors. Curriculum Planning process ensures robust review of efficient use of credit allocation. Review of unmet demand using data analytics to 'repurpose' learners without an offer into eligible 'new' funding streams e.g Youth Guarantee etc. Liaising with SFC and other stakeholders.

Support for Staff; Learning Technology Project Team will support the upskilling of staff (Learning and Teaching and Assessment). External Resources; Pastoral care to support students during pandemic; Neil's Hugs, More Choices, More Chances (MCMC) Key Workers; good alignment of resource, Scottish Association for Mental Health (SAMH) also new laptops for students and staff Internal Quality Assurance (IQA) – Appeals group established (supporting progression, attainment, retention).

Monthly management accounts presented to college leadership team with agreed actions where necessary. Budget setting process overseen by college leadership team with actions agreed at each meeting to arrive at a balanced budget. Budget review meetings held with all budget holders with agreed actions.

College has influence in determining agreed pay award and terms and conditions. College inputs into Colleges Scotland budget submission.

A management structure is in place to manage all non credit funded activity.

Comprehensive tracking and control measures. Strong connectivity with key networks and information sources. East Central Scotland Collaboration in place. Weekly meetings taking place with West Lothian Council. 12 month campaign plan in place.

Money set aside each year from estates grant to continue programme of development. Expansion of the Construction & Engineering Workshop completed April 2021 and refurbishment of the main building completed July 2021. Communication with local members of the Scottish Parliament and Scottish Funding Council to highlight need for additional resources.

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SENSITIVITY ANALYSIS

Forecast 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000
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Effect of each scenario before mitigating action

(assumes the stated sensitivity occurs each year, with cumulative impact to be shown)

1 Adjusted operating surplus / (deficit) based on planning assumptions	61	-29	-29
2 Increase in staff costs of 1%	147.16	146.12	141.87
Restated adjusted operating surplus / (deficit)	-86.16	-175.12	-170.87
Restated cash position	603	603	607

Please give details of the mitigating actions in the event of such an outcome in the box below:

3 Increase in social security costs of 1%	10.61062	10.66	11
Restated adjusted operating surplus / (deficit)	50.38938	-39.66	-40
Restated cash position	739	738	738

Please give details of the mitigating actions in the event of such an outcome in the box below:

3 Increase in pension costs of 1%	20.23	21.91	22.61
Restated adjusted operating surplus / (deficit)	40.77	-50.91	-51.61
Restated cash position	709	800	801

Pension Assumptions	2020-21	2021-22	2022-23	2023-24	2020-21	2021-22	2022-23	2023-24
Employer Contributions	£000	£000	£000	£000	Details of Methodology and Valuation	Details of Methodology and Valuation	Details of Methodology and Valuation	Details of Methodology and Valuation
STSS	1,005	941	1,019	1,052	Actual from Annual accounts	From detailed budget calculations (23%)	Pro-Rata based on previous year	Pro-Rata based on previous year
Other pension schemes - LGPF	998	1,082	1,172	1,209	Actual from Annual accounts	From detailed budget calculations (19.8%)	Pro-Rata based on previous year	Pro-Rata based on previous year
Other pension schemes - please state which scheme								
Other pension schemes - please state which scheme								
Total	2,003	2,023	2,191	2,261				

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	Actual 2019-20	Forecast 2020-21	Forecast 2021-22	Forecast 2022-23	Forecast 2023-24	2019-20 - 2020-21	2020-21- 2021-22	2021-22 - 2022-23	2022-23 - 2023-24	Explanation for variance
	£000	£000	£000	£000	£000	%	%	%	%	
Statement of Comprehensive income and expenditure (Consolidated)										
INCOME										
Tuition fees and education contracts	3,243	3,437	2,974	2,902	2,902	6.0%	-13.5%	-2.4%	0.0%	
Funding council/RSB grants	13,544	14,635	16,054	15,458	15,952	8.1%	9.7%	-3.7%	3.2%	
Research grants and contracts	0	0	0	0	0					
Other income	2,021	1,315	1,741	1,782	709	-34.9%	32.4%	2.4%	-60.2%	
Investment income	1	0	0	0	0	-100.0%				
Total income before donations and endowments	18,809	19,387	20,769	20,142	19,563	3.1%	7.1%	-3.0%	-2.9%	
Donations and endowments	0	0	0	0	0					
Total income	18,809	19,387	20,769	20,142	19,563	3.1%	7.1%	-3.0%	-2.9%	
EXPENDITURE										
Staff costs	14,684	13,451	14,716	14,612	14,187	-8.4%	9.4%	-0.7%	-2.9%	
Staff costs - exceptional restructuring costs	98	0	0	0	0	-100.0%				
Exceptional costs - non-staff	0	0	0	0	0					
Other operating expenses	4,616	4,538	5,327	4,894	4,740	-1.7%	17.4%	-8.1%	-3.1%	
Donation to Arms Length Foundation	0	0	0	0	0					
Depreciation	769	1,035	792	792	792	34.6%	-23.5%	0.0%	0.0%	
Interest and other finance costs	241	0	0	0	0	-100.0%				
Total expenditure	20,408	19,024	20,835	20,298	19,719	-6.8%	9.5%	-2.6%	-2.9%	
Surplus/(deficit) before other gains and losses and share of operating surplus/deficit of joint ventures and associates	(1,599)	363	(66)	(156)	(156)	-122.7%	-118.2%	136.4%	0.0%	
Gain/(loss) on disposal of fixed assets	0	0	0	0	0					
Gain/(loss) on investments	0	0	0	0	0					
Share of operating surplus/(deficit) in joint venture(s)	0	0	0	0	0					
Share of operating surplus/(deficit) in associate(s)	0	0	0	0	0					
Surplus/(deficit) before tax	(1,599)	363	(66)	(156)	(156)	-122.7%	-118.2%	136.4%	0.0%	
Other taxation	0	0	0	0	0					
Surplus/(deficit) for the year	(1,599)	363	(66)	(156)	(156)	-122.7%	-118.2%	136.4%	0.0%	
Unrealised surplus on revaluation of land and buildings	0	0	0	0	0					
Actuarial (loss)/gain in respect of pension schemes	0	0	0	0	0					
Other comprehensive income	0	0	0	0	0					
Total comprehensive income for the year	(1,599)	363	(66)	(156)	(156)	-122.7%	-118.2%	136.4%	0.0%	

West Lothian College

INCOME	Actual	Forecast	Forecast	2019-20 -	2020-21- 2021-	Explanation for variance
	2019-20	2020-21	2021-22	2020-21	22	
	£000	£000	£000	%	%	
1 Tuition fees and education contracts						
a) FE - UK	848	851	1,267	0%	49%	
b) FE - EU	0	0	0			
c) HE	1,647	1,588	1,319	(4%)	(17%)	
d) Non-EU	0	0	0			
e) SDS contracts	0	998	388		(61%)	Transfer of FA credits to SFC
f) Education contracts	748			(100%)		
g) Other	0	0	0			
Total tuition fees and education contracts	3,243	3,437	2,974	6%	(13%)	
2 SFC / RSB Grants						
a) SFC / RSB FE recurrent grant (including fee waiver)	11,821	11,857	13,330	0%	12%	
b) UHI recurrent grant - HE provision	0	0	0			
c) FE Childcare funds	678	491	563	(28%)	15%	
d) Release of SFC / RSB deferred capital grants	535	410	475	(23%)	16%	
e) SFC capital grant	0	0	0			
f) SFC grant for NPD	0	0	0			
g) Other SFC / RSB grants - FE provision	510	1,877	1,686	268%	(10%)	Estates, FWDF and NTTF/YPG grants
h) Other UHI grants - HE provision	0	0	0			
Total SFC / RSB Grants	13,544	14,635	16,054	8%	10%	
3 Research grants and contracts						
a) European Commission	0	0	0			
b) Other grants and contracts	0	0	0			
Total research grants and contracts	0	0	0			
4 Other Income						
a) Catering and residences	260	16	125	(94%)	681%	impact of COVID restrictions
b) Other European Income	27	0	258	(100%)		Delayed ERASMUS programme
c) Other income generating activities	1,174	938	1,163	(20%)	24%	CHS contract - additional activity in 2021-22
d) Grants from ALF	0	0	0			
i) Revenue	0	0	0			
ii) Capital	0	0	0			
e) Non-government capital grant	0	0	0			
f) Other grant income	0	0	0			
g) Release of non-SFC government deferred capital grant	0	0	0			
h) Income from Coronavirus Job Retention Scheme	355	0	0	(100%)		End of job retention scheme
i) Other income	205	361	195	76%	(46%)	2020-21 impacted by COVID19
Total other income	2,021	1,315	1,741	(35%)	32%	
5 Investment income						
a) Investment income on endowments	0	0	0			
b) Investment income on restricted reserves	0	0	0			
c) Other investment income	0	0	0			
d) Other interest receivable	1	0	0	(100%)		
e) Net return on pension scheme	0	0	0			
Total investment income	1	0	0	(100%)		
6 Donations and endowment income						
a) New endowments	0	0	0			
b) Donations with restrictions	0	0	0			
c) Unrestricted donations	0	0	0			
Total donation and endowment income	0	0	0			

West Lothian College
EXPENDITURE

	Actual 2019-20	Forecast 2020-21	Forecast 2021-22	2019-20 - 2020-21	2020-21- 2021-22	Explanation for variance
	£000	£000	£000	%	%	
STAFF COSTS						
1 Teaching departments	8,191	8,218	9,324	0%	13%	
2 Teaching support services	1,126	1,163	1,045	3%	(10%)	
3 Other support services	0	0	0			
4 Administration and central services	1,714	1,882	2,096	10%	11%	
5 Premises	686	712	772	4%	8%	
6 Catering and residences	204	208	217	2%	4%	
7 Other income generating activities	777	839	822	8%	(2%)	
8 Other staff costs	476	429	440	(10%)	3%	
9 Impact of FRS 102 pensions reported costs (less contributions paid included above)	1,510					
Normal staff costs	14,684	13,451	14,716	(8%)	9%	
10 Exceptional restructuring costs	98	0	0	(100%)		
Total staff costs	14,782	13,451	14,716	(9%)	9%	
Additional breakdown of staff costs						
Salaries	10,310	10,417	11,632	1%	12%	
Social security costs	956	1,040	1,061	9%	2%	
Pension contributions	1,908	2,003	2,023	5%	1%	
Non-cash pension adjustments - net service cost	1,510					
Non-cash pension adjustments - early retirement provision	0					
Severance payments	98	0	0			
Total staff costs	14,782	13,460	14,716	(9%)	9%	
NON-STAFF COSTS						
1 Exceptional costs - non-staff	0	0	0			
2 Other operating expenses						
a) Teaching departments	834	1,095	947	31%	(14%)	
b) Teaching support services	216	170	182	(21%)	7%	
c) Other support services	0	0	0			
d) Administration and central services	1,420	1,192	1,542	(16%)	29%	
e) General education	0	0	0			
f) Premises	806	1,440	1,347	79%	(6%)	
(i) Maintenance	256	339	619	32%	83%	
(ii) Utilities	317	297	359	(6%)	21%	
(iii) Other	233	804	369	245%	(54%)	
g) Catering and residences	134	27	53	(80%)	96%	
h) Other income generating activities	391	93	256	(76%)	175%	
i) Overspend on student support funds *	0	0	0			
j) Planned maintenance	0	0	0			
k) Movement on early retirement pension provision	0	0	0			
l) NPD	0	0	0			
m) Other	815	521	1,000	(36%)	92%	
Total other operating expenses	4,616	4,538	5,327	(2%)	17%	
3 Depreciation						
a) Government funded assets	769	1,035	792	35%	(23%)	
b) Non-government funded assets	0	0	0			
c) NPD funded assets	0	0	0			
Total depreciation	769	1,035	792	35%	(23%)	
4 Interest						
a) On bank loans, overdrafts and other loans	0	0	0			
b) Finance lease interest	0	0	0			
c) Other	0	0	0			
d) Net charge on pension scheme	241			(100%)		
e) NPD interest	0	0	0			
Total interest	241	0	0	(100%)		

* Includes any overspend on bursaries, discretionary funds, and student funds received from SAAS, but excludes childcare funds.

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	Actual 2019-20 £000	Forecast 2020-21 £000	Forecast 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	2019-20 - 2020-21 %	2020-21- 2021-22 %	2021-22 - 2022-23 %	2022-23 - 2023-24 %	Explanation for variance
ADJUSTED OPERATING RESULT										
Surplus/(deficit) before other gains and losses and share of operating surplus/deficit of joint ventures and associates	(1,599)	363	(66)	(156)	(156)					
Add:										
Total depreciation (Government-funded, privately funded and NPD-funded assets) net of deferred capital grant release (<i>incorporated colleges only</i>)	234	625	317	317	317	167.1%	-49.3%	0.0%	0.0%	
Exceptional non-restructuring items (e.g. impairment costs)	0	0	0	0	0					
Donation to Arms-Length Foundation (incorporated colleges only)	0	0	0	0	0					
Non-cash pension adjustment - net service cost	1,510									
Non-cash pension adjustment - ERP	0									
Non-cash pension adjustment -net interest costs	241									
Deduct:										
Non-Government capital grants (e.g. ALF capital grant)	0	0	0	0	0					
Exceptional income (if disclosed as exceptional in accounts) - PLEASE DO NOT INCLUDE CJRS INCOME HERE	0	0	0	0	0					
CBP allocated to loan repayments and other capital items (<i>incorporated colleges only</i>)	190	190	190	190	190	0.0%	0.0%	0.0%	0.0%	
NPD payments to reduce NPD balance sheet debt	0	0	0	0	0					
Adjusted operating result	196	798	61	(29)	(29)	307.1%	-92.4%	-147.5%	0.0%	
Cash budget for priorities (<i>incorporated colleges</i>) :										
Revenue priorities										
Student support funding	0	0	0	0	0					
2015-16 pay award	0	0	0	0	0					
Voluntary severance	0	0	0	0	0					
Estates costs	0	0	0	0	0					
Other - please describe	0	0	0	0	0					
Total impact on operating position	0	0	0	0	0					
Capital priorities										
Loan repayments	158	0	0	0	0					
NPD / PFI repayments	0	0	0	0	0					
Estates costs	0	0	0	0	0					
Provisions pre 1 April 2014	32	190	190	190	190					
Total capital	190	190	190	190	190					
Total cash budget for priorities spend	190	190	190	190	190					

Balance Sheet		Actual 2019-20	Forecast 2020-21	Forecast 2021-22	Forecast 2022-23	Forecast 2023-24	2019-20 - 2020-21	2020-21- 2021-22	2021-22 - 2022-23	2022-23 - 2023-24	Explanation for variance
		£000	£000	£000	£000	£000	%	%	%	%	
1 Non-current assets	a) Intangible assets	0	0	0	0	0					
	b) Fixed assets	19,391	19,391	20,472	19,680	18,888	-2.0%	5.6%	-3.9%	-4.0%	
	c) Investments	0	0	0	0	0					
Total non-current assets		19,792	19,391	20,472	19,680	18,888	-2.0%	5.6%	-3.9%	-4.0%	
2 Current assets	a) Stock	0	0	0	0	0					
	b) Debtors	1,444	1,627	906	817	727	12.7%	-44.3%	-9.8%	-11.0%	
	c) Investments	0	0	0	0	0					
	d) Cash and cash equivalents	1,129	2,749	750	749	749	143.5%	-72.7%	-0.1%	0.0%	
	e) Other (e.g. assets for resale)	0	0	0	0	0					
Total current assets		2,573	4,376	1,656	1,566	1,476	70.1%	-62.2%	-5.4%	-5.7%	
3 Creditors: amounts falling due within one year	a) Bank loans and external borrowing	0	0	0	0	0					
	b) Bank overdrafts	0	0	0	0	0					
	c) Lennartz creditor	0	0	0	0	0					
	d) Obligations under finance leases and service concessions	0	0	0	0	0					
	e) Payments received in advance	0	0	0	0	0					
	f) Amounts owed to SFC	158	0	0	0	0	-100.0%				
	g) Obligations under PFI/NPD	0	0	0	0	0					
	h) Deferred capital grant	410	439	474	474	474					
	i) Other creditors and accruals	2,790	3,804	2,154	2,154	2,154	36.3%	-43.4%	0.0%	0.0%	
Total creditors < 1 year		3,358	4,243	2,628	2,628	2,628	26.4%	-38.1%	0.0%	0.0%	
Share of net assets/(liabilities) in associate		0	0	0	0	0					
NET CURRENT ASSETS/LIABILITIES		(785)	133	(972)	(1,062)	(1,152)	-116.9%	-830.8%	9.3%	8.5%	
TOTAL ASSETS LESS CURRENT LIABILITIES		19,007	19,524	19,500	18,618	17,736	2.7%	-0.1%	-4.5%	-4.7%	
4 Creditors: amounts falling due after more than one year	a) Local authority loans	0	0	0	0	0					
	b) Bank loans and external borrowing	0	0	0	0	0					
	c) Lennartz creditor	0	0	0	0	0					
	d) Finance leases and service concessions	0	0	0	0	0					
	e) Obligations under PFI/NPD	0	0	0	0	0					
	f) Deferred capital grant	11,362	11,557	11,547	11,072	10,597					
	g) Amounts repayable to Funding Council	2,053	2,211	2,211	2,211	2,211	7.7%	0.0%	0.0%	0.0%	
	h) Other creditors	0	0	0	0	0					
Total creditors >1 year		13,415	13,768	13,758	13,283	12,808	2.6%	-0.1%	-3.5%	-3.6%	
5 Provisions	a) Pension provisions	14,299	12,093	14,299	14,299	14,299	-15.4%	18.2%	0.0%	0.0%	
	b) Other	3,806	3,523	3,923	3,923	3,923	-7.4%	11.4%	0.0%	0.0%	
Total provisions		18,105	15,616	18,222	18,222	18,222	-13.7%	16.7%	0.0%	0.0%	
TOTAL NET ASSETS		(12,513)	(9,860)	(12,480)	(12,887)	(13,294)	-21.2%	26.6%	3.3%	3.2%	
9 Restricted Reserves	a) Endowment Reserve	0	0	0	0	0					
	b) Restricted Reserve	0	0	0	0	0					
10 Unrestricted reserves	a) Income and Expenditure Reserve	(20,546)	(17,398)	(20,740)	(20,740)	(20,740)	-15.3%	19.2%	0.0%	0.0%	
	b) Revaluation reserve	8,033	7,538	8,260	7,853	7,446	-6.2%	9.6%	-4.9%	-5.2%	
11 Non-controlling interest		0	0	0	0	0					
TOTAL RESERVES		(12,513)	(9,860)	(12,480)	(12,887)	(13,294)	-21.2%	26.6%	3.3%	3.2%	

