

## West Lothian College Finance and General Purposes Committee

Meeting Date:	24 November 2022, 10.30 am to 12.30 pm
Pre-Meeting Activity	Meet the Estates Team – 10.00 - 10.30am  A chance to meet some of the Estates Team for an informal discussion about estates work completed during the summer period.  An online link is provided in a separate Teams meeting invite.
Venue:	Meeting Room 2, No.1 on the Square  Online attendance details included in Teams Meeting invitation

Ref	Agenda Item	Paper	Lead
<b>1.</b>	<b>Committee Administration</b>		
1.1	Welcome and apologies		MN
1.2	Declaration of Conflicts of Interest		MN
1.3	Minutes of Previous Meeting - 8 September 2022	1	MN
1.4	Matters Arising	2	MN
<b>2.</b>	<b>Matters for Recommendation for Board Approval</b>		
2.1	Procurement Strategy	3	J McL
<b>3.</b>	<b>Matters for Recommendation for Audit Approval</b>		
3.1	Annual Report and Financial Statement	4	JMcL
<b>4.</b>	<b>Matters for Attention</b>		
4.1	Financial Management (i) Management Accounts October 2022 (ii) Student Funds Update (iii) Reconciliation of Final Outturn 2021-22 (iv) College Certificate 2021-22 (v) Credit Update	5 6 7 8 9	JMcL JMcL JMcL SE SE
4.2	Business Development (i) Business Development Report (ii) Presentation on Income Generation	10 -	SE DE
4.3	Infrastructure Report	11	JMcL
4.4	(i) HR and People Development Report (ii) Employers Association Update	12 Verbal	DOS AL
<b>5.</b>	<b>Matters for Information</b>		
<b>6.</b>	<b>Any Other Business (AOB)</b>		MN
<b>7.</b>	<b>Review of Committee and Supporting Papers</b>		JS
<b>8.</b>	<b>Date of Next Meeting:</b>		
	Wednesday 16 February 2023, 10.30am - 12.30pm		MN

## West Lothian College

24 November 2022

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### Finance and General Purposes Committee

**Present:** Moira Niven (Chair)  
Sue Stahly  
Tony Sharkey (Shadow member)  
Karine Bourdarias (Student President)

**In Attendance:** Sarah-Jane Linton (Vice Principal, Learning and Attainment)  
Jennifer McLaren (Vice Principal, Finance and Corporate Services)  
The Vice Principal, Performance and Improvement  
Hazel Brady (Faculty Director, Business, Creative and Enterprise)  
Blair Stewart (Student President)  
Jenny Stalker (Board Secretary and Governance Advisor)

#### 1 Committee Administration

**The question of the committee being quorate was raised at the start of the meeting.**

**Action 1:** Board Secretary and Governance Advisor to take advice and review committee membership as required.

##### 1.1 Welcome and Apologies

The Chair welcomed members to the first meeting of academic year 2022-23, noting that Karine Bourdarias (Student President) was present and Blair Stewart (Student President) was in attendance. The Chair also welcomed Graham Clark (Special Projects Director) and Diane Mitchell (Faculty Director, Construction and the Built Environment and Workforce Development) and thanked them for their presentation on the Eco House Project.

Apologies were noted from Alex Linkston (Chair of the Board of Governors), Jackie Galbraith (Principal), Frank Gribben and Derek O'Sullivan.

##### 1.1.1 Presentation: Eco House Project

A presentation on the ECO House Project was given to the Committee by Graham Clark (Special Projects Director) and Diane Mitchell (Faculty

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Director, Computing, Engineering and the Built Environment and Workforce Development).

The committee heard from Graham Clark (Special Projects Director) how the project build has been progressed with West Lothian Council planning department and work carried out to date to prepare the site. The build will consist of a passive house and a shell house which will be used for practical, interactive teaching practice. This will future proof the project, enabling students in future academic years to use the house to develop modern building and technological skills and making best use of project funding.

Diane Mitchell (Faculty Director Computing, Engineering and the Built Environment and Workforce Development) discussed the challenges in building a motivated team with new technology skills to work on the project. Staff are being given time to engage in appropriate continuing professional development to update practical and teaching skills.

The committee found the presentation exciting and engaging and thanked both Directors for the presentation.

### 1.2 **Declarations of Conflicts of Interest**

There were no declarations of interest.

### 1.3 **Minutes of Meeting of 16 June 2022**

The minutes of the 16 June 2022 meeting were approved as correct.

### 1.4 **Matters Arising**

The Committee noted that Action 1: Presentation on ECO house was included in this meeting agenda and was duly completed. All other actions have been completed.

## 2 **Matters for Approval**

Paper 3: Infrastructure budget allocation

Paper 4: Recommend Financial Forecast Return to Board of Governors

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### 2.1 Infrastructure Report

The Vice Principal, Finance and Corporate Services introduced Paper 3 and discussed the huge amount of work carried out to date to update college digital and physical infrastructures. The committee noted this work and asked the Vice Principal, Finance and Corporate Services to convey the committee's appreciation and thanks to the Estates and Digital Infrastructure teams.

**Action 2:** The Vice Principal, Finance and Corporate Services to formally thank Estates and Digital Infrastructure teams on behalf of the committee for their hard work and commitment to completing these projects to deadline.

The paper also laid out plans to upgrade the Faculties of Computing, Engineering and the Built Environment in summer 2023 and Business, Creative and Enterprise in the period November 2022 - January 2023. The Faculty Director, Business, Creative and Enterprise discussed planned works and how plans are already being adapted due to changes in the beauty industry and the resultant loss of demand for traditional beauty courses.

The committee was informed that the budget allocated to both projects was, at this stage, an estimate only. The Vice Principal, Finance and Corporate Services will update the committee on costs and seek further approval if required.

The committee was content to approve the budget requests as estimates and on the basis that further costs updates will be brought to future meetings.

**Action 3:** The Vice Principal, Finance and Corporate Services to bring cost updates to future meetings.

### 3. Matters for Recommendation for Board Approval

Financial Forecast Return (FFR) 2021-22 to 2026-27 to be recommended to the Board of Governors on 20 September 2022.

#### 3.1 Financial Forecast Return

Jennifer McLaren, Vice Principal Finance and Corporate Services discussed Paper 4: Financial Forecast Return 2021-22 to 2026-27. An additional paper updating the staff costs section was presented.

The Vice Principal, Finance and Corporate Services informed the committee that the paper sets out a possible scenario, not an actual planned course of action. The committee was asked to note the Executive

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Leadership Team and College Leadership Team are working currently on scenario planning.

The Vice Principal, Performance and Improvement discussed inclusion of income from the Children's Hearing Service contract and asked the committee to note this contract will be re-tendered in September 2023.

The Committee asked what the timeline for reporting scenarios to Scottish Funding Council would be. Jennifer McLaren, Vice Principal Finance and Corporate Services emphasized forecasts are based on Scottish Funding Council assumptions and are **not** an agreed budget forecast. The Committee asked whether there is a national review of colleges generally. The Vice Principal, Finance and Corporate Services confirmed there is work going on behind the scenes to review the funding model and delivery options.

The committee was content to approve the Financial Forecast Review to be taken to the Board meeting on 20 September 2022.

**Action 4:** Audit Committee to take the Financial Forecast Return to the Board meeting of 20 September 2022 for approval.

### 4. Matters for Attention

#### 4.1 Financial Management

##### 4.1 (i) June 2022 Management Accounts

The Vice Principal, Finance and Corporate Services presented the Management Accounts and discussed the planned deficit that had been agreed with the Scottish Funding Council. The committee was informed the rationale for this is due to additional investment. The Vice Principal, Finance and Corporate Services informed the committee that funding from the Young Persons Guarantee has still to be received.

The committee noted Paper 5.

##### 4.1 (ii) Credit Update 2021-22

The Vice Principal, Performance and Improvement presented Paper 6 and drew the committee's attention to predictions the college will exceed the credit target in 2022-23. The committee was also informed about the forthcoming Scottish Funding Council final audit on 30 September 2022.

The committee noted this paper.

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### 4.2 Business Development Report

The Vice Principal, Performance and Improvement presented Paper 7: Business Development Report. The Committee asked if it was appropriate for Skills Development Scotland to change the targets mid-contract. The committee was informed that the old contract had ended and was rolled over into the new contract.

The Chair asked if the committee was content with the presentation of this report and whether the information was sufficient.

The committee noted the paper and agreed the format and sufficiency of information was good.

### 4.3 HR and People Development Report

The Vice Principal Finance and Corporate Services presented Paper 8 and highlighted the equalities data report included at Appendix 2.

The Committee praised the Staff Conference and the levels of engagement from staff on the day.

In light of the post pandemic situation and the cost of living crisis, the Committee requested that staff turnover be tracked quarterly in the HR and People Development Report and that staff absence rates are compared to pre-pandemic rates. It was agreed that the Vice Principal, Finance and Corporate Services would take this back to HR for consideration.

**Action 5:** The Vice Principal, Finance and Corporate Services to request amendment to HR reporting to include staff turnover rates and pre-pandemic absence year 2018-19.

The committee was pleased to note the 100% General Teaching Council for Scotland (GTCS) registration rate and asked that thanks be passed to Derek O'Sullivan (Head of HR and People Development), Sarah-Jane Linton (Vice Principal, Learning and Attainment) and Faculty Directors for the work that has achieved this. The committee also passed on good wishes for Derek O'Sullivan's speedy recovery.

**Action 6:** The Vice Principal, Finance and Corporate Services to pass on committee thanks as noted.

### 4.4 College Employers Scotland Update

This item was not covered due to apologies from Alex Linkston.

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### 5. Matters for Information

#### 5.1 Student Funds Update 2021-22

The Vice Principal, Finance and Corporate Services presented Paper 9. The committee was informed that the majority of student funds had been spent and that a paper showing 2022-23 spend will be presented to the next meeting of Learning and Teaching Committee and the Finance and General Purposes Committee.

**Action 7:** The Vice Principal, Finance and Corporate Services to prepare and present the paper to the November meetings of both committees.

The committee noted the paper.

### 6. Any Other Business (AOB)

None

### 7. Review of Committee and Supporting Papers

The committee agreed that the meeting went very well and acknowledged attendance by the two newly-elected Student Association Presidents.

The matter of sufficiency of committee members has been raised and noted for action.

The Chair checked that both Student Association Presidents felt comfortable with the information presented and the Vice Principal, Finance and Corporate Services offered one-to-one sessions to support understanding of financial matters.

The committee agreed the meeting had gone well and the level of detail presented in papers was very good.

The committee was offered an opportunity to view newly refurbished accommodation in rooms IT1 and IT2 of the Faculty of Business, Creative and Enterprise.

### 11 Date of Next Meeting

The next meeting is on Thursday 24 November 2022 at 10.30am.

**Note:** There were no matters discussed during the meeting, during which Members declared any conflict of interest, or the Board Secretary and

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Governance Advisor was aware from the Register of Interests that discussion could give rise to such a conflict.

Signed .....  
Chair, Finance and General Purposes Committee

Date .....



## **Finance and General Purposes Committee**

### **Matters Arising / Action update from the Finance and General Purposes Committee Meeting of 8 September 2022.**

#### **Action 1: Board Secretary *Committee Administration***

Committee membership to be reviewed

**Action status: Review postponed until recruitment has been finalised in March 2023**

#### **Action 2: Audit Committee Chair *Infrastructure Report***

Formal thanks for project work to be conveyed to Estates and Digital Infrastructure teams

**Action status: Complete**

#### **Action 3: Vice Principal, Finance and Corporate Services *Infrastructure Report***

Budget updates for additional infrastructure works to be brought to future meetings

**Action Status: Complete**

#### **Action 4: Audit Committee *Financial Forecast Return***

FFR to be taken to BOG meeting for approval

**Action status: Complete**

#### **Action 5: Vice Principal, Finance and Corporate Services *HR & People Development Report***

HR report on absence to be amended to include staff turnover rates as well as pre-pandemic absence year 2018-19

**Action Status: Complete**

#### **Action 6: Vice Principal, Finance and Corporate Services *HR & People Development Report***

Thanks to be conveyed to DO'S for 100% GTCS engagement

**Action Status: Complete**

#### **Action 7: *Student Funds Update 2021-22***

Student funds paper showing 2022-23 spend to be submitted to L&T 23 Nov and F&GP 24 Nov

**Action Status: Complete**

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### Finance and General Purposes Committee

#### PROCUREMENT STRATEGY JANUARY 2023 - JULY 2024

##### Background

The purpose of the Procurement Strategy is to ensure legislative compliance with the Procurement Reform (Scotland) Act 2014 and other relevant legislation. The strategy is aligned with the college's outcome agreement.

The updated strategy has been produced by the college's procurement specialist and uses a standard template adopted by the Advanced Procurement for Universities and Colleges (APUC) so that there is consistency throughout the college sector.

Progress in meeting the targets set out in the action plan will be monitored through APUC account manager meetings and an annual update will be provided to the Executive Leadership Team.

##### Action

The Committee is asked to recommend approval of the Procurement Strategy to the Board of Governors.

##### Jennifer McLaren

Vice Principal, Finance and Corporate Services  
24 November 2022



# Procurement Strategy

1 January 2023 – 31 July 2024

<b>Status</b>	<b>Board of Governors</b>
<b>Owner</b>	<b>Vice Principal, Finance &amp; Corporate Services</b>
<b>Publication</b>	<b>January 2023</b>
<b>Review Date</b>	<b>July 2024</b>

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## **1. Introduction**

- 1.1. 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 celebrated 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.
- 1.2. 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 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.
- 1.3. 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.

## **2. College Vision and Aspirations**

- 2.1. West Lothian College's vision is of a highly skilled, enterprising and resilient workforce, and the four strategic goals that will enable the college to achieve that vision are:
  - 2.1.1. Inspiring and enabling success for all
  - 2.1.2. Supporting economic recovery and growth
  - 2.1.3. Strengthening our communities
  - 2.1.4. Leading with vision and empathy.
- 2.2. The values that underpin that vision and everything the College does are:
  - 2.2.1. Welcoming to All
  - 2.2.2. Students at the Centre of Everything We Do
  - 2.2.3. Always Striving For Better.
- 2.3. Living our values means that we exhibit the following behaviours:
  - 2.3.1. Welcoming to all
    - 2.3.1.1. We are respectful and inclusive, and treat everyone as an individual
    - 2.3.1.2. We listen actively, and communicate in an open and supportive way
    - 2.3.1.3. We are positive role models, engaging with purpose and enthusiasm
  - 2.3.2. Students at the centre of everything we do
    - 2.3.2.1. We work together and support each other as part of a team
    - 2.3.2.2. We are flexible and accommodating, and act on feedback to make changes
    - 2.3.2.3. We are understanding and responsive, focusing on individual needs
  - 2.3.3. Always striving for better
    - 2.3.3.1. We evaluate and reflect on our practice to improve and succeed
    - 2.3.3.2. We are open to new ways of working, look outwards and learn from others
    - 2.3.3.3. We are proactive and forward thinking, preparing for what may come next

### **3. Strategic and Operational Context**

- 3.1. The Procurement Reform (Scotland) Act 2014 states that where a contracting authority has expenditure equal to or greater than £5m in its next financial year, it should prepare a Procurement Strategy setting out how it intends to carry out regulated procurements. The college's recurrent non-pay expenditure is in the region of £4m to £4.5m per annum. Although the college will have expenditure below £5m, the college shall publish a Procurement Strategy in line with best practice.
- 3.2. This Strategy sets out the strategic approach to operational procurement within a challenging economic, legislative and regulatory environment. The Strategy is used in conjunction with the college's Finance Plan 2021-2026. The Action Plan element of the Procurement Strategy translates the strategic objectives and desired outcomes into the detailed actions and processes required to maintain a cost-effective (and legally compliant) procurement operation.
- 3.3. The college conducts procurement processes across a broad range of products and services in line with the Scottish Government Procurement Journey and the college's internal governance procedures. The college has a Procurement Coordinator who manages all procurement within the college.
- 3.4. West Lothian College is a member of APUC Ltd, the Centre of Expertise for procurement for the higher and further education sector in Scotland. APUC Ltd is the key link between the HE/FE sector and Scottish Government in taking forward the Public Procurement in Scotland Programme in ways that are supportive to the priorities and structure of its clients. APUC Ltd enters into collaborative Framework Agreements for its members to access and also provides an account management service providing procurement support directly to the college. Through membership of APUC Ltd, and as a Public Sector body, the college has access to National and Sectoral Framework Agreements tendered by other organisations.
- 3.5. The college is assessed through the Operational Procurement Review (OPR) every 2 to 3 years. The college was last assessed in 2020 and achieved a score of 68%. This was the first year that a score had been applied to the assessment and the college shall work to improve this score for the next scheduled assessment in 2023.

