



Annual Report and Consolidated Financial Statements 2022-23

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

Chair's Foreword

I am pleased to introduce the annual report and consolidated financial statements for Glasgow Colleges' Regional Board (GCRB) 2022-23.

The Glasgow college region is proud to represent over one fifth of all of Scotland's college education. Working collaboratively with Glasgow's three colleges, the region helps students to build their careers, develop their ambitions and strengthen the wider community and economy.

Our purpose is to safeguard and deliver a sustainable, ambitious college education system for Glasgow which delivers life-changing opportunities in the right place at the right level. Our regional approach aligns with key national objectives, creates opportunities for growth and enhances our learners' prospects and experiences.

The challenges facing the system and wider pressures cannot be underestimated, with financial constraints, the climate emergency, mental health and wellbeing and the post-pandemic recovery. However, our collective focus remains on successful outcomes for our students, our communities and our college system.

Examples of our collective achievements are highlighted below:

- coordinating and delivering region-wide Outcome Agreement goals, supporting learner attainment and successful progression to positive destinations, and access for learners from deprived postcodes and for those furthest from the labour market;
- responding to regional skills needs with a regional provision which creates opportunities for learners and employers and ensures our curriculum grows in line with the economy;
- delivering the regional programme of action, with collaborative initiatives to provide additional support for learners, including targeted support for care-experienced learners, speakers of English as a second language, and the development of enterprise and entrepreneurial skills;
- improving business productivity through a regional approach to funding and planning;
- developing regional funding arrangements to align Glasgow's capital expenditure with areas of greatest regional need and to support regional efficiencies;
- progressing a regional strategy for environment and sustainability, convening a cross-colleges group, and delivering engagement sessions across the Glasgow college system;
- maintaining a clear focus on the delivery of the Scottish Funding Council's review of the Glasgow college system.

On behalf of Glasgow Colleges' Regional Board, I want to take this opportunity to thank staff and stakeholders across the region and sector, as we collectively work towards fulfilling our ambitions for Glasgow, our colleges and our learners.

Janie McCusker

GCRB Chair

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GLASGOW COLLEGES' REGIONAL BOARD 2022-23

A) THE PERFORMANCE REPORT

SECTION 1. OVERVIEW

This Performance Report provides information on the Glasgow Colleges' Regional Board (GCRB), its main objectives and strategies and the principal risks that it faces. The report contains a statement of the purposes and activities of the organisation, a statement from the Executive Director providing their perspective on the performance of the organisation over the period, an overview of the key issues and risks that could affect the entity in delivering its objectives, and a performance summary. The Foreword on page 2 forms part of this performance report.

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

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

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

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

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

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

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1.2 GCRB Executive Director Statement of Performance

A challenging national and regional context has necessitated a continued focus on stability and recovery; allowing the Glasgow college system to focus on achieving security for the future while building from foundations to support our wider community – our students, staff, and their communities right across Glasgow. This a significantly challenging financial landscape and system facing wider continuing volatilities and uncertainties. It is vital, therefore, to maintain a focus on providing consistency of approach as well as maintaining longer-term viability and ambitions.

Unfettered access to high-quality education will provide a vital route to unlocking potential and opportunity right across our communities, and the Glasgow college system is focused on meeting that need, supporting those furthest from employment into education and training, contributing to a seamless transition from secondary into tertiary education and on into employment, creating a fertile ground for lifelong learning to meet existing and emerging needs in the Glasgow city region, cultivating the valued link between college and employers, all set in an agile, flexible and responsive system.

It is important to note that financial pressures on the sector, and region, continue to mean this is a time of considerable challenge. But the actions and activity of the Glasgow college system ensure that we are responsive to meeting the needs of our students and our economy, while we have actively sought to forward these strategic aims and delivery of the Glasgow Region Strategy:

- For **learners**, we ensure that they are at the centre of the system, with ensured equality, fairness, lifetime access to learning, skills, qualifications, guidance and information to help find an efficient learner journey, with more right turns, effective progression, and appropriate progress. The Glasgow college system effectively supports those most in need.
- For **communities**, we ensure colleges are at the heart of their communities, with effective local decision making, meeting the requirements of those most in need to access effective life-changing education opportunities. Colleges will play a key role in strengthening communities and building partnerships that collectively address the challenges and opportunities for economic and social transformation.
- For **colleges**, as anchor institutions at the heart of the Glasgow eco-system, they are enabled to deliver outstanding learning, skills, and qualifications at all relevant levels of the SCQF ladder which enhance Glasgow and Scotland's social and economic prosperity, across multiple modes and levels of study.
- For the **Glasgow college system**, clear and effective strategic structures, direction, and relationships deliver enhanced pan-regional planning and collaboration through strategic, coherent, clear governance and management.
- For **Scotland's** education system, learners, communities, employers, employees and colleges, Glasgow's colleges are financially viable for the long term, including through further efficiency gains to secure quality and public value. The Glasgow college system is affordable, efficient in operating at the right scale, and with others to minimise unnecessary duplication, optimise digital technology, and tackle the climate crisis. The Glasgow college system plays an active role in working with partners to support economic and social recovery and development.

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This Annual Report highlights the work by the Glasgow colleges to deliver on these aspirations, and support continued improvements in student outcomes, both in terms of attainment and progression to positive post-course destinations. In the context of a challenging social and economic environment, the Glasgow college region continued to work to address the attainment gap by offering opportunities at the right level right across our communities.

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

1.3 Key Issues and Risks for GCRB

GCRB's risk register has been redeveloped continuously to review and strengthen our assessment and management of regional risks. Risk management is reviewed at each meeting of the Board and all risks were reviewed during the year ending 31 July 2023 and are outlined below:

- GCRB is unable to respond proactively to internal and external change including regional and national reviews and systemic change.
- GCRB does not develop/maintain effective working relationships with key external stakeholders.
- The reputation of the Glasgow college region is damaged because of adverse publicity.
- Opportunities to deliver regional strategy are missed/not resourced appropriately.
- Brexit has an adverse impact on the Glasgow college region.
- Ineffective regional curriculum planning impacts regional, economic, and social needs.
- Fewer learners achieve positive outcomes.
- Financial sustainability is jeopardised by a reduction in income and/or an increase in costs.
- Failure to achieve core targets lessens our ability to meet regional needs.
- Ineffective collaboration between all partners in the Glasgow college region reduces our collective impact.
- GCRB Executive does not have the necessary capacity, and capability, to deliver our objectives.
- GCRB Board membership does not have the necessary capacity, and capability, to deliver our objectives.
- A breach of legislation/guidance/code of practice results in a failure of governance.
- Inadequate controls and preventative measures result in a breach of security/safety (e.g., cyber-attack).
- Coronavirus has a long-lasting impact upon strategy, operations, and finance for the region.
- Fraudulent activity has an impact on reputation and finance.
- Scenario planning and stress testing is inadequate to mitigate against major incidents.

The Risk Register, and Risk Management Action Plans, includes the mitigation measures in place to respond to identified risks.

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SECTION 2. PERFORMANCE ANALYSIS

2.1 Introduction

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

2.2 Wider Context

Audit Scotland's report, [Scotland's colleges 2023, A briefing paper](#), provides a clear overview of the national issues facing the sector, and these are replicated at a regional level. The 'significant areas of risk' are identified as:

- Inflation, interest rates and energy costs.
- The investment required to achieve public sector net zero targets, especially in relation to the college estate.
- Investment required to invest in digital.
- Difficulties in attracting and retaining students and staff.
- The requirement for colleges to self-fund staff restructuring and voluntary severance package costs.
- Competition from private sector training providers.
- Competition from some universities.
- The challenges of raising income from non-teaching activities.
- The impact of cost efficiencies on staff wellbeing and the student experience.

This report provides an overview of the financial position of the college system. In addition to the continuing challenges covered, we recognise that Glasgow continues to operate within a unique context with three colleges and a Regional Strategic Body, and that much of our future activity is the subject of Scottish Funding Council's national *Review of Coherent Provision and Sustainability in Further and Higher Education*. In addition, the national review delivered the *Review of Regional Strategic Bodies – Glasgow Colleges' Regional Board* and a significant amount of focus remains on progress towards the conclusion of the review and delivery of its recommendations.

Taken in the round, the activity of the Glasgow colleges has sought to meet these challenges head on, but this has been a particularly challenging set of circumstances. In the first instance, this has meant seeking to maintain the volume of planned activity across the colleges. Teams across the Glasgow colleges have carefully monitored activity and alleviated the significant issue of deferred students post-pandemic with incomplete qualifications.

In general terms we have continued to deliver the planned curriculum across the region and maintained a minimal-risk model, and this approach will continue.

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Maintaining the delivery of successful programmes, evolving areas of the curriculum, working in partnership with industry and business, the Glasgow college system continues to seek to deliver for learners right across Glasgow and beyond.

2.3 Key Priorities and Commitments

Each year, GCRB leads the development of the Glasgow Region Outcome Agreement, working in partnership with the assigned Glasgow colleges, allocating credits, setting overarching targets and seeking to develop and deliver alignment with known economic, employment and social needs.

Through all the challenge and change outlined above, there remains a clear commitment to the following areas:

Fair access and transitions: The colleges continue to maintain a coherent, coordinated policy of fair access, with application systems, digital and physical online open days, information sessions and engagement, student support services, and adherence to monitoring of performance indicators. Transitions are monitored to ensure that access to education at all levels is clear and accessible, with transitions and partial completion facilitated where appropriate and on-going support for all students to achieve the best possible outcomes.

Quality learning and teaching: Overall approaches to the planning of learning and teaching are shared collaboratively at the cross-college Glasgow Colleges Group Learning and Teaching Group, with representation from Vice Principals and the GCRB Executive Director, supporting a coherent regional response and communication. Learning and teaching is monitored at individual college level. In addition to reporting to individual college boards, high-level reporting from each college is maintained via the Performance and Resources Committee of GCRB and GCRB Board. In addition, GCRB works closely with the Student Associations of the three colleges and their cross-college regional group to monitor and nurture the student voice, and this continues to provide valuable insight at board level. Individual colleges also monitor student voice via a series of surveys and overall student satisfaction is measured via the national student satisfaction survey.