West Lothian College

Cashflow	Actual	Forecast	Forecast	Forecast	Forecast	2019-20 - 2020-	2020-21-	2021-21 - 2021-	2021-22 - 2022-	2022-23 - 2023-	Explanation for variance
	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	21 %	22 %	23 %	24 %	24 %	
1 Cash flow from operating activities											
a) Surplus / (deficit) for the year	-1599	363	-66	-156	-156	(123%)	(118%)	136%	0%		
2 Adjustment for non-cash items											
a) Depreciation	769	1,035	792	792	792	35%	(23%)	0%	0%		
b) Amortisation of intangibles	0	0	0	0	0						
c) Benefit on acquisition	0	0	0	0	0						
d) Amortisation of goodwill	0	0	0	0	0						
e) Loss / (gain) on investments	0	0	0	0	0						
f) Decrease / (increase) in stock	0	0	0	0	0						
g) Decrease / (increase) in debtors	(274)	(183)	580	(89)	(90)	(33%)	(417%)	(115%)	1%		
h) Increase / (decrease) in creditors	615	1,014	(822)	0	0	65%	(181%)	(100%)			Assumed job evaluation grant is released
i) Increase / (decrease) in pension provision	0	0	0	0	0						
j) Increase / (decrease) in other provisions	(200)	(199)	(9)	(72)	(72)	(1%)	(95%)	700%	0%		
k) Receipt of donated equipment	0	0	0	0	0						
l) Share of operating surplus / (deficit) in joint venture	0	0	0	0	0						
m) Share of operating surplus / (deficit) in associate	0	0	0	0	0						
n) Other	975	(410)	(474)	(474)	(474)	(142%)	16%	0%	0%		
Total adjustment for non-cash items	1,885	1,257	67	157	156	(33%)	(95%)	134%	(1%)		
3 Adjustment for investing or financing activities											
a) Investment income	(1)	0	0	0	0	(100%)					
b) Interest payable	241	0	0	0	0	(100%)					
c) Endowment income	0	0	0	0	0						
d) Loss / (gain) on the sale of assets	0	0	0	0	0						
e) Capital grant income	0	0	0	0	0						
Total adjustment for investing or financing activities	240	0	0	0	0	(100%)					
4 Net cash inflow from operating activities	526	1,620	1	1	0	208%	(100%)	0%	(100%)		
5 Cash flow from investing activities											
a) Proceeds from sales of fixed assets	0	0	0	0	0						
b) Proceeds from sales of intangible assets	0	0	0	0	0						
c) Capital grants receipts	0	0	0	0	0						
d) Disposal of non-current asset investments	0	0	0	0	0						
e) Withdrawal of deposits	0	0	0	0	0						
f) Investment income	1	0	0	0	0	(100%)					
g) Payments made to acquire fixed assets	0	0	0	0	0						
h) Payments made to acquire intangible assets	0	0	0	0	0						
i) New non-current asset investments	0	0	0	0	0						
j) New deposits	0	0	0	0	0						
Total cash flows from investing activities	1	0	0	0	0	(100%)					
6 Cash flows from financing activities											
a) Interest paid	0	0	0	0	0						
b) Interest element of finance lease and service concession	0	0	0	0	0						
c) Endowment cash received	0	0	0	0	0						
d) New secured loans	0	0	0	0	0						
e) New unsecured loans	0	0	0	0	0						
f) Repayments of amounts borrowed	(158)	0	0	0	0	(100%)					
g) Capital element of finance lease and service concession payments	0	0	0	0	0						
Total cash flows from financing activities	(158)	0	0	0	0	(100%)					
7 (Decrease) / increase in cash and cash equivalents in the year	369	1,620	1	1	0	339%	(100%)	0%	(100%)		
8 Cash and cash equivalents at beginning of the year	760	1,129	2,749	750	749	49%	143%	(73%)	(0%)		
9 Cash and cash equivalents at the end of the year	1,129	2,749	750	749	749	143%	(73%)	(0%)	0%		

West Lothian College

Capital Expenditure Projects and Forecast Methods of Financing

	Actual 2019-20 £000	Forecast 2020-21 £000	Forecast 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	2019-20 - 2020-21 %	2020-21- 2021-22 %	2021-22 - 2022-23 %	2022-23 - 2023-24 %
Expenditure:									
Land & Buildings	0	553	510	0	0		-7.8%	-100.0%	
Equipment & Others	0	81	150	0	0		85.2%	-100.0%	
	0	634	660	0	0		4.1%	-100.0%	
Financed by:									
Cash reserves	0	0	0	0	0				
ALF grants	0	0	0	0	0				
Leasing	0	0	0	0	0				
SFC/RSB grant	0	634	660	0	0		4.1%	-100.0%	
Re-investment of proceeds from disposal of assets *	0	0	0	0	0				
Non-SFC/RSB grants	0	0	0	0	0				
PFI/NPD	0	0	0	0	0				
Other - please specify if material	0	0	0	0	0				
	0	634	660	0	0		4.1%	-100.0%	

* to be included only where this has been agreed by SFC

	Actual 2019-20 £000	Forecast 2020-21 £000	Forecast 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000
Capital disposals					
Disposal proceeds:					
Asset description	0				
Asset description	0				
Asset description	0				
Asset description	0				
	0	0	0	0	0
Gain/(loss) on disposal:					
Asset description	0				
Asset description	0				
Asset description	0				
Asset description	0				
	0	0	0	0	0

West Lothian College

ALF Funding

	Actual 2019-20 £000	Forecast 2020-21 £000	Forecast 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000
Estimated balance of cash in ALF as at 1 August	0	0	0	0	0
Donation to Arms Length Foundation	0	0	0	0	0
Grant from Arms Length Foundation - capital	0	0	0	0	0
Grant from Arms Length Foundation - revenue	0	0	0	0	0
Estimated balance of cash in ALF as at 31 July	0	0	0	0	0

Note:
For most foundations, the most recent accounts available are for periods ending in 2020. Colleges' forecast movements will not include governance costs, donations from third parties, payments to third parties or investment income.

	Actual 2019-20 £000	Forecast 2020-21 £000	Forecast 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000
Grant from Arms Length Foundation - capital:					
Description	0	0	0	0	0
Description	0	0	0	0	0
Description	0	0	0	0	0
Description	0	0	0	0	0
Description	0	0	0	0	0
Description	0	0	0	0	0
Total	0	0	0	0	0

Grant from Arms Length Foundation - revenue					
Description	0	0	0	0	0
Description	0	0	0	0	0
Description	0	0	0	0	0
Description	0	0	0	0	0
Description	0	0	0	0	0
Description	0	0	0	0	0
Total	0	0	0	0	0

West Lothian College
FINANCIAL SUMMARY

Actual 2019-20	Forecast 2020-21	Forecast 2021-22	Forecast 2022-23	Forecast 2023-24
£000	£000	£000	£000	£000

Income ratios					
Total Income	18,809	19,387	20,769	20,142	19,563
Total Funding Council Grant (excluding release of deferred capital grant) as % of Total Income	72%	75%	77%	77%	82%
Total non-Funding Council Grant (including release of SFC DCG) as % of Total Income	28%	25%	23%	23%	18%
Total Education Contracts and Tuition Fees as % of Total Income	17%	18%	14%	14%	15%
Total Research Grants and Contracts as % of Total Income	0%	0%	0%	0%	0%
Total Other Income as % of Total Income	11%	7%	8%	9%	4%

Expenditure ratios					
Total Expenditure	20,408	19,024	20,835	20,298	19,719
Salaries as % of Total Expenditure	72%	71%	71%	72%	72%
Other operating costs as % of Total Expenditure	23%	24%	26%	24%	24%
Depreciation/amortisation as % of Total Expenditure	4%	5%	4%	4%	4%

Operating position					
Operating Surplus/(deficit)	(1,599)	363	(66)	(156)	(156)
Operating Surplus/(deficit) as % of Total Income	-9%	2%	0%	-1%	-1%
Adjusted operating surplus/(deficit)	196	798	61	(29)	(29)
Adjusted operating surplus/(deficit) as % of Total Income	1.0%	4.1%	0.3%	-0.1%	-0.1%

Cash Position					
Cash and Current Asset Investments	1,129	2,749	750	749	749
Overdrafts	0	0	0	0	0
Days Ratio of Cash to Total Expenditure	21	56	14	14	14
Net cash inflow/(outflow) from operating activities	526	1,620	1	1	0
Net cash inflow/(outflow) from operating activities as % of Total Income	2.8%	8.4%	0.0%	0.0%	0.0%

Balance Sheet strength					
Unrestricted reserves	(20,546)	(17,398)	(20,740)	(20,740)	(20,740)
Current Ratio	0.77	1.03	0.63	0.60	0.56
Unrestricted reserves as % of Total Income	-109%	-90%	-100%	-103%	-106%
Total borrowing (Overdrafts, Loans, Finance Leases, PFI/NPD)	0	0	0	0	0
Interest cover	-5.63	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

West Lothian College

25 November 2021

Finance and General Purposes Committee

ANNUAL REPORT AND FINANCIAL STATEMENTS 2020-21

Introduction

The annual financial statements for financial year 2020-21 are attached to this paper.

Statement of Recommended Practice (SORP)

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 2020-21 Government Financial Reporting Manual (FRm) issued by the Scottish Government.

Financial Results for the Year ended 31 July 2021

The college generated a deficit before other gains and losses in the year of £1,742,000 (2020 - deficit of £1,599,000), with total comprehensive income surplus of £2,593,000 (2020 – deficit of £5,005,000). The total comprehensive income in 2021 recorded an actuarial gain in respect of pension funds of £4,335,000 (2020 – loss of £5,895,000).

After transfer of £495,000 from the revaluation reserve, the cumulative deficit on the Income and Expenditure account decreased by £3,088,000 from £20,546,000 deficit to £17,458,000 deficit.

Adjusted Operating Position

The adjusted operating position is used by the Scottish Funding Council to measure colleges' financial sustainability. It is intended to reflect the financial performance of the college after allowing for non-cash adjustments and other material one-off or distorting items required by the SORP. The adjusted operating position is therefore designed to smooth any volatility in reported results arising from FRS 102 and also to recognise that some of the reported costs do not have an immediate cash impact on the college. In 2019-20 the college recorded an adjusted operating surplus of £738,000.

Key Changes 2019-20

On 3 June 2021, the Scottish Funding Council issued its accounts direction for Scotland's colleges for 2020-21, along with supporting guidance.

West Lothian College

25 November 2021

Changes include:

Remuneration and staff report

A new best practice disclosure has been introduced for Diversity and Inclusion which encourages institutions to include details and narrative of their own diversity and inclusion policies, initiatives and longer term ambitions in the staff report.

Governance statement

The Governance statement should now include the following:

- The ongoing process and structures used to identify, evaluate and manage the principal and emerging risks faced.
- A statement that internal control systems have been in place for the year under review and up to the date of approval of the financial statements.
- The main features that support regular monitoring, review and assurance.
- The process applied in reviewing the effectiveness of the system of risk management and internal control, including explaining what actions have been or are being taken to remedy any significant failings of weaknesses.

Action

The committee is asked to recommend approval of the annual financial statements for the year ended 31 July 2021 to the Audit Committee for the meeting scheduled for 2 December 2021.

Jennifer McLaren

Vice Principal, Finance & Corporate Services

25 November 2021

WEST LOTHIAN COLLEGE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JULY 2021

Scottish Charity No. SC021216

The financial statements were approved and authorised for issue on 07 December 2021

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West Lothian College

Professional Advisors

Financial Statement Auditors

Mazars LLP
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

Internal Auditors

Azets
Exchange Place
3 Semple Street
Edinburgh
EH3 8BL

Bankers

Royal Bank of Scotland
Edinburgh St Andrew Square
36 St Andrew Square
Edinburgh
EH2 2AD

Solicitors

Brechin Tindall Oatts
48 St Vincent Street
Glasgow
G2 5HS

Morton Fraser
Quartermile Two
2 Lister Square
Edinburgh
EH3 9QL

PERFORMANCE REPORT FOR THE YEAR ENDED 31 July 2021

Principal and Chief Executive's Statement

Students and staff started the 2020-21 academic year hopeful that what there would not be a repeat of what they had experienced in the last four months of the previous academic session following lockdown in March 2020. Most students returned in September to more campus-based learning, although a significant minority of students in subjects like accounts, business and computing took part in their learning remotely for the full year.

Staff made good use of time when they were on campus to engage students in the practical aspects of their courses and to help vulnerable groups build relationships with lecturers and support teams. Throughout the year, many lecturers were creative in enhancing blended learning through virtual industry talks, online student conferences and master classes from experts.

As winter approached, the second wave of the pandemic led to tighter government guidelines and colleges were instructed to have a very small proportion (5%) of students on campus. Following the festive break, the country went into lockdown from January to March 2021. This was a very bleak time, although one positive outcome was that it enabled the construction company appointed to extend our engineering workshop to complete the project uninterrupted.

This lockdown had a more negative effect on students and staff than the spring lockdown in 2020. Dark, cold days led to isolation, and uncertainty surrounding the spread of the virus led to increased anxiety. Those who were parents of school-age children had to educate them at home, while those with pre-school children had limited childcare options. Despite facing many of the same challenges as our students, college staff responded magnificently during this time.

As we emerged out of the winter lockdown there were positive signs on vaccines. Unfortunately, during March and April strike action called by the EIS over a number of weeks led to further anxiety for students who were very already anxious about keeping up with their learning. After the Easter break we were able to bring increasing numbers of students back onto campus to complete practical units. Industrial action ended in May. Efforts focused on helping as many students complete their courses as possible in the remaining months of the academic year with some lecturers working during their summer break to achieve this.

Despite 2020-21 being without doubt the most challenging year in living memory, the college had a very successful year. We experienced the highest ever level of student enrolments, exceeded our activity targets, increased student success and completed two major estates projects.

Staff made significant progress in improving their digital skills through training and sharing good practice, we developed our digital pedagogy through a cross-college group supported by a dedicated member of staff, and invested in digital devices for learning that included new laptops for all lecturers and other delivery staff, Clevertouch interactive mobile screens and lecture capture equipment.

West Lothian College

Our main priority for 2020-21 was to support the wellbeing, engagement and motivation of students and staff to get through the second year of the pandemic. We supported students facing mental health problems, learning difficulties and financial challenges by, for example, introducing a free hot breakfast to supplement our free hot lunch, enabling students to access learning support online and on campus, and offering discretionary funding for students to feed their families and prevent evictions.

On top of all of that, the college worked hard to improve student success despite all these challenges. While paying attention to these fundamental priorities, we also supported people and companies affected by economic disruption caused by the pandemic by providing bespoke courses designed for specific industry sectors.

Staff, students and the Student Association continued to be innovative throughout 2020-21 on mental health and wellbeing. In addition to our existing counsellors, we recruited a specialist member of staff to help students. Feedback from students on the support provided throughout the pandemic has been very positive. The Man Cave, a dedicated space for male students and staff to talk about their mental health, met online throughout the year. Health and social care students, supported by their lecturer in collaboration with a construction lecturer, designed and built an outdoor wellbeing space for all students to use on campus. Collaborations with third sector mental health supporting organisations matured over the year, including a new strategic partnership with S.M.I.L.E. Counselling.

Although our attention was firmly focused on supporting students, staff and the wider community through the pandemic, we were still able to embed our new management and faculty structure in 2020-21, and refresh our vision, goals, values and behaviours through two staff conferences. We conducted three pulse surveys with staff to establish how supported they felt in this third emergency year, the results of which were very positive. Over 80% took part in our annual staff engagement survey in October 2020 and the results were the most positive they have ever been.

As well as supporting young people throughout the year, we agreed a strategic commitment to developing our own young workforce. We recruited six young people through the UK Government's Kickstart scheme and two Modern Apprentices (with more in 2021-22). In addition, throughout the year we continued to offer graduate internships and work placements for our Foundation Apprenticeship students.

During 2020-21 the college continued to make much-needed campus improvements and, informed by feedback from students and employers, invested £1.5 million to improve our learning estate and curriculum facilities. Two major projects were completed. Creating a new floor in an existing workshop doubled the size of what was previously a shared engineering and construction workshop. The installation of engineering machinery that was not previously on site was very positively received by local employers and led to new courses being introduced to meet their apprenticeship skills requirements.

Significant growth in student numbers over the past decade has led to all available space being used for classes and workshops with no areas for students to study before, in between and after timetabled sessions. A complete reconfiguration of the ground floor of the main campus building led to a 200% increase in individual and collaborative flexible learning spaces, and included a new, modern Learning Centre, Student

West Lothian College

Association hub and Information Point. Additional funding from the Scottish Funding Council (SFC) enabled these projects to be completed.

Throughout 2020-21, the college built on already excellent relationships, enhanced local partnerships with employers, West Lothian Council and the third sector, and further developed national partnerships with the Scottish Government and its skills and education agencies. Through these partnerships, the college supported a range of measures to help people whose jobs were affected by the pandemic. In the summer of 2020, we formed a four-college collaboration with Edinburgh, Fife, and Forth Valley Colleges to develop a multi-region response to economic recovery. Following discussions with SFC and Skills Development Scotland, senior leaders from each of the colleges developed a suite of proposals. The Scottish Government agreed to progress with two proposals, Skills Boost courses and Accelerated HNCs which were rolled out to the sector and funded through the Young Person's Guarantee and the National Transition Training Fund. These have continued in the current academic year.