### **4. Strategic Procurement Objectives**

- 4.1. The college Procurement Strategy has identified our key strategic objectives:
  - 4.1.1. To work with internal curriculum budget holders, professional support service colleagues and suppliers to deliver innovation and best value through the development of an effective and co-ordinated purchasing effort;
  - 4.1.2. To analyse the college's non-pay expenditure and apply appropriate procurement strategies to deliver value for money and reduce commercial risk;
  - 4.1.3. To develop appropriate management information through optimal use of procurement systems in order to measure procurement and supplier performance including value for money achieved by the college;
  - 4.1.4. To embed sound, ethical, social and environmental policies within the college's procurement function, respond to the global climate emergency and to comply with relevant Scottish and UK legislation in performance of the Sustainable Procurement Duty.

## **5. Compliance with the Procurement Reform (Scotland ) Act 2014**

5.1. The inclusion of the following statements in West Lothian College's Procurement Strategy is included to demonstrate how the college will deliver the requirements of the Procurement Reform (Scotland) Act 2014.

### **5.2. Statement on the college's general policy on the use of community benefit requirements**

5.2.1. For every relevant procurement over £4m, the college will consider community benefits in all of its tenders on a proportionate basis. This will include, whenever feasible, where the value is below £4m and where the college carries out a mini competition under a framework agreement.

### **5.3. Statement on the college's general policy on consulting and engaging with those affected by its procurements**

5.3.1. For each relevant procurement, the college will consider the community affected by the resultant contract and ensure any affected organisations/persons are consulted (e.g. impact on service for students, or a local contract that could be combined with other similar institution's needs). Such consultation will always be on a scale and approach relevant to the procurement in question. All the above will be embedded in the college's procurement practice.

### **5.4. Statement on the college's general policy on the payment of a living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements**

5.4.1. West Lothian College is an accredited Living Wage Employer. In compliance with the Act the college will consider, before undertaking a procurement, whether it is relevant and proportionate to make the Real Living Wage a condition of contract or include a question on fair work practices along with the other relevant criteria, whilst ensuring the appropriate balance between quality and cost of the contract, paying regard to the statutory guidance on Fair Work First.

### **5.5. Statement on the college's general policy on promoting compliance by contractors and sub-contractors with the Health & Safety at Work, etc. Act 1974 (c.37) and any provision made under that Act**

5.5.1. The college is committed to contracting only with suppliers that comply with all appropriate and relevant legislation, including the Health and Safety legislation. Where appropriate, and on a contract by contract basis, the college will assess the legislation applicable to the procurement and take steps to ensure bidders comply with such legislation. Where appropriate, the college will also seek to assess the compliance of subcontractors.

### **5.6. Statement on the college's general policy on the procurement of fairly and ethically traded goods and services**

5.6.1. The college supports the sourcing of goods that are fairly and ethically traded. Where relevant and possible, it shall make use of appropriate standards and labels in its procurements to take

account of fair and ethical trading considerations as well as considering equivalent offerings from suppliers that can demonstrate they can meet the specified criteria without necessarily having the specific certification. The college will also encourage use of terms and conditions that provide assurances on fair and ethical supply chains.

**5.7. Statement on the college's general policy on how it intends its approach to regulated procurements involving the provision of food to improve the health, wellbeing and education of communities in the organisation's area; and promote the highest standards of animal welfare**

5.7.1. The college aims to facilitate the supply healthy, fresh, seasonal, and sustainable grown food which represents value for money whilst improving the health, wellbeing and education of our teaching and learning communities, coupled with promoting the highest standards of animal welfare. The college will work with its catering provider and/or catering suppliers to ensure products meet the nutritional requirements for food for all users of our catering services and will use available good practice and guidance such as "Catering for Change – Buying food sustainably in the public sector".

**5.8. Statement on the college's general policy on how it intends to ensure that, so far as is reasonably practicable, the following payments are made no later than 30 days after the invoice (or similar claim) relating to the payment is presented**

- **Payments due by the authority to a contractor.**
- **Payments due by a contractor to a sub-contractor.**
- **Payments due by a sub-contractor to a sub-contractor**

5.8.1. The college recognises the importance of paying suppliers promptly once a service has been performed or goods delivered and that late payment is particularly detrimental to SMEs, third sector bodies and supported businesses.

5.8.2. The college complies with the Late Payment requirements and will review on a contract by contract basis whether such obligations are relevant and should be enforced and monitored further down its supply chain.

**5.9. Statement on the college's general policy on how it intends to ensure that its regulated procurements will be carried out in compliance with the Sustainable Procurement Duty**

5.9.1. In compliance with the Act, the college will consider the environmental, social and economic issues relating to all regulated procurements and how benefits can be accrued, on a contract-by-contract basis by taking proportionate actions.

5.9.2. The college will seek to take account of climate impacts and the circular economy in its procurement activity contributing to the college's pledge to join the United Nations' climate change campaign in the Race to Net Zero, the Scottish Colleges Statement of Commitment on the Climate Emergency and the college's Net Zero Plan 2021-2026. It will also seek to involve SMEs, third sector bodies and supported businesses in our procurement activities. In so doing, these areas shall benefit not only the college but the wider West Lothian region as well as contribute to the wider global climate agenda.



5.9.3. With regards to the Public Sector Equality Duty (PSED) under the Equality Act 2010, the college (as a Public Authority) will, within its procurement practices, give due regard to the need to:

- 5.9.3.1. Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Act;
- 5.9.3.2. Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- 5.9.3.3. Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

5.9.4. The college will manage procurement in ways that will promote equality and fairness, by embedding equality considerations in its Procurement Policy and Procedures.

5.9.5. To support compliance with the Sustainable Procurement Duty the College will endeavour to make use of available tools and systems such as the Scottish Public Procurement Prioritisation Tool, the Sustainability Test, Life Cycle Impact Mapping, the Scottish Flexible Framework, the Sustain Supply Chain Code of Conduct, Supply Chain Management (SCM) Tool, EcoVadis and Electronics Watch, where these are relevant and proportionate to the scope of the procurement.

**5.10. Statement on the college's policy on how it intends to ensure that its regulated procurements will contribute to the carrying out of its functions and achievements of its purpose.**

5.10.1. The college will analyse its third party expenditure to identify the requirement for regulated Procurements, the regulated limits are as detailed below:

- 'Agreement on Government Procurement (GPA) regulated procurements' [Goods and Services worth more than £213,477 and works worth more than £5,336,937 (GPA Thresholds that apply to the College as an "other public sector contracting authority")]
- 'Lower Value Regulated Procurements' [Goods and Services worth more than £50,000 and Works worth more than £2 million (Procurement Reform Act 2014)].
- These values are excluding VAT.

5.10.2. In addition, the college will sort regulated procurements into procurement categories and give consideration to appropriate and effective consultation that aligns individual procurement strategies, with the college's own aims and objectives, and in turn their contribution to the National Outcomes.

5.10.3. Finally, the college will consider where appropriate the effective use of contract and supplier management to monitor and further improve the regulated procurement outcomes.

**5.11. Statement on the college's policy on how it intends to ensure that its regulated procurements will deliver value for money.**

5.11.1. The college through its Procurement Policy and practice will seek to consistently deliver value for money by applying the principle of balancing cost and quality. This will vary for a regulated procurement depending on the particular commodity, category and market.

5.11.2. The college shall seek to optimise the use of National and Sectoral framework agreements where they deliver improved contract terms, contract and supplier management, responsible procurement outcomes and value for money.

5.11.3. The college will consider the whole-life cost of what is being procured and when applying the above principle of value for money, ensure that it does so in a clear, transparent and proportionate manner in compliance with all legal and internal governance obligations.

**5.12. Statement on the college's policy on how it intends to ensure that its regulated procurements will be carried out in compliance with its duty to treat relevant economic operators equally and without discrimination.**

5.12.1. The college will conduct all regulated procurements in compliance with the Regulations demonstrating equal treatment, non-discrimination, transparency, proportionality and mutual recognition. The college will utilise portals including PCS and PCS-T to publish its procurement opportunities and shall strive to ensure appropriate use of lotting, output based specifications and clear evaluation criteria to ensure the procurement is accessible to as many bidders as possible.

5.12.2. The college will ensure that it awards regulated procurements only to businesses [and sub-contractors] that are capable, reliable and, where relevant, that can demonstrate that they meet high ethical standards and values in the conduct of their business.

5.12.3. The college takes steps to make it easier for smaller businesses to bid for Contracts. Legislative constraints preclude preferences for only local suppliers but the local dimension can be addressed through the structure of tenders, the use of Public Contracts Scotland and training.

**5.13. Statement on the college's policy on how it intends to ensure that its regulated procurements will be carried out in compliance with its duty to act in a transparent and proportionate manner.**

5.13.1. The college will actively take steps to make it easier for small and local businesses to bid for contracts through the use of Public Contracts Scotland and Quick Quotes, the provision of training and/or provide information on third party training opportunities to build suppliers capacity to better navigate the public tender process and by publishing a contracts register to highlight contracts that local suppliers may be interested in bidding for. In making regulated procurement contract awards, quality, risk and sustainability factors will be considered along with cost according to declared score weightings on a contract-by-contract basis.

## **6. Annual Reporting**

6.1. The college will produce an annual report on progress against its procurement objectives and publish this on the college's website. This report, produced as soon as practicable after the end of each academic year, will describe how the college has discharged its obligations under the Act and how it has exercised discretion and judgement as permitted by the public procurement rules to secure strategic objectives in compliance with the Act.

6.2. The Annual Report will include:

6.2.1. a summary of the regulated procurements that have been completed during the year covered by the report;

- 6.2.2. a review of whether those procurements complied with the college's Operational Procurement strategy;
- 6.2.3. to the extent that any regulated procurements did not comply, a statement of how the college intends to ensure that future regulated procurements do comply;
- 6.2.4. a summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the report;
- 6.2.5. a summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the year covered by the report;
- 6.2.6. a summary of the regulated procurements the college expects to commence in the next two financial years;
- 6.2.7. a summary of the work the college is doing on addressing climate change impacts in our supply chain;
- 6.2.8. such other information as the Scottish Ministers may by order specify.

## **7. Strategy Ownership and Contact Details**

Jennifer McLaren  
Vice-Principal Finance & Corporate Services

## 8. Links to related documents/websites

- 8.1. [Agreement on Government Procurement \(GPA\)](#)
- 8.2. [Ambition 2025](#)
- 8.3. [APUC Ltd](#)
- 8.4. [Catering for Change – Buying Food sustainably in the factor](#)
- 8.5. [College’s Climate Change Action Plan 2020-2025](#)
- 8.6. [Community Benefits](#)
- 8.7. [EcoVadis](#)
- 8.8. [Electronics Watch](#)
- 8.9. [Equality Act 2010](#)
- 8.10. [Fair Work First](#)
- 8.11. [Framework Agreements](#)
- 8.12. [Health & Safety at Work, etc. Act 1974](#)
- 8.13. [Late Payment of Commercial Debts \(Interest\) Act 1998](#)
- 8.14. [Life Cycle Impact Mapping](#)
- 8.15. [National Outcomes](#)
- 8.16. [Operational Procurement Review](#)
- 8.17. [Other Public Sector Contracting Authority](#)
- 8.18. [Procurement Reform \(Scotland\) Act 2014](#)
- 8.19. [Public Procurement in Scotland](#)
- 8.20. [Public Sector Equality Duty](#)
- 8.21. [Race to Net Zero](#)
- 8.22. [Real Living Wage](#)
- 8.23. [Scottish Colleges Statement of Commitment on the Climate Emergency](#)
- 8.24. [Scottish Flexible Framework](#)
- 8.25. [Scottish Government Procurement Journey](#)
- 8.26. [Scottish Public Procurement Prioritisation Tool](#)
- 8.27. [Strategic Plan 2020-2025](#)
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- 8.31. [Supply Chain Management Tool](#)
- 8.32. [Public Contracts Scotland \(PCS\)](#)
- 8.33. [Public Contracts Scotland-Tender \(PCS-T\)](#)

**APPENDIX 1 – ACTION PLAN**

Objective	Relevant College Strategic Goal(s)	Outcomes	Main Actions & Commitments
<p>To work with internal curriculum budget holders, professional support service colleagues and suppliers to deliver innovation and best value through the development of an effective and co-ordinated purchasing effort</p>	<p>Supporting economic recovery and growth</p> <p>Strengthening our communities</p>	<p>Efficient and robust procurement processes in place for purchase of goods, services and works including tendering, quotations, requisitions, approvals, ordering and invoicing.</p>	<ul style="list-style-type: none"> <li>▪ Review current processes to ensure robust internal control process for procurement processes and systems.</li> <li>▪ Procurement policy, procedures, tender template and terms and conditions in place reflecting current legislation and best practice including Fair Work First, community benefits, late payment, health and safety, fair and ethical trading, Sustainable Procurement Duty, promotion of equality and fairness, circular economy, consideration of whole life costing.</li> <li>▪ Develop and maintain procurement section of Sharepoint to host policies, procedures and guidance documents.</li> </ul>
		<p>Procurement information routinely issued to those who need to know.</p>	<ul style="list-style-type: none"> <li>▪ Co-ordinate procurement initiatives and disseminate procurement information from external sources e.g. APUC contract and advisory information. Optimise use of all relevant communication channels.</li> </ul>
		<p>All staff with procurement responsibilities receive appropriate procurement training.</p>	<ul style="list-style-type: none"> <li>▪ Procurement staff to attend regular CPD Training to ensure all skills remain relevant and up-to-date.</li> <li>▪ Procurement training and/or guidance systematically applied to points of needs. Optimise use of Sharepoint for procurement awareness training/initiatives.</li> <li>▪ Include procurement training at point of college induction.</li> <li>▪ Develop and maintain a training register.</li> </ul>
<p>To analyse the college's non pay expenditure and apply appropriate procurement strategies to deliver value for money and reduce commercial risk</p>	<p>Supporting economic recovery and growth</p>	<p>Optimise expenditure through compliant procurement routes.</p> <p>Increase use of collaborative framework agreements.</p>	<ul style="list-style-type: none"> <li>▪ Complete annual spend analysis.</li> <li>▪ Identify appropriate routes to market and develop forward contracting plan.</li> <li>▪ Identify collaborative spend opportunities and, where appropriate, move spend to framework agreements.</li> <li>▪ Increase contracted spend and minimise maverick spend.</li> <li>▪ Maintain a Contracts Register.</li> <li>▪ Develop and maintain a Procurement Risk Register.</li> </ul>

Objective	Relevant College Strategic Goal(s)	Outcomes	Main Actions & Commitments
To develop appropriate management information through optimal use of procurement systems in order to measure procurement and supplier performance including value for money achieved by the college	Supporting economic recovery and growth	Robust expenditure data, efficiency measurement model demonstrating value for money and procurement systems in place.	<ul style="list-style-type: none"> <li>▪ Use PCS/PCS-T and PCS Quick Quote system to advertise opportunities appropriate to value.</li> <li>▪ Use contract uptake system for expenditure analysis, benefits statement and contracts planning.</li> <li>▪ Use Hunter to record contracts and savings.</li> <li>▪ Identify high value / high risk expenditure and develop appropriate contract management procedure.</li> <li>▪ Use Pecos as the purchase order system for the College.</li> <li>▪ Conduct procurement and supplier surveys to measure procurement and supplier performance.</li> <li>▪ Produce an Annual Procurement Report.</li> </ul>
To embed sound, ethical, social and environmental policies within the college's procurement function, respond to the global climate emergency and to comply with relevant Scottish and UK legislation in performance of the Sustainable Procurement Duty.	<p>Inspiring and enabling success for all</p> <p>Strengthening our communities</p> <p>Leading with vision and empathy</p>	<p>Achieve social, economic and environmental benefits through procurement.</p> <p>Contribute to the Climate Emergency agenda. Take account of climate and circular economy in procurement activity where appropriate.</p>	<ul style="list-style-type: none"> <li>▪ Embed social and environmental criteria in mini competitions and local contracts. Use tools available to identify relevant criteria.</li> <li>▪ Supply Chain Code of Conduct included and signed by appointed Contractor(s).</li> <li>▪ Investigate use of local suppliers, SMEs, supported businesses and social enterprises for relevant contracts.</li> <li>▪ Consider tendering approaches, such as Lotting, to maximise accessibility to SMEs</li> <li>▪ Provide guidance via the internet on how to do business with the college.</li> <li>▪ Consider innovation in each local tender considering new approaches where appropriate.</li> <li>▪ Consider community benefits where relevant.</li> <li>▪ Work with APUC and college stakeholders to develop a category plan to reduce climate impact through the supply chain in line with From Now To 2030 (FNT2030).</li> <li>▪ Review the Flexible Framework.</li> </ul>

## West Lothian College

24 November 2022

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### Finance and General Purposes Committee

#### ANNUAL REPORT AND FINANCIAL STATEMENTS 2021-22

##### Introduction

The annual financial statements for financial year 2021-22 are attached to this paper.