Learning with impact – students are equipped and ready to take up appropriate employment in the future: The Glasgow colleges work closely with employers and industry at a faculty level to deliver learning with real impact which supports provision. Where practical in-college work has been required to ensure that learners progress, this has been safeguarded during the Covid-19 pandemic and will continue to be increased as colleges more fully open to on-site and on-placement learning activity. Where online learning was the only available mode, innovative solutions have been identified to ensure that practical activity continues, and best-practice examples will be maintained to effectively evolve hybrid learning and teaching practices which ensure a focus on effective student outcomes.

Student participation and engagement in their educational experience: Glasgow's Student Associations actively engage in activity, including on-going development work directly with GCRB to ensure that they are engaged and informed participants in planning, student communication, and contributing to national and regional review work. There has been a highly successful ethos of open collaboration across the three colleges' Student Associations which has led to effective joint presentations to the GCRB board as well as in strong contributions to regional review activity. Students' voices are actively sought, and their insights are acted upon. In addition, the individual colleges have continued to engage via various communication channels as well as further developing student insights with questionnaires to benchmark and identify issues.

Equalities and inclusion: Outcome Agreement Performance Indicators are monitored by the Glasgow Colleges Group Lead Group. Equalities and inclusion measures are monitored closely and discussed, as well as being reported to the GCRB board. In addition, the cross-colleges Equalities and Inclusions Group includes representation from the three colleges and is attended by GCRB members. Wherever possible planned coherent interventions are put in place to mitigate adverse impact, including partner working with other agencies to provide tailored support to learners and additional support via the regional Programme of Action.

High quality research and innovation: While research is not the primary focus of college activity, innovation has been a strong thread through the response to the pandemic, as well as more broadly across college activity. The colleges have moved at significant pace, and with significant challenge, to remote online delivery for most activity, being able to maintain courses as well as student support functions, and now move beyond this to the development of a more complex and flexible hybrid approach to college-level education. The Glasgow colleges have continued to find innovative solutions for the delivery of qualifications, and much of this work is ground-breaking and will help inform future activity. In specific emerging areas such as environment and sustainability a research strand was planned for future implementation, and this approach to topic-specific research and innovation will be expanded to consider key areas more fully for the region.

Meeting future skills needs, including upskilling and reskilling: During restricted access and lockdown periods, Glasgow continued to contribute to a wider skills agenda, and this continued as we moved to a new phase of delivery and response. Staff are members and contributors to Community Planning Partnerships, Council Strategy Groups, including for future planning, finance and education, environment, and sustainability action, and 'just transition' planning. The colleges continue to engage closely with industry partners to identify sector-specific opportunities and innovation, and the approach across the region will continue to emphasise high quality learning and teaching alongside the delivery of priority qualifications such as Foundation Apprenticeships and Young Person's Guarantee.

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Responding to the climate emergency: GCRB included the provision of a coherent Glasgow response to the climate emergency in the initial Outcome Agreement 2020-2021 and that commitment remains steadfast. Led by a Project Manager (Environment and Sustainability), this cross-colleges role is delivering a consistent regional and strategic approach to the on-going work of the Glasgow colleges to contribute to the city region's ambitious targets. In addition, the project has convened a cross-colleges leadership group and sought to include the broader consideration of developments towards a 'Green curriculum', identifying new opportunities to evolve the curriculum, to create new opportunities for learners and communities, and to eventually offer a new suite of qualifications in this area, and a new focus on identifying opportunities, including for funding and external partnership development. In addition, individual colleges are developing qualifications, staff and student CPD and other experiences which begin to shift the focus of the Glasgow college system to a significantly more climate emergency-aware footing.

2.4 Contribution to economic recovery and social renewal

Glasgow is Scotland's largest city region, serving a significant population as well as learners who travel into the city from beyond. Serving between one quarter and one fifth of the Scottish college system, we recognise the vital role that Glasgow's colleges will continue to play in contributing to economic recovery and social renewal and reassert the vitally important role of college in transforming lives and delivering life chances.

The Glasgow colleges have long been immersed in the key role of widening access and participation in learning, and we continue to work in close collaboration with partners across various local authorities to provide opportunities for progressing learners, as well as contributing to the planning of regional responses. Members of GCRB and the college are members of key community planning, regional strategic response, and specific response groups with local authorities, and we will continue to ensure that the work of meeting the needs of learners and communities is at the heart of our activity.

2.5 Widening Access and Supporting Inclusion and Diversity

The Regional Board is committed to engaging with people who are furthest from the labour market. Whilst opportunities in Glasgow are immense, there are significant social, educational, and economic challenges that must be addressed if the region and its residents are to fulfil their potential. Many Glaswegians have low or no qualifications and are unemployed or in poorly paid jobs, with in-work poverty a growing issue. A powerful college education addresses many of these issues; helping them overcome barriers to learning and to succeed in college, work, and life, and driving inclusive growth. Widening access to life-changing college learning is a central aim of the Glasgow Region Strategic Plan for College Education. To deliver on this, the Board dedicates significant resources to the most deprived neighbourhoods, and to learners with low or no qualifications.

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2.6 Focus on Student Outcomes

Raising levels of attainment and successful progression into employment or further study are core strategic priorities for the Glasgow Colleges' Regional Board. It is impossible to evaluate the performance of the national, and regional, performance of colleges without emphasising the significantly challenging position created by, or exacerbated by, the Covid-19 pandemic and its aftermath. The sector continues to both recover and respond to needs, while evolving to meet new demands.

2.7 Credits Delivered

The Glasgow college system continues to deliver a major contribution to Scotland Higher Education and Further Education tertiary provision, accounting for between one quarter and one fifth of the entire Scottish college education sector.

Against an ambitious target of 381,624 Credits, a total of 374,668 Credits were delivered in 2022-23 (1.8% below target). This continues to illustrate a significant investment in maintaining college education across multiple levels, and in maximising new opportunities and interventions for Glasgow's learners and communities, as well learners from a wider geographical area. It is also an increased percentage performance over 2021-22, showing some sign of continued recovery in the aftermath of the Covid-19 pandemic and its associated impact on learning and teaching.

City of Glasgow College delivered 172,154 total Credits against a target of 175,333 (1.8% below target). Glasgow Clyde College delivered 124,940 against a target of 126,357 (1.1% below target). Glasgow Kelvin College delivered 77,574 Credits against a target of 79,934 (3.0% below target).

There were, however, significant challenges in meeting targets. The delivery of Foundation Apprenticeships was also a challenge, and the total Credits delivered was 3,644 against a target of 6,960 (47.6% below target). This did, however, constitute some modest growth on the previous year's FA delivery (3,176 Credits), but remains indicative of a particularly challenging product to deliver and maintain. This, allied to challenges in delivering to senior phase aged pupils across various qualifications, is identified as a continuing trend in the region, and is subject to review in partnership with the Glasgow colleges and local authorities.

The number of Credits delivered to learners from the lowest SIMD 10% remains a core focus. The total number of Credits to these learners has reduced over recent years but this is consistent with a reduction in the total number of people residing in SIMD 10% postcodes in Glasgow. In 2022-23, a total of 104,819 Credits were delivered against a target of 101,000 (3.8% above target), with City of Glasgow College delivering 38,759 against a target of 40,000 (3.1% below target), Glasgow Clyde College delivering 37,148 against a target of 36,000 (3.2% above target), and Glasgow Kelvin College delivering 28,912 against a target of 25,000 (15.6% above target).

Similarly, the number of learners disclosing as care-experienced continues to grow. The target of 21,000 Credits was surpassed with delivery of 27,030 Credits (28.7% above target). Glasgow Kelvin College delivered 7,990 Credits against a target of 5,000 (59.8% above target), Glasgow Clyde College 9,624 against a target of 9,000 (6.9% above target), and City of Glasgow College 9,416 against a target of 7,000 (34.5% above target). This constitutes a significant success story in

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the disclosure and inclusion of care-experienced learners in the Glasgow college system, accounting for an increase in 20,000 Credits delivered per year in the space of the last decade.

The following table presents the trend information in respect of the key areas of credit activity:

Credits	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Total	374,668	385,377	376,162	370,769	370,076	374,776
SIMD 10	104,819	108,224	111,968	113,433	114,993	116,822
Care Experienced	27,030	23,557	22,954	25,143	15,096	10,214

As can be seen in the table above, the total amount of credit activity is consistent over the years to 31 July 2023. During the same period there has been a significant increase in the volume of activity for care experienced learners. There has been a 13% reduction in activity to those learners residing in the 10% most deprived postcodes.

For 2023-24, we seek to maintain progress in providing access to life-changing college education across the Glasgow region, meeting overall Credit targets, continuing to develop and safeguard our wider offering, while seeking to have a positive impact on outcomes for students from specific demographic groups and building on our overall student satisfaction. It is important to note that the Glasgow colleges have planned for a 10% reduction in delivery for 23/24 to align with available funding. In-year opportunities to expand delivery will continue to be explored and delivered wherever possible, but targets set in this Outcome Agreement are reflective of the current planned activity of the Glasgow colleges. The GCRB Executive Director, and the regional Learning and Teaching Group, will continue to monitor and support progress towards achievement of the Outcome Agreement targets.

2.8 Deepening Regional Collaboration and Efficient Regional Structures

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

The future financial position is very challenging for colleges, and the wider public sector. Achieving financial sustainability is increasingly difficult as income is falling in real terms and costs are rising. Regional collaboration provides an opportunity to realise benefits, and deliver efficiencies, across institutions. There is now a real opportunity - indeed an active necessity - to look closely at regional delivery models to create a truly collaborative, sustainable regional college system of the future.

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2.9 Scottish Government Sustainability Reporting

To minimise running costs, GCRB's offices are provided by City of Glasgow College. Therefore, any related sustainability reporting requirements as set out within the Climate Change (Scotland) Act 2009 are provided within returns made by the City of Glasgow College.

2.10 Financial Performance

For the period under review, GCRB's running costs were funded from the SFC's core grant to the Glasgow region. The financial statements for the period show total income relating to GCRB's running, and programme, costs of £915k. Expenditure, which includes the actuarial valuation of the Strathclyde Pension Fund, is £772k for the period which results in a surplus on continuing operations of £143k. We will continue to work closely with the three colleges to minimise regional governance and management costs to deliver maximum value from all our activities. We note that, on an annualised basis, the GCRB's expenditure for the accounting period represents around 0.7% of the SFC grants of £108.1m provided to the Glasgow region in 2022-23.