In September 2020, the college held its first online curriculum planning session event with over 100 participants drawn from staff, students, the Student Association, employers, partners and board members. This was followed in February 2021 by a similar event focused on school/college provision, with 70 participants from staff, schools, West Lothian Council, Education Scotland, Skills Development Scotland and universities.

About West Lothian College

West Lothian College is one of thirteen college regions in Scotland and serves an area with one of the fastest growing populations in Scotland. In 2020-21, the college celebrates twenty years at our Livingston campus. A lot has changed since the college moved to Livingston, although its most important job remains ensuring that people get access to relevant qualifications that help them move towards their own goals.

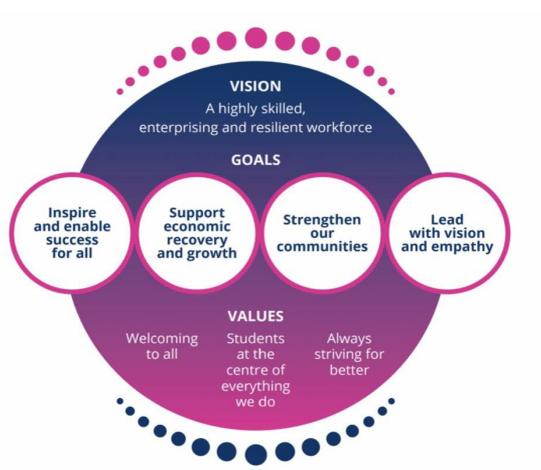
The college provides a wide range of further and higher education courses to support government priorities such as Developing the Young Workforce, the Young Person's Guarantee and widening access to higher education. Hundreds of senior school pupils in West Lothian's eleven secondary schools take part in college courses each year alongside their school qualifications, and the college is the number one choice for school leavers, ahead of all other colleges and universities in Scotland.

West Lothian College plays a critical role in achieving community planning partnership priorities, in particular to address the skills needs of employers and enable people to be better educated with access to quality learning and job opportunities.

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 and Higher Education (Scotland) Act 2005 and subsequently the Post-16 Education (Scotland) Act 2013. It is governed by a Board of Governors and receives the majority of its funding directly from the 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 (SC021216).

Vision, Goals and Values

In 2020-21, with the involvement of Board members and all staff, the college refreshed its vision, identified four strategic goals to achieve that vision, reinforced the three values that will underpin how we will do that and identified behaviours for each of these values.



Our vision is of a highly skilled, enterprising and resilient workforce. Four strategic goals contribute to achieving that vision:

- Inspiring and enabling success for all
- Supporting economic recovery and growth
- Strengthening our communities
- Leading with vision and empathy.

Three values underpin our approaches to all that we do including achieving our vision and strategic goals. They are:

- Welcoming to all
- Students at the centre of everything we do
- Always striving for better.

Living our values means that we exhibit the following behaviours:

Welcoming to all

- We are respectful and inclusive, and treat everyone as an individual
- We listen actively, and communicate in an open and supportive way
- We are positive role models, engaging with purpose and enthusiasm

Students at the centre of everything we do

- We work together and support each other as part of a team
- We are flexible and accommodating, and act on feedback to make changes
- We are understanding and responsive, focusing on individual needs

Always striving for better

- We evaluate and reflect on our practice to improve and succeed
- We are open to new ways of working, look outwards and learn from others
- We are proactive and forward thinking, preparing for what may come next

Performance Summary

SFC's *Student Satisfaction and Engagement Survey 2020-21* showed that 89.6% of FEFT students were satisfied with their experience of college (compared with a national figure of 88.6%), and 84.9% of HEFT (compared with a national figure of 80.3%). While these figures are lower than satisfaction rates achieved in 2018-19 (the last reported year before the pandemic), achieving such high student satisfaction in the most disrupted year in college history is significant.

The college received two significant external accreditations in 2021 that recognised the extensive support we provide to students who are carers. We achieved the *Going Further for Student Carers: Recognition Award* from the Carers Trust and we were one of the first two colleges in Scotland to achieve the Carers Federation *Quality Standard in Carer Support*.

Examples of student success include one of our 2020 Project Search graduates winning the Young Achiever Award at the Scottish Health Awards in December 2020, and an HNC Professional Cookery student being announced as The Staff Canteen 2020 Member of the Year. Project SEARCH, delivered in partnership with West Lothian Council's supported employment team and NHS Lothian, is aimed at young people aged 16 to 29 who have a learning disability and/or autism, and who are leaving school or looking for work. The college was awarded the DFN Project Search Performance Award for 2019-20 as 75% of the students gained, and were still in, employment six months after completing the course. This is a significant achievement as these students finished their course just before the pandemic hit the country.

Despite the major disruption to organisations caused by the pandemic, the college continued to deliver significant levels of work-based learning over the year, enabling almost one thousand employees in 350 organisations to undertake SVQs, and supporting 421 modern apprentices in training, including 202 new starts, a significant increase over the previous year. Through the Flexible Workforce Development Fund, we worked with 53 companies to train 2,700 employees. Continuing our commitment to Developing the Young Workforce, we increased Foundation Apprenticeships enrolments with 192 students from schools across West Lothian, including 132 new starts. Over the year, we trained 2,120 Children's Hearings Scotland volunteers, including over 700 new panel members.

Although the college was unable to have any large gatherings on campus over the year, we were innovative in our approaches to virtual events such as open days, graduation and staff conferences. In recognition of how well we adapted to delivering virtual events, the college won the CDN Marketing Award in 2020.

Analysis of Key Performance Indicators

Activity Targets

The college continued to exceed its credit activity target, as well as additional credits allocated by SFC during the year for the Young Person's Guarantee (YPG) and the National Transition Training Fund (NTTF). In 2020-21 we delivered our highest ever number of credits, 49,632 against a target of 46,709. This included 2,356 credits for NTTF and YPG, and the college exceeded our target allocation by 463 credits.

Outcome Agreement activity targets for key groups including SIMD10, care experienced, BAME, and senior phase students were all exceeded. For the fourth consecutive year there was a higher volume and proportion of credits (8.8%) delivered to students living in the 10% most deprived postcodes.

Continuing a four-year trend, a higher proportion of credits was delivered to care experienced students (6.2%) and a total of 257 students identified as care experienced (an increase of 77). The proportion of credits delivered to BME students (4.4%) continued to increase and success for these students was the highest in the sector.

The number of senior phase pupils studying vocational qualifications at the college increased over the year to 322. Reflecting changes to our curriculum portfolio, the proportion of credits delivered to students on STEM courses increased to 27%.

Enrolments

Student enrolments reached a record level at 9,377 in 2020-21, an 18% increase on the previous year. This strong demand has continued in 2021-22 with current enrolments in full-time courses ahead of the same time last year. Continuing the long-term trend of increasing demand, there was an increase in 2020-21 in full-time enrolments and part-time HE enrolments. The previous year's decrease in part-time FE enrolments due to the first lockdown, improved over the year and was very close to the record number achieved in 2018-19. The college continued to be the top destination for school leavers in West Lothian.

Increasing demand for courses was reflected in a record number of enrolments in 2020-21. Ninety-one per cent of full-time students live in West Lothian, of whom around 40% were resident in Livingston and 60% in other towns and villages across the region. Two thirds of all students studied FE (further education courses) and a third studied HE (higher education). For full-time students, 40% chose to study HE qualifications and 60% chose FE. Of all enrolments, 25% were full-time and 75% were part-time.

Student Success

In 2020-21, student success improved in many areas. Overall, 81.4% of students completed their course successfully (up from 78% in the previous year). Success for part-time students continued to be high, particularly at FE level, and this influenced our high rate of overall success.

There was a good increase of three percentage points in full-time HE (higher education)

West Lothian College

student success. A significant contributor to that increase was the college's ability to sustain work placements in subjects such as childhood practice and professional cookery.

Full-time FE student success declined due to an increase in withdrawals. The winter lockdown from January to March 2020, and two months of disruption resulting from EIS strike action, adversely affected FEFT students and contributed to more leaving their courses. However, despite significant improvement in 2018-19 (the year before the pandemic), withdrawal rates for full-time FE students have been stubbornly high for over ten years. Therefore, although the two pandemic years have undoubtedly contributed to increased withdrawals, the college will establish a working group in 2021 to look into this in detail and identify actions for improvement.

In 2019-20, the college was in the top three of fifteen regional colleges for success for all student enrolments over 160 hours, above sector average for students living in the most deprived areas, for care-experienced students and students with a disability. BME students at West Lothian College in that year had the best success in the sector. We expect to be in a similar, or improved, position in the sector for 2020-21.

Key Issues and Risks

The college's risk management framework includes a risk management policy, a Strategic Risk Register with each member of the leadership team assigned as a risk owner for each risk, a risk appetite set by the Board of Governors at an annual risk workshop facilitated by the college's internal auditors, and a risk tolerance matrix overseen by the college's internal auditors

The Board of Governors undertook a review of the strategic risks in 2020-21 and agreed 22 risks facing the college. The risks that carried the highest risk rating were:

- Being unable to meet demand for courses due to insufficient SFC credit allocation
- Failing to deliver the curriculum plan for 2020-21 due to disruption from the ongoing pandemic
- Inflexible organisation structure due to national bargaining restrictions
- Our estate not adequately reconfigured in line with the college's ambition for growth due to insufficient resources
- Unaffordable pay awards and terms and conditions negotiated through the national bargaining process

The key actions taken to mitigate against those risks were:

- Regular discussions with SFC on opportunities for additional credits and the readiness of the college to respond
- Setting the curriculum planning timeframe to ensure full engagement of stakeholders
- Setting aside money each year from our estates grant to continue campus improvements and communication with local Members of the Scottish Parliament and SFC to highlight need for additional resources.

BREXIT

The college has not yet experienced any significant impacts from BREXIT.

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.

While the pandemic impacted on the college's financial position through loss of fees income, this was mitigated through the development of online courses to continue delivering work-based learning, accessing the UK Government's Job Retention Scheme and with additional funding from SFC.

Although the college has net liabilities, this is largely 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.

Financial Review

Nature, Objectives and Strategies

The college's management and control ensures financial stability is sound, and there are clear management structures and reporting arrangements in place with performance indicators and risk management processes to support delivery of outcomes.

To monitor progress against its Outcome Agreement, the college focuses on a range of key performance indicators which are reviewed by managers and the Board of Governors on a regular basis. Delivering on the curriculum plan due to COVID restrictions, unaffordable pay awards and funding estates developments were among the key risks identified in the college's 2020-21 strategic risk register.

The Board presents its report and the audited financial statements for the year ended 31 July 2021. 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).

Scope of the Financial Statements

The Financial Statements cover all activities of the college.

Financial Position

Financial Results for the year ended 31 July 2021

The college generated a deficit before other gains and losses in the year of £1,742,000 (2020 - deficit of £1,599,000), with total comprehensive income surplus of £2,593,000

West Lothian College

(2020 – deficit of £5,005,000). The total comprehensive income in 2021 recorded an actuarial gain in respect of pension funds of £4,335,000 (2020 – loss of £5,895,000). After transfer of £495,000 from the revaluation reserve, the cumulative deficit on the Income and Expenditure account decreased by £3,088,000 from £20,546,000 deficit to £17,458,000 deficit.

The cumulative deficit at the year-end comprised £265,000 for holiday pay accrual, £2,211,000 for voluntary agreed PFI termination loan, £3,523,000 for early retirement provisions, £12,093,000 for defined benefit pension obligations, off-set by surplus £633,000 for trading activities (see Note 16).

The college is reporting net total liabilities of £9,920,000 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 and the actuarial gain in respect of Pension Schemes.

Cash Budget for Priorities

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

Colleges have now each been given a fixed cash budget for priorities which must be spent on agreed government priorities as outlined in the table below. Spend of the college's cash budget for priorities, and impact on the operating position for the academic year, is detailed below.

Table of cash budget for priorities spend

	2020-21	2019-20
	£'000	£'000
Revenue Priorities	-	-
Total impact on operating position	-	-
Capital		
Loan repayments	-	158
Early retirement provision payments	190	32
Total Capital	190	190
Total cash budget for priorities spend	190	190

SFC 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.

West Lothian College

Adjusted Operating Position

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

	Note	2020-21 £'000	2019-20 £'000
Deficit before other gains and losses (FE/HE SORP basis)		(1,742)	(1,599)
Add back:			
- Depreciation (net of deferred capital grant)	1	625	234
- Pension adjustment – Net service cost (FRS 102)	2 3	1,781 264	1,510 241
- Pension adjustment – Net interest cost			
Deduct:			
- CBP allocated to loan repayments	4	-	158
- CBP allocated to Early Retirement Payments	5	190	32
Adjusted operating surplus		738	196

The adjusted operating surplus above does not take account of a further £9,000 of payments the college has made towards its Early Retirement Provision during the year (£168,000 in 2019-20). Taking this into account the adjusted operating result would be a surplus of £729,000 (surplus of £28,000 in 2019-20).

Note 1 Depreciation net of deferred capital grant is added back in recognition that this has a non-cash budget from the Scottish Government.

Note 2 The non-cash element of current and past service pension cost less cash contributions paid.

Note 3 The non-cash element of interest earned on pension assets less interest cost on pension liabilities.

Note 4 Cash Budget for Priorities is included in income but the loan repayment is not reflected in costs therefore this amount is adjusted.

Note 5 Cash payments in respect of the Early Retirement Provision included in CBP.

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.

West Lothian College

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 Executive Leadership 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 2020-21 current assets: current liabilities were 1:1 and days cash to total expenditure was 50 days reflecting the ONS requirement.

Creditor Payment Policy

The college complies with the 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 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 ten 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.

Post-Balance Sheet Events

There are no post-balance sheet events.

Human rights, anti-corruption and anti-bribery matters

West Lothian College is committed to upholding human rights, anti-corruption and anti-bribery within the college and through the supply chain.

Environmental matters

West Lothian College recognises that it has a role to play in the conservation and protection of the environment. The college works towards improving its own environmental and sustainable practices and promoting an awareness of environmental responsibilities amongst our staff and students.

Through our Environmental and Sustainability Policy we:

- comply with and exceed when possible all applicable legislation, regulations and codes of practice
- ensure that all environmental risks are assessed, managed and controlled
- integrate sustainability considerations into all our business decisions

West Lothian College

- minimise the impact on the environment and our sustainability of our core activities, and
- review and continually strive to improve our sustainability and lessen our impact on the environment.

During 2020-21 the college finalised its Net Zero Plan for the period 2021-26. This plan sets out actions and initiatives to achieve as we transition towards a net zero future. This will not only help achieve the Scottish Government's targets and our aims, it will provide a sound basis for our students and staff to live, support and promote sustainability in their everyday lives. The plan also sets out how the college will address the United Nations sustainable development goals.

A range of cross-college activities and initiatives are planned in 2021-22 and during COP26 which will be overseen by the college's Sustainability Group.

Climate Change (Scotland) Act compliance

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

The Performance Report is approved by the Principal on 7 December 2021

Jackie Galbraith

Principal and Chief Executive

West Lothian College

REMUNERATION AND STAFF REPORT

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 Vice Principals.

Remuneration including salary and pension entitlements

Salary Entitlements¹

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

Single total figure of remuneration						
	12 months ended 31 July 2021			12 months ended 31 July 2020		
Name	Actual Salary £'000	Pension Benefit £'000	Total £'000	Actual Salary £'000	Pension Benefit £'000	Total £'000
Alex Linkston	20-25	0	20-25	20-25	0	20-25
Jackie Galbraith	115-120	20-25	140-145	105-110	20-25	115-120
Simon Earp	75-80	15-20	95-100	70-75	10-15	80-85
Sarah-Jane Linton*	70-75	15-20	90-95	N/A	N/A	N/A
Jennifer McLaren	75-80	15-20	95-100	70-75	10-15	80-85

*Sarah-Jane Linton joined the college September 2020

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 twelve-month equivalent figures above, the banded remuneration of the highest paid official in the organisation in the financial year 2020-21 was £115k-£120k) (£105k-£110k in 2019-20). This was 3.4 times (3.5 times in 2019-20) the median remuneration of the workforce which was £30k-£35k (2019-20 £30k-£35k).

¹ Note:

- The salaries in the above table represent the amount earned in the financial year
- 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

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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 31/07/21 £'000	Accrued lump sum at pension age at 31/07/21 £'000	Real increase in pension 01/08/20 to 31/07/21 £'000	Real increase in lump sum 01/08/20 to 31/07/21 £'000
Jackie Galbraith	16	0	2	0
Simon Earp	7	0	2	0
Sarah-Jane Linton	11	2	11	2
Jennifer McLaren	17	0	2	0

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.

Name	CETV at 31/07/21 £'000	CETV at 31/07/20 £'000	Real increase in CETV £'000
Jackie Galbraith	245	201	44
Simon Earp	85	63	22
Sarah-Jane Linton*	114	N/A	114
Jennifer McLaren	265	233	32

*Sarah-Jane Linton joined the college in September 2020

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

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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

There were no employees who left under voluntary exit terms during the year.

2020-21		2019-20
£'000	Number of Employees	Number of Employees
15-20	0	-
20-25	0	4
25-30	0	1

There were no compulsory redundancies in the year.

Staff Report

Salaries and Related costs

	2021 Directly employed staff £'000	2021 Seconded and agency staff £'000	2021 Total £'000	2020 Total £'000
Wages and salaries	10,478	-	10,478	9,975
Social security costs	978	-	978	924
Other pension costs	3,785	-	3,785	3,307
Restructuring Costs	(9)	-	(9)	99
Total	15,232	-	15,232	14,305
Average number of FTE	294	-	294	282

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The college employed 273 females (78%) and 108 (22%) males during 2020-21 (headcount).

In the year ended 31 July 2021 staff turnover was 9.76%

Sickness Absence Data

The total sickness absence percentage as at 30 June 2021 was 1.35%. This is lower than the equivalent figure for 2019-20 (6.21%) due to a decrease in both short and long term sick absence.