##### Statement of Recommended Practice (SORP)

The 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 2021-22 Government Financial Reporting Manual (FRM) issued by the Scottish Government.

##### Financial Results for the Year ended 31 July 2022

The college generated a deficit before other gains and losses in the year of £2,636,000 (2021 - deficit of £1,742,000), with total comprehensive income surplus of £18,564,000 (2021 – surplus of £2,593,000). The total comprehensive income in 2022 recorded an actuarial gain in respect of pension funds of £17,321,000 (2021 – gain of £4,335,000). After transfer of £3,879,000 from the revaluation reserve (nil in 2021). The cumulative deficit on the Income and Expenditure account decreased by £14,682,000 from £17,458,000 deficit to £2,776,000 deficit.

The cumulative deficit at the year-end comprised £316,000 for holiday pay accrual, £2,211,000 for voluntary agreed PFI termination loan, £2,770,000 for early retirement provisions off-set by surplus, £2,334,000 for defined benefit pension obligations and £187,000 for trading activities (see Note 16).

The college is reporting net total assets of £8,643,000 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 combined with a surplus on the Interim Revaluation of assets of £3,879,000.

##### 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

## West Lothian College

24 November 2022

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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 2021-22 the college recorded an adjusted operating deficit of £81,000.

### **Local government pension fund (LGPF) revaluation**

The element that had the most impact on the revaluation is the net discount rate (discount rate net of inflation) which significantly increased as a result of the high inflation rate at the end of July 2022 and resulted in an actuarial gain of £17 million. However, this is a technical adjustment which does not impact on the college's year end cash position.

As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, a notional surplus has been recorded and therefore the college is showing a pension asset in the balance sheet as at 31 July 2022.

### **Interim Valuation of Land and Buildings**

An interim valuation of land and buildings was undertaken in 2021-22 which has removed the material valuation uncertainty previously included by the external valuer.

### **Key Changes 2021-22**

On 19 July 2022, the Scottish Funding Council issued its accounts direction for Scotland's colleges for 2021-22, along with supporting guidance.

Changes include:

### **Performance report**

The performance report must now include a description of the way in which the institution has promoted equality of delivery of service to different groups and provide a brief commentary outlining the Fair Work practices that have been developed in agreement with the institution's workforce and the progress the institution has made in their implementation.



## **West Lothian College**

24 November 2022

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### **Remuneration and Staff Report**

There are changes to the Fair Pay disclosures with pay multiple disclosures extended to include upper and lower quartile ratios.

#### **Action**

The committee is asked to recommend approval of the annual financial statements for the year ended 31 July 2022 to the Audit Committee for the meeting scheduled for 1 December 2022.

#### **Jennifer McLaren**

Vice Principal, Finance and Corporate Services

24 November 2022

**WEST LOTHIAN COLLEGE**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 JULY 2022**

**Scottish Charity No. SC021216**

**The financial statements were approved and authorised for issue on 06 December 2022**

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## Professional Advisors

### Financial Statement Auditors

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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 2022

## Principal and Chief Executive's Statement

As we approached the third academic year impacted by the pandemic, the overarching priorities we identified for 2021-22 were to:

- Work safely through the pandemic, paying close attention to the health and wellbeing of students and staff,
- Focus on our goals and values, ensuring that we make progress on our equality outcomes, and
- Make work better for staff and the learning experience better for students.

We started the 2021-22 academic session hopeful that there would not be a repeat of the previous challenging year which was the worst that colleges had ever experienced. Many staff, including those who had been furloughed, returned to campus in August 2021 for the first time since March 2020. Although some were naturally anxious about being back amongst large numbers of people, they were quickly reassured by the measures in place to mitigate the spread of the virus on campus and by the wellbeing support provided by the college. This was reflected in very positive feedback in the annual staff survey carried out in November 2021 with 97% agreeing that the college takes positive action on health and wellbeing.

Sixty per cent of students returned to campus-based learning in August 2021 although a significant proportion, particularly at full-time higher education level, continued to learn online all year. Students returned to improved campus facilities including a new technology-enabled learning centre, a large multi-functional Student Association hub, and expanded and upgraded engineering and construction workshops.

The year was not without disruption. Many students and staff continued to be affected by the virus and increasing numbers were forced to isolate as the Omicron variant took hold. The rise in Omicron infections as the year progressed led the government to instruct colleges to return to online learning in the two weeks before and after the festive break, resulting in the campus being closed to all students and most staff for a total of six consecutive weeks. Unfortunately, the EIS organised strike action in April and May 2022 that led to further anxiety for students.

Despite these challenges, the college had a very successful year. A 17% increase in credit-funded student enrolments led to the college exceeding its credit target to deliver over 50,000 credits for the first time. Overall student success increased on the previous year's highest ever level to 83.4%.

We enhanced measures to improve learning and teaching across the college by creating a network of learning champions, lecturers with time allocated to provide peer support, share good practice and advise on pedagogy. From October 2021, the vice principal for learning and attainment brought together all lecturers, assessors, instructors and skills coaches each week for professional development sessions. The Learning Continuity Group, established in August 2020 to support digital pedagogy, continued with support from new dedicated learning technologists. A successful Education Scotland progress visit acknowledged these developments and the quality of student support provided by the college.

A continuing priority in 2021-22 was supporting the wellbeing and motivation of students and staff to get through the third academic year affected by the pandemic. Students benefited from the continuation of a free warm breakfast and lunch provided by the college, and pre-cooked healthy meals from a local food charity that were distributed by the Student Association. We made good use of additional funding to support students facing mental health problems and financial challenges. This included providing proactive winter fuel payments. In addition to existing counsellors, we

recruited a specialist member of staff to further help students (this post did not continue in 2022-23 as it was funded by one-year SFC funding in 2021-22). The Man Cave, a dedicated space for male students to talk about mental health, met weekly in-person and online throughout the year and was recognised with a highly commended College Development Network award.

We invested over £1.6 million in improving our learning estate, supported by a specific capital grant and additional Covid funding from the Scottish Funding Council (SFC). To support the growing demand for apprenticeships, we built an additional industry standard electrical workshop. We created a new Digital Health Hub to develop the skills needed to address demand in the health and social care sector. We also created a bespoke area, The Compass Point, to support our work with students affected by poverty, trauma and displacement. In addition, we repurposed many teaching spaces to support innovative learning and teaching. All these new facilities were underpinned by modern digital technology.

Through our increasingly symbiotic relationship with West Lothian Council and our enhanced local partnerships with employers and the third sector, the college supported a range of measures to help people whose jobs were affected by economic disruption caused the pandemic by providing bespoke courses designed for specific industry sectors. For example, our innovative Skills Boost for Scottish Ambulance Service mobile testing unit staff enabled them to progress onto other health and social care jobs once the testing units were stood down. This work was recognised with two College Development Network awards, a winning award for employer engagement and a highly commended award for innovation.

Despite Covid restrictions remaining in place for most of the year, we managed a careful return to large gatherings, including our first on-campus graduation ceremony since 2019 and an increasing number of student, staff and stakeholder events as we approached the summer months. For ongoing operational business, we used in-person, virtual and hybrid approaches as appropriate. The college made a commitment to sustain hybrid working beyond the pandemic and redesigned staff workspaces and communication guidelines to accommodate this.

We aim to lead with vision and empathy.

In a year that communities remained fractured as a result of the pandemic, the college crystallised its role as an anchor institution. We enhanced our trauma responsive work through the establishment of the TRUST project, opening our resources to partners from a wide range of council departments, government agencies and third sector organisations. Together, we made progress on providing a coherent, proactive and compassionate offer to young people affected by trauma, poverty and the challenges that these bring.

We welcomed a growing community of Ukrainian refugees into the college to enable them to build networks and friendships, develop their English language skills and support them into jobs or onto courses that would lead them to work. We opened our doors to public and third sector organisations and hosted events such as West Lothian PRIDE, a celebration of carers across West Lothian and a wonderful fun day for Ukrainian orphans and their house mothers (the latter organised by health and social care students).

In May 2022, the college gained Investors in People Gold accreditation that improved on the silver status we achieved three years before. This recognised the progress we have made in making work better for and investing in our staff. It was an excellent illustration of our progress on the principles of Fair Work. The report concluded that:

*“Against this backdrop of change, fatigue and upheaval, the aim for many organisations has been to hold steady at their prior accreditation award level. In May 2019, West Lothian College was*

*accredited at the silver level. Not only have you been reaccredited, you achieved the next higher level of award, the GOLD award. This is a phenomenal achievement!"*

## About West Lothian College

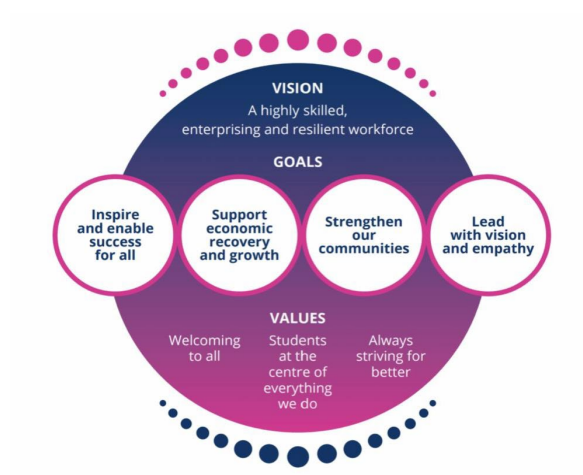
West Lothian College is one of thirteen college regions in Scotland and serves an area with one of the fastest growing populations in Scotland. Positioned on the M8 corridor between Scotland's two largest cities, the college operates in an area with a region with a relatively strong economy.

The college provides a wide range of further and higher education courses to meet the needs of West Lothian's people, communities and economy. These 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 twelve secondary schools take part in college courses each year alongside their school qualifications and the college continues to be the top choice for school leavers.

West Lothian College plays a critical role in achieving community planning partnership priorities to address the skills needs of employers and enable people to be better educated with access to quality learning and job opportunities. The college has a symbiotic relationship with West Lothian Council and increasingly with third sector organisations across the region.

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 most 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



The college's vision is to develop a highly skilled, enterprising and resilient workforce. Four strategic goals help us to achieve 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.

Our external Investors in People assessment reported in May 2022 that:

*“The values of welcoming to all, students are at the centre of everything we do and always striving for better are so ingrained in the organisation. There are so many examples of these values being embedded in what you do especially when it comes to the students being at the centre of everything. In all areas staff speak about the students and their work is centred around student activities.”*

## **Performance Summary**

The 2021-22 Student Satisfaction and Engagement Survey showed that 95.1% of full-time further education (FEFT) students were satisfied with their overall experience of college, and 95.5% of higher education (HEFT) students. In line with our commitment to improve articulation for all students, over the year we added a further 40 pathways and one additional institution, Glasgow Caledonian University.

Our partnership with Edinburgh Napier University continued to flourish and is further secured after our initial two-year partnership with a more permanent agreement. This allows business degree students to remain on our campus but enrolled as Edinburgh Napier students. They will continue to be taught by lecturers from the university and supported by college lecturers for their pastoral and tutorial needs.

Examples of notable student success from our 2021-22 cohort include:

- Three HND Software Development students secured graduate apprenticeship software developer roles at Forrit, a leading software company, progressing directly into year 3 of BSc (Hons) Software Development at Edinburgh Napier University.
- Twenty-one HNC Childhood Practice students received 47 offers from universities and seven HND Childhood Practice students received a total of sixteen offers for direct entry into year 3 of BA Education Studies at Queen Margaret University.
- Two HNC Social Sciences students were awarded prestigious scholarships for St. Andrews University, one to study Psychology, the other Social Anthropology and Archaeology.
- HNC Art students who applied to university in 2022 received a total of 25 offers and all received offers for direct entry into second year at Duncan of Jordanstone College of Art and Design.
- Forty HNC Healthcare Practice students gained paid placements as Band 2 Clinical Support Workers with NHS Lothian through which they achieved their HNC hours. As well as the benefits experienced by our students, this helped to ease the ongoing workforce crisis in the NHS, and Edinburgh Napier University supported twelve of these students to articulate to year 2 of BSc (Adult) Nursing.



- A VRQ3 Light Vehicle Maintenance student won a business start-up grant from Bridge 2 Business and gained a Scottish Motor Trade Association Skills Award for her work on challenging gender imbalance in the industry.

## Analysis of Key Performance Indicators

### *Outcome Agreement Activity Targets*

The college exceeded its core credit activity target, as well as the target for additional credits allocated for the Young Person's Guarantee (YPG) and the National Transition Training Fund (NTTF). In 2021-22 we delivered our highest ever number of credits - 50,665 against a revised target of 49,609 (which included 1,833 credits for NTTF and YPG). Disruption in schools during the pandemic contributed to the college not meeting our Foundation Apprenticeship target.

<b>2021-22</b>	<b>Target</b>	<b>Claimed</b>
Core Credits	42,840	43,315
ESF	1,483	1,602
YPG/NTTF	1,833	2,645
Foundation Apprenticeships	2,541	1,567
Deferred students	912	1,536
<b>Total</b>	<b>49,609</b>	<b>50,665</b>

This continued high performance illustrates the growing demand for college places in West Lothian which was recognised by SFC in the allocation of an additional 1,143 to our core credit target from 2022-23. While this increase is welcome it does not address the level of demand in a region with a growing population.

While the number of senior phase pupils studying vocational qualifications at the college remained broadly the same as 2021-22, the total number of pupils attending school/college courses increased significantly to 1,075 – a record high reflected in the 3,866 credits delivered to support these students. Continuing our commitment to Developing the Young Workforce, we enrolled 163 Foundation Apprenticeship students from schools across West Lothian, including 114 new starts.

The college played a key role in supporting economic recovery over the year through a growing portfolio of work-based learning opportunities. We delivered Scottish Vocational Qualifications to 984 employees in 350 organisations, and supported 421 Modern Apprentices in training (including 233 new starts). Through the Flexible Workforce Development Fund, we worked with 64 companies to train 2,550 employees.