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

Adjusted Operating Surplus/(Deficit)	Year to 31 July 2023		Year to 31 July 2022	
	GCRB £'000	Group £'000	GCRB £'000	Group £'000
Surplus/(Deficit) before other gains and losses	143	(5,927)	(131)	(9,604)
Add back:				
Depreciation (net of deferred capital grant)	0	7,884	0	7,580
Exceptional non-restructuring costs	0	0	0	0
Non-pension cost adjustment – net service cost	27	2,997	126	10,599
Non-pension cost adjustment – net interest cost	2	(1,821)	9	677
Non-pension cost adjustment – early retirement provision	0	(405)	0	(1,069)
Donation to Arms' Length Foundation	0	0	0	0
Deduct:				
Non-Government capital grants (e.g. ALF grant)	0	(652)	0	(1,134)
Exceptional income – campus disposal	0	0	0	0
Loan repayments and other balance sheet items	0	(386)	0	(387)
NPD income applied to reduce NPD balance sheet debt	0	(6,116)	0	(5,248)
Adjusted operating surplus/(deficit)	172	(4,426)	4	1,414

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Following their reclassification as central government bodies from 1 April 2014, colleges are 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 each been given a fixed cash budget for priorities which must be spent on agreed government priorities. The region's cash budget for priorities allocation for each fiscal year is £2,210k. Spend of the region's cash budget for priorities, and impact on the operating position for the academic year, is detailed below.

Cash Budget for Priorities	Year to 31 July 2023		Year to 31 July 2022	
	GCRB	Group	GCRB	Group
	£'000	£'000	£'000	£'000
Revenue Priorities				
Student Support	0	0	0	0
2015-16 Pay Award	0	1,323	0	1,323
Voluntary Severance	0	152	0	0
Estates Costs	0	575	0	701
Other Agreed Priorities	0	0	0	0
Total Impact on Operating Position	0	2,050	0	2,024
Capital Priorities				
Loan Repayments	0	0	0	0
Estates Costs	0	0	0	0
Provisions pre 1 April 2014	0	160	0	186
Total Capital	0	160	0	186
Total Cash Budget for Priorities Spend	0	2,210	0	2,210
Fixed Cash Budget for Priorities	0	2,210	0	2,210

2.11 Payment of Creditors

During the accounting period, responsibility for handling GCRB's financial transactions lay with the City of Glasgow College. GCRB seeks to comply with the CBI Prompt Payment Code and has a policy of paying its suppliers within 30 days of invoice date unless the invoice is contested. All disputes and complaints are handled as quickly as possible. No interest or late payment penalties were paid during the year and the average creditor's payment period in 2022-23 was 41 days. The frequency of creditor payments, made by City of Glasgow College on behalf of GCRB, has been doubled to reduce the average payment period.

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

Janie McCusker
GCRB Chair

Martin Boyle
GCRB Executive Director

B) THE ACCOUNTABILITY REPORT

SECTION 1. CORPORATE GOVERNANCE REPORT

1.1 Directors' Report

Leadership of the GCRB

Martin Boyle was Executive Director throughout the financial year ending 31 July 2023.

Board membership

The tables below set out the membership of the Board and its Committees for the period 1 August 2022 to 30 January 2024. Registers of interest are maintained for all serving individuals listed in the Directors' Report with copies available at: <http://www.gcrb.ac.uk/boardmembers>

Member	Type of member, background, and related parties	Appointment start date	Appointment end date
Alisdair Barron	Chair of assigned college (City of Glasgow College). HR professional.	01/11/15	31/07/24
Chris Bones	Ordinary member. Non-executive director, senior academic and author.	01/08/22	31/01/24
David Brown	Ordinary member. Management consultant.	01/08/19	31/07/23
Moira Connolly	Ordinary member. Consultant psychiatrist.	01/05/18	30/04/26
Helyn Gould	Ordinary member. Deputy Associate Principal for Learning and Teaching at the University of Strathclyde.	01/08/21	31/07/25
Clare Ireland	Staff member. Employed as staff member at Glasgow Clyde College.	01/05/14	31/07/26
Emma Leslie	Student member. Student president of Glasgow Kelvin College.	01/08/22	24/11/23
Janie McCusker	Chair of GCRB. Former Adviser for Security Coordination, UNICEF.	08/01/18	07/01/24
Ed McGrachan	Ordinary member. Chartered engineer.	01/05/18	30/04/26
Sunita McKenna	Student member. Student president of Glasgow Clyde College.	01/08/22	17/04/23
Des McNulty	Ordinary member. Former Assistant Vice-Principal Economic Development and Civic Engagement at the University of Glasgow.	01/08/21	31/07/25

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

Member	Type of member, background, and related parties	Appointment start date	Appointment end date
Sheila Meikle	Staff member. Employed as staff member at City of Glasgow College.	05/11/20	04/11/24
Alastair Milloy	Ordinary member. Director of Finance at Crown Estate Scotland.	22/08/17	31/07/25
David Newall	Chair of assigned college (Glasgow Clyde College). Formerly Secretary of Court, University of Glasgow.	15/07/16	14/07/24
Ian Patrick	Chair of assigned college (Glasgow Kelvin College). Formerly Campus Director, Hamilton Campus, University of the West of Scotland.	01/08/18	31/07/26
Sakshi Sircar	Ordinary member. Chartered Engineer at Net Zero Technology Centre.	01/08/22	31/07/26
Paul Smart	Ordinary member. Consultant and former Deputy Director within the Scottish Government's College Policy, Young Workforce and SFC Sponsorship Division.	01/08/21	31/07/25
Martina Tuskova	Student member. Student president of Glasgow Clyde College.	12/09/23	31/07/24
Verity Watson	Ordinary member. Employment solicitor and HR manager at the University of Strathclyde.	01/08/22	31/07/26

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

Membership of the Performance & Resources Committee

Member	Appointment start date	Appointment end date
David Brown	28/10/19	31/07/23
Moira Connolly	18/06/18	30/04/26
Sheila Meikle	05/11/20	04/11/24
Sunita McKenna	01/09/22	31/08/23
Sakshi Sircar	01/08/22	31/07/26
Paul Smart	01/09/21	31/07/25
Martina Tuskova	27/09/23	31/07/24
Anwulika Umeh (co-opted member)	17/06/19	30/10/24

Membership of the Nominations & Remuneration Committee

Member	Appointment start date	Appointment end date
Chris Bones	01/08/22	31/01/24
Clare Ireland	25/01/16	31/07/26
Emma Leslie	01/09/22	24/11/23
Janie McCusker	08/01/18	07/01/24
Des McNulty	01/09/21	31/07/25
Verity Watson	01/08/22	31/07/26

Membership of the Audit and Assurance Committee

Member	Appointment start date	Appointment end date
Chris Bones	01/08/22	31/01/24
Helyn Gould	01/09/21	31/07/25
Ed McGrachan	18/06/18	30/04/26
Alastair Milloy	28/10/19	31/07/25

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

1.2 Statement of Board Responsibilities

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

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

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

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

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

1.3 Governance Statement

Introduction

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

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

Statement of Compliance with Code of Good Governance

An externally facilitated effectiveness review was completed in early 2021 and the board considered the report and recommendations in April 2021. The report was positive and did not identify any areas of non-compliance, and highlighted several areas in which the Board is performing well. The Audit and Assurance Committee received a report further to a review of compliance with the Code of Good Governance on 30 May 2023, which identified no material areas of non-compliance. The Board also received a report on 15 May 2023 which considered the outcome of its self-evaluation survey for 2022-23, the results of which have informed the development plan for 2023-24.

Throughout 2022-23 the board has operated a hybrid operating model with board meetings being in-person and committee meetings taking place remotely, predominantly on Microsoft Teams. The BoardEffects portal is used as a means of securely distributing documentation to board members. This has provided an optimal use of resources with all board activity continuing, and in some cases with added benefits which have included greater efficiency and improved attendance. Board recruitment activity has also been concluded satisfactorily and induction activity completed.

GCRB complies with all the principles of the 2022 Code of Good Governance for Scotland's Colleges, except where these apply only to college boards, and has complied throughout the year ended July 2023.

Board Membership

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

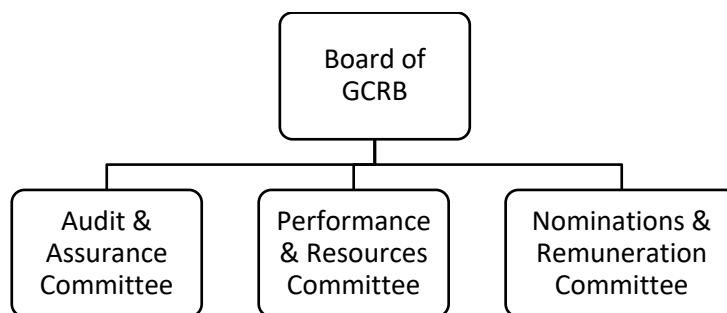
- the Chairs of the three assigned colleges.
- two elected staff members (one teaching and one non-teaching).
- two nominated, or elected, student members; and
- up to ten other board members appointed by the Board of the GCRB (and approved by both the Chair of the GCRB and Scottish Ministers).

All appointments, and extension of appointments during 2022-23, followed approved procedures and were made in accordance with the relevant legislation and guidance. Processes to appoint staff, student, and non-executive members, were overseen by the Nominations and Remuneration Committee. Observers from trade unions, representing both teaching and support staff unions (one from each), were invited to attend Board meetings throughout the 2022-23 academic year. The Chair of the Glasgow Colleges Regional Student Executive was invited to attend Board meetings throughout the academic year.

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

Governance Structure

The following diagram outlines GCRB's governance structure:



The Board of GCRB held four formal meetings during the 2022-23 academic year. One further meeting has been held so far within the 2023-24 academic year. The Nominations & Remuneration Committee met six times, the Performance & Resources Committee met five times, and the Audit & Assurance Committee met four times during 2022-23.

Audit and Assurance Committee Remit

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

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

The Audit and Assurance Committee shall:

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

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

Audit and Assurance Committee Remit (continued)

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

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

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

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

and advise the Board and Executive Director on:

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

Performance & Resources Committee Remit

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

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

Nominations & Remuneration Committee Remit

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

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

- review its own performance and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board.