Facility Time

In accordance with the Trade Union (Facility Time Publication Requirements) regulations 2017, the college provided the following support through paid facility time for union officials working at the college during the period 1 April 2020 to 31 March 2021.

Relevant union officials

Number of employees who were relevant union officials during the relevant period	8
Full time equivalent employee number	7.2

Percentage of time spend on facility time

Percentage	Number of employees
0%	0
1%-50%	7.2
51%-99%	0
100%	0

Percentage of pay bill spend on facility time

Total cost of facility time	20,375
Total pay bill	15,232,000
Percentage of the total pay bill spend on facility time	0.1%

Paid trade union activities

Time spend on trade union activities as a percentage of total paid facility time hours was 100%.

Equal Opportunities

The college is committed to its core value of being welcoming to all – ensuring all staff, regardless of background, are welcomed, retained and developed.

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The framework and direction for action in this area is set by the college's People Strategy (<https://www.west-lothian.ac.uk/media/4937/people-strategy-2021-2025.pdf>), Equality, Diversity and Inclusion Policy (<https://www.west-lothian.ac.uk/media/3207/equality-diversity-and-inclusion-policy.pdf>) and can be further reviewed in more detail within the college's Equality Mainstreaming Report (<https://www.west-lothian.ac.uk/media/4936/equality-mainstream-report.pdf>).

The college has due regard to the key aims of the public sector duty. Equality and diversity is a focus for staff induction and mandatory training. Further training is undertaken for managers and staff on themes such as unconscious bias. The college monitors and reports on the fairness and effectiveness of equality and diversity activities through workforce data monitoring, including an annual staff experience survey. On particular equality themes the use of external accreditation supports progressing equality and diversity in areas such as disability (Disability Confident Employer, Epilepsy Friendly) and sexual orientation (Silver LGBT Charter Mark).

The college recognises and commits to the further need for action to ensure the workforce is representative of the local community. In particular work using the Scottish Government's minority ethnic recruitment toolkit will encourage applications from BAME backgrounds. Action will also be taken via various initiatives to support younger people into employment with the college. Across other protected characteristics further work will be undertaken to support and encourage applicants from across the community and removing any real or perceived barriers to employment from applicants and ensuring all staff can make a full contribution to the college's work once in post.

Approved by the Board of Governors on 7 December 2021 and signed on its behalf by:

Jackie Galbraith
Principal and Chief Executive

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BOARD OF GOVERNORS REPORT

Board of Governors

Membership of the Board of Governors

The Post 16 Education (Scotland) Act 2013 requires that the board of a regional college should consist of no fewer than 15, nor more than 18 members. The Board of Governor members who held office during the year were as follows:

Name	Position	Appointed	Term
Alex Linkston	Chair	27 Jun 20	2 nd
Sue Cook	Vice Chair and Non-Exec	1 Mar 19	2 nd
Frank Gribben	Non-Exec /Senior Independent	1 Mar 19	2 nd
Iain McIntosh	Non-Executive	1 Mar 19	2 nd
Colin Miller	Non-Executive	1 Mar 19	2 nd
Elaine Cook	Non-Executive	2 May 19	2 nd
Lynne Hollis	Non-Executive	2 May 19	1 st
Richard Lockhart	Non-Executive	1 July 20	1 st
Thomas Bates	Non-Executive	1 Aug 17	2 nd
Sue Stahly	Non-Executive	14 Nov 19	1 st
Moira Niven	Non-Executive	1 Dec 20	2 nd
Jackie Galbraith	Principal and Chief Executive	6 Aug 18	n/a
Julia Simpson	Staff	6 Sep 18	2 nd
Neil Sinclair	Staff	25 Jun 19	2 nd
Kirsti Clark	Student Association	1 Aug 20	2 nd
Jeannette Dobson	Student Association	1 Aug 20	2 nd
Seonaid Crosby	Co- Opted	4 Sep 19	2 nd
Name	Position	Appointed	Change
Simon Ashpool	Non-Executive	1 Jul 20	Resigned 1/7
Jeremy Miles	Non-Executive	12 Feb 20	Resigned 19/6

Membership of the Executive Leadership Team

The Executive Leadership Team is responsible for the day to day management of West Lothian College's activities and operations and consists of:

Jackie Galbraith	Principal and Chief Executive
Simon Earp	Vice Principal Performance & Improvement
Sarah-Jane Linton	Vice Principal Learning & Attainment
Jennifer McLaren	Vice Principal Finance & Corporate Services

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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. The related party transactions due to/by the college for the year ended 31 July 2021 and the amounts outstanding at this date are disclosed in note 24 and a link to the register of interests is provided below.

<https://www.west-lothian.ac.uk/corporate-and-governance/board-information/>

Personal Data Related Incidents

Section 417 of the Companies Act 2006 requires that organisations report on personal data related incidents. In 2020-21, the college had no reported data incidents (2019-20: no incidents).

Jackie Galbraith
Principal and Chief Executive
7 December 2021

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Statement of the Responsibilities of the Board of Governors

The Board of Governors is 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 2019 Statement of Recommended Practice - Accounting for Further and Higher Education, the Government Financial Reporting Manual 2020-21 (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

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from time to time prescribe;

- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the college and 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.

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Auditor

The Auditor General for Scotland has appointed Mazars LLP to undertake the audit for the year ended 31 July 2021.

Disclosure of Information to Auditors

The Board of Governors certify that, so far as we are each 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.

Approved by order of the members of the Board on 7 December 2021 and signed on its behalf by:

Alex Linkston

Chair

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GOVERNANCE STATEMENT

Introduction

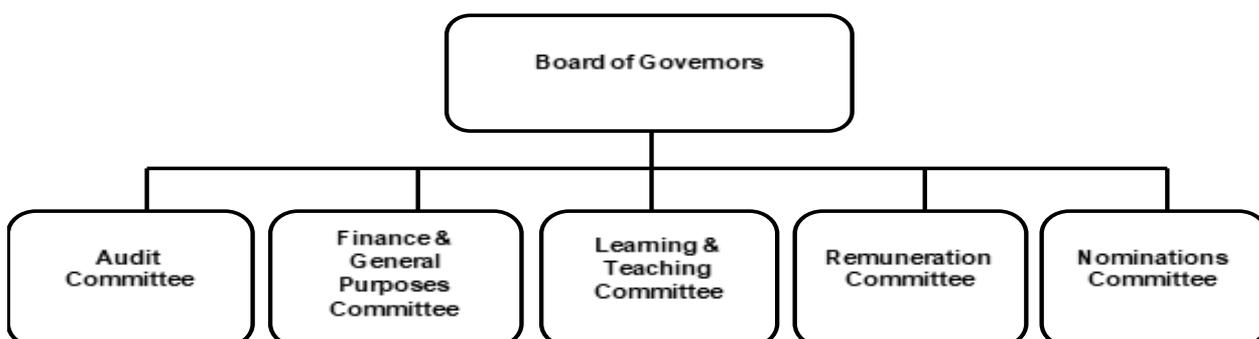
The college is committed to exhibiting best practice in all aspects of corporate governance. This summary is written to assist the reader of the financial statements and describes the manner in which the college has applied the principles of good governance set out in 2016 Code of Good Governance for Scotland's Colleges and the Government's Scottish Public Finance Manual.

This governance statement is designed to supplement the information provided in the financial statements. It sets out the governance structures, risk management and internal control processes that have been operating in West Lothian College in the year ended 31 July 2021 and reports the Board's assessment of the effectiveness of these arrangements.

During 2020-21 there were changes to the Board membership (see page 22).

Governance Structure

The college has an effective Board and Committee structure in place. All of the Committees are formally constituted with terms of reference.



The full Board meets four times a year. Due to COVID19 restrictions the board continued to hold meetings online throughout the year. In addition, an annual strategic meeting took place in May 2021 where the Board invited AdvanceHE to lead a discussion on how to increase BAME representation at Board level. The Board also received cyber security training.

In March 2021 the Board held a virtual risk workshop facilitated by the college's internal auditors where risk tolerance levels were discussed and agreed.

Board of Governor Committees

Due to COVID19 restrictions all Committee meetings were held virtually

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

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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. The Principal and Chair attend meetings of the Audit Committee but are not members of the Committee.

The Finance and General Purposes Committee 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 four times a year, and focuses on the quality of the student experience.

The Remuneration Committee determines the remuneration of senior staff, specifically the Principal and Vice Principals, and meets as required, normally once a year.

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 membership, including members' experience and skills and identifies 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.

Board of Governors Membership

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 Board members are non-executive. The roles of Chair and Vice-Chair of the Board of Governors are separated from the role of the college's Principal. During 2020-21 the gender balance for non-executive positions changed from 7 males/6 females to 8 males/5 females. Gender balance remains an area of focus and is part of the assessment process for all recruitment.

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.

Board Effectiveness

An annual Board Member review was completed for Non-Executive Members, and no issues were noted in terms of meeting attendance or performance of duties and all meetings met quorum requirements. The following table is a summary of attendance for the period 1st August 2020 to 31st July 2021.

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Board/ Committee	Board	Audit	L&T	F&GP	Nom	Remun
Actual Meetings	4	4	4	4	2	2
Alex Linkston	4	X	4	4	2	2
Sue Cook	4	4	X	X	2	2
Frank Gribben	3	X	X	3	X	X
Iain McIntosh	4	X	4	X	2	2
Colin Miller	4	3	X	X	X	X
Elaine Cook	3	X	3	X	X	X
Lynne Hollis	4	4	X	4	X	X
Richard Lockhart	3	3	X	X	X	X
Thomas Bates	3	X	3	X	X	X
Moira Niven	4	X	4	4	2	2
Sue Stahly	2	X	X	4	X	X
Jackie Galbraith	4	X	4	4	X	X
Julia Simpson	2	X	X	4	X	X
Neil Sinclair	4	X	4	X	X	X
Kirsti Clark	3	X	3	4	X	X
Jeannette Dobson	4	X	X	X	X	X
Simon Ashpool	4	3	X	X	X	X
Jeremy Miles	1	1	X	X	X	X
Attendance	83%	75%	91%	97%	100%	100%

Board Development Actions

An annual Board Effectiveness Self-Assessment for 2020-21 was completed and externally validated in April 2021. The self-assessment confirmed that the Board and Committees were operating effectively but highlighted the need to update the planned actions to be more readily measured.

The following actions were noted as areas requiring improvement, with progress updates.

Action	Progress Update
We will demonstrate more proactive pursuit and early engagement with the aim of creating a more diverse representation on the Board, such as those from an ethnic minority background.	<p>Diversity of the Board is an area of focus and was included as a topic of external presentation at the Board Strategy Day in May.</p> <p>The Principal attended a meeting of the West Lothian Race Forum to discuss working in collaboration and agreed that the college will be represented at future WL Race Forum Board Meetings.</p>

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	Recruitment of new Board Members is focused on greater diversity and will be shared with local community Groups.
We will update the Board Action Plan to reflect SMART (specific, measurable, achievable, realistic and timely) terms as possible.	A revised Board Development Plan has been prepared with measurable outcomes. Progress updates are reviewed at each Board, or Committee as appropriate.
We will implement revised risk management processes, including to respective roles and responsibilities during 2021, with regular updates on progress provided to the Board.	A revised approach was presented to the Principal by the VP's and a simplified approach was proposed for implementation in the September and December Boards.
We may further develop the Committee Chair appointment process, including succession planning and shadowing options to support continuity and skills development.	A revised Skills Matrix was prepared, giving greater insight into the detailed skills and experience of Board Members. This has been used to highlight gaps in current and future skills and experience, and diversity.
We will develop a more structured review process for Board Chair and Board Members to ensure there is a consistent understanding of agreed actions and development areas.	The Board Chair has completed a formal review of all Board Members using a standard process, and review template. A final report was agreed with individual Board Members and the Board Chair, with any Development Actions captured on the Board Development Plan.

Assessment of Corporate Governance

The Code of Good Governance states; “The board secretary may be a member of the senior management team in their board secretary capacity, but they cannot hold any other senior management team position at the same time”. During 2020-21 the Board of Governors reviewed the dual role held by the Vice Principal Finance & Corporate Services and agreed that the Secretary to the Board should be a separate and independent appointment. On 6 April 2021 a new Secretary to the Board was appointed. Between 1 August 2020 and 5 April 2021, the Vice Principal Finance and Curriculum Services acted as Secretary to the Board on an interim basis.

5-year estates plan

During 2020-21 the college produced its 5-year estates plan which captures the estates developments required to deliver on curriculum plans and give students the best possible learning experience.

Risk Management

The college maintains a Strategic Risk Register. Each strategic risk is assigned an owner from the College Leadership team who agree the risk register and quarterly updates. The Performance Report details key strategic risks identified during 2020-21 and the mitigating actions.

The most significant risks during 2020-21 were:

- Failing to deliver the curriculum plan for 2020-21 due to disruption in the ongoing COVID19 pandemic resulting in disengagement of students.
- Inflexible organisational structure due to national bargaining restrictions resulting in an unaffordable staffing structure and limited student experience.
- Estate not adequately reconfigured in line with the college’s ambition for growth due to insufficient resources resulting in not meeting the needs of the region.
- Pay awards and terms and conditions negotiated through the national bargaining process unaffordable resulting in the college not being financially sustainable
- Sub-optimal business continuity plan due to a lack of a fully comprehensive off-site IT back-up facility resulting in the college not being able to fully operate efficiently in the event of a major incident.

During 2020-21 the Board of Governors reviewed the process for identifying, reporting, evaluating and managing the college’s significant risks and agreed that it would:

- Annually agree the college’s significant risks and undertake an annual risk workshop at which the risk appetite would be set
- Delegate to the Audit Committee responsibility for reviewing the risk management framework
- Delegate responsibility for the risks aligned with their respective remits to the Audit, Finance and General Purposes, and Learning and Teaching committees for reviewing and being satisfied that these risks are being managed effectively

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- Receive a quarterly update from the Chairs of the Audit, Finance and General Purposes, and Learning and Teaching committees.

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.

Internal Audit

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 chair 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.

Internal audit reports have been received on a range of areas within the college during 2020-21. In the internal auditor's opinion, the college has a framework of internal controls in place that provides reasonable assurance regarding the organisation's governance, risk management, achievement of objectives and value for money for the year ended 31 July 2021.

Internal Control

The college's Board of Governors is responsible for the college's system of internal control and for reviewing its effectiveness. The 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. 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.

The college 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; and
- financial regulations, which identify policy and set up a control system within which management can delegate authority whilst informing staff of correct financial procedures.

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Assessment of the effectiveness of internal controls

The Board of Governors is of the opinion that throughout the year ended 31 July 2021, the college has been in compliance with all the principles set out in the 2016 Code of Good Governance for Scotland's Colleges and the Government's Scottish Public Finance Manual.

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 2021 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.

External auditors have reviewed the key financial controls to the extent required, to ensure the college's financial statements are not materially misstated. The external auditors have not identified any weaknesses in key controls and the wider scope work has identified appropriate Governance procedures and management has adequate arrangements in place covering standards of conduct.

BREXIT

The Board of Governors does not consider there to be any significant impact from BREXIT.

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.

Approved by order of the members of the Board on 7 December 2021 and signed on its behalf by:

West Lothian College

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

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 2021 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 and Expenditure, 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 2021 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Emphasis of Matter – Material valuation uncertainty

We draw attention to Note 1(t) in the financial statements, which discloses a material valuation uncertainty caused by Covid-19 declared in the valuation report for property. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern basis of accounting

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

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

Risks of material misstatement

We report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Board of Governors for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

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

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We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the college is complying with that framework;
- identifying which laws and regulations are significant in the context of the College;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

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

Reporting 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. In addition to our responsibilities to detect material misstatements in the financial statements in respect of irregularities, 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.

Reporting on other requirements

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

We have audited the parts of the Remuneration and Staff Report described as audited. 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.

Statutory other information

The Board of Governors is responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

Our responsibility is to read all the statutory other information and, in doing so, consider whether the statutory 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this statutory other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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.

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Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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

Lucy Nutley
For and on behalf of Mazars LLP

Mazars LLP
100 Queen Street
Glasgow
G1 3DN

7 December 2021

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

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STATEMENT OF COMPREHENSIVE INCOME

	<i>No tes</i>	<i>Year Ended 31 July 2021 £'000</i>	<i>Year Ended 31 July 2020 £'000</i>
Income			
SFC grants	2	14,587	13,544
Tuition fees and education contracts	3	3,437	3,243
Other income	4	1,315	2,020
Investment income	5	-	1
Total Income		19,339	18,808
Expenditure			
Staff Costs	6	15,232	14,782
Other operating expenses	7	4,550	4,615
Depreciation	10	1,035	769
Interest payable	8	264	241
Total Expenditure		21,081	20,407
Deficit before tax		(1,742)	(1,599)
Taxation	9		-
Deficit for the year		(1,742)	(1,599)
Unrealised Surplus on Revaluation of Assets		-	2,489
Actuarial (loss)/gain in respect of pension schemes		4,335	(5,895)
Total comprehensive income for the year		2,593	(5,005)
Represented by:			
Restricted comprehensive income		-	-
Unrestricted comprehensive income		2,593	(5,005)
		2,593	(5,005)

The Statement of Comprehensive Income is prepared under the FE/HE SORP. The SORP does not permit colleges to reflect the non-cash budget for depreciation in the

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Statement of Comprehensive Income. Note 28 provides details of the adjusted operating position on a Central Government basis.