The college exceeded its Skills Boost targets for the second year through a range of bespoke short courses. For example, 106 Scottish Ambulance Service mobile testing unit operatives enrolled on our nine-week Gateway to Health and Social Care course with 100% success. This course provided upskilling opportunities for these temporary employees to secure other roles in the health and social care sector now that the testing units have closed. Training took place in our forest classrooms two nights per week over five weeks to upskill 135 early years practitioners on Forest Kindergarten to enable them to embed outdoor learning pedagogy in nurseries and primary schools across West Lothian. Towards the end of 2021-22 during the summer period, 71 Ukrainian students enrolled on a range of ESOL classes delivered five full days a week over six weeks.

## *Enrolments*

Credit-funded enrolments increased by 17% in 2021-22 from 6,315 to 7,308. The largest rise was for Further Education Part-Time (FEPT) enrolments which increased by nearly one thousand, with notable growth in school/college enrolments. Although there was a small decrease in full-time credit-funded enrolments, we did not experience the same recruitment challenges as many others in the sector.

The college continued to be the top destination for school leavers in West Lothian moving onto FE or HE qualifications at college in 2021-22. Nine out of ten full-time students lived in West Lothian, forty per cent in Livingston and sixty per cent in the other towns and villages across the region. Overall, 81% of students studied FE while 19% studied HE. This was different for full-time students, forty per cent of whom studied HE qualifications and sixty per cent studied FE.

## *Student Success*

In 2021-22, student success improved in all areas except for Higher Education Full-Time (HEFT). Overall, 83.4% of students completed their course successfully, up three percentage points on the previous year, and likely to be the highest or amongst the highest in the sector. Three-quarters of enrolments were part-time, and success for part-time students continued to be high with FEPT success rising to 91% and HEPT improving to 87%. This very strong performance was therefore a significant contributor to our high overall success rates.

For the third academic year, successful outcomes for full-time students were impacted by the pandemic. While students in 2021-22 did not experience the extended lockdowns of the previous year, all colleges were required to limit the number of students taking part in campus-based learning for most of the year. Apart from the two weeks before and after the festive break when tighter restrictions were imposed to mitigate the rise of Omicron, over 60% of full-time students took part in learning on campus throughout the year. While this was a significantly higher proportion of campus-based learning than almost all other colleges, we managed it safely and there were no outbreaks or spread of the virus on campus.

We prioritised campus-based learning for FEFT students, knowing from the previous year that they would be most at risk if their learning continued to be mainly online. There is no doubt that this was the main reason for an increase of four percentage points in success for these students (completed success for FEFT students aged 16-19 increased by six percentage points). Almost all these students experienced consistent in-person learning throughout the year that ensured practical learning activities continued, they were able to build relationships with lecturers and peers, and take advantage of support on campus such as the free food.

During the year, we established a working group to review full-time FE provision, delivery and student success. We identified the following improvements, which have been implemented, and we expect these will help build on the increase in student success in the current year:

- Improve induction process for August 2022 and January 2023 starts
- Redesign all FEFT courses and reduce to 16 credits
- Create a new course tutor role with dedicated time to support students
- Implement a Red, Amber, Green rated risk register for lecturers to highlight immediate support needed by students most likely to withdraw early.

In contrast, a large proportion of HEFT students participated in their courses entirely online throughout 2021-22, particularly in subjects like business, computing and social sciences. HEFT student success declined significantly compared with the previous year and not being able to take

part in campus-based learning contributed to this decline for some students. Further analysis showed that the biggest contributor to reduced HEFT success was the performance of students aged 16-19, particularly those who started a full-time HE qualification directly from school. This group of students represented 40% of all HEFT enrolments in 2021-22 and the sixteen-percentage point reduction in success for these students was the most significant contributor to the decline in overall HEFT outcomes. Students aged 25 or older, who represented 39% of enrolments, experienced a significantly smaller two percentage point drop in success.

Younger students who had progressed to HE from an FE course at college fared better than those who started directly from school, suggesting that many senior phase pupils starting higher education qualifications at college in August 2021 struggled to cope with this level of study after a significantly disrupted educational experience in their final year at school.

In 2020-21, the college had the highest student success for all enrolments over 160 hours in the sector. We were one of the top three colleges for success of key student groups such as those living in SIMD10/20 postcodes, those who were care experienced, declared a disability or were from an ethnic minority group. We expect our strong comparative performance to be maintained in 2021-22.

## **Improving our Physical and Digital Learning Estate**

### *Physical Estate*

Improvements in the college estate in 2020-21 contributed to improvements in student success in areas such as FEFT engineering. In 2021-22, aided by a £660,000 capital grant and additional Covid funding from SFC, we:

- Created an additional electrical workshop
- The Compass Point
- The Digital Health Hub
- A second Forest Classroom
- An extension to the front entrance of the main building
- Adapted the upper floor of the main building to better support hybrid working
- Installed an outdoor gym and additional fixed gazebos for learning and recreational purposes.

### *Digital Estate*

In 2021-22, £565,000 was invested in 700 new laptops (over 300 for student loan) and desktop computers, 30 Clevertouch mobile digital screens, and a complete upgrade of our network infrastructure. To strengthen our resilience against a cyber attack, the college was accredited as Cyber Essentials Plus in November 2021 and invested in a Chief Information Security Officer.

## **Fair Work**

The college is committed to the principles of Fair Work and implementing our People Strategy, a commitment endorsed in May 2022 by our external Investors in People assessment which stated:

*“This is a college that is absolutely people focused. A place with a robust culture and clear set of values and behaviours that permeate both decision-making and interactions. The last two years could have felt unbearable and broken people, yet West Lothian College has maintained staff morale and further developed the work experience.”*

The following is a brief summary of progress made in 2021-22 on the five dimensions of the Fair Work Framework.

## *Effective Voice*

There is a strong culture of openness and transparency in the college which was acknowledged by staff in surveys and in the Investors in People assessment in 2021-22.

Engagement with trade union representatives took place through quarterly EIS and UNISON meetings. In addition, senior managers met fortnightly with both unions jointly on Covid matters and a range of proactive measures were agreed, for example early encouragement of mask-wearing and investing in carbon dioxide monitors across the campus.

Throughout the year the principal held regular small group drop-in conversations with staff that enabled them to share concerns and make suggestions for improvement. Staff meetings, online and on-campus, took place during the budget process to explain the financial challenges facing the college. All-staff events took place at key points throughout the year with Board members attending so that they could engage directly with staff and hear their feedback first-hand.

Our annual staff survey is a valuable barometer of staff views and the November 2021 survey had a response rate of 78%. There was continuing high positive feedback and areas identified for improvement were addressed during the year.

## *Security*

The college is a Living Wage Accredited Employer and everyone in our workforce is paid at least the Real Living Wage including the Modern Apprentices we employ. When the increase in the Real Living Wage rate was announced in November 2021, we implemented it immediately despite having until May 2022 to do so.

As far as possible, the college gives permanent contracts to employees. For fixed-term contracts, clarity is provided on the period covered by the contract. National terms and conditions provide a route map for eligibility for permanency. The college does not make use of zero-hours arrangements, ensuring fairness and predictability for earnings and work which is particularly important for those with caring responsibilities.

## *Respect*

A comprehensive Employee Assistance Programme, which includes free counselling and physiotherapy sessions, continued to be used well by staff in 2021-22. We introduced an annual wellbeing festival for all staff with a wide range of in-person as well as virtual workshops on physical and mental wellbeing. Most of the enhanced wellbeing support put in place in the two previous pandemic years was sustained, for example an annual wellbeing day for all staff. Nearly two hundred staff took part in resilience training in 2021-22 supported by SFC funding for staff and student mental health and wellbeing.

A short-life project group in 2021-22 reviewed how to embed hybrid working arrangements in the college beyond the emergency years. Recommendations to create bespoke hybrid workspaces and produce a communication guide were consulted with staff and trade unions, approved by the Board and implemented.

Individual and team successes continued to be recognised each week in an update sent out to all staff by the principal. As well as acknowledging employees, the staff survey confirmed that this is an effective way of sharing good practice across the college and in helping colleagues connect with the college community.

## *Fulfilment*

The college held regular all-staff online and in-person events throughout the year for development, communication and celebration purposes. These had consistently high levels of participation.

Our annual Celebrating Success ceremony recognises staff achievements and in June 2022 over 220 colleagues took part in an on-campus celebration for which we received the highest ever number of nominations from almost all parts of the college.

An outdoor gym, supported by dedicated SFC funding in 2021-22 to support health and wellbeing, was installed for staff and students to take part in physical exercise.

## *Opportunity*

The college achieved Investors in People Gold accreditation in May 2022, external verification of how we invested in people, engaged with staff and made work better for employees.

The college was reaccredited as a Disability Confident Employer in June 2022 and used the Minority Ethnic Recruitment Toolkit to improve the diversity of our workforce and attract more people from minority backgrounds. This had a very positive impact on Board membership in early 2022 and we now have three ethnic minority members on the Board. We conducted an equality and diversity census in 2021-22 to gather more data on staff protected characteristics so that we can be even more proactive in how to support them.

We continued to deliver and support a wide range of learning and development activities to enable staff to carry out their responsibilities well, to further develop their skills for career progression and to increase satisfaction with their work. Lecturers were encouraged and supported to register with the General Teaching Council for Scotland, resulting in 100% of eligible lecturers registering in 2021-22. Some staff benefited from mental health and wellbeing training delivered by a local third sector organisation, others completed mental health first aid training, and some took part in Wellness Recovery Action Plan training.

During 2021-22, we continued to make progress on developing our young workforce and recruited two Modern Apprentices as well as two Kickstart placements who both secured posts at the college at the end of their six-month paid placement.

## **Key Issues and Risks**

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

The Board of Governors undertook a review of the strategic risks in 2021-22 and agreed 23 risks facing the college. The risks that carried the highest risk rating were:

- Being unable to meet demand for courses due to insufficient funding
- Failing to deliver the curriculum plan for 2021-22 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 Ministers and 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
- Scenario planning and new models of delivery undertaken
- 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.

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 2021-22 strategic risk register.

The board presents its report and the audited financial statements for the year ended 31 July 2022. 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 (FRoM).

## **Scope of the Financial Statements**

The Financial Statements cover all activities of the college.

## Financial Position

### Financial Results for the year ended 31 July 2022

The college generated a deficit before other gains and losses in the year of £2,636,000 (2021 - deficit of £1,742,000), with total comprehensive income surplus of £18,564,000 (2021 – surplus of £2,593,000). The total comprehensive income in 2022 recorded an actuarial gain in respect of pension funds of £17,321,000 (2021 – gain of £4,335,000).

After transfer of £3,879,000 from the revaluation reserve (nil in 2021). The cumulative deficit on the Income and Expenditure account decreased by £14,682,000 from £17,458,000 deficit to £2,776,000 deficit.

The cumulative deficit at the year-end comprised £316,000 for holiday pay accrual, £2,211,000 for voluntary agreed PFI termination loan, £2,770,000 for early retirement provisions off-set by surplus, £2,334,000 for defined benefit pension obligations and £187,000 for trading activities (see Note 16).

The college is reporting net total assets of £8,643,000 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 combined with a surplus on the Interim Revaluation of assets of £3,879,000.

### 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*

	<b>2021-22</b> <b>£'000</b>	<b>2020-21</b> <b>£'000</b>
<b>Revenue Priorities</b>	-	-
<b>Total impact on operating position</b>	-	-
<b>Capital</b>		
Loan repayments	-	-
Early retirement provision payments	190	190
<b>Total Capital</b>	<b>190</b>	<b>190</b>
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.

## Adjusted Operating Position

The Statement of Comprehensive Income (SOCI) 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	2021-22 £'000	2020-21 £'000
Deficit before other gains and losses (FE/HE SORP basis)		(2,636)	(1,742)
Add back:			
- Depreciation (net of deferred capital grant)	1	409	625
- Pension adjustment – Net service cost (FRS 102)	2	2,071	1,781
- Pension adjustment – Net interest cost	3	265	264
Deduct:			
- CBP allocated to Early Retirement Payments	4	190	190
Adjusted operating (deficit)/surplus		(81)	738

No additional payments were made towards the Early Retirement Provision during the year (£9,000 in 2020-21). Taking this into account the adjusted operating result in 2020-21 was a surplus of £729,000.

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 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.

## 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 2021-22 current assets: current liabilities were 1:1.1 and days cash to total expenditure was 44 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
- 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.

In January 2022 the college joined the Central & South Scotland College Partnership (with EAUC, Borders College and Forth Valley College) and hired a Sustainability Project Manager, who is helping the partnership to deliver sustainability-related initiatives, to apply for funding and provides additional expertise. The college has worked with the Sustainability Project Manager to update the college Net Zero Plan, including ambitious targets, by adopting the Climate Action Roadmap for FE Colleges.

Throughout 2021-22 the college Sustainability Committee has worked hard to promote the UN Sustainable Development Goals through events and initiatives to raise awareness of the SDGs (including new graphics and displays). Teaching staff also took part in the Global Goals Teach-In for the first time – an international event which aims to highlight the contribution of education toward the SDGs.

With support from the Scottish Green Public Sector Estate Decarbonisation Scheme the college completed an energy audit of the campus, to identify opportunities to reduce the energy used in and emissions produced by our buildings. This has outlined several projects for improvement (e.g. replacing gas heating with heat pumps) and we will begin to apply for further funding to make these improvements in 2022-23.

In 2021-22 the college was granted funding to develop a unique 'training facility, consisting of two semi-detached houses to demonstrate sustainable construction methods and renewable technologies to students. This is expected to be fully constructed during 2022-23.

Numerous improvements have also been made to the existing campus including the delivery of two new composters, which will allow us to process our food waste in house and reduce the need for collection.

### **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 6 December 2022

**Jackie Galbraith**

Principal and Chief Executive

## 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 Entitlements<sup>1</sup>

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 2022			12 months ended 31 July 2021 (Restated)		
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	45-50	160-165	115-120	25-30	140-145
Simon Earp	75-80	10-15	90-95	75-80	30-35	105-110
Sarah-Jane Linton**	75-80	130-135	210-215	75-80	215-220	290-295
Jennifer McLaren	75-80	30-35	110-115	75-80	30-35	110-115

\*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.

\*\*Sarah-Jane Linton joined the college September 2020. The pension benefit is significantly higher due to the fact that Sarah-Jane Linton transferred in benefits from previous service during 2020-21.

#### 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. Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

<sup>1</sup> 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

	2021-22 £'000	2020-21 £'000	Change %
Range of workforce remuneration	£18,018- £118,000	£17,912- £117,000	+0.90%
Highest paid official remuneration	£117,500	£117,500	No change
Median (total pay and benefits)	£32,753	£34,170	-4.15%
Median (salary only)	£32,753	£34,170	-4.15%
Ratio	1:3.6	1:3.4	+5.55%
25 <sup>th</sup> percentile (total pay and benefits)	£25,283	£25,283	No change
25 <sup>th</sup> percentile (salary)	£25,283	£25,283	No change
Ratio	1:4.7	1:4.6	+2.17%
75 <sup>th</sup> percentile (total pay and benefits)	£43,357	£42,357	+2.31%
75 <sup>th</sup> percentile (salary)	£43,357	£42,357	+2.31%
Ratio	1:2.7	1:2.8	-3.57%

Median pay reduced and the ratio between median pay and highest paid increased. This occurred due to the generous national bargaining lecturing pay harmonisation agreement which brought the vast majority of the pre-2019 cohort of lecturers to the top of the significantly increased national pay scale (compared with the pre-existing local salary scale). With the passage of time predominantly lecturers from this cohort retire and/or leave. Post-2019 lecturer salary placing rules mean more recent lecturers are placed at lower scale points. Hence the trend towards a reduction in median pay and an increase between median pay and the highest paid.

Based on the twelve-month equivalent figures above, the banded remuneration of the highest paid official in the organisation in the financial year 2021-22 was £115k-£120k (£115k-£120k in 2020-21). Based on banded remuneration this was 3.4 times (3.4 times in 2020-21) the median remuneration of the workforce which was £30k-£35k (2020-21 £30k-£35k).

