



Annual Report and Accounts 2014-15

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Chair's foreword

It is my pleasure to introduce the first Annual Report and Accounts of the Glasgow Colleges' Regional Board (GCRB) as its new Chair. I was appointed by Angela Constance (Cabinet Secretary for Education and Lifelong Learning) with effect from 1 February 2016. I succeeded Ali Jarvis, who was GCRB's Interim Chair. I am looking forward to working closely with colleagues in the three colleges to further enhance the impact of the Glasgow college sector on learners' life chances and the Glasgow economy.

As is described in more detail on pages 3 and 4, the Glasgow colleges have achieved a great deal during 2014-15, including exceeding the targets for learner opportunities, and increasing the share of provision for 16-24 year olds and for those from our most deprived communities. Good progress has also been made in implementing the regional curriculum and estates implementation plan, *A Vision for College Learning*. This is particularly noteworthy because it maps out cross-region curriculum changes which will enhance vocational relevance and support improved access and social inclusion.

The GCRB itself was established on 1 May 2014. In its first year the GCRB was focussed on establishing the structures, systems and procedures which the GCRB requires to be fully-operational. Although all these arrangements are now in place, because they were not complete and fully implemented until October 2015, the Scottish Funding Council (SFC) was unable to grant the GCRB fully-operational fundable body status, and therefore the GCRB has not taken on its full responsibilities. However, I am delighted that almost all the necessary arrangements were established during the latter part of 2015 and that we are now on track to become fully-functional from the beginning of academic year 2016-17.

That progress has been helped greatly by the strong support of the three colleges, for which I wish to record here the thanks of both myself and the Board. That support has been instrumental in enabling the GCRB to make positive progress in an efficient manner.



Margaret Cook
Chair

14 March 2016

Operating and financial review

This report covers the period from GCRB's establishment on 1 May 2014 through to 31 July 2015 (the 'accounting period'). Some of the commentary refers to the 2014-15 academic year (running from 1 August 2014 to 31 July 2015) and there is also reference to key developments that have taken place since 31 July 2015.

Overview

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). Although the GCRB is a separate organisation, it is positioning itself as part of the Glasgow region college family and is seeking to work seamlessly with our colleagues in the three colleges:

- City of Glasgow College
- Glasgow Clyde College
- Glasgow Kelvin College

Role of the GCRB

The GCRB role is to secure the coherent provision of a high quality of fundable further and higher education in the three Glasgow colleges. Its functions include:

- Funding of the three colleges
- Planning
- Performance monitoring
- Promotion of the SFC's Credit and Qualification Framework
- Promotion of collaboration and sharing of good practice
- Efficiency studies
- Improvement of economic and social well-being
- Good governance and compliance
- Appointment of its own Board members (with approval by Ministers)
- Appointment of Board members of the three assigned colleges

Regional Outcome Agreement

The Regional Outcome Agreements set out the outcomes which the Glasgow colleges have agreed to deliver in return for the funding provided by the SFC. The Regional Outcome Agreements are therefore the key strategy documents for both the Glasgow region of colleges and the GCRB itself. Copies of the Regional Outcome Agreements are available on the SFC's website.

The outcomes for academic year 2014-15 were as follows:

- Right Learning in the Right Place
- Widening Access
- High Quality & Efficient Learning
- Developing the Workforce

The self-evaluation for academic year 2014-15 concludes that the colleges have made significant progress towards achievement of these outcomes. This evaluation is based on a range of evidence which includes:

- Indicative June 2015 activity data which suggests that the Glasgow colleges exceeded their regional Weighted Student Unit of Measurement (WSUM) target by around 8,000 WSUMs, increased the proportion of activity for the 16-24 year olds age cohort and exceeded regional activity targets for the proportion of activity related to learners from the 10% most deprived neighbourhoods and the proportion of college students classing themselves as disabled.
- The completion of an extensive evaluation of the regional curriculum and development of a curriculum and estates implementation plan, *A Vision for College Learning*, which specifies changes to subject volumes, types, modes and delivery locations to enhance vocational relevance and support improved access and social inclusion for 2015-16 – 2019-20.
- Extensive employer engagement activity, including direct consultation with a range of employers, representative bodies and stakeholders, an increase in the proportion of courses delivered which lead to accredited and vocationally relevant qualification and the provision of additional learning opportunities to over 800 full-time learners as part of a national European Social Fund Priority 5 'Skills for a Competitive Workforce' project.
- The extension of vocational progression partnership activity with schools, universities and employers, including expansion of the additional Higher National places scheme and the establishment of new Higher Education Institution partnerships with Strathclyde University and Glasgow School of Art.

- Significant work with the National Engineering Foundation (NEF) to develop regional and individual college Science, Technology, Engineering and Mathematics (STEM) strategies and apply to become STEM assured colleges, which was achieved on 21 October 2015.

Financial commentary

For the period up to 31 December 2014, GCRB's running costs were funded out of the SFC's strategic funds budget, and from 1 January 2015 onwards they have been funded from the SFC's core grant to the Glasgow colleges.