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STATEMENT OF CHANGES IN RESERVES

	<i>Income and Expenditure Account</i> £'000	<i>Revaluation Reserve</i> £'000	<i>Total</i> £'000
Balance at 31 July 2019	(13,351)	5,843	(7,508)
Deficit from statement of comprehensive income	(1,599)	-	(1,599)
Other comprehensive income	(5,895)	2,489	(3,406)
Transfers between revaluation reserve and income and expenditure account	299	(299)	-
Total comprehensive income for the year	(7,195)	2,190	(5,005)
Balance at 31 July 2020	(20,546)	8,033	(12,513)
Deficit from statement of comprehensive income	(1,742)	-	(1,742)
Other comprehensive income	4,335	-	4,335
Transfers between revaluation reserve and income and expenditure account	495	(495)	-
Total comprehensive income for the year	3,088	(495)	2,593
Balance at 31 July 2021	(17,458)	7,538	(9,920)

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BALANCE SHEET AS AT 31 JULY

	Notes	2021 £'000	2020 £'000
Non-Current Assets			
Fixed Assets	10	19,391	19,792
Current Assets			
Trade and other receivables	11	1,627	1,444
Cash and cash equivalents	17	2,749	1,129
		4,376	2,573
Less: Creditors; amounts falling due within one year	12	(4,303)	(3,358)
Net Current Liabilities		73	(785)
Total Assets less Current Liabilities		19,464	19,007
Creditors: amounts falling due after more than one year	13	(13,768)	(13,415)
Provisions			
Defined benefit obligations	15	(12,093)	(14,299)
Other provisions	15	(3,523)	(3,806)
Total Net Liabilities		(9,920)	(12,513)
Unrestricted Reserves			
Income and expenditure account	16	(17,458)	(20,546)
Revaluation reserve		7,538	8,033
Total Reserves		(9,920)	(12,513)

The financial statements on pages 39 to 69 were approved by the Board of Governors On 7 December 2021 and signed on its behalf on that date by:

Alex Linkston
Chair

Jackie Galbraith
Principal

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STATEMENT OF CASH FLOWS

	<i>Year Ended 31 July 2021 £'000</i>	<i>Year Ended 31 July 2020 £'000</i>
Cash flow from operating activities		
Deficit for the year	(1,742)	(1,599)
Adjustment for non-cash items		
Depreciation	1,035	769
Deferred capital grants released to income	(410)	(535)
(Increase) in debtors	(183)	(274)
Increase in creditors due within one year	1,074	615
Increase/(Decrease) in provisions	(199)	(200)
Pension costs less contributions payable	1,781	1,510
Adjustment for investing or financing activities		
Investment income	-	(1)
Interest payable	264	241
Net cash inflow/(outflow) from operating activities	1,620	526
Cash flows from investing activities		
Interest received	-	1
	-	1
Cash flows from financing activities		
Repayments of amounts borrowed	-	(158)
	-	(158)
Increase/(Decrease) in cash and cash equivalents in the year	1,620	369
Cash and cash equivalents at start of the year	1,129	760
Cash and cash equivalents at end of the year	2,749	1,129

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2021

1. STATEMENT OF ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements will be prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019, and in accordance with Financial Reporting Standards FRS 102 and the 2020-21 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 2.2.8).

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 will be 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 will be selected. The particular policies adopted by the college in dealing with items that are considered material to the financial statements are set out (FReM 2.2.8).

c) Going Concern

The activities of the college, together with the factors likely to affect its future development and performance will be set out in the Performance Report. The financial position of the college, its cash flow and liquidity will be 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 will 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 will be 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 will be 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. Income received in advance will be 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 will be 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 will be excluded from the Statement of Comprehensive Income.

e) Grant Funding

Government revenue grants including the recurrent grants from the Scottish Funding Council will be 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 will be 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 will be 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 will be 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 will be recognised in income over the expected useful life of the asset. Other capital grants will be 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 will be recognised as an expense in the year in which the employees render service to the college. Any unused benefits will be 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, will account for the scheme as if it were a defined contribution scheme. The amount charged to the Statement of Comprehensive Income will represent the contributions payable to the scheme in respect of the year. The contributions will be 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 will be charged to the Statement of Comprehensive Income so as to spread the cost of pensions over employees working lives with the college. The contributions will be determined by an actuary on the basis of triennial valuations. In accordance with FRS 102, the amount charged to the Statement of Comprehensive Income will represent 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 will be measured using the revaluation model. Under the revaluation model assets are revalued to fair value. Where appropriate Depreciated Replacement cost will be 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 will be subsequently charged on the revalued amount.

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

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college buildings will be depreciated over 30 years and transferred car parking areas will be 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 will be 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, will be 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 will be carried out if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

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

ii) Fixed Plant and Equipment

Equipment will be 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).

Assets of a low value may be capitalised where they form part of a group of similar assets purchased at approximately the same time in the same financial year and cost over £2,500 in total.

Capitalised equipment will be depreciated over its useful economic life from the date it is brought into use as follows: -

Fixed Plant	5-29 years
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 will be reviewed at the date of preparation of each Balance Sheet.

iii) Operating Leases

Costs in respect of operating leases will be charged on a straight-line basis over the lease term. Any lease premiums or incentives will be 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 will be classified as finance leases. Leased assets acquired by way of

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finance lease and the corresponding lease liabilities will be 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 will be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge will be 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 will be 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 will be charged to the Statement of Comprehensive Income in the period in which it is incurred.

k) Stocks

Stocks will 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.

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 will be 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 will be excluded from the college Statement of Comprehensive Income; movements will be 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 will be 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, will be 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 will make 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 will be 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 will be 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 will impact the carrying amount of the pension liability.

- Material Valuation Uncertainty (revaluation of land and buildings)

The outbreak of the Novel Coronavirus (COVID19), declared by the World Health Organisation as a "Global Pandemic" on the 11 March 2020, has impacted many aspects of daily life and the global economy – with some real estate markets experiencing significantly lower levels of transactional activity and liquidity. As at the valuation date, there is a shortage of market evidence for comparison purposes, to inform opinions of value. The valuation is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case. For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.

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2 SFC GRANTS

	<i>Year Ended 31 July 2021 £'000</i>	<i>Year Ended 31 July 2020 £'000</i>
SFC Teaching & fee waiver grant	11,857	11,821
Childcare funds	491	678
Release of deferred capital grants (SFC)	410	535
Other SFC Grants	1,829	510
	14,587	13,544

3 TUITION FEES AND EDUCATION CONTRACTS

	<i>Year Ended 31 July 2021 £'000</i>	<i>Year Ended 31 July 2020 £'000</i>
FE Fees - UK	851	848
HE Fees - UK	1,588	1,647
SDS contracts	998	748
	3,437	3,243

4 OTHER INCOME

	<i>Year Ended 31 July 2021 £'000</i>	<i>Year Ended 31 July 2020 £'000</i>
Residence and catering	16	260
European funds	-	27
Other income generating activities	938	1,173
Other income	361	560
	1,315	2,020

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5 INVESTMENT INCOME

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Other Interest Receivable	-	1

6 STAFF COSTS

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

	Year Ended 31 July 2021 FTE	Year Ended 31 July 2020 FTE
Teaching departments	167	161
Teaching support services	35	35
Administration	45	42
Premises	20	18
Catering and residences	6	6
Other Income-generating activities	19	18
Other staff	2	2
	294	282
Analysed as:		
Staff on permanent contracts	258	272
Staff on temporary contracts	36	10
	294	282

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Staff Costs for the above persons		
Wages and salaries	10,478	10,310
Social security costs	978	955
Other pension costs	3,785	3,418
Restructuring costs	(9)	99
	15,232	14,782

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Analysed as:		
Staff on permanent contracts	12,934	12,696
Staff on temporary contracts	526	477
Pension charge less contributions paid	1,781	1,510
Restructuring costs	(9)	99
	15,232	14,782
	<i>Year Ended 31 July 2021 £'000</i>	<i>Year Ended 31 July 2020 £'000</i>
Analysed as:		
Teaching departments	8,218	8,190
Teaching support services	1,163	1,125
Administration	1,882	1,714
Premises	712	686
Catering and residences	208	204
Other income-generating activities	839	777
Other staff	438	477
Pension charge less contributions paid	1,781	1,510
Restructuring costs	(9)	99
	15,232	14,782

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 Vice Principals.

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

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

2021	2020
No.	No.
4	3

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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:

	Key management personnel		Other staff	
	2021	2020	2021	2020
	No.	No.	No.	No.
£70,001 to £80,000	3	2	-	-
£110,001 to £120,000	1	1	-	-
	4	3	-	-

Key management personnel emoluments are made up as follows:

	2021	2020
	£'000	£'000
Salaries	340	255
Benefits in kind	-	-
	340	255
Pension contributions	67	50
Total emoluments	407	305

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:

	2021	2020
	£'000	£'000
Salaries	117	107
Benefits in kind	-	-
	117	107
Pension contributions	23	21
Total emoluments	140	128

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Compensation for loss of office paid to former key management personnel

	2021	2020
	£'000	£'000
Compensation paid to former post-holders	-	-
Estimated value of other benefits, including provision for pension benefits	-	-

Overseas Activities

There were no costs incurred during 2020-21 in respect of overseas activities, which were carried out in accordance with the strategy approved by the board of governors.

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7 OTHER OPERATING EXPENSES

	<i>Year Ended 31 July 2021 £'000</i>	<i>Year Ended 31 July 2020 £'000</i>
Teaching departments	1,095	834
Teaching support services	170	216
Administration	1,192	1,419
Premises	1,452	806
Catering	27	134
Other income generating activities	93	391
Overspend on student support funds	-	-
Childcare fund costs	492	678
Other	29	137
	4,550	4,615

Other Operating Expenses (Administration) include:

Auditors Remuneration (including irrecoverable VAT)		
- Internal audit	37	22
- External audit	15	15
Other services provided by:		
- Internal audit	-	-
- External audit	-	-
-	-	-
	52	37

8 INTEREST PAYABLE

	<i>Year Ended 31 July 2021 £'000</i>	<i>Year Ended 31 July 2020 £'000</i>
On bank loans, overdrafts and other loans	-	-
Pension finance costs	264	241
	264	241

9 TAXATION

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

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10 FIXED ASSETS

	<i>Land and Buildings Freehold £'000</i>	<i>Fixed Plant £'000</i>	<i>Equipment £'000</i>	<i>Total £'000</i>
Cost or valuation				
At 31 July 2020	18,539	1,810	66	20,415
Additions	554	-	80	634
Disposals	(564)	-	(66)	(630)
At 31 July 2021	18,529	1,810	80	20,419
Depreciation				
At 31 July 2020	564	-	59	623
Charge for Period	633	382	20	1,035
Disposals	(564)	-	(66)	(630)
At 31 July 2021	633	382	13	1,028
Net Book Value At 31 July 2021	17,896	1,428	67	19,391
Net Book Value At 31 July 2020	17,975	1,810	7	19,792
Financed by: Capital Grant	17,896	1,428	67	19,391

The college's land and buildings were independently valued by GVA James Barr as at 31 July 2020. This valuation has been incorporated into these financial statements. Under FRS102 the Board gives annual consideration to assessing the value of buildings and equipment to be included in the annual accounts. 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 £14,474,000 (2020: £16,816,000).

11 TRADE AND OTHER RECOVERABLES

	<i>Year Ended 31 July 2021 £'000</i>	<i>Year Ended 31 July 2020 £'000</i>
Trade Debtors	260	419
European Funding	45	-
Prepayments and accrued income	1,322	976
Amounts Owed by SFC	-	49
	1,627	1,444

West Lothian College

12 CREDITORS: Amounts falling due within one year

	<i>Year Ended 31 July 2021 £'000</i>	<i>Year Ended 31 July 2020 £'000</i>
Trade Creditors	667	289
Taxation and Social Security	487	450
Accruals and Deferred income	1,917	1,838
Deferred Income – Deferred capital grant < 1 Year	439 12	410 12
Deferred Income – SFC capital grants	316	183
Deferred Income – SFC revenue grants	-	158
Amounts Owed to SFC	465	18
Unspent Student Funds		
	4,303	3,358

13 CREDITORS: Amounts falling due after one year

	<i>Year Ended 31 July 2021 £'000</i>	<i>Year Ended 31 July 2020 £'000</i>
Amounts Owed to SFC	2,211	2,053
Deferred Income – SFC Capital grants	11,557	11,362
	13,768	13,415

14 MATURITY OF DEBT

SFC Loan is repayable as follows:

	<i>Year Ended 31 July 2021 £'000</i>	<i>Year Ended 31 July 2020 £'000</i>
In one year or less	-	-
Between one and two years	-	-
Between two and five years	158	-
In five years or more	2,053	2,211
	2,211	2,211

West Lothian College

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 2019 the amount outstanding was £2,369,055. 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.

In 2020 the Scottish Funding Council agreed to the suspension of repayments on the loan from July 2021 to July 2025 inclusive, recommencing in July 2026. As a result, the loan period has been extended to July 2039.

15 PROVISIONS

	Defined Benefit Obligations	Early Retirement Provision	Total
	£'000	£'000	£'000
At 1 August 2020	14,299	3,806	18,105
Expenditure in the period	(998)	(199)	(1,197)
Other movements in period	(1,208)	(84)	(1,292)
At 31 July 2021	12,093	3,523	15,616

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 2021.

West Lothian College

16 RESERVES

Analysis of income and expenditure account

	<i>I&E Account Trading Activitie s £'000</i>	<i>I&E Account Holiday Pay £,000</i>	<i>I&E Account PFI Loan £'000</i>	<i>I&E Account Early Retireme nt £'000</i>	<i>I&E Account Defined Benefit Pension £'000</i>	<i>Total £'000</i>
At 31 July 2020	(33)	(197)	(2,211)	(3,806)	(14,299)	(20,546)
Total comprehensive income for the year (excluding revaluation)	371	(68)	-	84	2,206	2,592
Transfer from revaluation reserve	495					495
Payments for early retirement	(199)			199		-
At 31 July 2021	633	(265)	(2,211)	(3,523)	(12,093)	(17,459)

17 CASH AND CASH EQUIVALENTS

	<i>At 1 August 2020 £'000</i>	<i>Cash Flows £'000</i>	<i>Other £'000</i>	<i>At 31 July 2021 £'000</i>
Cash	1,129	1,620	-	2,749
Debt due within 1 year	(158)	-	158	-
Debt due after 1 year	(2,053)	-	(158)	(2,211)
	(1,082)	1,620	-	538

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 2021 £'000	Year Ended 31 July 2020 £'000
STSS contributions paid	1,005	1,009
LPF Pension scheme: Contributions paid FRS 102 (28) charge	998 1,781	899 1,510
Charge to the Statement of Comprehensive Income	2,779	2,409
Total Pension Cost for the period within staff costs	3,785	3,418

Contributions amounting to £171,000 (2020: £158,000) 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. From 1 September 2019 this rate increased to 23%.

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

West Lothian College

year ended 31 July 2021 were £1,178,000 and employees' contributions totalled £279,000. The agreed contribution rates for future years for the employer are 19.8% from 1 April 2020. For employees, contribution rates range from 5.5% to 12.0% depending on salary.

Principal Actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2017 updated to 31 July 2021 by a qualified independent actuary.

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	3.4%	3.9%
Future pensions increases	2%	2.2%
Discount rate for scheme liabilities	1.6%	1.4%
Inflation assumption (CPI)	2.9%	3.1%
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	20.5 years	23.3 years
Future pensioners	21.9 years	25.2 years

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

	Long term rate of return	Fair Value at 31 July 2021 £'000	Long term rate of return	Fair Value at 31 July 2020 £'000
Equities	1.6%	19,697	1.4%	17,524
Bonds	1.6%	3,831	1.4%	2,536
Property	1.6%	1,641	1.4%	1,614
Cash	1.6%	2,188	1.4%	1,384
Total fair value of employer assets		27,357		23,058
Actual return on employer assets		3,690		(1,250)

West Lothian College

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

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Fair value of employer assets	27,357	23,058
Present value of funded liabilities	(39,450)	(37,357)
Net Pension Liability	(12,093)	(14,299)

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

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Amounts included in staff costs		
Current service cost	2,779	2,158
Past service cost	-	251
Total	2,779	2,409

Amounts included in Pension Costs		
Net pension costs	212	164
Total	212	164

Amounts recognised in Other Comprehensive Income		
Return on pension assets	3,362	(1,752)
Change in demographic assumptions	1,458	-
Change in financial assumptions	(2,667)	(4,117)
Other experience	2,046	148
Total	4,199	(5,721)

West Lothian College

Movement in net defined benefit (liability) during year	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Net defined benefit (liability) at start of period	(14,299)	(6,904)
Movement in period:		
Current service costs	(2,779)	(2,158)
Past service costs	-	(251)
Employer contributions	998	899
Net interest on the defined liability	(212)	(164)
Actuarial (loss)/gain	4,199	(5,721)
Net defined benefit (liability) at end of period	(12,093)	(14,299)

Asset and Liability Reconciliation

Changes in fair value of plan assets	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Fair value of plan assets at start of period	23,058	23,756
Interest on plan assets	328	502
Past Service Cost	-	(216)
Return on plan assets	3,362	(1,752)
Employer contributions	998	899
Contributions by plan participants	308	279
Other experience	(163)	-
Benefits paid	(534)	(410)
Fair value of plan assets at end of period	27,357	23,058

Changes in the present value of defined benefit obligations	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Defined benefit obligation at start of period	37,357	30,660
Current service cost	2,779	2,158
Past service cost	-	35
Interest cost	540	666
Contributions by plan participants	308	279
Changes in demographic assumptions	(1,458)	-
Changes in financial assumptions	2,667	4,117
Other experience	(2,209)	(148)
Benefits paid	(534)	(410)
Defined benefit obligation at end of period	(39,450)	37,357

West Lothian College

19 FINANCIAL ASSETS AND LIABILITIES

Financial Assets

Financial assets that are debt instruments measured at amortised cost totalled £260,000 (2020: £468,000) at the balance sheet date. This comprises trade debtors and amounts owed by SFC.

Financial Liabilities

Financial liabilities measured at amortised cost totalled £5,248,000 (2020: £4,356,000) 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	2021 Number	2021 Total
Debt write-off	£3,000		
Cash losses	£3,000	-	-
Ex-gratia payments	£1,000	1	£17,303
Compensation payments	£5,000	-	-

The ex-gratia payments were approved by the Scottish Funding Council.