#### 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.

<b>Name</b>	<b>Accrued pension at pension age at 31/07/22 £'000</b>	<b>Accrued lump sum at pension age at 31/07/22 £'000</b>	<b>Real increase in pension 01/08/21 to 31/07/22 £'000</b>	<b>Real increase in lump sum 01/08/21 to 31/07/22 £'000</b>
Jackie Galbraith	19	0	3	0
Simon Earp	8	0	1	0
Sarah-Jane Linton	18	2	7	0
Jennifer McLaren	19	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.

<b>Name</b>	<b>CETV at 31/07/22 £'000</b>	<b>CETV at 31/07/21 £'000</b>	<b>Real increase in CETV £'000</b>
Jackie Galbraith	295	245	50
Simon Earp	112	85	27
Sarah-Jane Linton*	203	114	89
Jennifer McLaren	300	265	35

\*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 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

Two employees left under voluntary exit terms during the year.

	2021-22	2020-21
£'000	Number of Employees	Number of Employees
10-15	1	0
15-20	0	0
20-25	0	0
25-30	0	0
30-35	0	0
35-40	0	0
40-45	1	0

There were no compulsory redundancies in the year.

## Staff Report

### Salaries and Related Costs

	2022 Directly employed staff £'000	2022 Seconded and agency staff £'000	2022 Total £'000	2021 Total £'000
Wages and salaries	11,133	0	11,133	10,478
Social security costs	1,066	0	1,066	978
Other pension costs	4,201	0	4,201	3,785
Restructuring Costs	5	0	5	-9
<b>Total</b>	<b>16,406</b>	<b>0</b>	<b>16,406</b>	<b>15,232</b>
Average number of FTE	302	0	302	294

The college employed 283 females (70%) and 124 (30%) males during 2021-22 (headcount).

In the year ended 31 July 2022 staff turnover was 16.95%

### Sickness Absence Data

The total sickness absence percentage as at 30 June 2022 was 4.11%. This is higher than the equivalent figure for 2020-21 (1.35%) due to an increase in both short and long term sick absence. The historically low sickness absence rate in 2020-21 arose due to a significant proportion of the workforce being on furlough due to Covid and a Covid trend of notably lower sickness absence during lockdowns and other periods of societal restrictions.

## 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 2021 to 31 March 2022

Relevant union officials

Number of employees who were relevant union officials during the relevant period 7  
Full time equivalent employee number 5.9

Percentage of time spend on facility time

Percentage	Number of employees
0%	0
1%-50%	5.9
51%-99%	0
100%	0

Percentage of pay bill spend on facility time

Total cost of facility time	21,516
Total pay bill	16,406,000
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 values of being welcoming to all – ensuring all staff, regardless of background, and circumstances are welcomed, retained, encouraged, and developed. Recruitment processes have been revised to ensure that the college attracts a more diverse talent base and have gained some beneficial insight on inclusivity gained through our staff equality and diversity survey.

The framework and direction for action on equal opportunities are set by the college's People Strategy (<https://www.west-lothian.ac.uk/media/4937/people-str-2021-2025.pdf>), Equality, Diversity, and Inclusion Policy) [equality-diversity-and-inclusion-policy.pdf \(west-lothian.ac.uk\)](#) and other equality reporting explained in the college's Equality Mainstreaming Report (<https://www.west-lothian.ac.uk/media/4936/equality-mainstream-report.pdf>).

The college pays due regard to the key aims of the public sector equality duty by ensuring that all staff undertakes mandatory training at induction on equality diversity and inclusion. 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, and publishing of Equal Pay Audit Reports by gender, ethnicity, and disability. 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 encourages applications from BAME backgrounds. Action is also taken via various initiatives to support younger people in employment with the college. Across other protected characteristics further work is undertaken to support and encourage applicants from across the community 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 the post.

Approved by the Board of Governors on 6 December 2022 and signed on its behalf by:

**Jackie Galbraith**  
Principal and Chief Executive



## 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 Governors members who held office during the year were as follows:

Name	Position	Appointed	Term
Alex Linkston	Chair	27 Jun 20	2
Sue Cook	Vice Chair and Non-Exec	1 Mar 19	2
Frank Gribben	Non-Executive	1 Mar 19	2
Iain McIntosh	Non-Executive	1 Mar 19	2
Colin Miller	Non-Executive	1 Mar 19	2
Elaine Cook	Non-Executive	2 May 19	1
Thomas Bates	Non-Executive	1 Aug 17	2
Moira Niven	Non-Executive	1 Dec 20	2
Sue Stahly	Non-Executive/Senior Independent	14 Nov 19	1
Lynne Hollis	Non-Executive	2 May 19	1
Richard Lockhart	Non-Executive	1 July 20	1
Seonaid Crosby	Non-Executive	29 Sep 21	1
Jackie Galbraith	Principal and Chief Executive	6 Aug 18	n/a
Neil Sinclair	Teaching Staff	25 Jun 19	2
Virginia Toyi	Support Staff	4 Feb 22	1
Jeanette Dobson	Student Association	1 Aug 20	1
Kirsti Clark	Student Association	1 Aug 20	1
Tony Sharkey	Co-Opted	15 Mar 22	1
Rehela Hussain	Co-Opted	15 Mar 22	1
Name	Position	Appointed	Change
Julia Simpson	Staff	6 Sep 18	Resigned 3/11/21

#### 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 and Improvement
Sarah-Jane Linton	Vice Principal Learning and Attainment
Jennifer McLaren	Vice Principal Finance and Corporate Services

## 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 2022 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 2021-22, the college had no reported data incidents (2020-21: no incidents).

**Jackie Galbraith**

Principal and Chief Executive

## 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 2021-22 (FReM) where applicable and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Funding Council and the college's Board of Governors, the Board of Governors, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the college's state of affairs and of the surplus or deficit and cash flows for that year.

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

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

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

The Board of Governors has taken reasonable steps to:

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

## **Auditor**

The Auditor General for Scotland has appointed Mazars LLP to undertake the audit for the year ended 31 July 2022.

## **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 6 December 2022 and signed on its behalf by:

**Alex Linkston**  
Chair

# GOVERNANCE STATEMENT

## Introduction

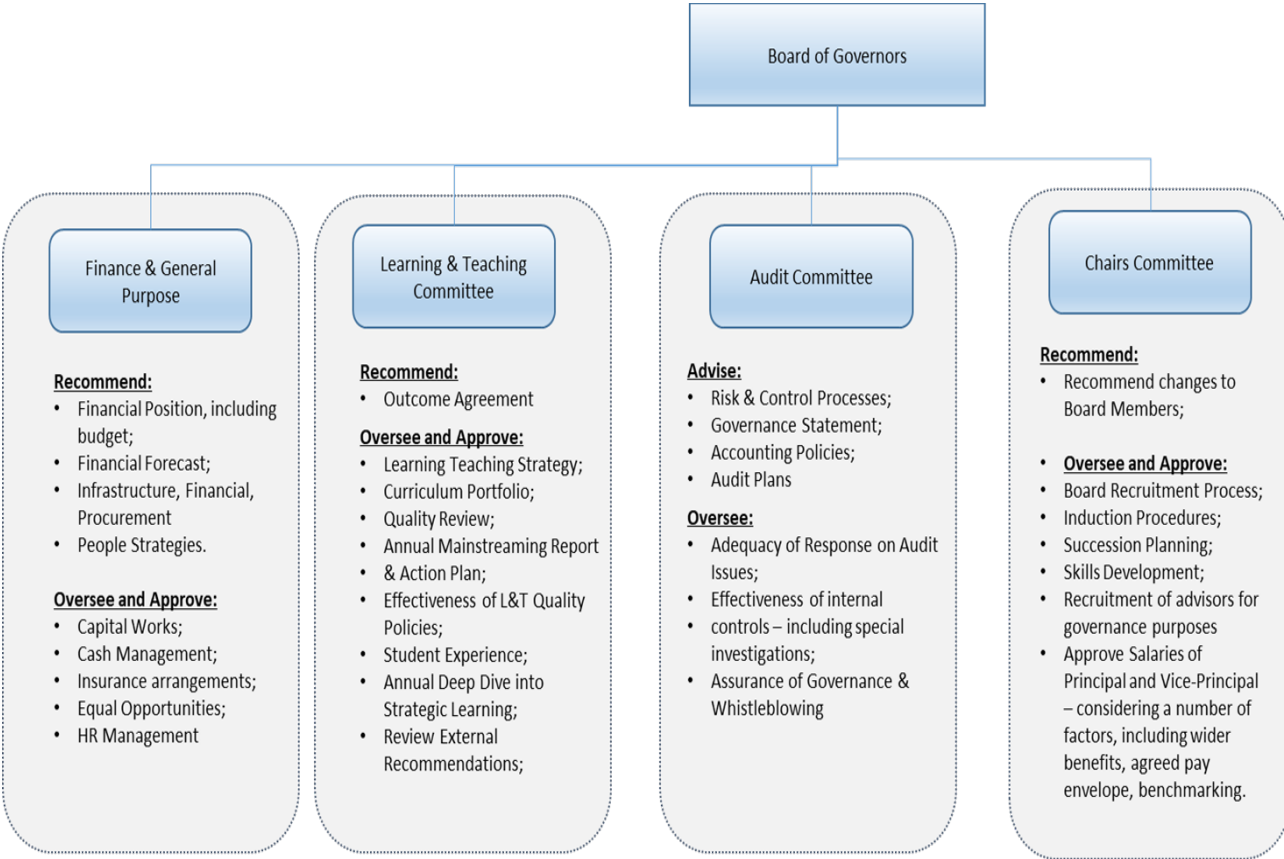
The college is committed to exhibiting best practice in all aspects of corporate governance. This summary is written to assist the reader of the financial statements and describes the manner in which the college has applied the principles of good governance set out in 2016 Code of Good Governance for 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 2022 and reports the board’s assessment of the effectiveness of these arrangements.

During 2021-22 there were changes to the board membership (see page 30).

## 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 Covid restrictions the board continued to hold meetings online throughout the year. In addition, an annual strategic meeting took place in January 2022 where the board invited the Chair of the Scottish Funding Council, and key members of the local business community to participate in a discussion on future ambitions. The board also arranged a strategic event in May 2022, as an opportunity to meet face to face and introduce new board members.

In May 2022 the board held a risk workshop facilitated by the college's internal auditors where risk tolerance levels were discussed and agreed.

## **Board of Governor Committees**

Due to Covid restrictions most committee meetings were held virtually in 2021, then transitioned to a hybrid model in May 2022.

The Audit Committee meets four times a year, with the college's external and internal auditors in attendance, as required. The committee considers detailed reports together with recommendations for the improvement of the college's systems of internal control and management's responses and implementation plans. It 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 Chairs Committee is a meeting of the Committee Chairs, Board Chair and an additional Non-Executive Member and is responsible for all matters of nomination and remuneration, and meets four times a year. It is jointly chaired by the Board Chair and Vice-Chair to ensure there is independence on matters of remuneration.

The Chairs Committee considers board development, succession planning and recruitment and is responsible for selecting candidates for appointment by the Board of Governors to vacancies in its membership. The committee considers the balance of membership, including members' experience and skills and identifies any gaps. The committee tries to ensure that the membership of the board reflects the diversity of its community. The committee makes its recommendations to the board for consideration and approval for appointment.

The Principal is an attendee of the Chairs Committee for matters of recruitment and nomination, but is excluded from matters on remuneration, which is chaired by the Vice Chair.

## **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. As part of succession planning, the Board has recruited two additional Co-opted Members to join the Board and Committees in March, to mitigate the impact of future recruitment.

The roles of Chair and Vice-Chair of the Board of Governors are separated from the role of the college's Principal. During 2021-22 the gender balance for non-executive positions changed from 8 males/5 females to 7 males/6 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 review of all Board Members 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 all Board and Committee Members for the period 1st August 2021 to 31st July 2022.

Board/ Committee	Board	Audit	L&T	F&GP	Chairs	Noms*
Actual Meetings	4	4	4	4	3	1
Alex Linkston	4		4	4	3	1
Sue Cook	2	1			2	1
Frank Gribben	3			2		
Iain McIntosh	4		4		3	1
Colin Miller	3	4				
Elaine Cook	3		3			
Lynne Hollis	0	3		2		
Richard Lockhart	4	4				
Thomas Bates	2		3		2	
Moira Niven	4			4	3	1
Sue Stahly	4			2		
Jackie Galbraith	4		4	4		
Julia Simpson * note 1	2	1				
Seonaid Crosby	2	3				
Neil Sinclair	3		3			
Kirsti Clark * note 2	0			0		
Jeannette Dobson	4		4	1		
Virginia Toyi * note 3	2		2			
Abel Aboh * note 4	1		2			
Tony Sharkey* note 5	1			1		
Rehela Hussain* note 6	1		1			

\*The nominations committee was replaced by the Chairs committee during 2021/22\*

Note 1: Resigned in September 2021 from Audit Committee and Board.

Note 2: Maternity Leave for period from 1 August to 31 July 2022.

Note 3: Appointed 4 February 2022

Note 4: Appointed 5 January 2022

Note 5: Appointed as Co-Opt 17 March 2022

Note 6: Appointed as Co-Opt 15 March 2022

## Board Development Actions

The board and committees have adopted a continuous process of improvement and progress is monitored for all development activity at the Chairs Committee and Board, every quarter. This includes highlighting opportunities for individual development, identified as part of the annual review or as part of the skills matrix assessment.

All actions are captured as SMART actions, with a clear and measurable outcome, and are reviewed by all Board Members. Current areas of development include:

- Adoption of a new risk management processes
- Adopting a hybrid model for governance meetings in 2022-2023.

- Onboarding new board members, including co-opted members, as part of succession planning.
- Implementing the revised Code of Conduct from June 2022.

An annual review process was completed for all board members in June 2022, and all areas of improvement identified by individual members, committees, board or overall governance have been captured on the Board Development and Training Plan and progress monitored by the Board.

## **Risk Management**

The college maintains a Strategic Risk Register. Each strategic risk is assigned an owner from the Executive Leadership team who agree the risk register and quarterly updates. The Performance Report details key strategic risks identified during 2021-22 and the mitigating actions.

The most significant risks during 2021-22 were: (check with earlier Risk statements)

- Being unable to meet demand for courses due to insufficient funding
- Failing to deliver the curriculum plan for 2021-22 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

During 2021-22 the Board of Governors reviewed the process for identifying, reporting, evaluating and managing the college's significant risks and agreed that:

- The entire Strategic Risk Register is presented as an agenda item at every Board of Governors meeting for approval of any material changes
- The discussion is facilitated by the Chair of Audit Committee, with input from all the Committee Chairs, Independent Person and Board Members
- The Strategic Risk Register is presented with an executive summary which highlights material changes, and key themes or topics, on a rolling schedule
- Papers relating to the effectiveness of the control environment i.e. performance indicators, HR Report, Finance Reports continue to be presented to the Committees, providing the Committee Chairs and Members with insight on the Strategic Risk Register, but the Register is not be presented as a separate agenda item at the Committees.

Reports by management have been received and reviewed by the board 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 2021-22. 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 2022.

## **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.

## **Assessment of the effectiveness of internal controls**

The Board of Governors is of the opinion that throughout the year ended 31 July 2022, 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 2022 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 6 December 2022 and signed on its behalf by:

**Alex Linkston**  
Chair

**Jackie Galbraith**  
Principal and Chief Executive

# **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**

### **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**

#### **Reporting 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 2022 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Balance Sheet, and Statement of Cash Flows and notes to the financial statements, including 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 2022 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 six 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.

## **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. These conclusions are not intended to, nor do they, provide assurance on the college's current or future financial sustainability. However, we report on the college's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

## **Risks of material misstatement**

We report in our Annual Audit Report 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 Responsibilities of the Board of Governors, the Board of Governors is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Board of Governors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **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. 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](http://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.

### **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 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 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 the 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.