Board Effectiveness

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

During the period of this report:

- The three committees of the Board undertook an annual review of their performance including a review of significant developments and decisions, and emerging priorities for the year ahead. An annual report for each committee was presented to the subsequent meeting of the Board.
- Members met individually with the Chair of the Board to discuss their role on the board, performance, development needs and objectives for the year ahead.
- A review of the Chair's performance was undertaken, led by the Senior Independent Member.
- Board Members participated in a self-evaluation process. The results of the review were reported to the Board in May 2023, and findings were incorporated into the Development Plan for 2023-24.
- The Nominations and Remuneration Committee monitored progress against the Board's development plan and an annual review of progress was presented to the Board in May 2023.

Board members' attendance at meetings is shown on the next page. Attendance is reviewed on a regular basis where personal reasons for absence have resulted from extenuating circumstances the situation has been kept under review by the Board Chair and, where appropriate, reported to the Nominations & Remuneration Committee and Board, and action taken.

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

Board members' attendance at meetings (session 2022-23)

Board members attending board and committee meetings	Board (4 in period)	Audit & Assurance (4 in period)	Nominations & Remuneration (6 in period)	Performance & Resources (5 in period)
Alisdair Barron	3 of 4			
Chris Bones	3 of 4	4 of 4	6 of 6	
David Brown	3 of 4			3 of 5
Moira Connolly	3 of 4			4 of 5
Helyn Gould	4 of 4	3 of 4		
Clare Ireland	4 of 4		6 of 6	
Emma Leslie	2 of 4			2 of 5
Janie McCusker	4 of 4		5 of 6	
Ed McGrachan	4 of 4	4 of 4		
Sunita McKenna	2 of 2		5 of 5	
Des McNulty	3 of 4		4 of 6	
Sheila Meikle	3 of 4			4 of 5
Alastair Milloy	4 of 4	4 of 4		
David Newall	4 of 4			
Ian Patrick	3 of 4			
Sakshi Sircar	3 of 4			3 of 5
Paul Smart	4 of 4			5 of 5
Verity Watson	4 of 4		5 of 6	
Anwulika Umeh	N/A			5 of 5
Total Attendance	60 of 70	15 of 16	31 of 35	26 of 35
Average Attendance	85.7%	93.8%	88.6%	74.3%

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

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

Corporate strategy

GCRB is responsible for the strategic development of coherent and high-quality education across the Glasgow college region. In May 2017, GCRB approved a Regional Strategic Plan for College Education which sets out a five-year vision of the shared ambitions and development priorities of GCRB and the assigned colleges. The overarching ambition of the plan was to deliver Scotland's most inclusive, most responsive, and most effective regional college system. Three areas of regional strategic ambition were identified:

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

In 2023, the GCRB board agreed a new strategy, the Glasgow Region Strategic Plan 2023, which seeks to build on the previous strategy work while taking fuller recognition of a significantly changed context. The new regional strategy established core priority statements to direct future focus and articulated a new purpose to: "Safeguard and deliver a sustainable, ambitious college education system for Glasgow which delivers life-changing opportunities in the right place at the right level." The new strategic goals are:

- Students from all backgrounds thrive through the right learning and support in the right place at the right time.
- The Glasgow college system is sustainable, responsive and coherent.
- Our system leads on delivering economic, social and environmental recovery and transformation for the region.

This continuing work will seek to establish and drive core regional priorities to provide a clear, accurate mechanism for both decision making and longer-term assessment of performance. At the same time, a new set of measures or impacts will emerge from the Scottish Funding Council's new National Impact Framework, and GCRB is contributing, to effectively combine this emerging work alongside its own strategic development work to provide a clear process for Glasgow.

Risk management

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

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

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

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

All risks are evaluated based upon the expected likelihood and impact of the risk materialising. Based upon the board's assessment, the following risks resulted in the highest aggregate score:

Risk	Summary
Financial sustainability is jeopardised by a reduction in income and/or an increase in costs.	The financial sustainability of colleges has been materially impacted by the Coronavirus outbreak. 2021-22 provided some stability but 2022-23 was very difficult and the future outlook is very challenging.
Coronavirus has a long-lasting impact upon strategy, operations, and finance for the region.	The long-term effects of Coronavirus continue to be felt, particularly in respect of the impact on public finances.

The key strategic challenge facing the Glasgow colleges, and the sector, are financial sustainability. The board has also identified other significant risks that could impact on our organisation. These include:

Risk	Summary
GCRB is unable to respond proactively to internal and external change including regional and national reviews and systemic change.	The organisation is subject to an on-going review that could result in structural change. The Executive Director and Chair are actively engaging with stakeholders to support this process.
Opportunities to deliver regional strategy are missed/not resourced appropriately.	An interim regional strategy was agreed in 2023, which sets out the future aims. Further clarity in respect of the future organisational structure will provide a greater certainty in terms of the strategic ambitions.

Internal audit

Henderson Loggie was initially appointed as internal auditor in September 2016. The internal audit service was subject to competitive tender in 2021 and Henderson Loggie were re-appointed from August 2021. Based on a comprehensive audit needs analysis process, four areas for internal audit work were identified for 2022-23. These are listed below with the respective audit findings in terms of overall level of assurance:

- Financial Sustainability: Satisfactory
- Funding Allocations: Good
- Risk Management: Grade not applicable
- Follow-up Review: Grade not applicable

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

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

The internal audit annual report stated that, in their opinion, "GCRB has adequate and effective arrangements for risk management, control and governance. We have concluded that appropriate arrangements are in place to promote and secure Value for Money. The opinion has been arrived at taking into consideration the work we have undertaken during 2022-23 and in the prior years following our initial appointment in 2015/16."

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

The Board is of the view that there is an on-going process for identifying, evaluating, and managing GCRB's significant risks. This process is reviewed by the Board through assurances provided by the Audit and Assurance Committee and GCRB management. The principal risks faced by GCRB are set out on the previous page. Based on assurances provided, we can confirm that sound systems of governance, risk management and internal control, consistent with the requirements of the Scottish Public Finance Manual, have operated for the period ended 31 July 2023 and up to the date of approval of the Annual Report and Consolidated Financial Statements.

During the year, a breach of the financial memorandum was reported at City of Glasgow College and a further breach took place at Glasgow Clyde College. As a result, the SFC wrote to the colleges reminding the colleges of their duties and responsibilities. Internal controls have now been strengthened to mitigate against the likelihood of a similar breach arising in the future.

Data-related incidents

During the year one data-related incident occurred. This was reviewed by the Data Protection Officer who concluded this was not required to be reported to the Information Commissioner's Officer.

Expenditure

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

Going concern

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

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

SECTION 2. REMUNERATION AND STAFF REPORT

2.1 Remuneration policy

The remit of the Nominations & Remuneration Committee includes responsibility for advising the Board on the remuneration of GCRB employees, within the context of budgetary constraints and Scottish Government guidance. The Committee's terms of reference are detailed on page 22. The remuneration of the Chair is determined by the Scottish Government and all other Board members are non-remunerated.

2.2 Remuneration Including Salary and Pension Entitlements

Remuneration of the Chair

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

Postholder	ACTUAL	
	Year ended 31 July 2023	Year ended 31 July 2022
	£'000	£'000
Janie McCusker, Chair of the Board	25-30	30-35

Salary entitlements

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

Postholder	ACTUAL					
	Year ended 31 July 2023			Year ended 31 July 2022		
	Salary	Pension Benefit	Total	Salary	Pension Benefit	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Martin Boyle, Executive Director	90-95	45-50	135-140	85-90	30-35	120-125
Jim Godfrey, Finance and Resources Director	85-90	45-50	130-135	80-85	30-35	110-115

Notes on salary information:

- The figures outlined in the tables above have been subject to external audit.
- No members of the Board, or senior management, received any benefits in kind, bonuses or overtime in addition to their remuneration or salary.
- There have been no exit, compensation, or termination costs, during the year.
- The salaries in the tables above represent the amounts earned in the financial period.
- The value of pension benefits is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The x20 multiplier aims to bring public bodies in line with other industries in disclosing the cumulative pension benefit for a 20-year period which is the estimated life span following retirement.

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

Pay multiples

GCRB is required (by the Government Financial Reporting Manual - FReM) to disclose the relationships between the remuneration of the highest paid official and the median remuneration of the workforce. The banded remuneration of the highest paid official in the organisation in the financial year 2022-23 was £90,000-£95,000 (2021-22 - £85,000-£90,000). This was 1.71 times (2021-22 - 1.89 times) the median remuneration of the workforce which was £50,000-£55,000 (2021-22 - £45,000-£50,000). The table below also provides the comparators for the 25th and 75th percentile and has been subject external audit:

	Year ended 31 July 2023 (£'000)	Year ended 31 July 2022 (£'000)	Change
Range of workforce remuneration	47	52	(9.6%)
Highest paid official remuneration	91	89	2.2%
Median (total pay and benefits)	53	47	12.8%
Median (salary only)	53	47	12.8%
Ratio (Highest:Median)	1.72:1	1.89:1	(9.0%)
25 th percentile (total pay and benefits)	48	41	17.1%
25 th percentile (salary only)	48	41	17.1%
Ratio (Highest:25 th percentile)	1.90:1	2.17:1	(12.4%)
75 th percentile (total pay and benefits)	86	86	0.0%
75 th percentile (salary only)	86	86	0.0%
Ratio (Highest:75 th percentile)	1.06:1	1.03:1	2.9%

Staff composition

The Executive Director is male. In addition, the team consists of one other male member of staff and four female members of staff (on 31 July 2023). A breakdown of the salaries has been included in Note 6 to the financial statements.

Staff sickness

There were 22.5 days of sickness absence in the financial year ending 31 July 2023.

Staff policies

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

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

Fair work

As a recipient of public funds, GCRB is committed to Fair Work practices. This agenda is being led for the sector by College Employers Scotland and a draft sectoral Fair Work Statement and articulation of high-level practices is under development. The statement sets out the sector's commitments via a Fair Work Working Group, which includes membership and contributions from colleagues within the Glasgow college region.

Accrued pension benefits

Pension interests are provided to senior managers on the same basis as all other staff. The accrued pension benefits for senior managers are set out in the table below, together with the pension contributions made by GCRB. As with other information in the Consolidated Annual Report and Accounts, the figures shown in the table below have been subject to external audit.