21 CAPITAL COMMITMENTS

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

	2021 £000	2020 £000
Committed but not contracted	-	-
Committed and contracted	-	-

West Lothian College

22 LEASE OBLIGATIONS

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

	2021 £'000	2020 £000
Other		
Expiring within one year	38	45
Expiring between one and five years	-	38
	38	83

During 2020-21 the college paid £45,000 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 Alex Linkston	Colleges Scotland	Board Member
Elaine Cook	West Lothian Council	Depute Chief Executive

2019-20

Name	Organisation	Position
Mr Alex Linkston	NHS Forth Valley	Chair
Mr Alex Linkston	Colleges Scotland	Board Member
Elaine Cook	West Lothian Council	Depute Chief Executive

West Lothian College

The value of the transactions due to/by the college for the twelve months ended 31 July 2021, and the amount outstanding at this date was as follows:

Organisation	Year ended 31 July 2021		Year ended 31 July 2020	
	Total Value of Transactions £'000	Balance Outstanding £'000	Total Value of Transactions £'000	Balance Outstanding £'000
Due to WLC				
West Lothian Council	-	-	57	-
NHS Forth Valley	-	-	1	-
Due by WLC				
Colleges Scotland	30	0	27	-
West Lothian College	178	11	425	-

No expenses were paid to or on behalf of the Governors during the year. (2020: £431; 2 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 Chair of the Board received a salary in accordance with the directions issued by the Scottish Government. The total paid to the Chair over the period was £23,758 (2020: £23,123)

25 FE BURSARIES AND OTHER STUDENT SUPPORT FUNDS

	FE Bursary £'000	FE Discr'y £'000	EMAs £'000	OTHER £'000	2020-21 Total £'000	2019-20 Total £'000
Balance b/fwd	-	-	(16)	-	(16)	25
Allocations received in year	2,983	625	318	584	4,510	3,701
Expenditure	(2,458)	(993)	(149)	(455)	(4,056)	(3,776)
Repaid to SFC	(20)	-	(169)	-	(189)	(47)
Virements	(82)	368	-	(86)	216	95
Balance c/fwd	422	-	-	43	465	(2)

West Lothian College

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

	2020-21 £'000	2019-20 £'000
Balance b/fwd	-	-
Allocations received in year	708	774
Expenditure	(492)	(679)
Virements	(216)	(95)
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.

27 POST BALANCE SHEET EVENTS

There have been no significant post balance sheet events.

West Lothian College

28 IMPACT OF DEPRECIATION BUDGET ON STATEMENT OF COMPREHENSIVE INCOME

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

Under the FE/HE SORP, the college recorded an operating deficit of £1,742,000 for the year ended 31 July 2021. After adjusting for the non-cash allocation provided under government rules, the college shows an 'adjusted' deficit of £1,552,000 on a Central Government basis.

	2020-21	2019-20
	£'000	£'000
Deficit before other gains and losses (FE/HE SORP basis) for academic year	(1,742)	(1,599)
Add: Depreciation budget for government funded assets (net of deferred capital grant) for academic year	190	190
Operating deficit on Central Government accounting basis for academic year	(1,552)	(1,409)

The deficit is attributable to other factors reflected in the adjusted operating table (see page 14) and the college is therefore operating sustainably within its funding allocation.

APPENDIX 1

Accounts Direction

The following note is taken from the 2020-21 SFC Accounts Directions and has been included as required by SFC. It does not form part of the Financial Statements.

Accounts direction for Scotland's colleges 2020-21

1. It is the Scottish Funding Council's direction that institutions¹ comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts.
2. Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RSB) (for assigned colleges).
3. Incorporated colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2020-21 (FReM) where applicable.
4. Incorporated colleges and Glasgow Colleges' Regional Board are reminded that they must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2021.
5. The annual report and accounts should be signed by the chief executive officer / Executive Director and by the chair, or one other member of the governing body.
6. Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council
3 June 2021

	BUDGET FOR YEAR	ACTUAL
INCOME		
Grant in Aid	12,030,855	11,856,666
Fees	2,446,939	2,439,012
SDS Contracts	1,087,011	997,514
Income Generation	1,158,585	938,342
European Funds	258,351	0
Other Income	332,789	376,929
Other SFC Funding	1,185,771	1,829,069
	<u>18,500,301</u>	<u>18,437,532</u>
EXPENDITURE		
SALARIES		
Faculties	8,635,513	8,478,108
Departments	2,905,530	2,942,779
Business Development	801,626	805,541
Other Activities	88,590	87,270
Estates	895,424	934,257
	<u>13,326,683</u>	<u>13,247,956</u>
SUPPLIES & SERVICES		
Faculties	537,978	866,688
Departments	1,610,573	1,351,962
Business Development	452,151	156,393
Other Activities	258,559	1,026
Estates	1,551,664	1,269,203
	<u>4,410,925</u>	<u>3,645,271</u>
OTHER PAYROLL COSTS	<u>306,000</u>	<u>306,037</u>
TOTAL EXPENDITURE	<u>18,043,608</u>	<u>17,199,264</u>
TRADING SURPLUS (DEFICIT)	<u>456,693</u>	<u>1,238,268</u>
Pension Transfers	0	0
Apprenticeship Levy	-35,000	-35,420
Holiday Pay Accrual	0	-68,420
	<u>-35,000</u>	<u>-103,840</u>
INTEREST		
Interest Receivable	1,452	0
Interest Payable	0	0
	<u>1,452</u>	<u>0</u>
DEFERRED GRANT & DEPRECIATION		
Release of Deferred Grant	409,505	409,705
Depreciation	-711,181	-1,035,031
	<u>-301,676</u>	<u>-625,326</u>
STUDENT FUNDS		

Student Funds Income	4,631,393	4,547,505
Student Funds Expenditure	-4,631,393	-4,547,505
	<u>0</u>	<u>0</u>
INVESTMENT FUND		
College Spend	-58,000	-216,000
Transfer to ALF	0	0
	<u>-58,000</u>	<u>-216,000</u>
COLLEGE SURPLUS (DEFICIT)	<u>63,469</u>	<u>293,102</u>
PENSION		
FRS102 LPF	-1,327,000	2,206,000
Early Retirement Provision	-204,000	93,148
	<u>-1,531,000</u>	<u>2,299,148</u>
FRS102 SURPLUS (DEFICIT)	<u>-1,467,531</u>	<u>2,592,250</u>
Transfer (to)/from pension reserve	1,327,000	-2,206,000
Transfer (to)/from revaluation reserve	298,468	495,053
AMOUNT CARRIED FORWARD TO I&E	<u>157,937</u>	<u>881,303</u>

NOTES:

1. Grant in Aid (GIA) variance relates to revenue funding transferred to capital.
2. Other funds made available e.g. co-vid, mental health counsellors etc. after budget set.
3. Salary cost at July include pension adjustments.
4. Underspends in supplies & services largely as a result of revenue spend being capitalised ; to the balance sheet.
5. Depreciation greater than budgeted due to revaluation and additional assets capitalised.
6. Investment spend includes £58k budgeted and £158k available as a consequence of SFC L
7. FRS Pension adjustment based on actuarial valuations, therefore out-with College manag
8. £881k transferred to I&E this FY largely as a result of improved FRS Pension position

BUDGET TO DATE

VARIANCE NOTES

12,030,855	-174,189	1
2,446,939	-7,927	
1,087,011	-89,497	
1,158,585	-220,243	
258,351	-258,351	
332,789	44,140	
1,185,771	643,298	2
<u>18,500,301</u>	<u>-62,769</u>	

8,635,513	157,405	
2,905,530	-37,249	
801,626	-3,916	
88,590	1,320	
895,424	-38,833	
<u>13,326,683</u>	<u>78,727</u>	3

537,978	-328,710	
1,610,573	258,611	
452,151	295,758	
258,559	257,533	
1,551,664	282,461	
<u>4,410,925</u>	<u>765,654</u>	4

306,000	-37	
<u>18,043,608</u>	<u>844,344</u>	

456,693	-907,113	
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0	0	
-35,000	-420	
0	-68,420	
<u>-35,000</u>	<u>-68,840</u>	

1,452	-1,452	
0	0	
<u>1,452</u>	<u>-1,452</u>	

409,505	200	
-711,181	-323,850	
<u>-301,676</u>	<u>-323,650</u>	5

4,631,393	-83,888	
-4,631,393	83,888	
<u>0</u>	<u>0</u>	
-58,000	-158,000	6
0	0	
<u>-58,000</u>	<u>-158,000</u>	
63,469	-1,459,055	
-1,327,000	3,533,000	
-204,000	297,148	
<u>-1,531,000</u>	<u>3,830,148</u>	7
-1,467,531	2,371,093	
1,327,000	-3,533,000	7
298,468	196,585	
<u>157,937</u>	<u>-965,322</u>	8

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West Lothian College

25 November 2021

Finance and General Purposes Committee**OCTOBER 2021 MANAGEMENT ACCOUNTS****Introduction**

The October 2021 Management Accounts show comparisons of actual with budget income and expenditure for the three-month period ended 31 October 2021, and a forecast for the year to 31 July 2022.

Financial Results

The net trading position at 31 October 2021 is:

	Actual	Budget	Variance
	£'000	£'000	£'000
Income	5,671	6,174	-503
Expenditure	4,468	5,343	875
Trading Surplus/(Deficit)	1,203	831	-372
Net I&E Transfer Surplus/(Deficit)	1,086	724	362
Net I&E Transfer % of Income	19.1%	11.7%	7.4%

The forecast outturn for the year to 31 July 2022 is:

	Forecast	Budget	Variance
	£'000	£'000	£'000
Income	19,501	19,981	-481
Expenditure	19,069	19,628	560
Trading Surplus /(Deficit)	432	353	79
Net I&E Transfer Surplus/(Deficit)	-113	-156	43
Net I&E Transfer % of Income	-0.6%	-0.8%	0.2%

The most significant variances are detailed below:

	To Date	Forecast
	£'000	£'000
Analysis of Income Variances		
Grant in Aid	-	-
Fees	-687	-16
Skills Development Scotland (SDS) Contracts	38	-
Income Generation	14	-204
European Funds	-4	-244
Other income	86	-17
Other Scottish Funding Council (SFC) funding	50	-
	-503	-481

West Lothian College

25 November 2021

Analysis of Expenditure Variances	To Date	Forecast
	£'000	£'000
Salary costs	67	-9
Faculty supplies	231	-
Department supplies	203	-
Business Development supplies	18	323
Other Activity supplies	187	245
Estates & Sustainability supplies	170	-
Other Payroll Costs	-	-
	875	560

Comment on Specific Variances:

Faculties	To Date	Forecast
	£'000	£'000
	-489	+41
Areas of Concern	None	

The fees are currently lower than anticipated which largely reflects the Workforce Development (WD) budget as this has been front-loaded. WD is expected to outturn on target which includes an additional £95k stretch target built into 2021-22 budget.

There is £277k of income associated with articulation students that is largely dependent on students taking up the offer of a university place. The current forecast remains in line with budget although there is a certain element of concern about achieving this income in full.

The value of the contract with Edinburgh Napier University for BA Business Management is £16k lower than was assumed when the 2021-22 budget was set.

Staff costs are £52k better than budget due to posts not being filled from the start of the academic year. It is expected that these posts will be filled during the year with the current outturn forecast to be in line with budget.

Supplies budgets are currently £231k underspent but these are expected to be fully spent by the year-end.

West Lothian College

25 November 2021

Departments	To Date £'000	Forecast £'000
	+341	+63
Areas of Concern	None	

There are no concerns in this category at this time.

Business Development	To Date £'000	Forecast £'000
	-36	+3
Areas of Concern	None	

The Kickstart scheme has been performing well this year however the UK Government is closing this scheme in December.

Other Activities	To Date £'000	Forecast £'000
	+187	-1
Areas of Concern	None	

Variance to date reflects budgeted spend on European trips that are not planned this year.

Estates	To Date £'000	Forecast £'000
	+368	-26
Areas of Concern	None	

There are no concerns in this category at this time.

Other Payroll Costs	To Date £'000	Forecast £'000
	+77	+306
Areas of Concern	None	

This category mainly represents the expected cost of the job evaluation exercise being carried out for support staff and middle management in the sector.

Deferred Grant and Depreciation	To Date £'000	Forecast £'000
	-88	-353
Areas of Concern	None	

There are no concerns in this category at this time.

West Lothian College

25 November 2021

Student Funds		To Date £'000	Forecast £'000
			+1,351
Areas of Concern	None		

The college has been allocated an initial allocation of £4,688 in student funds for academic year 2021-22 (excludes Education Maintenance Allowance). Latest forecasts indicate that the college will participate in the Scottish Funding Council's in-year redistribution exercise.

Investment Funds		To Date £'000	Forecast £'000
			-1
Areas of Concern	None		

There are no concerns in this category at this time.

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

Pension figures in the accounts forecast are based on the forecast in the actuarial report for the July 2021 accounts.

Balance Sheet, Cash Flow and Capital Expenditure

The Balance Sheet and Cash Flow forecast as at 31 October 2021 are appended. Net current assets are currently £2,037k positive and are expected to outturn £649k negative at the year-end.

Jennifer McLaren

Vice Principal, Finance and Corporate Services
25 November 2021

WEST LOTHIAN COLLEGE
MANAGEMENT ACCOUNTS
OCTOBER 2021

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	2021/22 BUDGET £'000	As at 31 October 2021			Forecast to 31 July 2022	
		ACTUAL £'000	BUDGET £'000	VARIANCE £'000	ACTUAL £'000	VARIANCE £'000
SUMMARY						
INCOME						
Grant in aid	13,330	3,332	3,332		13,330	
Fees	2,604	1,511	2,198	-687	2,588	-16
SDS contracts	388	161	123	+38	388	
Income generation	1,213	279	265	+14	1,010	-204
European funds	248	4	8	-4	4	-244
Other income	272	144	58	+86	255	-17
Other SFC funding	1,926	240	190	+50	1,926	
TOTAL INCOME	19,981	5,671	6,174	-503	19,501	-481
EXPENDITURE						
SALARIES						
Faculties	9,280	2,256	2,307	+52	9,278	+1
Departments	3,218	779	798	+18	3,220	-2
Business Development	808	206	199	-6	815	-7
Other Activities	103	20	26	+5	98	+5
Estates & Sustainability	970	244	242	-2	976	-6
	14,378	3,505	3,572	+67	14,387	-9
SUPPLIES & SERVICES						
Faculties	981	242	473	+231	981	
Departments	1,944	345	548	+203	1,944	
Business Development	427	63	81	+18	104	+323
Other Activities	248	7	195	+187	3	+245
Estates & Sustainability	1,344	229	398	+170	1,344	
	4,944	886	1,695	809	4,376	+568
OTHER PAYROLL COSTS						
	306	77	77		306	
TOTAL EXPENDITURE	19,628	4,468	5,343	875	19,069	+560
TRADING SURPLUS/(DEFICIT)	353	1,203	831	+372	432	+79
<i>TRADING SURPLUS/(DEFICIT) as % of Income</i>	1.8%	21.2%	13.5%	7.8%	2.2%	0.5%
RESTRUCTURING						
Voluntary Severance / Redundancy						
Pension Transfers						
Apprenticeship Levy	-35	-29	-29		-35	
Holiday Pay Accrual	-35	-29	-29		-35	
INTEREST						
Interest receivable	1		1	-1	1	
Interest Payable						
	1		1	-1	1	
DEFERRED GRANT & DEPRECIATION						
Release of Deferred Grant	475	110	119	-9	439	-36
Depreciation	-792	-198	-198		-792	
	-317	-88	-79	-9	-353	-36
STUDENT FUNDS						
Student Funds Income	4,688	1,351	1,172	+179	4,688	
Student Funds Expenditure	-4,688	-1,351	-1,172	-179	-4,688	
INVESTMENT FUNDS						
College Spend	-158				-158	
Transfer to ALF						
	-158				-158	
COLLEGE SURPLUS/(DEFICIT)	-156	1,086	724	+362	-113	+43
	-0	19.1%	11.7%	7.4%	-0.6%	0.2%
PENSION						
FRS17 LPF	-2,046				-2,899	-853
Early Retirement provision	-251				-251	
	-2,297				-3,150	-853
OPERATING SURPLUS/(DEFICIT)	-2,453	1,086	724	+362	-3,263	-810
Transfer (To) / From Pension Reserve	2,046				2,899	+853
Transfer (To) / From Revaluation Reserve	407				407	
NET TRANSFER TO I&E RESERVE	0	1,086	724	+362	43	+43
		19.1%	11.7%	7.4%	0.22%	0.22%

Variances

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

Explanations

Explanations for variances are noted in the following papers

	2021/22 BUDGET £'000	As at 31 October 2021			Forecast to 31 July 2022			
		ACTUAL £'000	BUDGET £'000	VARIANCE £'000	ACTUAL £'000	BUDGET £'000	VARIANCE £'000	
FACULTIES								
INCOME								
Grant in aid	13,330	3,332	3,332		13,330	13,330		
Fees	2,586	1,504	2,180	-675	2,570	2,586	-16	Note 1
SDS contracts	388	161	123	+38	388	388		
Income generation								
European funds								
Other income		56		+56	56		+56	Note 2
Other SFC funding	861		190	-190	861	861		Note 3
TOTAL INCOME	17,164	5,054	5,825	-771	17,204	17,164	+40	
EXPENDITURE								
SALARIES								
Access, Employability and Schools	1,161	284	289	+5	1,161	1,161		
Business, Creative and Enterprise	1,685	448	419	-28	1,763	1,685	-78	Note 4
Care, Health and Sport	1,851	460	460	-0	1,851	1,851		
Computing, Engineering & Built Environment	2,854	665	710	+45	2,810	2,854	+44	Note 5
Workforce Development	1,728	399	428	+30	1,693	1,728	+35	Note 5
	9,280	2,256	2,307	+52	9,278	9,280	+1	
SUPPLIES AND SERVICES								
Access, Employability and Schools	53	6	28	+22	53	53		
Business, Creative and Enterprise	225	109	151	+42	225	225		
Care, Health and Sport	137	23	93	+70	137	137		
Computing, Engineering & Built Environment	233	64	90	+26	233	233		
Workforce Development	334	39	111	+72	334	334		
	981	242	473	+231	981	981		
TOTAL EXPENDITURE	10,260	2,497	2,780	+283	10,259	10,260	+1	
TRADING SURPLUS/(DEFICIT)	6,904	2,556	3,045	-489	6,945	6,904	+41	

Notes

- 1 Year-to-date (YTD) variance of £625k includes £413k Workforce Development (WD) as the full year budget has been reported in the early periods of the year. WD income is expected to out-turn on target including the additional £95k stretch target this year. Other contributing factors include SECTT training income, £92k not yet billed and a budgeted £44k re BA Business Management with Napier. The new Napier agreement will result in a £16k adverse variance full-year.
- 2 Other income includes £35k from HCI Skills Gateway and £10k from the ESP's Green Economy Fund to work towards a zero emissions future.
- 3 Budgeted other SFC Grants relate to FWDF (Flexible Workforce Development Fund) £625k and NTTF (National Transition Training Fund) funding £236k neither of which have been drawn down from SFC at this stage in the year.
- 4 Additional resource required to support additional delivery.
- 5 Savings from vacant posts.