### **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  
Apex 2  
97 Haymarket Terrace  
Edinburgh  
EH12 5HD

Date:

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

## West Lothian College

### STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	<b>Year Ended 31 July 2022 £'000</b>	<b>Year Ended 31 July 2021 £'000</b>
<b>Income</b>			
SFC grants	2	16,135	14,587
Tuition fees and education contracts	3	3,064	3,437
Other income	4	1,705	1,315
Investment income	5	-	-
<b>Total Income</b>		<b>20,904</b>	19,339
<b>Expenditure</b>			
Staff Costs	6	16,406	15,232
Other operating expenses	7	5,984	4,550
Depreciation	10	885	1,035
Interest payable	8	265	264
<b>Total Expenditure</b>		<b>23,540</b>	21,081
<b>Deficit before tax</b>		<b>(2,636)</b>	(1,742)
Taxation	9		
<b>Deficit for the year</b>		<b>(2,636)</b>	(1,742)
Unrealised Surplus on Revaluation of Assets		3,879	0
Actuarial (loss)/gain in respect of pension schemes		17,321	4,335
<b>Total comprehensive income for the year</b>		<b>18,564</b>	2,593
<b>Represented by:</b>			
Restricted comprehensive income		-	-
Unrestricted comprehensive income		18,564	2,593
		<b>18,564</b>	2,593

The Statement of Comprehensive Income is prepared under the FE/HE SORP. The SORP does not permit colleges to reflect the non-cash budget for depreciation in the Statement of Comprehensive Income. Note 28 provides details of the adjusted operating position on a Central Government basis.



## West Lothian College

### STATEMENT OF CHANGES IN RESERVES

	<i>Income and Expenditure Account</i>	<i>Revaluation Reserve</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Balance at 31 July 2020</b>	<b>(20,546)</b>	<b>8,033</b>	<b>(12,513)</b>
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)	0
<b>Total comprehensive income for the year</b>	<b>3,088</b>	<b>(495)</b>	<b>2,593</b>
<b>Balance at 31 July 2021</b>	<b>(17,458)</b>	<b>7,538</b>	<b>(9,920)</b>
Deficit from statement of comprehensive income	(2,636)	-	(2,636)
Other comprehensive income	21,200	-	21,200
Transfers between revaluation reserve and income and expenditure account	(3,882)	3,882	0
<b>Total comprehensive income for the year</b>	<b>14,682</b>	<b>3,882</b>	<b>18,564</b>
<b>Balance at 31 July 2022</b>	<b>(2,776)</b>	<b>11,420</b>	<b>8,644</b>

## West Lothian College

### BALANCE SHEET AS AT 31 JULY

	<i>Notes</i>	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
<b>Non-Current Assets</b>			
Fixed Assets	10	23,045	19,391
<b>Current Assets</b>			
Trade and other receivables	11	2,254	1,627
Cash and cash equivalents	17	2,829	2,749
		5,083	4,376
<b>Less: Creditors; amounts falling due within one year</b>	12	<b>(5,133)</b>	<b>(4,303)</b>
<b>Net Current Assets / (Liabilities)</b>		<b>(50)</b>	73
Defined benefit obligations	15	2,334	(12,093)
<b>Total Assets less Current Liabilities</b>		<b>25,329</b>	7,371
Creditors: amounts falling due after more than one year	13	(13,916)	(13,768)
<b>Other provisions</b>	15	<b>(2,770)</b>	<b>(3,523)</b>
<b>Total Net Liabilities</b>		<b>8,643</b>	<b>(9,920)</b>
<b>Unrestricted Reserves</b>			
Income and expenditure account	16	(2,776)	(17,458)
Revaluation reserve		11,419	7,538
<b>Total Reserves</b>		<b>8,643</b>	<b>(9,920)</b>

The financial statements on pages 39 to 67 were approved by the Board of Governors On 6 December 2022 and signed on its behalf on that date by:

**Alex Linkston**  
Chair

**Jackie Galbraith**  
Principal

## West Lothian College

### STATEMENT OF CASH FLOWS

	<i>Year Ended 31-Jul-22 £'000</i>	<i>Year Ended 31-Jul-21 £'000</i>
<b>Cash flow from operating activities</b>		
Deficit for the year	(2,636)	(1,742)
<b>Adjustment for non-cash items</b>		
Depreciation	885	1,035
Deferred capital grants released to income	(476)	(410)
(Increase) in debtors	(627)	(183)
Increase in creditors due within one year	793	1,074
(Decrease) in provisions	(195)	(199)
Pension costs less contributions payable	2,071	1,781
<b>Adjustment for investing or financing activities</b>		
Investment income	(0)	(0)
Interest payable	265	264
<b>Net cash inflow/(outflow) from operating activities</b>	<b>80</b>	<b>1,620</b>
<b>Cash flows from investing activities</b>		
Interest received	0	0
	0	0
<b>Cash flows from financing activities</b>		
Repayments of amounts borrowed	0	0
	0	0
<b>Increase/(Decrease) in cash and cash equivalents in the year</b>	<b>80</b>	<b>1,620</b>
Cash and cash equivalents at start of the year	2,749	1,129
Cash and cash equivalents at end of the year	2,829	2,749

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2022

### 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 2021-22 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 1.1.4).

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 1.1.4).

#### 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.

## West Lothian College

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### **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.

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.

## West Lothian College

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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 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.

## West Lothian College

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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



## West Lothian College

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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.

- Defined Benefit Pension Scheme

As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has recorded a notional surplus and therefore the college is showing a pension asset in the balance sheet as at 31 July 2022. The college consider that they will be able to recover the surplus either through reduced

## West Lothian College

contributions in the future or through refunds from the plan, and therefore the surplus has been recognised in these financial statements in line with the requirements of FRS102.

### 2 SFC GRANTS

	<i>Year Ended 31 July 2022 £'000</i>	<i>Year Ended 31 July 2021 £'000</i>
SFC Teaching & fee waiver grant	13,330	11,857
Childcare funds	484	491
Release of deferred capital grants (SFC)	476	410
Other SFC Grants	1,845	1,829
	<b>16,135</b>	<b>14,587</b>

### 3 TUITION FEES AND EDUCATION CONTRACTS

	<i>Year Ended 31 July 2022 £'000</i>	<i>Year Ended 31 July 2021 £'000</i>
FE Fees - UK	822	851
HE Fees - UK	1,541	1,588
SDS contracts	701	998
	<b>3,064</b>	<b>3,437</b>

### 4 OTHER INCOME

	<i>Year Ended 31 July 2022 £'000</i>	<i>Year Ended 31 July 2021 £'000</i>
Residence and catering	141	16
European funds	4	-
Other income generating activities	1,033	938
Other income	527	361
	<b>1,705</b>	<b>1,315</b>

## West Lothian College

### 5 INVESTMENT INCOME

	<b>Year Ended 31 July 2022 £'000</b>	<b>Year Ended 31 July 2021£'000</b>
Other Interest Receivable	-	-

### 6 STAFF COSTS

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

	<b>Year Ended 31 July 2022 FTE</b>	<b>Year Ended 31 July 2021 FTE</b>
Teaching departments	173	167
Teaching support services	32	35
Administration	52	45
Premises	18	20
Catering and residences	6	6
Other Income-generating activities	18	19
Other staff	3	2
	<b>302</b>	<b>294</b>
<b>Analysed as:</b>		
Staff on permanent contracts	253	258
Staff on temporary contracts	49	36
	<b>302</b>	<b>294</b>

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	<i>Year Ended 31 July 2022 £'000</i>	<i>Year Ended 31 July 2021 £'000</i>
<b>Staff Costs for the above persons</b>		
Wages and salaries	11,134	10,478
Social security costs	1,066	978
Other pension costs	4,201	3,785
Restructuring costs	5	(9)
	<b>16,406</b>	15,232
<b>Analysed as:</b>		
Staff on permanent contracts	13,634	12,934
Staff on temporary contracts	666	526
Pension charge less contributions paid	2,071	1,781
Restructuring costs	5	(9)
	<b>16,406</b>	15,232

	<i>Year Ended 31 July 2022 £'000</i>	<i>Year Ended 31 July 2021 £'000</i>
<b>Analysed as:</b>		
Teaching departments	9,007	8,218
Teaching support services	1,330	1,163
Administration	1,991	1,882
Premises	737	712
Catering and residences	209	208
Other income-generating activities	663	839
Other staff	393	438
Pension charge less contributions paid	2,071	1,781
Restructuring costs	5	(9)
	<b>16,406</b>	15,232

### 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.

## West Lothian College

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

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

<b>2022</b>	<b>2021</b>
<b>No.</b>	<b>No.</b>
<b>4</b>	<b>4</b>

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:

	<b>Key management personnel</b>		<b>Other staff</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
£70,001 to £80,000	<b>3</b>	<b>3</b>	-	-
£110,001 to £120,000	<b>1</b>	<b>1</b>	-	-
	<b>4</b>	<b>4</b>	-	-

Key management personnel emoluments are made up as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	<b>347</b>	<b>340</b>
Benefits in kind	-	-
	<b>347</b>	<b>340</b>
Pension contributions	<b>69</b>	<b>67</b>
Total emoluments	<b>416</b>	<b>407</b>

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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:

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Salaries	<b>117</b>	117
Benefits in kind	-	
	<b>117</b>	117
Pension contributions	<b>23</b>	23
Total emoluments	<b>140</b>	140

### Compensation for loss of office paid to former key management personnel

	<b>2022</b>	2021
	<b>£'000</b>	£'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 2021-22 in respect of overseas activities, which were carried out in accordance with the strategy approved by the Board of Governors.

## West Lothian College

### 7 OTHER OPERATING EXPENSES

	<i>Year Ended 31 July 2022 £'000</i>	<i>Year Ended 31 July 2021 £'000</i>
Teaching departments	1,215	1,095
Teaching support services	292	170
Administration	1,763	1,192
Premises	1,866	1,452
Catering	111	27
Other income generating activities	174	93
Overspend on student support funds	-	-
Childcare fund costs	483	492
Other	80	29
	<b>5,984</b>	<b>4,550</b>

Other Operating Expenses (Administration) include:

Auditors Remuneration (including irrecoverable VAT)		
- Internal audit	29	37
- External audit	16	15
Other services provided by:		-
- Internal audit	-	-
- External audit	-	-
-		
	<b>45</b>	<b>52</b>

### 8 INTEREST PAYABLE

	<i>Year Ended 31 July 2022 £'000</i>	<i>Year Ended 31 July 2021 £'000</i>
On bank loans, overdrafts and other loans	-	-
Pension finance costs	265	264
	<b>265</b>	<b>264</b>

### 9 TAXATION

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

## West Lothian College

### 10 FIXED ASSETS

	<i>Land and Buildings</i>	<i>Fixed Plant</i>	<i>Equipment</i>	<i>Total</i>
	<i>Freehold £'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Cost or valuation</b>				
At 31 July 2021	18,529	1,810	80	20,419
Additions	660	0	0	660
Disposals	0	(185)	0	(185)
On Revaluation	2,128	142	0	2,270
<b>At 31 July 2022</b>	<b>21,318</b>	<b>1,767</b>	<b>80</b>	<b>23,164</b>
<b>Depreciation</b>				
At 31 July 2021	633	382	13	1,028
Charge for Period	669	196	20	885
Disposals	0	(185)	0	(185)
On Revaluation	(1,216)	(393)	0	(1,608)
<b>At 31 July 2022</b>	<b>86</b>	<b>0</b>	<b>33</b>	<b>120</b>
Net Book Value <b>At 31 July 2022</b>	<b>21,232</b>	<b>1,766</b>	<b>47</b>	<b>23,045</b>
Net Book Value At 31 July 2021	17,896	1,428	67	19,391
<b>Financed by: Capital Grant</b>	<b>21,232</b>	<b>1,766</b>	<b>47</b>	<b>23,045</b>

The college's land and buildings were independently valued by Avison Young as at 31 July 2022. 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 £13,915,000 (2021: £14,474,000).



## West Lothian College

### 11 TRADE AND OTHER RECOVERABLES

	<i>Year Ended 31 July 2022 £'000</i>	<i>Year Ended 31 July 2021 £'000</i>
Trade Debtors	506	260
European Funding	80	45
Prepayments and accrued income	1,668	1,322
Amounts Owed by SFC	-	-
	<b>2,254</b>	<b>1,627</b>

### 12 CREDITORS: Amounts falling due within one year

	<i>Year Ended 31 July 2022 £'000</i>	<i>Year Ended 31 July 2021 £'000</i>
Trade Creditors	646	667
Taxation and Social Security	570	487
Accruals and Deferred income	3,008	1,917
Deferred Income – Deferred capital grant < 1 year	476	439
Deferred Income – SFC capital grants	12	12
Deferred Income – SFC revenue grants	183	316
Amounts Owed to SFC	-	-
Unspent Student Funds	238	465
	<b>5,133</b>	<b>4,303</b>

### 13 CREDITORS: Amounts falling due after one year

	<i>Year Ended 31 July 2022 £'000</i>	<i>Year Ended 31 July 2021 £'000</i>
Amounts Owed to SFC	2,211	2,211
Deferred Income – SFC Capital grants	11,705	11,557
	<b>13,916</b>	<b>13,768</b>

## West Lothian College

### 14 MATURITY OF DEBT

SFC Loan is repayable as follows:

	<b>Year Ended 31 July 2022 £'000</b>	<b>Year Ended 31 July 2021 £'000</b>
In one year or less	-	-
Between one and two years	-	-
Between two and five years	<b>315</b>	<b>158</b>
In five years or more	<b>1,896</b>	<b>2,053</b>
	<b>2,211</b>	<b>2,211</b>

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

	<b>Defined Benefit Obligations £'000</b>	<b>Early Retirement Provision £'000</b>	<b>Total £'000</b>
At 1 August 2021	12,093	3,523	<b>15,616</b>
Expenditure in the period	(1,087)	(195)	<b>(1,282)</b>
Other movements in period	(13,340)	(558)	<b>(13,898)</b>
<b>At 31 July 2022</b>	<b>(2,334)</b>	<b>2,770</b>	<b>436</b>

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

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The early retirement provision is in accordance with a valuation carried out by Hymans Robertson, an independent firm of actuaries at 31 July 2022.

## West Lothian College

### 16 RESERVES

#### Analysis of income and expenditure account

	<i>I&amp;E Account Trading Activities</i>	<i>I&amp;E Account Holiday Pay</i>	<i>I&amp;E Account PFI Loan</i>	<i>I&amp;E Account Early Retirement</i>	<i>I&amp;E Account Defined Benefit Pension</i>	<i>Total</i>
	<i>£'000</i>	<i>£,000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 31 July 2021	634	(265)	(2,211)	(3,523)	(12,093)	<b>(17,458)</b>
Total comprehensive income for the year (excluding revaluation)	3,630	(51)	-	558	14,427	<b>18,564</b>
Transfer to revaluation reserve	(3,882)					(3,882)
Payments for early retirement	(195)			195		-
<b>At 31 July 2021</b>	<b>187</b>	<b>(316)</b>	<b>(2,211)</b>	<b>(2,770)</b>	<b>2,334</b>	<b>(2,776)</b>

### 17 CASH AND CASH EQUIVALENTS

	<i>At 1 August 2021 £'000</i>	<i>Cash Flows £'000</i>	<i>Other £'000</i>	<i>At 31 July 2022 £'000</i>
Cash	<b>2,749</b>	80	-	<b>2,829</b>
Debt due within 1 year	-	-	-	-
Debt due after 1 year	<b>(2,211)</b>	-	-	<b>(2,211)</b>
	<b>538</b>	<b>80</b>	-	<b>618</b>

## 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).

<b>Total pension cost for the period</b>	<b>Year Ended 31 July 2022 £'000</b>	<b>Year Ended 31 July 2021 £'000</b>
STSS contributions paid	<b>1,043</b>	1,005
LPF Pension scheme: Contributions paid	<b>1,087</b>	998
FRS 102 (28) charge	<b>2,071</b>	1,781
Charge to the Statement of Comprehensive Income	<b>3,158</b>	2,779
<b>Total Pension Cost for the period within staff costs</b>	<b>4,201</b>	3,785

Contributions amounting to £192,000 (2021: £171,000) 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.