	Accrued pension at pension age at 31 July 2023	Accrued lump sum at pension age at 31 July 2023	Real increase in pension 1 August 2022 to 31 July 2023	Real increase in lump sum 1 August 2022 to 31 July 2023	CETV on 31 July 2023	CETV on 31 July 2022	Real increase in CETV
Postholder	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Martin Boyle, Executive Director	10-12.5	-	2.5-5.0	-	134	82	52
Jim Godfrey, Finance and Resources	10-12.5	-	2.5-5.0	-	141	102	39

Pension benefits for employees are provided through the Local Government Pension Scheme (LGPS), which is provided by the Strathclyde Pension Fund and is available for all staff. The LGPS is a funded defined benefit scheme, which is contracted out of State Earnings. The pension benefits are based on salary earned and the number of years that the person has been a member of the scheme. The normal retirement age is 65 (or 60 for members of the pension scheme prior to 1 April 2008).

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

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

Cash equivalent transfer value (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The value of the accrued pension benefits has been calculated based on 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 because of their total and not just their current appointment.

In considering the accrued pension benefits the following contextual information should be considered:

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

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

Salaries and related costs

	2023	2023	2023	2022
	Directly employed staff on permanent UK contracts	Other staff including short-term contract, seconded and agency staff	Total	Total
	£'000	£'000	£'000	£'000
Wages and salaries	341.3	0.0	341.3	353.1
Social security costs	39.0	0.0	39.0	41.2
Other pension costs	61.0	0.0	61.0	61.8
Total	441.3	0.0	441.3	456.1
Average number of FTE	5.3	0.0	5.3	5.4

Other

During the year, GCRB spent £11,536 on consultancy, which related board secretarial support and the shared service for data protection.

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

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

Janie McCusker
GCRB Chair

Martin Boyle
GCRB Executive Director

INDEPENDENT AUDITOR'S REPORT

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

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and consolidated financial statements of Glasgow Colleges' Regional Board and its group for the year ended 31 July 2023 under the Further and Higher Education (Scotland) Act 1992. The financial statements comprise the Consolidated and Glasgow Colleges' Regional Board Statement of Comprehensive Income and Expenditure, Consolidated and Glasgow Colleges' Regional Board Statement of Changes in Reserves, Consolidated and Glasgow Colleges' Regional Board Balance Sheet, and the Consolidated and Glasgow Colleges' Regional Board 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 my opinion the accompanying financial statements:

- give a true and fair view of the state of the affairs of the Glasgow Colleges' Regional Board and its group as at 31 July 2023 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.

Basis for opinion

I conducted my 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. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 1 December 2023. My period of appointment is one year, covering 2022/23. I am independent of Glasgow Colleges' Regional Board and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to Glasgow Colleges' Regional Board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

Conclusions relating to going concern basis of accounting

I 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 I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of Glasgow Colleges' Regional Board and its group 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 current or future financial sustainability of Glasgow Colleges' Regional Board and its group. However, I report on Glasgow Colleges' Regional Board's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Board for the financial statements

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

In preparing the financial statements, the Board is responsible for assessing the ability of Glasgow Colleges' Regional Board and its group 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 operations of Glasgow Colleges' Regional Board and its group.

Auditor's responsibilities for the audit of the financial statements

My 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 my 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 decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

- using my understanding of the college sector to identify that the Further and Higher Education (Scotland) Act 1992 is significant in the context of Glasgow Colleges' Regional Board;
- inquiring of the Executive Director as to other laws or regulations that may be expected to have a fundamental effect on the operations of the Glasgow Colleges' Regional Board;
- inquiring of the Executive Director concerning Glasgow Colleges' Regional Board's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my team on 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 my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Glasgow Colleges' Regional Board's controls, and the nature, timing and extent of the audit procedures performed.

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

The Board is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am 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 the audited parts of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited parts of the Remuneration and Staff Report have 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 is responsible for the other information in the annual report and consolidated financial statements. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I 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 my 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.

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my 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 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Lisa Duthie
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
Glasgow
G2 1BT

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE¹

Year Ended 31 July 2023

	Note	Year to 31 July 2023		Restated Year to 31 July 2022	
		GCRB	Group	GCRB	Group
		£'000	£'000	£'000	£'000
INCOME					
Funding Council Grants	1	915	141,013	1,072	141,279
Tuition Fees and Education Contracts	2	0	27,764	0	26,977
Other Income	3	0	11,257	0	10,419
Investment Income	4	0	1,823	0	0
Endowments and Donations	5	0	3,871	0	2,124
Total Income		915	185,728	1,072	180,799
EXPENDITURE					
Staff Costs	6	468	124,398	582	128,999
Exceptional Staff Costs – Restructuring	6	0	4,039	0	(96)
Other Operating Expenses	8	302	37,029	612	34,410
Depreciation and Amortisation	11/12	0	14,084	0	13,588
Exceptional Impairment		0	0	0	0
Interest and Other Finance Costs	9	2	12,105	9	13,502
Donation to Arm's-Length Foundation		0	0	0	0
Total Expenditure		772	191,655	1,203	190,403
Surplus/(loss) on Continuing Operations before gains/(losses)		143	(5,927)	(131)	(9,604)
Gain/(Loss) on Disposal of Fixed Assets		0	0	0	0
Surplus/(loss) on Continuing Operations before tax		143	(5,927)	(131)	(9,604)
Taxation	10	0	0	0	0
Surplus/(loss) on Continuing Operations after tax		143	(5,927)	(131)	(9,604)
Unrealised Surplus/(Loss) on Revaluation of Land and Buildings		0	11,281	0	42,062
Actuarial Gains/(Losses) on Defined Benefit Pension Plans	21	208	38,249	569	101,851
Remeasurement of Net Pension Asset		(120)	(73,663)	0	(8,496)
Disposal of Revalued Fixed Asset		0	0	0	0
Movement on Restricted Reserves		0	0	0	0
Total Comprehensive Income for the year		231	(30,060)	438	125,813
Represented by:					
Restricted Comprehensive Income for the Year		0	0	0	0
Unrestricted Comprehensive Income for the Year		231	(30,060)	438	125,813
		231	(30,060)	438	125,813

¹ The Statement of Comprehensive Income is prepared under the FE/HE SORP. The SORP does not permit colleges/college regions to reflect the non-cash budget for depreciation in the Statement of Comprehensive Income. Note 27 provides further details of the adjusted operating position on a Central Government accounting basis.

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

Year Ended 31 July 2023

	<u>Income and Expenditure Reserve</u>		<u>Restricted Reserve</u>	<u>Revaluation Reserve</u>	<u>Total</u>	<u>Total</u>
	<u>GCRB</u>	<u>Group</u>	<u>Group</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000	£'000	£'000
Restated Balance at 1 August 2022	137	70,098	398	213,212	137	283,708
Surplus/(Loss) on Continuing Operations after Tax	143	(5,927)	0	0	143	(5,927)
Actuarial Adjustment	208	38,249	0	0	208	38,249
Transfer to/from Revaluation Reserve	0	4,713	0	(4,713)	0	0
Revaluation of Buildings in Year	0	0	0	11,281	0	11,281
Disposal of Revalued Fixed Assets	0	0	0	0	0	0
Remeasurement of net pension asset	(120)	(73,663)	0	0	(120)	(73,663)
Movement on Restricted Funds	0	0	0	0	0	0
Balance at 31 July 2023	368	33,470	398	219,780	368	253,648
Balance at 1 August 2021	(301)	(17,197)	398	174,694	(301)	157,895
Surplus/(Loss) on Continuing Operations after Tax	(131)	(9,604)	0	0	(131)	(9,604)
Actuarial Adjustment	569	101,851	0	0	569	101,851
Transfer to/from Revaluation Reserve	0	3,544	0	(3,544)	0	0
Revaluation of Buildings in Year	0	0	0	42,062	0	42,062
Disposal of Revalued Fixed Assets	0	0	0	0	0	0
Prior Year Adjustment	0	(8,496)	0	0	0	(8,496)
Movement on Restricted Funds	0	0	0	0	0	0
Restated Balance at 31 July 2022	137	70,098	398	213,212	137	283,708

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

CONSOLIDATED BALANCE SHEET

At 31 July 2023

	Note	31 July 2023		Restated 31 July 2022	
		GCRB	Group	GCRB	Group
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible Fixed Assets	11	0	133	0	0
Tangible Fixed Assets	12	0	493,890	0	493,293
Long-term Investments	13	0	4	0	4
Total Fixed Assets		0	494,027	0	493,297
CURRENT ASSETS					
Stocks	14	0	247	0	65
Debtors	15	109	17,064	8	15,405
Cash at Bank and in Hand	16/20	1,592	26,448	2,676	32,253
Total Current Assets		1,701	43,759	2,684	47,723
Less: Creditors – Amounts Due in One Year	17	(1,333)	(53,798)	(2,488)	(52,653)
NET CURRENT LIABILITIES		368	(10,039)	196	(4,930)
TOTAL ASSETS LESS CURRENT LIABILITIES		368	483,988	196	488,367
Less: Creditors – Amounts Due After More Than One Year	18	0	(114,652)	0	(117,792)
Finance Liability	12	0	(117,283)	0	(123,820)
NET ASSETS BEFORE PENSION ASSET/LIABILITY		368	252,053	196	246,755
Unfunded Pension Provision	19	0	(6,810)	0	(8,042)
Funded Pension Provision	21	0	8,405	(59)	44,995
NET ASSETS AFTER PENSION LIABILITY		368	253,648	137	283,708
RESERVES					
Income and Expenditure – Unrestricted		368	33,470	137	70,098
Restricted Reserve		0	398	0	398
Revaluation Reserve		0	219,780	0	213,212
TOTAL		368	253,648	137	283,708