	2021/22 BUDGET £'000	As at 31 October 2021			Forecast to 31 July 2022		
		ACTUAL £'000	BUDGET £'000	VARIANCE £'000	ACTUAL £'000	BUDGET £'000	VARIANCE £'000
DEPARTMENTS							
INCOME							
Grant in aid	0	0	0		0	0	
Fees	0	0	0		0	0	
SDS contracts	0	0	0		0	0	
Income generation	0	65	0	+65	65	0	+65 Note 1
European funds	0	0	0		0	0	
Other income	34	17	1	+15	34	34	
Other SFC funding	309	40	0	+40	309	309	Note 2
TOTAL INCOME	343	122	1	+120	408	343	+65
EXPENDITURE							
SALARIES							
Executive Office	722	182	182		725	722	-3
Human Resources & People Development	307	69	76	+7	299	307	+8
Quality, Student Support & Learning Resources	1,076	267	267	-1	1,105	1,076	-29 Note 3
Finance, Procurement & Student Funds	369	95	92	-4	372	369	-3
Information Systems & Digital Infrastructure	743	167	181	+15	719	743	+24 Note 4
	3,218	779	798	+18	3,220	3,218	-2
SUPPLIES AND SERVICES							
Executive Office	185	41	64	+23	185	185	
Human Resources & People Development	146	(1)	94	+95	146	146	
Quality, Student Support & Learning Resources	294	40	53	+13	294	294	
Finance, Procurement & Student Funds	203	50	55	+5	203	203	
Information Systems & Digital Infrastructure	1,116	216	282	+66	1,116	1,116	
	1,944	345	548	+203	1,944	1,944	+0
TOTAL EXPENDITURE	5,161	1,125	1,346	+221	5,164	5,161	-2
TRADING SURPLUS/(DEFICIT)	(4,818)	(1,003)	(1,344)	+341	(4,756)	(4,818)	+63

Notes

- 1 Other income received, £65k relates to a partnership project with Life Story Network, to be off-set by associated spend.
- 2 Digital Learning in colleges £128k, Mental Health & Well-being Funding £112K and Funding for Counsellors £69k.
- 3 Includes Kick-start Employee's with costs partially off-set by income.
- 4 Delay in filling vacancy

	2021/22 BUDGET £'000	As at 31 October 2021			Forecast to 31 July 2022			
		ACTUAL £'000	BUDGET £'000	VARIANCE £'000	ACTUAL £'000	BUDGET £'000	VARIANCE £'000	
<u>BUSINESS DEVELOPMENT</u>								
INCOME								
Grant in aid								
Fees	18	6	18	-12	18	18		
SDS contracts								
Income generation	1,213	209	265	-56	940	1,213	-273	Note 1
European funds								
Other income	85	39	19	+20	45	85	-40	Note 2
Other SFC funding								
TOTAL INCOME	1,316	254	301	-48	1,003	1,316	-313	
EXPENDITURE								
SALARIES								
Business Development	158	45	38	-7	165	158	-7	
Children's Hearings Scotland	650	161	161	+1	650	650		
	808	206	199	-6	815	808	-7	
SUPPLIES AND SERVICES								
Business Development	8	37	2	-35	8	8		
Children's Hearings Scotland	419	26	79	+53	96	419	+323	
	427	63	81	+18	104	427	+323	
TOTAL EXPENDITURE	1,235	269	280	+12	919	1,235	+316	
TRADING SURPLUS/(DEFICIT)	81	(15)	21	-36	84	81	+3	

Notes

- 1 CHS Room Hire and Meeting Room budgeted at £323k with no activity at this stage in the year. We are anticipating some activity although minimal in comparison with pre-pandemic levels. Full year forecast income loss £273k which is off-set by associated costs.
- 2 YTD Figure includes DWP Kick-start income, £39k which has seen a strong to start to the year however the government is winding down this scheme, ceasing in December. Assuming limited opportunity for hall hire income, -£10k as a result of pandemic.

	2021/22 BUDGET £'000	As at 31 October 2021			Forecast to 31 July 2022		
		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	248	4	8	-4	4	248	-244
Other income	28	5	6	-1	20	28	-8
Other SFC funding							
TOTAL INCOME	276	9	14	-5	24	276	-252
EXPENDITURE							
SALARIES							
Terrace Restaurant							
Platinum Salon	100	20	25	+4	95	100	+5
Europe	4		1	+1	3	4	+1
Other Activities							
	103	20	26	+5	98	103	+5
SUPPLIES AND SERVICES							
Terrace Restaurant	7	2	2	-0	2	7	+5
Platinum Salon	7	5	3	-2	1	7	+6
Europe	235	0	189	+189	235	235	+235
Other Activities							
	248	7	195	+187	3	248	+245
TOTAL EXPENDITURE	352	28	220	+193	101	352	+251
TRADING SURPLUS/(DEFICIT)	(76)	(19)	(206)	+187	(77)	(76)	-1

Note 1

Note 2

Note 1

Notes

- 1 No European Trips planned in 21/22, offset by £4k final receipt of payment from a prior year trip.
- 2 Training restaurant, beauty and hairdressing salons and income from student kits and shop are slowly recovering although unlikely to achieve budgeted levels.

	2021/22 BUDGET £'000	As at 31 October 2021			Forecast to 31 July 2022		
		ACTUAL £'000	BUDGET £'000	VARIANCE £'000	ACTUAL £'000	BUDGET £'000	VARIANCE £'000
ESTATES AND SUSTAINABILITY							
INCOME							
Grant in aid							
Fees							
SDS contracts							
Income generation		5		+5	5		+5
European funds							
Other income	126	28	32	-4	100	126	-25
Other SFC funding	756	200		+200	756	756	
TOTAL INCOME	882	232	32	+200	861	882	-20
EXPENDITURE							
SALARIES							
Estates & Sustainability	753	193	188	-5	762	753	-9
Catering	217	51	54	+3	214	217	+3
	970	244	242	-2	976	970	-6
SUPPLIES AND SERVICES							
Estates & Sustainability	1,290	202	384	+182	1,290	1,290	
Catering	53	27	14	-13	53	53	
	1,344	229	398	+170	1,344	1,344	
TOTAL EXPENDITURE	2,314	473	640	+167	2,320	2,314	-6
TRADING SURPLUS/(DEFICIT)	(1,432)	(240)	(608)	+368	(1,459)	(1,432)	-26

Notes

- 1 National Lottery Community Fund £5k, contribution to composting equipment purchase.
- 2 Refectory income improving on last year although unlikely to meet budgeted levels with many staff hybrid working and reduced number of students on campus.
- 3 Includes First Aid payments to staff.

ADJUSTED OPERATING POSITION**Surplus/(deficit) before other gains and losses and share of operating surplus/(deficit) of joint ventures and associates****Add:**

Total depreciation (Government-funded, privately funded and NPD-funded assets) net of deferred capital grant release

Exceptional non-restructuring items (e.g. impairment costs)

Pension adjustment - Net service cost (FRS 102 Staff cost adjustment)

Pension adjustment - Net interest cost

Pension adjustment - Early retirement provision year-end revaluation charged to SOCI

Donation to Arms-Length Foundation

Deduct:

Non-Government capital grants credited to SOCI (e.g. ALF capital grant)

Exceptional income (if disclosed as exceptional in accounts)

Cash Budget Priorities (CBP) allocated to non-SOCI payments e.g. loan repayments and other balance sheet items

NPD income applied to reduce NPD balance sheet debt

Adjusted operating position

	2021-22 Budget	2021-22 Forecast	2021-22 Variance	Comment
Surplus/(deficit) before other gains and losses and share of operating surplus/(deficit) of joint ventures and associates	(156)	(113)	43	Forecast movements in income & expenditure as outlined in Management Accounts
Add:				
Total depreciation (Government-funded, privately funded and NPD-funded assets) net of deferred capital grant release	317	353	36	Increase in depreciation as a result of FA revaluation and additional Capital Grant Associated with 2021 Capital Programme
Exceptional non-restructuring items (e.g. impairment costs)	0	0	0	
Pension adjustment - Net service cost (FRS 102 Staff cost adjustment)	0	0	0	
Pension adjustment - Net interest cost	0	0	0	
Pension adjustment - Early retirement provision year-end revaluation charged to SOCI	0	0	0	
Donation to Arms-Length Foundation	0	0	0	
Deduct:				
Non-Government capital grants credited to SOCI (e.g. ALF capital grant)	0	0	0	
Exceptional income (if disclosed as exceptional in accounts)	0	0	0	
Cash Budget Priorities (CBP) allocated to non-SOCI payments e.g. loan repayments and other balance sheet items	190	190	0	
NPD income applied to reduce NPD balance sheet debt				
Adjusted operating position	(29)	50	79	Forecast movements in income & expenditure as outlined in Management Accounts

	2021/22 BUDGET £'000	As at 31 October 2021			Forecast to 31 July 2022			
		ACTUAL £'000	BUDGET £'000	VARIANCE £'000	ACTUAL £'000	BUDGET £'000	VARIANCE £'000	
TERRACE RESTAURANT								
Income	12	1	3	-2	11	-11	Note 1	
Salaries								
Other Costs	-7	-2	-2	-0	-2	-8	6	Note 1
NET	5	-1	1	-2	-2	3	-5	
PLATINUM SALON								
Income	16	4	4		4	7	-3	Note 1
Salaries	-99	-20	-25	5	-95	-82	-13	
Other Costs	-7	-5	-2	-3	-1	-6	5	Note 1
NET	-90	-21	-23	2	-92	-81	-11	
REFECTORY								
Income	126	28	31	-4	100	126	-25	Note 1
Salaries	-217	-51	-54	3	-214	-217	3	
Other Costs	-53	-27	-13	-14	-53	-53		
NET	-145	-50	-36	-14	-167	-145	-22	

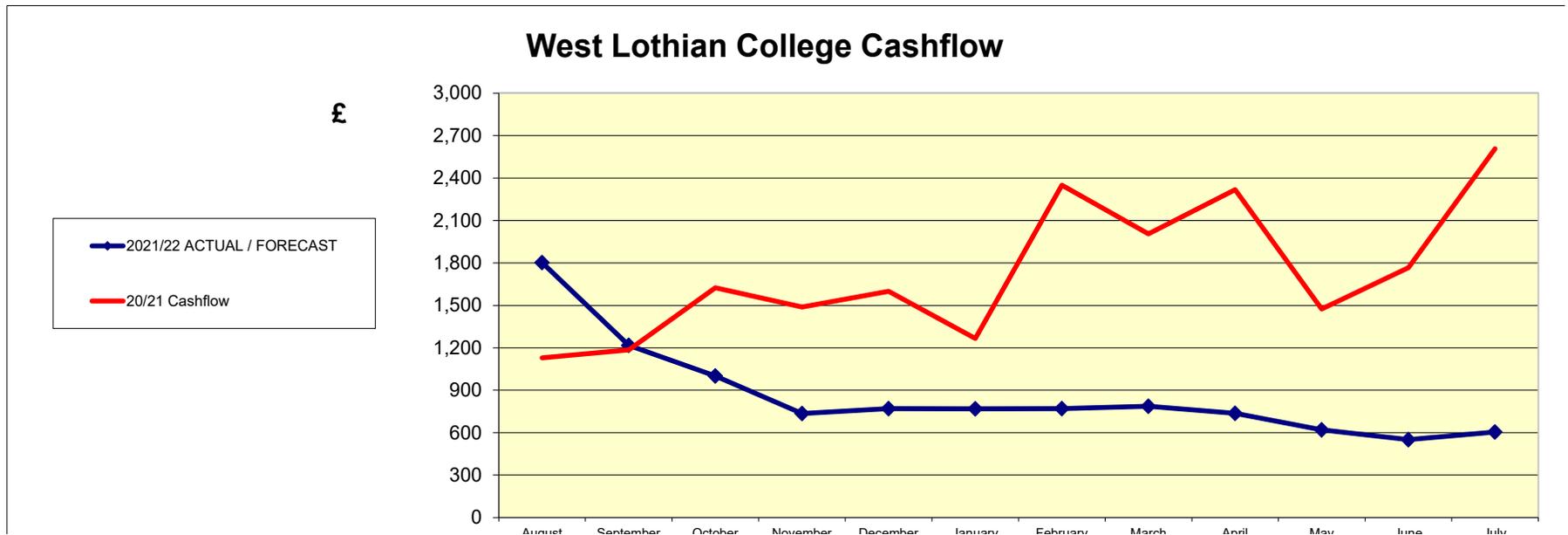
Notes

1 Income for all activities is lower than pre-pandemic activity levels with associated reduction in costs.

BALANCE SHEET PROJECTION					
	Actual	Actual	Actual	Actual	Forecast
	31 JUL 2019	31 JUL 2020	31 JULY 2021	31 OCT 21	31 JUL 2022
	£'000	£'000	£'000	£'000	£'000
Fixed Assets					
Land & Buildings	16,638	17,975	17,896	17,896	17,896
Equipment	1,435	1,816	1,495	1,495	1,495
New additions					
	18,073	19,792	19,391	19,391	19,391
Current Assets					
Trade Debtors	635	468	308	1,264	648
Europe	25		(3)	(3)	(3)
Prepayments	155	212	363	344	344
Accrued Income	354	764	959	893	893
Bank	760	1,129	2,748	1,247	605
	1,929	2,573	4,375	3,745	2,487
Current Liabilities					
Trade Creditors	(654)	(291)	(667)	(241)	(241)
Payroll	(518)	(447)	(487)	(499)	(499)
Loans	(158)	(158)			
Accruals	(570)	(1,120)	(1,917)	(1,202)	(1,202)
Deferred Income	(386)	(914)	(755)	1,138	(755)
Deferred Capital Grant	(457)	(410)	(12)	(439)	(439)
Unspent Student Funds	(47)	(18)	(465)	(465)	
	(2,790)	(3,358)	(4,303)	(1,708)	(3,136)
Net Current Assets (Liabilities)	(861)	(785)	72	2,037	(649)
Total Assets less current liabilities	17,212	19,007	19,463	21,428	18,742
Creditors: Amounts falling due after more than one year	(2,211)	(2,053)	(2,211)	(2,211)	(2,211)
Deferred Capital Grant	(11,849)	(11,361)	(11,557)	(11,557)	(11,557)
Provisions					
LPF Pension Liability	(6,904)	(14,299)	(12,093)	(12,093)	(12,093)
Early Retirement Provision	(3,756)	(3,806)	(3,523)	(3,473)	(3,473)
Total Net Liabilities	(7,508)	(12,513)	(9,921)	(7,906)	(10,592)
Reserves					
Income and Expenditure Account (Trading)	(148)	52	633	2,648	(38)
Income and Expenditure Account (Holiday Pay)	(174)	(174)	(265)	(265)	(265)
Income and Expenditure Account (PFI Loan)	(2,369)	(2,369)	(2,211)	(2,211)	(2,211)
Income and Expenditure Account (Early Retirement)	(3,756)	(3,756)	(3,523)	(3,523)	(3,523)
Income and Expenditure Account (LPF Pensions)	(6,904)	(14,299)	(12,093)	(12,093)	(12,093)
Revaluation Reserve	5,843	8,033	7,538	7,538	7,538
Total Reserves	(7,508)	(12,513)	(9,921)	(7,906)	(10,592)
check total		(0)	0	0	(0)

2021/22 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)	946	706	1,425	1,774	2,345	1,449	2,029	2,247	2,182	1,583	1,885	1,491	20,063
<i>less loan repayments</i>													
Other cash received	287	374	405	269	168	641	125	502	484	446	263	263	4,226
Total cash in	1,233	1,080	1,830	2,043	2,513	2,090	2,155	2,750	2,666	2,028	2,148	1,755	24,289
<i>Expenditure</i>													
Payroll	1,233	1,164	1,155	1,203	1,205	1,185	1,207	1,219	1,223	1,228	1,325	1,325	14,673
Other payments	755	336	570	724	916	487	770	1,244	500	558	426	375	7,661
SFC Student support payments	49	165	321	381	357	419	176	270	994	358	466		3,956
Interest payments													
Total cash out	2,038	1,665	2,046	2,308	2,478	2,091	2,153	2,734	2,716	2,144	2,217	1,700	26,291
Net cash inflow/(outflow)	(805)	(585)	(217)	(265)	34	(1)	2	16	(50)	(116)	(70)	54	(2,002)
Balance b/f (cash and overdraft)	2,607	1,802	1,217	1,001	735	770	768	771	787	736	621	551	2,607
Balance c/f (cash and overdraft)	1,802	1,217	1,001	735	770	768	771	787	736	621	551	605	605