## West Lothian College

The Lothian Pension Fund is a funded defined-benefit plan, with assets held in separate funds administered by City of Edinburgh Council. The total contributions made for the year ended 31 July 2022 were £1,087,000 and employees' contributions totalled £337,000. 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 2022 by a qualified independent actuary.

	At 31 July 2022	At 31 July 2021
Rate of increase in salaries	3.3%	3.4%
Future pensions increases	1.5%	1.5%
Discount rate for scheme liabilities	1.6%	1.6%
Inflation assumption (CPI)	2.8%	2.9%
Commutation of pensions – pre April 2009	50%	50%
Commutation of pensions – post April 2009	75%	75%

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

	Males	Females
Current pensioners	20.3 years	23.1 years
Future pensioners	21.6 years	25.0 years

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

	<i>Long term rate of return</i>	<b>Fair Value at 31 July 2022 £'000</b>	<i>Long term rate of return</i>	Fair Value at 31 July 2021 £'000
Equities	3.5%	21,215	1.6%	19,697
Bonds	3.5%	4,183	1.6%	3,831
Property	3.5%	2,092	1.6%	1,641
Cash	3.5%	2,390	1.6%	2,188
<b>Total fair value of employer assets</b>		<b>29,880</b>		<b>27,357</b>
<b>Actual return on employer assets</b>		<b>1,667</b>		<b>3,690</b>

## 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 2022 £'000	Year Ended 31 July 2021 £'000
Fair value of employer assets	29,880	27,357
Present value of funded liabilities	(27,546)	(39,450)
<b>Net Pension Liability</b>	<b>2,334</b>	<b>(12,093)</b>

As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has recorded a notional surplus and therefore the college is showing a pension asset in the balance sheet as at 31 July 2022.

The college consider that they will be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, and therefore the surplus has been recognised in these financial statements in line with the requirements of FRS102.

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

	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000
<b>Amounts included in staff costs</b>		
Current service cost	3,158	2,779
Past service cost	-	-
<b>Total</b>	<b>3,158</b>	<b>2,779</b>

<b>Amounts included in Pension Costs</b>		
Net pension costs	210	212
<b>Total</b>	<b>210</b>	<b>212</b>

<b>Amounts recognised in Other Comprehensive Income</b>		
Return on pension assets	1,223	3,362
Change in demographic assumptions	158	1,458
Change in financial assumptions	15,154	(2,667)
Other experience	173	2,046
<b>Total</b>	<b>16,708</b>	<b>4,199</b>

## West Lothian College

Movement in net defined benefit (liability) during year	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000
<b>Net defined benefit (liability) at start of period</b>	(12,093)	(14,299)
Movement in period:		
Current service costs	(3,158)	(2,779)
Past service costs	-	-
Employer contributions	1,087	998
Net interest on the defined liability	(210)	(212)
Actuarial (loss)/gain	16,708	4,199
<b>Net defined benefit (liability) at end of period</b>	<b>2,334</b>	<b>(12,093)</b>

### Asset and Liability Reconciliation

#### Changes in fair value of plan assets

Changes in fair value of plan assets	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000
<b>Fair value of plan assets at start of period</b>	<b>27,357</b>	23,058
Interest on plan assets	444	328
Past Service Cost	-	-
Return on plan assets	1,223	3,362
Employer contributions	1,087	998
Contributions by plan participants	337	308
Other experience	-	(163)
Benefits paid	(568)	(534)
<b>Fair value of plan assets at end of period</b>	<b>29,880</b>	27,357

#### Changes in the present value of defined benefit obligations

Changes in the present value of defined benefit obligations	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000
<b>Defined benefit obligation at start of period</b>	<b>39,450</b>	37,357
Current service cost	3,158	2,779
Past service cost	-	-
Interest cost	654	540
Contributions by plan participants	337	308
Changes in demographic assumptions	(158)	(1,458)
Changes in financial assumptions	(15,154)	2,667
Other experience	(173)	(2,209)
Benefits paid	(568)	(534)
<b>Defined benefit obligation at end of period</b>	<b>27,546</b>	39,450



## West Lothian College

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### 19 FINANCIAL ASSETS AND LIABILITIES

#### Financial Assets

Financial assets that are debt instruments measured at amortised cost totalled £585,000 (2021: £260,000) at the balance sheet date. This comprises trade debtors and amounts owed by SFC.

#### Financial Liabilities

Financial liabilities measured at amortised cost totalled £6,128,000 (2021: £5,248,000) 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

	<b>SFC Requirement Per Instance</b>	<b>2022 Number</b>	<b>2022 Total</b>
Debt write-off	£3,000		
Cash losses	£3,000	-	-
Ex-gratia payments	£1,000	2	£35,297
Compensation payments	£5,000	-	-

### 21 CAPITAL COMMITMENTS

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

	<b>2022 £000</b>	<b>2021 £000</b>
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:

	2022 £'000	2021 £000
Other		
Expiring within one year	48	38
Expiring between one and five years	12	-
	60	38

During 2021-22 the college paid £48,000 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.

<b>Name</b>	<b>Organisation</b>	<b>Position</b>
Mr Alex Linkston	The Princes Trust	Council Member
Mr Alex Linkston	Colleges Scotland	Board Member
Elaine Cook	West Lothian Council	Depute Chief Executive
Sue Cook	The Princes Trust	Chair
<b>2020-21:</b>		
<b>Name</b>	<b>Organisation</b>	<b>Position</b>
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 2022, and the amount outstanding at this date was as follows:

Organisation	Year ended 31 July 2022		Year ended 31 July 2021	
	Total Value of Transactions	Balance Outstanding	Total Value of Transactions	Balance Outstanding
	£'000	£'000	£'000	£'000
<b>Due to WLC</b>				
West Lothian Council	720	39	0	0
The Princes Trust	7	7	0	0
<b>Due by WLC</b>				
Colleges Scotland	32	2	30	0
West Lothian Council	299	9	178	11

No expenses were paid to or on behalf of the Governors during the year. (2021: nil).

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 £21,944 (2021: £23,758)

### 25 FE BURSARIES AND OTHER STUDENT SUPPORT FUNDS

	FE Bursary £'000	FE Discr'y £'000	EMAs £'000	Other £'000	2021-22 Total £'000	2020-21 Total £'000
Balance b/fwd	422	0	0	43	465	(16)
Allocations received in year	3,183	1,210	151	552	5,096	4,510
Expenditure	(2,781)	(1,763)	(151)	(317)	(5,012)	(4,056)
Repaid to SFC	(531)	-	0	-	(531)	(189)
Virements	(69)	553	0	(264)	220	216
<b>Balance c/fwd</b>	<b>225</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>238</b>	465

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.

## West Lothian College

### 26 CHILDCARE FUNDS

	2021-22	2020-21
	£'000	£'000
Balance b/fwd	0	0
Allocations received in year	703	708
Expenditure	(483)	(492)
Repaid to SFC	0	0
Virements	(220)	(216)
<b>Balance c/fwd</b>	<b>0</b>	<b>0</b>

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.

### 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 £2,636,000 for the year ended 31 July 2022. After adjusting for the non-cash allocation provided under government rules, the college shows an 'adjusted' deficit of £2,446,000 on a Central Government basis.

	2021-22	2020-21
	£'000	£'000
Deficit before other gains and losses (FE/HE SORP basis) for academic year	(2,636)	(1,742)
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	(2,446)	(1,552)

The deficit is attributable to other factors reflected in the adjusted operating table (see page 15) and the college is therefore operating sustainably within its funding allocation.

## APPENDIX 1

### Accounts Direction

The following note is taken from the 2021-22 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 2021-22

1. It is the Scottish Funding Council's direction that institutions comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts.
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 2021-22 (FReM) where applicable. In cases where there is a conflict between the FReM and the SORP, the latter will take precedence.
4. Incorporated colleges and Glasgow Colleges' Regional Board must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2022.
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  
18 July 2022

**West Lothian College**

24 November 2022

**Finance and General Purposes Committee****STUDENT FUNDS UPDATE 2022-23****Introduction**

The table below compares the allocation of funds received in 2022-23 against the latest forecast for the year:

	<b>Allocation 2022-23 £'000</b>	<b>Forecast 2022-23 £'000</b>	<b>(Over)/under budget £'000</b>
Bursary	3,078	2,946	132
Childcare	441	412	29
Further Education Discretionary	703	552	151
<b>Total</b>	<b>4,222</b>	<b>3,910</b>	<b>312</b>

To date the college is seeing a significant increase in demands for the funds compared to 2021-22. As a consequence, the college will be bidding in to the Scottish Funding Council's in-year redistribution exercise in November 2022.

Any additional funding received will be used to:

- Make winter fuel payments to students from low income families given the increase in utility costs
- Make additional and one-off discretionary fund payments throughout the year to students from low income families
- Purchase equipment and supplies for Further Education students.

The level of discretionary funding received from the Student Awards Agency for Scotland (SAAS) in 2022-23 for Higher Education students has reduced from £266k to £140k due to the discontinuation of Covid funding. The college continues to lobby SAAS for additional funds as the demands on these funds are significant.

**West Lothian Council Anti-Poverty Fund**

At the September meeting of the Learning and Teaching Committee, the committee was informed that the college has received £50,000 from West Lothian Council Anti-Poverty Team to help young people experiencing poverty to remain at college. These funds were promoted to students and requests for funding mean that that the funds have now been fully committed.

## **West Lothian College**

24 November 2022

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### **West Lothian Educational Trust**

The college has been able to promote the West Lothian Educational Trust to students. Grants of no more than £500 are given for educational purposes and preference will be given to applicants who are unable to obtain grants from other sources.

### **Action**

The committee is asked to note the latest position with regard to student funds for 2022-23.

### **Jennifer McLaren**

Vice Principal, Finance and Corporate Services

24 November 2022

**West Lothian College**

24 November 2022

**Finance and General Purposes Committee****RECONCILIATION OF FINAL OUTTURN FOR 2021-22 WITH FORECAST AT JUNE 2022**

The management accounts for the eleven-month period ended 30 June 2022 and a forecast for the twelve-month financial year to 31 July 2022 were presented to the Finance and General Purposes Committee meeting of 8 September 2022. This paper reconciles the forecast position to the final accounts for 2021-22.

The operating result for the college for the twelve months to 31 July 2022 was a surplus of £21,018k, which compares to a deficit of £1,210k forecast in the June 2022 Management Accounts. The increase of £22,228k was due to the following:

	<b>Variance at June 2022 Management Accounts</b>	<b>Variance at Final Outturn Annual Accounts</b>	<b>Difference</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Income Related</b>			
Grant in Aid	-21	0	21
Fees	-74	-241	-167
SDS Contracts	281	313	32
Income Generation	-337	-180	157
European Funds	-244	-244	0
Other Income	312	395	83
Other SFC Funding	72	-81	-153
Childcare funds	0	483	483
	-11	445	456
<b>Expenditure Related</b>			
Salaries	-72	385	456
Supplies	-239	-881	-642
Deferred Grant & Depreciation	-35	-92	-56
	-346	-588	-242
<b>Pension Related</b>			
FRS102 Pension (including actuarial gain and interest)	-853	17,282	18,135
<b>Surplus on revaluation of assets</b>	0	3,879	3,879
<b>TOTAL MOVEMENTS</b>	<b>-1,210</b>	<b>21,018</b>	<b>22,228</b>



## West Lothian College

24 November 2022

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### Comments on specific variances

#### *Changes in income variances*

Grant in Aid and other SFC funding was £131k lower than the June forecast due to Flexible Workforce Development Funds deferred into financial year 2022-23. This relates to contracts signed pre 31 July to be delivered by December 2022 as approved within the SFC circular.

Fees (£167k) were lower than forecast although mainly offset by increased income generation (£157k).

#### *Changes in expenditure variances*

The salaries underspend increased largely due to the job evaluation accrual of £306k which had already been accounted for in the June forecast

Supplies costs overspend was due to the decision to invest in the estate with various projects running over the summer months such as the Hybrid working space, the outdoor gym area etc. Many costs incurred were higher than forecast due to the current economic climate and price of supplies.

#### *Changes in pensions variances*

The scheme actuaries Hyman Robertson in their report for the 2021-22 accounts based the Lothian Pension Fund liability and early retirement provision variances at July 2022 on the FRS102 projections. The differences between projected and final costs are mainly the result of actuarial gains. The actuarial gains are significant this year which largely reflects the high inflation rate at 31 July 2022.

#### *Gain on revaluation of assets*

A revaluation of assets at 31 July 2022 was undertaken to remove the material valuation uncertainty caused by the pandemic and included in previous valuation. The surplus was not known when preparing June management accounts.

### Action

For information

#### **Fiona Hudson**

Head of Finance, Procurement and Student Funding  
24 November 2022

## **West Lothian College**

24 November 2022

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### **Finance and General Purposes Committee**

#### **COLLEGE CERTIFICATE 2021-22**

The attached certificate shows the college's credit claim for academic year 2021-22. As the college exceeded its credit target there will be no clawback of funding.

#### **Action**

For information.

#### **Simon Earp**

Vice Principal, Performance and Improvement  
24 November 2022

**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 2021-22. 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:

	Target	Claimed
<b>Core Credits</b>	<b>42,840</b>	<b>43,315</b>
<b>ESF</b>	<b>1483</b>	<b>1602</b>
<b>YPG/NTTF</b>	<b>1833</b>	<b>2645</b>
<b>Foundation Apprenticeships</b>	<b>2541</b>	<b>1567</b>
<b>Deferred students</b>	<b>912</b>	<b>1536</b>
<b>Total</b>	<b>49,609</b>	<b>50,665</b>

College name: **West Lothian College**

College Principal's signature *Jamie Gallbraith*

Date: **4 October 2022**

Please return your completed form to:

SFC Data Returns [datareturns@sfc.ac.uk](mailto:datareturns@sfc.ac.uk) by **7 October 2022**

**West Lothian College**

24 November 2022

**Finance and General Purposes Committee****CREDIT TARGET UPDATE 2022-23****Introduction**

The table below provides an update of the progress against target in relation to the 2022-23 Scottish Funding Council (SFC) credit target.

SFC credit target (Core 43,485 plus FAs 2,234 plus redistribution of credits 1,143)	46,862
SFC target assuming 960 credits for associate students	47,822
Actual (based on enrolments at 4 November 2022)	38,741
Less assumed early withdrawals based on 2021-22 rates	1,028
Sub-total	37,713
Planned activity	6,177
Total estimated credits 2021-22	43,890
Variance on SFC target <i>assuming 960 credits for associate students</i>	(3,932)

At the same point in 2021-22 we were reporting a deficit of 1403 credits against the SFC target.

Planning is underway to adopt a range of measures, including the provision of more short and skills boost courses and additional student support units throughout the remainder of the session.

We will keep the credit position under careful review to ensure we deliver to target, undertake activity to support regional economic recovery and demonstrate that we operate in a region of underlying growth.

**Recommendation**

The Committee is asked to note the latest credit forecast for 2022-23.

**Simon Earp**

Vice Principal, Performance and Improvement  
24 November 2022

## **Finance and General Purposes Committee**

### **INFRASTRUCTURE UPDATE**

#### **Purpose**

The paper provides the committee with an update on projects being taken forward in 2022-23.

#### **Faculty of Computing, Engineering and the Built Environment**

At the September meeting of the Finance and General Purposes Committee, the committee was informed that additional workshop space was being created in the faculty to increase apprenticeship capacity and provide an opportunity to grow the construction and plumbing curriculum. The committee approved a provisional budget of £147k pending final costs being firmed up.

The work was to be carried out between November and December 2022. However, after further discussion with the faculty, it has been agreed that the project will now be undertaken during the summer of 2023 to minimise disruption to students.