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

Janie McCusker
GCRB Chair

Martin Boyle
GCRB Executive Director

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 31 July 2023

	<u>Note</u>	<u>31 July 2023</u>		<u>31 July 2022</u>	
		<u>GCRB</u> £'000	<u>Group</u> £'000	<u>GCRB</u> £'000	<u>Group</u> £'000
Cash (outflow)/inflow from operating activities					
Surplus/(loss) for the Year		143	(5,927)	(131)	(9,604)
Adjustment for non-cash items					
Depreciation and Amortisation	11/12	0	14,084	0	13,588
Disposal of Fixed Asset		0	0	0	9
Revaluation		0	0	0	0
Impairment		0	0	0	0
Decrease/(increase) in Stocks	14	0	(182)	0	5
Decrease/(increase) in Debtors	15	(101)	(1,659)	59	(3,138)
Increase/(decrease) in Creditors	17/18	(1,155)	(2,112)	(371)	5,456
Increase/(decrease) in Other Provision	19	0	(1,232)	0	(1,682)
Increase/(decrease) in Pension Provision	21	29	1,176	135	11,276
Increase/(decrease) in Restricted Reserve		0	0	0	0
Investment Income	4	0	1,823	0	0
Interest Paid	9	2	12,105	9	13,502
Capital Grant Income Received		0	(4,085)	0	(4,120)
		(1,082)	13,991	(299)	25,292
Cash Flows from Investing Activities					
Cash Payments to Acquire Fixed Assets	12	0	(3,533)	0	(5,961)
Capital Grants Received		0	3,781	0	4,120
Cash Flows from Financing Activities					
Interest Paid	9	(2)	(12,105)	(9)	(13,502)
Investment Income	4	0	(1,823)	0	0
Finance Lease Creditor	12	0	0	0	0
Capital Element of Finance Lease and Concessions	12	0	(6,116)	0	(5,248)
Net Cash (Outflow)/Inflow from Investments and Financing Activities		(2)	(19,796)	(9)	(20,591)
(Decrease)/Increase in Cash and Equivalents in the Year	20	(1,084)	(5,805)	(308)	4,701
Cash and Equivalents at Beginning of Year	16	2,676	32,253	2,984	27,552
Movement in Net Funds	16	(1,084)	(5,805)	(308)	4,701
Cash and Equivalents at End of Year	16	1,592	26,448	2,676	32,253

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF ACCOUNTING POLICIES

BASIS OF PREPARATION

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

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) 2019: Accounting for Further and Higher Education and in accordance with Financial Reporting Standards FRS 102. GCRB, and the three colleges, are public benefit entities and have applied the relevant public benefit requirements of FRS102.

Where applicable, the Report and Financial Statements also comply with the 2022-23 Government Financial Report Manual (FReM) issued by the Scottish Government. The financial statements conform to the Accounts Direction and other guidance issued by the Scottish Funding Council.

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

ACCOUNTING POLICIES & BASIS OF ACCOUNTING

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

GOING CONCERN

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

JUDGEMENTS IN APPLYING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

Estimate	Basis of estimation
Valuation of buildings	College buildings are of a specialist nature and are valued on the depreciated replacement cost basis.
Useful economic lives of buildings and plant/equipment	Buildings are depreciated over their expected remaining useful economic life as assessed by a qualified independent valuer. Buildings owned by the colleges are split into components and each component is valued and depreciated separately. The economic lives currently in use are in the range of 10 to 115 years. The estimated useful life of plant and equipment is 4 to 10 years.
Recoverable amount of trade debtors	Trade debtors are reviewed by appropriately experienced senior management team members with appropriate provision for non-payment of debt being charged to the financial statements as required.
The obligations under the Strathclyde Pension Scheme (SPF)	The Board uses actuarial assumptions determined in conjunction with the Scheme's qualified actuaries which are considered reasonable and appropriate.

REVENUE RECOGNITION

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

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

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

GOVERNMENT GRANTS

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

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

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

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

NON-EXCHANGE TRANSACTIONS

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

ACCOUNTING FOR RETIREMENT BENEFITS

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

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

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

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

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

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

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

EMPLOYEE BENEFITS

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

FINANCE LEASES

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

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

OPERATING LEASES

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

TANGIBLE FIXED ASSETS - LAND AND BUILDINGS

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

Values are stated as at the most recent valuation of the independent valuer. The colleges undertake a full revaluation at least every five years. An interim revaluation may be undertaken if there has been a material movement in the fair value.

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

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

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

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

TANGIBLE FIXED ASSETS - PLANT AND EQUIPMENT

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

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

MAINTENANCE OF PREMISES

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

STOCK

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

PROVISIONS

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

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

CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

FINANCIAL INSTRUMENTS

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

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

CASH AND CASH EQUIVALENTS

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

TAXATION

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

EVENTS AFTER THE REPORTING PERIOD

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

Two types of events can be identified:

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

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

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

1. FUNDING COUNCIL GRANTS

	<u>31 July 2023</u>		<u>31 July 2022</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Recurrent Grant	915	104,485	746	103,432
Childcare Funds	0	2,694	0	2,307
Capital Grants Received	0	1,451	0	1,459
Capital Grant for NPD Contract	0	20,758	0	20,208
Release of Deferred Capital Grants	0	5,468	0	5,272
Strategic Funds	0	0	326	326
Other	0	6,157	0	8,275
Total Funding Council Grants	915	141,013	1,072	141,279

2. TUITION FEES AND EDUCATION CONTRACTS

	<u>31 July 2023</u>		<u>31 July 2022</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Further Education – Home and EU	0	1,076	0	834
Further Education – non-EU	0	2,038	0	1,771
HE Fees	0	12,274	0	13,725
SDS Contracts	0	354	0	678
Education Contracts	0	10,463	0	8,754
Other Contracts	0	1,559	0	1,215
Total Tuition Fees and Education Contracts	0	27,764	0	26,977

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

3. OTHER INCOME

	<u>31 July 2023</u>		<u>31 July 2022</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Residences and Catering	0	4,777	0	3,213
Other European Income	0	901	0	690
Other Income Generating Activities	0	1,329	0	1,499
Other Grant Income	0	2,104	0	1,982
Release from Deferred Grants non-SFC	0	732	0	736
Other Income	0	1,414	0	2,299
Total Other Income	0	11,257	0	10,419

4. INVESTMENT INCOME

	<u>31 July 2023</u>		<u>31 July 2022</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Other Interest Received	0	1,823	0	0
Total Investment Income	0	1,823	0	0

5. ENDOWMENTS AND DONATIONS

	<u>31 July 2023</u>		<u>31 July 2022</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Donations with Restrictions	0	3,871	0	2,124
Total Endowments and Donations	0	3,871	0	2,124

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

6. STAFF COSTS

	<u>31 July 2023</u>		<u>31 July 2022</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Wages and Salaries	341	94,491	353	92,372
Social Security Costs	39	9,393	41	9,421
Pension Costs	61	17,936	62	17,676
FRS102 Pension Adjustment	27	2,997	126	10,599
Provision for Unfunded Pensions	0	(419)	0	(1,069)
Total Recurring Staff Costs	468	124,398	582	128,999
Exceptional Staff Costs	0	4,039	0	(96)
Total Staff Costs	468	128,437	582	128,903

Analysed as follows:

	<u>31 July 2022</u>		<u>31 July 2021</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Academic Teaching Departments	0	81,727	0	81,886
Academic Teaching Services	0	14,867	0	13,579
Administration and Central Services	441	18,000	456	17,423
Premises	0	3,519	0	3,365
Other Expenditure	0	1,953	0	1,941
Catering and Residences	0	1,754	0	1,275
FRS102 Pensions Adjustment	27	2,997	126	10,599
Provisions for Unfunded Pensions	0	(419)	0	(1,069)
Total Recurring Staff Costs	468	124,398	582	128,999
Exceptional Staff Costs	0	4,039	0	(96)
Total Staff Costs	468	128,437	582	128,903

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

Staff Numbers

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

	<u>31 July 2023</u>		<u>31 July 2022</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
Academic Teaching Departments	0	1,434	0	1,464
Academic Teaching Services	0	284	0	296
Administration and Central Services	5	352	5	366
Premises	0	101	0	109
Other Expenditure	0	49	0	34
Catering and Residences	0	45	0	42
Total Number of Staff	5	2,265	5	2,311

In December 2023, a consolidated pay award of £2,000 for all GCRB staff was implemented with effect from 1 September 2022. A further consolidated award of £1,500 was implemented with effect from 1 September 2023.

Through the National Bargaining process, Colleges Scotland Employers Association continue to negotiate with employee representatives to agree the pay award for staff employed by the colleges.

From 1 September 2022, the Lecturers' Pay Scale was:

National Pay Scale	1 September 2021	1 September 2022
Point 1	35,170	37,170
Point 2	37,217	39,217
Point 3	39,264	41,264
Point 4	41,310	43,310
Point 5	43,357	45,357

From 1st September 2022, the Promoted Lecturer Fixed Points was:

National Fixed Point	1 September 2021	1 September 2022
Fixed Point 1	47,257	49,257
Fixed Point 2	50,394	52,394
Fixed Point 3	53,530	55,530

The previous pay award was applied pro rata for part-time employees and staff who commenced or left employment part way through this period. The pay award did not apply to staff on existing conserved salaries.

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

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

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

	<u>31 July 2023</u>		<u>31 July 2022</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
£60,001 to £70,000 per annum	0	15	0	22
£70,001 to £80,000 per annum	0	18	0	7
£80,001 to £90,000 per annum	1	4	2	5
£90,001 to £100,000 per annum	1	7	0	6
£100,001 to £110,000 per annum	0	1	0	2
£110,001 to £120,000 per annum	0	0	0	0
£120,001 to £130,000 per annum	0	1	0	1
£130,001 to £140,000 per annum	0	1	0	2
£140,001 to £150,000 per annum	0	0	0	0
£150,001 to £160,000 per annum	0	0	0	0
£160,001 to £170,000 per annum	0	1	0	1
Total Staff Costs	2	48	2	46

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

	<u>31 July 2023</u>		<u>31 July 2022</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
£60,001 to £70,000 per annum	0	0	0	0
£70,001 to £80,000 per annum	0	1	0	0
£80,001 to £90,000 per annum	1	2	2	3
£90,001 to £100,000 per annum	1	7	0	6
£100,001 to £110,000 per annum	0	1	0	2
£110,001 to £120,000 per annum	0	0	0	0
£120,001 to £130,000 per annum	0	1	0	1
£130,001 to £140,000 per annum	0	1	0	1
£140,001 to £150,000 per annum	0	0	0	0
£150,001 to £160,000 per annum	0	0	0	0
£160,001 to £170,000 per annum	0	1	0	1
Total Staff Costs	2	14	2	14

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

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

7. SENIOR POST-HOLDERS EMOLUMENTS

	<u>31 July 2023</u>		<u>31 July 2022</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
The number of senior post-holders at 31 July:	2	15	2	14
Senior post-holders' emoluments are made up as follows:	£'000	£'000	£'000	£'000
Salaries	177	1,466	173	1,464
Benefits in Kind	0	1	0	1
Severance	0	0	0	0
Pension Contributions	35	310	33	294
Total Emoluments	212	1,777	206	1,759

	<u>31 July 2023</u>	<u>31 July 2022</u>
	<u>GCRB</u>	<u>GCRB</u>
Emoluments of the GCRB Executive Director:	£'000	£'000
Salaries	91	89
Benefits in Kind	0	0
Pension Contributions	18	17
Total Emoluments	109	106

The GCRB Executive Director is an ordinary member of the Strathclyde Pension Fund.