	2021/22 BUDGET £'000	As at 31 October 2021							
		Oct £'000	VARIANCE £'000	Jan £'000	VARIANCE £'000	Apr £'000	VARIANCE £'000	June £'000	VARIANCE £'000
SUMMARY									
INCOME									
GRANT IN AID	13,330	13,330			-13,330		-13,330		-13,330
FEES	2,604	2,588	-16		-2,604		-2,604		-2,604
SDS CONTRACTS	388	388			-388		-388		-388
INCOME GENERATION	1,213	1,010	-204		-1,213		-1,213		-1,213
EUROPEAN FUNDS	248	4	-244		-248		-248		-248
OTHER INCOME	272	255	-17		-272		-272		-272
OTHER SFC FUNDING	1,926	1,926			-1,926		-1,926		-1,926
TOTAL INCOME	19,981	19,501	-481		-19,981		-19,981		-19,981
EXPENDITURE									
SALARIES									
Faculties	9,280	9,278	+1		+9,280		+9,280		+9,280
Departments	3,218	3,220	-2		+3,218		+3,218		+3,218
Business Development	808	815	-7		+808		+808		+808
Other Activities	103	98	+5		+103		+103		+103
Estates	970	976	-6		+970		+970		+970
	14,378	14,387	-9		+14,378		+14,378		+14,378
SUPPLIES & SERVICES									
Faculties	981	981			+981		+981		+981
Departments	1,944	1,944			+1,944		+1,944		+1,944
Business Development	427	104	+323		+427		+427		+427
Other Activities	248	3	+245		+248		+248		+248
Estates	1,344	1,344			+1,344		+1,344		+1,344
	4,944	4,376	+568		+4,944		+4,944		+4,944
OTHER PAYROLL COSTS									
	306	306			+306		+306		+306
TOTAL EXPENDITURE	19,628	19,069	+560		+19,628		+19,628		+19,628
TRADING SURPLUS/(DEFICIT)	353	432	+79		-353		-353		-353
RESTRUCTURING									
Voluntary Severance / Redundancy									
Pension transfers									
Apprenticeship Levy	-35	-35			+35		+35		+35
Holiday Pay Accrual									
	-35	-35			35		35		35
INTEREST									
Interest receivable	1	1			-1		-1		-1
Interest Payable									
	1	1			-1		-1		-1
DEFERRED GRANT & DEPRECIATION									
Release of Deferred Grant	475	439	-36		-475		-475		-475
Depreciation	-792	-792			+792		+792		+792
	-317	-353	-36		317		317		317
STUDENT FUNDS									
Student Funds Income	4,688	4,688			-4,688		-4,688		-4,688
Student Funds Expenditure	-4,688	-4,688			+4,688		+4,688		+4,688
INVESTMENT FUNDS									
College Spend	-158	-158			+158		+158		+158
Transfer to ALF									
	-158	-158			158		158		158
COLLEGE SURPLUS/(DEFICIT)	-156	-113	+43		+156		+156		+156
PENSION									
FRS17 LPF	-2,046	-2,899	-853		+2,046		+2,046		+2,046
Early Retirement provision	-251	-251			+251		+251		+251
	-2,297	-3,150	-853		+2,297		+2,297		+2,297
OPERATING SURPLUS/(DEFICIT)	-2,453	-3,263	-810		+2,453		+2,453		+2,453
Transfer (To) / From Pension Reserve	2,046	2,899	+853		-2,046		-2,046		-2,046
Transfer (To) / From Revaluation Reserve	407	407			-407		-407		-407
NET TRANSFER TO I&E RESERVE	0	43	+43		+0		+0		+0

Differences

A + variance means an increase in surplus

A - variance means a decrease in surplus

West Lothian College

25 November 2021

Finance and General Purposes Committee**RECONCILIATION OF FINAL OUTTURN FOR 2020-21 WITH FORECAST AT JUNE 2021**

The management accounts for the eleven-month period ended 30 June 2021 and a forecast for the twelve-month financial year to 31 July 2021 were presented to the Finance and General Purposes Committee meeting of 9 September 2021. This paper reconciles the forecast position to the final accounts for 2020-21.

The operating result for the College for the twelve months to 31 July 2021 was a surplus of £2,593k, which compared with a surplus of £504k forecast in the June 2021 Management Accounts. The increase of £2,089k was due to the following:

	Variance at June 2021 Management Accounts	Variance at Final Outturn Annual Accounts	Difference
	£'000	£'000	£'000
Income Related			
Grant in Aid	0	-174	-174
Fees	-170	-8	162
SDS Contracts	-81	-89	-8
Income Generation	-229	-220	9
European Funds	-258	-258	0
Other Income	-120	44	164
Other SFC Funding	1,051	643	-408
Childcare funds	0	492	492
	193	430	237
Expenditure Related			
Salaries	104	182	78
Supplies	-249	-140	109
Deferred Grant and Depreciation	0	-625	-625
	-145	-583	-438
Pension Related			
FRS102 Pension (including actuarial gain and interest)	0	2,290	2,290
TOTAL MOVEMENTS	48	2,137	2,089

Comments on specific variances

Changes in income variances

Grant in Aid and other SFC Funding was in total £581k lower than June forecast largely due to funds transferred from revenue to capital, relating to the Mezzanine floor project. The transfer was not included in the June 2021 forecast position. Fees (£162k) were higher than forecast due to a backlog clearance which had been caused by delays due to the lockdown. Other income greater than forecast (£164k) due to a combination of income streams received including Furlough income £59k, DWP Kickstart programme £40k, SDS Digital Start Fund £20k and DDI Skills Gateway £19k.

Changes in expenditure variances

Salaries underspend increased (£78k) due to further delays in appointing posts due to lockdown. Supplies costs overspend was not as high as the forecast (£109k) as a result of delays in the supply chain due to the pandemic.

Changes in pensions variances

The scheme actuaries Hyman Robertson in their report for the 2020 accounts based the Lothian Pension Fund liability and early retirement provision variances at July 2021 on the FRS102 projections. The differences between projected and final costs are mainly the result of an actuarial gain.

Action

For attention.

Jennifer McLaren

Vice Principal Finance and Corporate Services

25 November 2021

West Lothian College

25 November 2021

Finance and General Purposes Committee

COLLEGE CERTIFICATE 2020-21

The attached certificate shows the college's credit claim for academic year 2020-21. As the college exceeded its credit target there will be no clawback of funding.

Action

For information.

Simon Earp

Vice Principal, Performance and Improvement
25 November 2021

College certificate

Scottish Funding Council
 Apex 2
 97 Haymarket Terrace
 Edinburgh
 EH12 SHD

I confirm that the FES return contains details of all Credits claimed in respect of fundable programmes relating to college activity in AY 2020-21. 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)
46,709	707	49,632

College name: **West Lothian College**

College Principal's signature:

Janie Galbraith

.....

Date: **04 October 2021**

Please return your completed form to:

SFC Data Returns datareturns@sfc.ac.uk by **01 October 2021**

Finance and General Purposes Committee

INFRASTRUCTURE REPORT

Purpose

The purpose of this paper is to provide the committee with an update on the estates plans for 2021-22.

Scottish Funding Council (SFC) – Additional Capital Grant

At the Board of Governors meeting held in June 2021, the Board was informed that SFC had awarded the college a capital grant of £660k for investment in the construction and engineering workshop and the main building phase 2 project. The grant has to be fully spent by 31 March 2022.

For information, this grant will be specifically used to:

- Complete the reconfiguration of our main building (No.1 on the Square) by extending the main entrance to the building – estimated cost £250k
- Complete the extension and enhancement of our engineering workshop facilities by create additional space to accommodate an increased demand for electrical apprenticeships – estimated cost £100k
- Purchase industry-standard engineering equipment to enhance the learning experience for students and apprentices to support developing job opportunities. The equipment includes CNC (Computer Numerical Control) equipment that will provide a training facility to offer further pathways that meet the requirements of manufacturing and engineering companies – estimated cost £310k

Estates Plan 2021-26

The college set aside £350k to invest in projects identified in our five-year Estates Plan which was presented to the Board at the June meeting. Two priority projects have been identified for 2021-22:

- Creation of a digital health suite – estimated cost £250k
- Reconfiguration of the former executive suite (No.4 on the Square) to create a space that supports the delivery of learning and teaching to students with additional needs – estimated cost £100k.

West Lothian College

25 November 2021

Digital Health suite

Currently the college is not able to offer health and social care students a practical facility at the college. Given the growth in this area, this project is will support the experiential practical elements that underpin the theory behind clinical practice and improve the practical caring skills required in health and social care settings.

Reconfiguration of the executive suite

The former executive office will be reconfigured to provide more flexible, informal learning spaces for the Faculty of Access, Employability and Schools. The project will merge two of the rooms previously occupied by vice principals and expand the room previously occupied by the Principal.

Given the value of the projects, committee approval is required for each project. At this stage estimates are provided and costs will be firmed up for individual projects once the tender process has been undertaken. The timescale for this is the end of November 2021.

Action

The committee is asked to note the additional work being undertaken as a result of receiving the SFC grant and approve an overall budget of £350k to create a digital health suite and reconfigure the former executive office space.

Jennifer McLaren

Vice Principal, Finance and Corporate Services
25 November 2021

West Lothian College

25 November 2021

Finance and General Purposes Committee

HUMAN RESOURCES AND PEOPLE DEVELOPMENT REPORT

The Human Resources and People Development Report for the quarter 01 July 2021 to 30 September 2021 is attached to this paper.

A change has been made to the format of this report in order to align this with the 2021-25 People Strategy with a more succinct approach.

Action

For discussion.

Jennifer McLaren

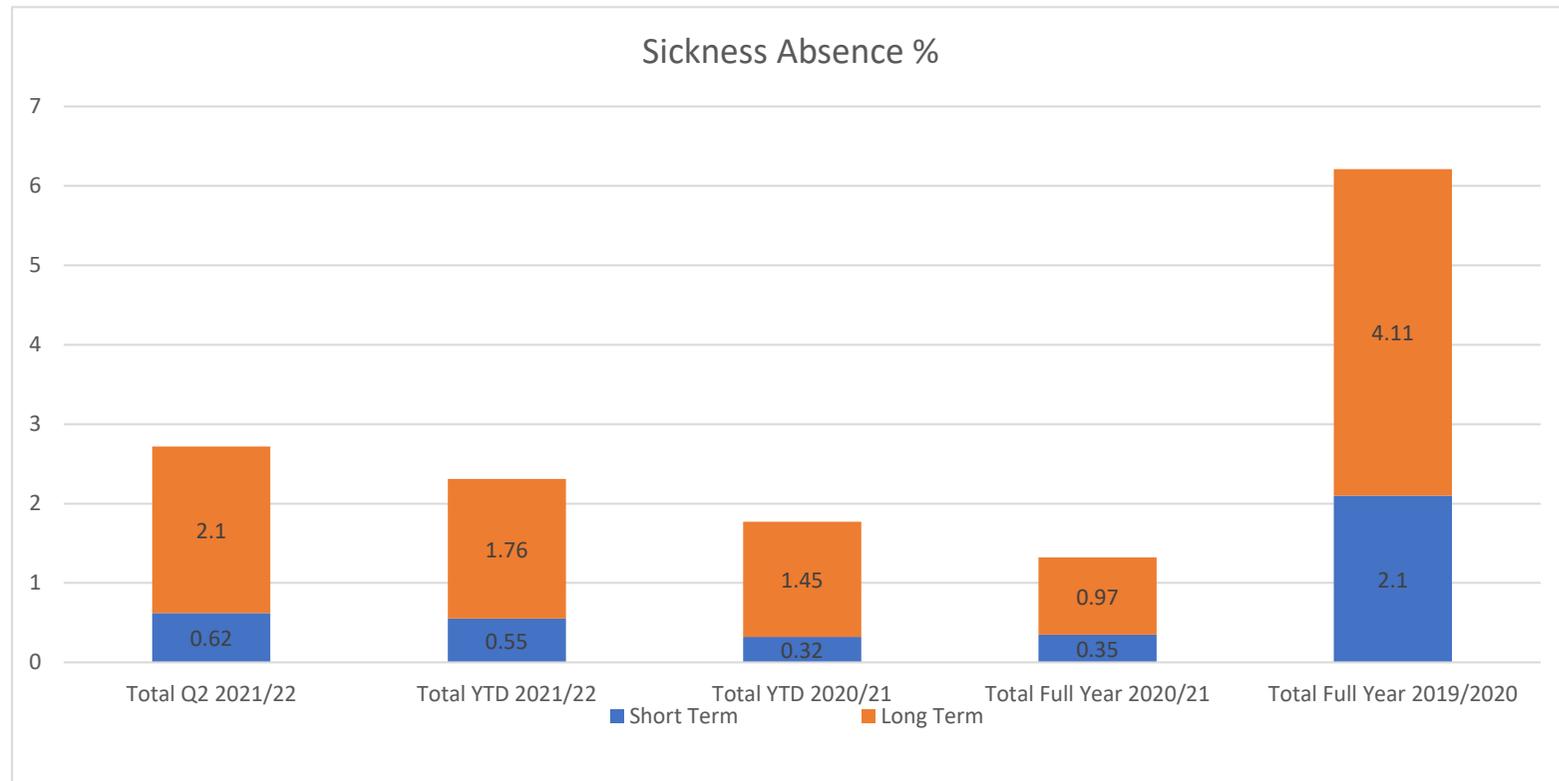
Vice Principal, Finance and Corporate Services
25 November 2021

Workforce - Recruitment	<p>All substantive posts filled</p> <p>Vacancy ratio lecturing 7:1 (decrease against previous quarter 12:1)</p> <p>Support applicant to vacancy ratio 7:1 (decrease against previous quarter 14:1)</p> <p>25 new starts</p>										
Workforce - Retention	<p>30 leavers</p> <p>Employee turnover YTD 11% (5% increase against previous YTD 6%)</p> <p>Reasons for leaving:</p> <div data-bbox="875 671 1576 1350" data-label="Figure"> <p style="text-align: center;">Reasons for leaving employment July 2021 - September 2021</p> <table border="1"> <caption>Reasons for leaving employment July 2021 - September 2021</caption> <thead> <tr> <th>Reason</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Resignation - other employment</td> <td>15</td> </tr> <tr> <td>Retirement</td> <td>9</td> </tr> <tr> <td>Expiry of Fixed Term Contract</td> <td>4</td> </tr> <tr> <td>Resignation - other reason</td> <td>2</td> </tr> </tbody> </table> </div>	Reason	Count	Resignation - other employment	15	Retirement	9	Expiry of Fixed Term Contract	4	Resignation - other reason	2
Reason	Count										
Resignation - other employment	15										
Retirement	9										
Expiry of Fixed Term Contract	4										
Resignation - other reason	2										

Health and Wellbeing – sickness absence

Sickness absence for quarter 2.72% (increase of 1.66% compared to same quarter previous year which was 1.06%)

Sickness absence YTD 2.31% (increase of 0.54% against previous YTD which was 1.77%)



Reward and Recognition

Further national update provided to support staff regarding the progress of national job evaluation.

National discussion ongoing regarding cost-of-living pay award for lecturing and support staff.

Employee benefits (retail discounts/cashback offers) are available to staff and promotion about this has been undertaken.

Additional wellbeing leave day for leave year 2021-22 provided to staff.

<p>Staff Experience and Engagement</p>	<p>Activity included:</p> <p>In August an onsite, COVID secure, welcome back to the college for staff was held with all teams provided the opportunity to be onsite informally with catering provided, offering the chance for teams and colleagues to meet and bond after a prolonged period of restrictions for onsite working. In addition staff returning from furlough were welcomed back. This was very well received.</p> <p>A reminder of the staff mental health support mechanisms was publicised – together with specific information about <i>Togetherall</i> (a peer support platform for students and staff) (www.togetherall.com) and Able Futures (a support scheme, funded by the Department for Work and Pensions offering staff personalised, confidential support from a dedicated mental health professional (www.able-futures.co.uk).</p> <p>Free flu vaccination vouchers and free yoga lessons were offered to staff.</p> <p>Staff participated in a national ‘Cycle September’ challenge, cycling a total of 1,551 miles in an initiative to promote active travel and exercise for which the College placed 2nd nationally for its sector and employer size (www.lovetoride.net)</p> <p>The Hybrid Working Project Group, established to review working arrangements for the college from academic year 2022-23, continued its work, engaging with all staff and teams for feedback on how these can be made to work effectively.</p>
<p>Employee Relations</p>	<p>Regular joint JNCC meetings with EIS and UNISON continued connected to COVID site and working restrictions and ongoing management and communication relating to this.</p> <p>One UNISON JNCC was held – forthcoming (October/November 2021) Staff Experience Survey, Hybrid Working Group and Job Evaluation were discussed.</p> <p>One EIS JNCC was held – forthcoming (October/November 2021) Staff Experience Survey, GTCS registration, Hybrid Working Group, workload, work practice and support for lecturing staff were discussed.</p> <p>The ongoing EIS Instructor dispute is continuing - it was agreed to implement the provisions of a National Bargaining Circular on this matter and refer this for consideration to NJNC joint secretaries for their determination of the difference between this post and the national lecturing role profile, recently nationally agreed.</p>

Equality and Diversity	<p>The following activities are planned for academic year 2021-22:</p> <p>Exercise to collect equality and diversity staff data, in conjunction with trade unions.</p> <p>Review of staff recruitment and selection policy and processes in line with various equalities guidance on age, gender, race and disability.</p>
Learning and Development	<p>Since the previous report where 81% of staff had completed mandatory training, a further 15% of staff have now either completed the mandatory training or left college employment.</p> <p>Staff mandatory training was refreshed and launched for academic year 2021-22.</p> <p>Lecturers' induction training finalised for use by all new start lecturers (and serving as reference point for existing lecturers).</p> <p>Mandatory GTCS registration launched, all eligible lecturers provided instructions to register. 84 lecturers are in scope of initial registration.</p> <p>An August virtual learning conference was held for staff – areas covered were:</p> <ul style="list-style-type: none"> • Hybrid working practice • Cybersecurity • Learning, teaching and assessment strategy • Learning Champions • Digital pedagogy • Trauma-responsive practice • STEM and sustainability • Equality, Diversity and Inclusion

Derek O'Sullivan

Head of HR and People Development

2 November 2021