#### **Faculty of Business, Creative and Enterprise**

The committee was informed in September that this faculty was a priority area for refurbishment and approved a provisional budget of £300k pending final costs being firmed up.

Following discussion with faculty managers and agreement from the Executive Leadership Team, three rooms on the ground floor will be refurbished to create more flexible teaching, staff and student space. On the first floor, a new hair salon and reception area will be created. The refurbishment will be undertaken in the summer of 2023.

#### **ECOhouse: Skills Centre for Sustainable Living**

Following a consultation with staff the construction skills training centre is to be re-named the ECOhouse: Skills Centre for Sustainable Living. Planning permission has been received for the build, however because of a delay in this being given building work is now due to start in January 2023 and expected completion by end of June 2023. The contractors, McTaggart, are currently undertaking soil checks in preparation for the building work to commence and a turf cutting ceremony has been arranged for November 2022.

## West Lothian College

24 November 2022

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An employers' event has been planned for November to discuss how the ECOhouse can support training and collaboration between the college and local employers.

### Heat Decarbonisation and Energy Efficiency Project

At the June 2022 meeting, the committee was informed that the college had the opportunity to bid into the Scottish Central Government Energy Efficiency Grant Scheme for funding to deliver heat decarbonisation and energy efficiency projects to support us on the road to net zero carbon emissions.

To take this forward an application was made to the Non-Domestic Energy Efficiency Framework to obtain a specialist resource which would take the project through the planning, tender and implementation process. Following a successful application, Mott Macdonald was appointed.

Mott Macdonald undertook an energy audit and, based on the findings of the audit, prepared and submitted a bid of £2 million to decarbonise Building No.4. The intention of the project is to focus on a building which can achieve full decarbonisation of heat and from which lessons can be applied across the remainder of the estate.

The college has been informed that the bid for £2 million was successful and the work will be undertaken during summer 2023.

Mott Macdonald will work with the college to prepare the tender for delivery of the project and will use the Scottish Government Non-domestic energy efficiency (NDEE) Framework. Works to be undertaken include the removal of gas boilers and installing of a new air source heat pump, building insulation and secondary glazing or new double glazing.

Given the value of the project committee approval is required.

### Action

The committee is asked to approve a budget of £2 million for the heat decarbonisation and energy efficiency project and note the update.

**Jennifer McLaren**

Vice Principal, Finance and Corporate Services

24 November 2022

## **Finance and General Purposes Committee**

### **HR AND PEOPLE DEVELOPMENT REPORT**

#### **Introduction**

The HR and People Development report for the period July to September 2022 in Appendix 1 is structured on our People Strategy themes of:

- Workforce
- Health and wellbeing
- Learning and development culture
- Reward and recognition
- Staff experience and engagement
- Employee relations
- Equality, diversity and inclusion.

#### **Sickness Absence**

Given the rise in staff sickness absence, further analysis is presented that incorporates other employer and national data as well as comparative data against the final pre-pandemic year (2018-19).

There is a trend of an increase in sickness absence in 2022 compared to 2021. The college continues to take a proactive, supportive approach to the management of sickness absence and continues to promote health and wellbeing, including free access for staff to an employee assistance service, occupational health, counselling, physiotherapy and flu vaccination. Regular communication is undertaken regarding health promotion, in particular as the colder winter period begins.

#### **Employee Turnover**

Given the rise in employee turnover, further analysis is presented in the report on turnover in previous years. It is important to note that the employee turnover includes expiry of fixed term contracts. Removing this component employee turnover for 2021-22 is 15%.

It is difficult to ascertain any particular reason for the increase in voluntary employee turnover. National HR sector data indicates that following the easing of Covid restrictions many employees have reconsidered their employment and life plans. For example PwC's 2022 '*Workforce Hopes and Fears Survey*' indicated 18% of respondents were very or extremely likely to switch to a new employer within the next year whilst 16% of respondents expected to leave employment temporarily or permanently (<https://www.pwc.com/workforcehopesandfears>).

## **West Lothian College**

24 November 2022

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The college continues to undertake exit questionnaires for leavers and there are no discernible patterns or specific areas for focus or concern. The 2022 staff experience survey opened on 24 October and further data will become available imminently regarding staff views. Any necessary points for action will be identified and acted upon.

### **Action**

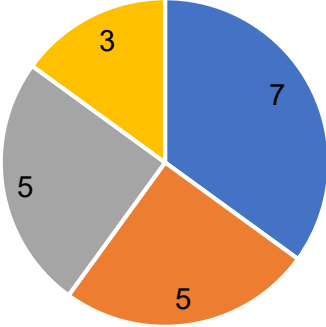
The committee is invited to discuss the attached report.

**Derek O'Sullivan**

Head of HR and People Development

24 November 2022



PEOPLE STRATEGY THEME	UPDATE (JULY TO SEPTEMBER 2022)										
<b>Workforce</b> (Recruitment)	<ul style="list-style-type: none"> <li>• All substantive posts were filled in the period and there were 24 new starts:             <ul style="list-style-type: none"> <li>○ Lecturing applicant to vacancy ratio 8:1 (increase on previous quarter ratio of 4:1)</li> <li>○ Support applicant to vacancy ratio 9:1 (increase on previous quarter ratio 5:1)</li> </ul> </li> <li>• As a reference point the CIPD's Resourcing and Talent Planning Report 2022 indicates that 77% of survey respondents experienced difficulty recruiting suitable candidates during 2021.</li> </ul>										
<b>Workforce</b> (Retention)	<ul style="list-style-type: none"> <li>• There were 20 leavers in the period. Reasons for leaving were as follows:</li> </ul> <div data-bbox="674 595 1834 1305" style="border: 1px solid black; padding: 10px; margin: 10px auto; width: fit-content;"> <p style="text-align: center;">Reason for Leaving Employment: July - September 2022</p>  <table border="1" style="margin: 10px auto; border-collapse: collapse;"> <caption>Reasons for Leaving Employment</caption> <thead> <tr> <th>Reason</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Resignation - Other Employment</td> <td>7</td> </tr> <tr> <td>Retirement</td> <td>5</td> </tr> <tr> <td>Resignation - Other Reasons Not Specified</td> <td>5</td> </tr> <tr> <td>End of Contract</td> <td>3</td> </tr> </tbody> </table> </div>	Reason	Count	Resignation - Other Employment	7	Retirement	5	Resignation - Other Reasons Not Specified	5	End of Contract	3
Reason	Count										
Resignation - Other Employment	7										
Retirement	5										
Resignation - Other Reasons Not Specified	5										
End of Contract	3										

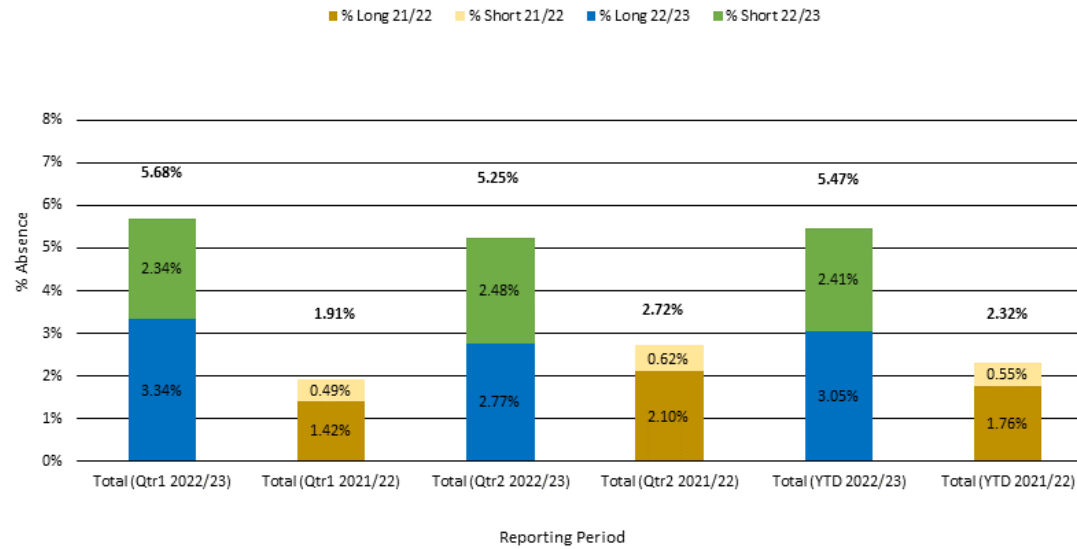
- For comparison purposes, employee turnover rates for the previous four years are:

<b>Year</b>	<b>Employee Turnover</b>
2018-19	12.5%
2019-20	14.9%
2020-21	8.6%
2021-22	19.2%

**Health and Wellbeing**

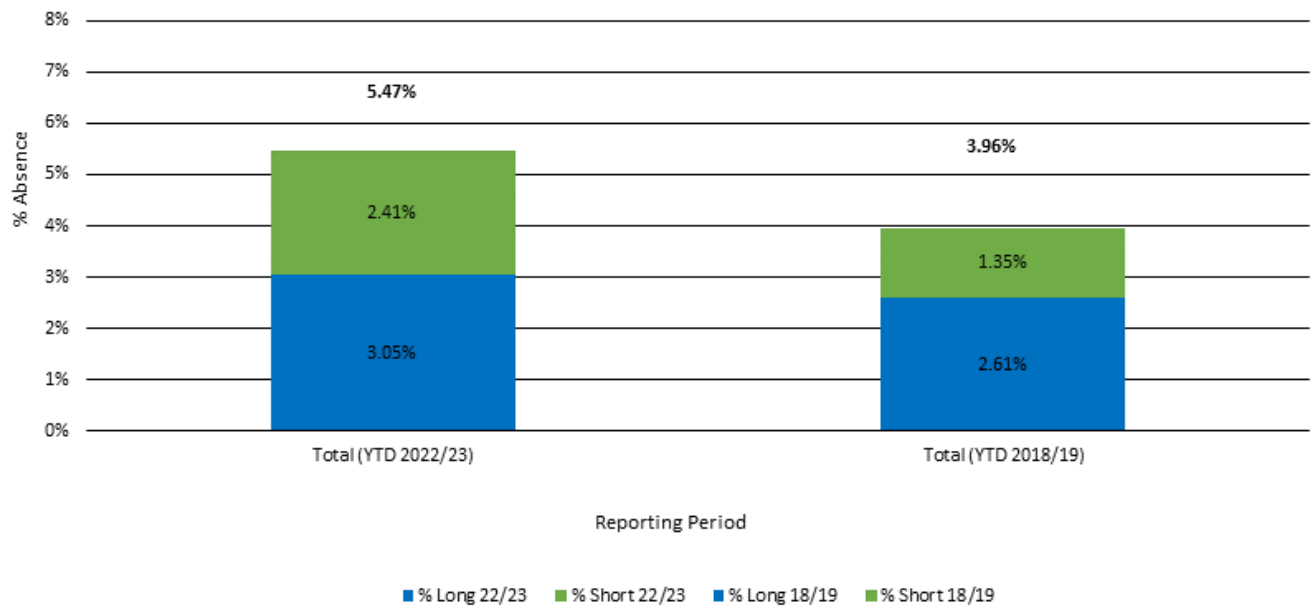
- Sickness absence for the quarter was 5.2% (a 2.5 percentage point increase compared to same quarter in the previous year which was 2.7%).
- Due to a reporting miscalculation in the previous quarter’s sickness absence data, the corrected first quarter’s absence data (April–June 2022) is presented in addition to this reporting quarter (July–September 2022).
- The bar chart information below shows the first two quarters’ quarterly data, the data for the corresponding time period for the previous year alongside the YTD total plus YTD total for the corresponding time period for the previous year. Please note figures of short term and long-term sickness absence may not add up to the total due to rounding.
- Sickness absence is monitored and appropriate actions taken in line with the Your Attendance Matters policy. In particular, long term sickness cases are monitored and managed proactively ensuring relevant actions are taken to facilitate resolution of the absence episode.

### West Lothian College - Sickness Absence



- In addition, this quarter's report includes data for the YTD for the comparative 2018-2019 time period (this being the last pre-pandemic year) to allow a comparison to be made against the current YTD figure:

### West Lothian College - Sickness Absence



- There is a significant rise in sickness absence in this year. The previous year included periods of time with national COVID restrictions and furlough.
- Comparative data was obtained from other sector employers and from national data. This is presented in an anonymised format in the table below and indicates that this increase in sickness absence is a trend across employers:

Source of data	2022	2021
Employer A	4.9%	2.5%
Employer B	5.5%	1.4%
Employer C	6.7%	4.2%
Employer D	4.4%	3.6%
Employer E	4.4%	2.2%
Office for National Statistics sickness absence data	N/A	2.2%

### Learning and Development Culture

- During the early part of this quarter work was undertaken to streamline the annual staff mandatory training, taking into consideration feedback received from both staff and the college leadership team. The training, specifically around health and safety, has been improved to ensure it is a more engaging training programme to work through with staff encouraged to work through the content regularly over the course of the academic year.
- The College Development Network Workforce Survey results were published and these results, in line with the college's staff annual reviews, will be used for inform development opportunities available across the organisation.
- In August, the college held the first in-person all-staff conference with over 300 in attendance. The theme of the conference was emerging stronger from the pandemic years. In the morning teams engaged to consider the college's four strategic goals and how they contribute towards these. Board members supported these discussions. Feedback from staff about the event was very positive.
- The only formal training delivered during this quarter was in August where our Catering team completed online training and subsequent exam to refresh their REHIS Elementary Food Hygiene Certification.
- There is an increase in staff engagement across learning and development following a quieter period due to the pandemic with a range of requests for learning and development activity in relation to qualifications or general development opportunities including the CDN Emerging Leaders Programme.

### Reward and Recognition

- The college implemented the new Real Living Wage rate of £10.90 per hour, announced on 22 September 2022. This benefitted 26 members of staff with an increased pay rate. While the Real Living Wage Foundation accreditation requires an employer to implement the new rate by May 2023, we implemented it immediately from the date of announcement to support lower paid staff at a time of an increasing cost of living.

	<ul style="list-style-type: none"> <li>• A cost-of-living MS Teams channel was developed to share information regarding ways to save money and reduce costs. The college's provision of employee benefits in this regard was shared.</li> <li>• The college's provider for cycle to work and employee retailer discounts changed from Sodexo to vivup in September. This service is in place in conjunction with West Lothian Council.</li> <li>• National negotiations are ongoing for the cost-of-living pay award for lecturing and support staff for 2022-23.</li> <li>• A further national update on job evaluation was provided to all staff in July, informing that the quality assurance work was nearing completion.</li> </ul>
<b>Staff Experience and Engagement</b>	<ul style="list-style-type: none"> <li>• As per the earlier entry under 'Learning and Development Culture', the college held its first in-person staff conference since 2019 with over 300 in attendance. Over lunch and into the afternoon staff could reconnect with each other with team walks and social activities. The day offered everyone the opportunity to spend some time together as a team and with all colleagues socialising and networking whilst exploring the new facilities across the college campus.</li> <li>• In September the Principal held informal drop-in sessions with a range of staff for feedback on how the new academic year had begun and plans for the year ahead.</li> </ul>
<b>Employee Relations</b>	<ul style="list-style-type: none"> <li>• Joint EIS and UNISON JNCCs continue to take place regarding the management of the impact of COVID and wider health and wellbeing of staff.</li> <li>• One UNISON JNCC took place. Items discussed were the updated Recruitment and Selection Policy and job evaluation.</li> <li>• One EIS JNCC took place. The updated Recruitment and Selection Policy was discussed.</li> <li>• Two investigations are currently live under the college's Disciplinary Procedure.</li> </ul>
<b>Equality, Diversity and Inclusion</b>	<ul style="list-style-type: none"> <li>• The college submitted the 2022 Scottish Funding Council staffing return. A full staffing report for the sector is to be published thereafter, likely in early 2023.</li> </ul>

**Derek O'Sullivan**

Head of HR and People Development

24 November 2022