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

8. OTHER OPERATING EXPENSES

	<u>31 July 2023</u>		<u>31 July 2022</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Academic Teaching Departments	0	5,006	0	4,960
Academic Teaching Services	0	2,442	0	2,565
Administration and Central Services	76	5,733	84	6,169
Premises	0	14,849	0	12,685
Catering and Residences	0	2,867	0	1,783
Childcare	0	2,694	0	2,307
Regional Strategic Projects	226	226	528	528
Other	0	3,212	0	3,413
Total Other Operating Expenses	302	37,029	612	34,410

Other Operating Expenses Include:

	<u>31 July 2023</u>		<u>31 July 2022</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Auditors' Remuneration:				
External Audit	32	206	27	153
Internal Audit	9	94	9	99
Other Services – External Audit	0	0	0	11
Other Services – Internal Audit	0	4	0	0
Agency Staff Costs	0	296	0	324
Hire of other assets – Operating lease	0	49	0	51

9. INTEREST AND OTHER FINANCE COSTS

	<u>31 July 2023</u>		<u>31 July 2022</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
NPD Contract	0	12,103	0	12,825
Net Pension Financing Costs	2	2	9	677
Total Interest and Other Finance Costs	2	12,105	9	13,502

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

10. TAXATION

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

11. INTANGIBLE ASSETS

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

	<u>31 July 2023</u>	<u>31 July 2022</u>
	<u>Group</u>	<u>Group</u>
	£'000	£'000
Cost or Valuation		
Brought Forward at 1 August	230	230
Additions	147	0
Carried Forward at 31 July	377	230
Amortisation		
Brought Forward at 1 August	230	230
Charge for the Period	14	0
Carried Forward at 31 July	244	230
Net Book Value at 31 July	133	0
Net Book Value at 1 August	0	0

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

12. TANGIBLE ASSETS

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

	<u>Assets under Construction</u>	<u>Land & Buildings</u>	<u>Plant & Equipment</u>	<u>Total</u>
	<u>Group</u>	<u>Group</u>	<u>Group</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Cost or Valuation				
Brought Forward at 1 August	259	482,909	59,322	542,490
Additions	0	2,521	865	3,386
Disposals	0	0	(94)	(94)
Transfers	(259)	259	0	0
Impairment	0	(4,394)	0	(4,394)
Revaluations	0	15,675	0	15,675
Carried Forward at 31 July	0	496,970	60,093	557,063
Depreciation				
Brought Forward at 1 August	0	0	49,197	49,197
Charge for the Period	0	11,965	2,105	14,070
Disposals	0	0	(94)	(94)
Impairment	0	0	0	0
Revaluations	0	0	0	0
Carried Forward at 31 July	0	11,965	51,208	63,173
Net Book Value at 31 July	0	485,005	8,885	493,890
Net Book Value at 1 August	259	482,909	10,125	493,293
Represented by:				
At valuation	0	189,604	2,967	192,571
Inherited	0	10,176	0	10,176
Financed by Capital Grant	0	40,946	3,769	44,715
Other	0	244,279	2,149	246,428
At 31 July	0	485,005	8,885	493,890

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

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

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

	<u>31 July 2023</u>	<u>31 July 2022</u>
	<u>Group</u>	<u>Group</u>
	£'000	£'000
Brought Forward at 1 August	129,290	134,538
Additions during the year	0	0
Repayments in the year	(6,116)	(5,248)
Carried Forward at 31 July	123,174	129,290

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

	<u>Payable in 1</u> <u>year</u>	<u>Payable in 2-</u> <u>5 years</u>	<u>Payable later</u> <u>than 5 years</u>	<u>Total</u>
	<u>Group</u>	<u>Group</u>	<u>Group</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Liability repayments	5,891	23,696	93,587	123,174
Finance charge	11,579	40,671	69,210	121,460
Service arrangement	4,423	23,206	122,766	150,395
Total	21,893	87,573	285,563	395,029

13. LONG-TERM INVESTMENTS

	<u>31 July 2023</u>		<u>31 July 2022</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Government Stock at Cost	0	4	0	4

14. STOCKS

	<u>31 July 2023</u>		<u>31 July 2022</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Goods for Resale	0	247	0	65

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

15. DEBTORS

	<u>31 July 2023</u>		<u>31 July 2022</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Trade Debtors	0	3,132	0	2,555
Funds Held by SFC	107	107	0	0
Other Debtors	0	31	0	39
Prepayments and Accrued Income	2	13,794	8	12,811
Total Debtors	109	17,064	8	15,405

16. CASH AND CASH EQUIVALENTS

	<u>31 July 2023</u>		<u>31 July 2022</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Cash and Cash Equivalents	1,592	24,343	2,676	30,204
Bursaries and Student Fund Accounts	0	2,105	0	2,049
Total Cash and Cash Equivalents	1,592	26,448	2,676	32,253

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>31 July 2023</u>		<u>31 July 2022</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Trade Creditors	1	3,212	6	5,054
Other Taxation and Social Security	0	3,025	0	2,978
Other Creditors	233	2,049	541	2,320
Deferred Income – Government Capital Grants	0	6,260	0	6,141
VAT Creditor	0	7	0	3
VAT accumulated under the Lennartz Principle	0	227	0	227
Amounts Owed to SFC	0	3,080	36	5,188
Accruals and Deferred Income	1,099	29,766	1,905	25,052
Payments Received in Advance	0	281	0	220
Finance Liability – NPD Contract	0	5,891	0	5,470
Total Creditors Due Within One Year	1,333	53,798	2,488	52,653

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

	<u>31 July 2023</u>		<u>31 July 2022</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Deferred Income – Government Capital Grants	0	114,652	0	117,792
Total Creditors Due After One Year	0	114,652	0	117,792

19. PROVISION FOR LIABILITIES AND CHARGES

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

	<u>31 July 2023</u>		<u>31 July 2022</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Brought Forward at 1 August	0	8,042	0	9,724
Expenditure in the period	0	(1,088)	0	(1,232)
Adjustment to Provision	0	(405)	0	(1,069)
Other Provision	0	261	0	619
Carried Forward At 31 July	0	6,810	0	8,042

20. ANALYSIS OF CHANGES IN NET FUNDS

	<u>31 July 2022</u>		<u>Cash Flow</u>		<u>31 July 2023</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000	£'000	£'000
Cash and Cash Equivalents	2,676	30,204	(1,084)	(5,861)	1,592	24,343
Bursaries and Student Fund Accounts	0	2,049	0	56	0	2,105
Total Cash and Cash Equivalents	2,676	32,253	(1,084)	(5,805)	1,592	26,448

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

21. PENSIONS AND SIMILAR OBLIGATIONS

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

	<u>31 July 2023</u>		<u>Restated 31 July 2022</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Scottish Teachers' Superannuation Scheme	0	12,232	0	12,196
Strathclyde Pension Fund	61	5,704	61	5,487
Unfunded Pensions	0	(243)	0	(803)
Pensions Charge	27	2,997	126	10,599
Total Pensions Cost	88	20,690	187	27,479

Scottish Teachers Superannuation Scheme (STSS)

GCRB, and the Region, participates in the Scottish Teachers' Pension Scheme (STSS). The STSS is a multi-employer defined benefit pension scheme, which is financed by payments from employers and those current employees who are members of the scheme.

The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The pension cost is assessed every four years with a valuation undertaken at 31 March 2016.

Valuation Date	31 March 2016
Valuation Method	Projected Unit
Market Value of Assets	£21,500 million
Actuarial Assumptions	
Discount Rate	4.5%
Salary increase rate	CPI plus 2.2%%
Pension increase rate	2.0%

This valuation informed an increase in the employer contribution rate to 23.0% of pensionable pay from September 2019. For the period 1 August 2022 to 31 July 2023, the employee contribution rate was 7.2% to 11.9% dependant on salary. GCRB, and the Region, has no liability for other employers' obligations to the multi-employer scheme.

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

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

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

Strathclyde Pension Fund

The Strathclyde Pension Fund (SPF) is a funded defined benefit scheme and has its assets held in separate trustee administered funds.

The pension cost is assessed every three years in accordance with the advice of a qualified independent actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Valuation Date		31 March 2020
Valuation Method		Projected Unit
Market Value of Assets		£20,941 million
Actuarial Assumptions	Pre-retirement discount rate	4.3%
	Post-retirement discount rate	2.4%
	Salary increase rate	2.6%
	Pension increase rate	1.9%

For the purposes of FRS 102, an actuarial valuation was calculated by the actuary at 31 July 2023. The major financial assumptions used by the actuary and agreed by GCRB, and the Region, were:

	<u>31 July 2023</u>	<u>31 July 2023</u>	<u>31 July 2022</u>	<u>31 July 2022</u>
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
Pension Increase Rate	2.95%	3.0%	2.7%	2.7%
Salary Increase Rate	3.65%	3.7%	3.4%	3.4%
Discount Rate	5.0%	5.05%	3.5%	3.5%

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2022 model. Based on these assumptions, average future life expectancies at age 65 are summarised below:

	<u>Male</u>	<u>Female</u>
Current Pensioners	19.1	22.0
Future Pensioners	20.3	23.9

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

	<u>31 July 2023</u>		<u>Restated 31 July 2022</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Equities	270	100,944	282	139,600
Bonds	120	44,679	126	62,819
Property	44	16,548	51	25,592
Cash	9	3,310	9	4,653
Total Assets	443	165,481	468	232,664

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

The following amounts represent GCRB's, and the Region's, share of the scheme at 31 July 2023 and were measured in accordance with the requirements of FRS 102:

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

	<u>31 July 2023</u>		<u>Restated 31 July 2022</u>	
	<u>GCRB</u>	<u>Group</u>	<u>GCRB</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Fair Value of Employer Assets	443	165,481	468	232,664
Present value of defined benefit obligations (liabilities)	(443)	(157,076)	(527)	(187,669)
Net (under) funding in Funded Plans	0	8,405	(59)	44,995
Net Pension Asset/(Liability)	0	8,405	(59)	44,995
Amount Charged to Staff Costs				
Current service cost	(88)	(8,660)	(187)	(15,965)
Past service cost	0	0	0	(25)
Curtailments and settlements	0	0	0	0
Less contributions paid	61	5,663	61	5,391
Total Charged to Staff Costs	(27)	(2,997)	(126)	(10,599)
Amount Charged to Interest and Other Finance Costs				
Interest income on pension costs	18	8,484	7	3,795
Interest cost on defined benefit obligation	(20)	(6,663)	(16)	(4,472)
Total Charged to Interest	(2)	1,821	(9)	(677)
Amount Charged to Other Comprehensive Income				
Return on assets	(130)	(78,470)	(3)	(9,404)
Other experience	(42)	(10,567)	(3)	(1,012)
Gains and losses arising on changes in financial assumptions	260	53,623	575	103,771
Actuarial Gain/(Loss)	88	(35,414)	569	93,355
Total Charge to the SOCI	59	(36,590)	434	82,079
Amount of the movement in deficit during the year				
Surplus/(Deficit) in scheme at start of year	(59)	44,995	(493)	(37,084)
Service costs	(88)	(8,660)	(187)	(15,990)
Employer contributions	61	5,663	61	5,391
Net interest costs	(2)	1,821	(9)	(677)
Actuarial gain/(loss)	208	38,249	569	101,851
Remeasurement of net pension asset	(120)	(73,663)	0	(8,496)
Surplus/(Deficit) in Scheme at End of Year	0	8,405	(59)	44,995

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

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

	<u>Employer contribution rates</u>	<u>Employee contribution rates (based on employee pensionable pay)</u>
1 st April 2022 to 31 st July 2023 (Colleges)	19.3%	5.5%-12%
1 st April 2022 to 31 st July 2023 (GCRB)	19.4%	5.5%-12%

The employer contribution for the period to 31 July 2023 is £61,000 for GCRB and £5,663,000 for the Group.

22. FE BURSARY AND OTHER STUDENT SUPPORT FUNDS

	<u>Bursary</u>	<u>EMA</u>	<u>Other</u>	<u>Year ended 31 July 2023</u>	<u>Year ended 31 July 2022</u>
	£'000	£'000	£'000	£'000	£'000
Balance brought forward	444	13	1,592	2,049	3,521
Opening SFC Debtor	0	0	0	0	0
Allocation received in year	19,760	806	8,076	28,642	28,537
Expenditure	(18,693)	(819)	(7,787)	(27,299)	(27,309)
Repaid as clawback	(444)	0	(900)	(1,344)	(2,700)
Virements	0	0	57	57	0
Closing SFC Debtor	0	0	0	0	0
Balance carried forward	1,067	0	1,038	2,105	2,049
Represented by:					
Repayable as Clawback	1,067	0	1,038	2,105	2,012
Retained for Students	0	0	0	0	37
	1,067	0	1,038	2,105	2,049

In the previous table, the allocation received in the year relates to funding drawn down by the colleges. The total maximum potential allocation is higher, than the figure in the table, but not all funds were drawn down in year ending 31 July 2023.

All Bursary and Student Support Grants are available solely for students, the Region acting only as paying agent. The grants, and related disbursements, are therefore excluded from the Statement of Comprehensive Income and Expenditure. GCRB does not distribute Bursary and Student Support Grants directly to students and the figures in the above table relate to the Region.

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

23. CHILDCARE FUNDS

	<u>31 July 2023</u>	<u>31 July 2022</u>
	£'000	£'000
Balance brought forward	0	0
Allocation received in year	2,761	2,307
Expenditure	(2,696)	(2,307)
Repaid to SFC as Clawback	0	0
Virements	(57)	0
Balance carried forward	8	0
Represented by:		
Repayable to SFC as Clawback	0	0
Retained for Students	8	0
	8	0

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

24. CAPITAL COMMITMENTS

	<u>31 July 2023</u>		<u>31 July 2022</u>	
	GCRB	Region	GCRB	Region
	£'000	£'000	£'000	£'000
Authorised but not contracted for at the year end	0	0	0	0
Authorised and contracted for at the year end	0	2,233	0	748

25. CONTINGENT LIABILITIES

GCRB and the Region had no material contingent liabilities at 31 July 2023.

26. EVENTS AFTER THE REPORTING PERIOD

GCRB had no events after the report period.

To return to a sustainable financial position, City of Glasgow College paid 10 individual staff a total of £121,000 in statutory redundancy payments. In December 2023, agreement was reached between the college Board of Management and the Educational Institute of Scotland in respect of a voluntary severance scheme. The terms of the voluntary severance scheme have been offered retrospectively to those academic staff who were paid statutory redundancy payments.

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

In September 2023, Glasgow Clyde College identified reinforced autoclaved aerated concrete (RAAC) in the boiler room and changing rooms at the Cardonald campus. In those areas, access restrictions have been implemented to reduce the risk of injury.

27. IMPACT OF DEPRECIATION BUDGET ON STATEMENT OF COMPREHENSIVE INCOME

Following reclassification, incorporated 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 because of having to meet Government accounting rules and the requirement to spend the entire cash allocation.

Under the FE/HE SORP, the region recorded an operating deficit of £5,927,000 for the year ended 31 July 2023. After adjusting for the non-cash allocation provided under government rules, the region shows an adjusted surplus of £782,000 on a Central Government accounting basis. The surplus is attributable to other factors reflected in the adjusted operating table on page 13 of this report which are largely non-cash pension adjustments, and the region is therefore operating sustainably within its funding allocation.

	<u>31 July 2023</u>	<u>Restated 31</u>
	Region	<u>July 2022</u>
	£'000	Region
		£'000
Surplus/(deficit) before other gains and losses (FE/HE SORP basis) for academic year	(5,927)	(9,604)
Add: Depreciation budget for government funded assets (net of deferred capital grant) for academic year	6,709	6,407
Operating surplus/(deficit) on Central Government accounting basis for academic year	782	(3,197)

28. RELATED PARTY TRANSACTIONS

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

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

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

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

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

The related party transactions, relating to GCRB for 2022-23, are shown in the table below. There were no debtor/creditor balances, relating to GCRB, at the year end.

Organisation	Regional Body	Member	Type of Transaction	Value £'000
Colleges Scotland	GCRB	J McCusker	Expenditure	1
College Development Network	GCRB	J McCusker, P Smart	Expenditure	2

Within the consolidated annual report and accounts 2022-23, related party transactions, and balances, above £20,000 are disclosed below. Further detail, relating to the related party transactions with each college board of management are shown in the annual report and accounts of the assigned colleges.

Organisation	Regional Body	Member	Type of Transaction	Value £'000
Glasgow Kelvin Learning Foundation	Glasgow Kelvin College	I Patrick	Income	277
Glasgow Caledonian University	Glasgow Kelvin College	E Clafferty	Income	181
Strathclyde University	Glasgow Kelvin College	J Hogg	Income	96
Glasgow East Arts Company	Glasgow Kelvin College	D Smeall	Expenditure	54
HEFESTIS	Glasgow Kelvin College	L Clark	Expenditure	21
University of Glasgow	Glasgow Clyde College	D Watt	Income	63
Strathclyde University	Glasgow Clyde College	S Heidinger	Income	47
Glasgow Clyde Education Foundation	Glasgow Clyde College	R McNamara	Income	2,323
Skills Development Scotland	Glasgow Clyde College	G McGuinness	Income	669
Advanced Procurement for Universities and Colleges	Glasgow Clyde College	J Thomson	Expenditure	79

Balances outstanding as at the 31 July 2023 with related parties were as follows:

Organisation	Regional Body	Member	Type of Transaction	Value £'000
Glasgow Kelvin Learning Foundation	Glasgow Kelvin College	I Patrick	Creditor (Deferred income)	216
Glasgow Clyde Education Foundation	Glasgow Clyde College	R McNamara	Debtor	269

29. PRIOR YEAR RESTATEMENT

The accounting figures for the year ended 31 July 2022 have been restated due to the application of an asset ceiling to the calculation of the SPF Pension surplus. Colleges that are part of the Glasgow region have followed the best practice advice of Hymans Robertson the actuaries for the SPF pension scheme and implemented the asset ceiling to the Pension scheme surplus. Following advice, the recoverability of the asset was assessed on this basis and determined that it was appropriate that the plan surplus in 2022 was reduced in line with the requirements of IFRIC 14.

The impact of this change on the group financial position is as follows:

	Value £'000
SPF pension Net Asset as previously stated	53,491
Impact of asset ceiling	(8,496)
SPF pension Net Asset as restated	44,995
Net assets after pension (liability)/asset as previously stated	292,204
Net assets after pension (liability)/asset restated	283,708

GLASGOW COLLEGES' REGIONAL BOARD 2022-23

Appendix 1

2022-23 ACCOUNTS DIRECTION

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

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

Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RSB) (for assigned colleges).

Incorporated colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2022-23 (FReM) where applicable. In cases where there is a conflict between the FReM and the SORP, the latter will take precedence.

Incorporated colleges and Glasgow Colleges' Regional Board are reminded that they must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2023.

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

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

**Scottish Funding Council
20 July 2023**

1 The term "institutions" includes colleges and Glasgow Colleges' Regional Board

2 Glasgow Colleges' Regional Board's accounts are prepared on a consolidated basis, incorporating the results of City of Glasgow College, Glasgow Clyde College and Glasgow Kelvin College. New College Lanarkshire's accounts are also prepared on a consolidated basis, incorporating the results of South Lanarkshire College.

<https://www.sfc.ac.uk/publications-statistics/guidance/2023/SFCGD222023.aspx>