The Accounts for the period report total expenditure relating to GCRB's running costs of £278,617. This is less than originally anticipated. This is mainly due to a change in approach in how the GCRB operates, whereby the GCRB is exercising its functions by drawing on the expertise within the three colleges rather than through new standalone arrangements.

The GCRB's running costs will continue to be funded from SFC's core grant to the Glasgow region. It is therefore imperative that the GCRB continues to work closely with the three colleges to both minimise its running costs and extract maximum value from its activities. On an annualised basis, the expenditure for the accounting period represents around 0.3% of the total SFC grant to the Glasgow region.

Basis of preparation of the accounts

The Board must prepare accounts that give a true and fair view of GCRB's state of affairs and of the surplus or deficit and cash flows for that year. In causing the accounts to be prepared, the Board has ensured:

- Suitable accounting policies are selected and applied consistently
- Reasonable and prudent estimates and judgements have been made
- Applicable accounting standards have been followed, subject to any material departures explained in the accounts
- 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
- The Accounts 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 accounts.

Audit

The audit of the Accounts of the GCRB has been undertaken by Scott-Moncrieff, appointed by the Auditor General for Scotland. The audit fee from 1 May 2014 to 31 July 2015 was £21,000. No non-audit services were supplied during the year.

The Interim Chief Officer has taken all steps to make himself aware of any relevant audit information and to establish that Scott-Moncrieff is aware of that information. There is no relevant audit information of which Scott-Moncrieff is not aware.

GCRB's status

The focus during this accounting period has been to establish the structures, systems and procedures which the GCRB requires to be fully-operational. Although all these arrangements are now in place, because they were not complete and fully implemented until October 2015, the SFC was unable to grant the GCRB fully-operational fundable body status, and therefore the GCRB has not taken over full responsibility for the functions listed in the *Our role* section above, except for board appointments.

Running cost expenditure relating to the GCRB was first of all handled by the SFC itself between 1 May 2014 and 31 December 2014. Subsequently, the SFC has provided grants to Glasgow Caledonian University and the City of Glasgow College to handle GCRB's running cost expenditure as follows:

- Glasgow Caledonian University between 1 January 2015 and 31 March 2015 (GCRB's office was originally located within the University)
- City of Glasgow College from 1 April 2015 onwards (GCRB moved its office to within City of Glasgow College in May 2015)

The expenditure included in this annual report and accounts is the summation of that handled by the SFC, Glasgow Caledonian University and City of Glasgow College. The expenditure handled by each of Glasgow Caledonian University and City of Glasgow College was subject to the terms and conditions of grant award letters between the SFC and the two institutions. The GCRB was not a party to these grant awards.

All funding for the assigned colleges during the period was determined and provided directly to the colleges by the SFC. Consequently, the funding of the assigned colleges does not feature in this Annual Report and Accounts.

Current developments

On 27 October 2015 the Board took a large number of decisions which had the effect of ensuring that the GCRB now has in place all the policy and procedural arrangements to support its full operations. In parallel, the SFC has been assessing, and is continuing to assess, how the board is fulfilling its responsibilities for the proper operation of these policies and procedures. The SFC has also stated that time will need to be allowed for the

governance and management arrangements to be fully implemented and working seamlessly, and that SFC officers will wish to conduct a further review early in 2016.

The GCRB and the colleges have developed reporting systems to allow progress to be monitored against the targets in the Regional Outcome Agreement during the course of the year, and these are being reported through GCRB's Performance & Resources Committee. Early indications are that all targets will be either met or exceeded in 2015-16.

Looking further ahead, planning of the 2016-17 Regional Outcome Agreement has commenced at an early stage and the detailed development work is being undertaken by a range of colleagues from across the region.

Leadership of the GCRB

Between 1 May 2014 and 1 May 2015 the Chair of the GCRB was the Right Honourable Henry McLeish. Ali Jarvis was appointed Interim Chair on 1 May 2015 by the Scottish Government. Margaret Cook was appointed by the Scottish Government to succeed Ali Jarvis as Chair with effect from 1 February 2016.

Between 1 May 2014 and 31 March 2015 GCRB's senior executive official was Julia Henderson, Advisor to the Board. Ms Henderson was seconded from City of Glasgow College and the secondment ended on 31 March 2015.

Martin Fairbairn was appointed as Interim Chief Officer of the GCRB with effect from 11 May 2015, on secondment from the SFC, and is fulfilling the responsibilities of GCRB's Executive Director. The GCRB is seeking to recruit a permanent Executive Director who will take over from Mr Fairbairn when appointed.

Board membership

Member	Type of member and background	Appointment start date	Appointment end date
Served during the period 1 May 2014 to 31 July 2015			
Andrew Aitken	Student member.	01/05/14 Re-appointed: 18/05/15	07/04/15 31/08/15
Douglas Baillie	Chair of assigned college (City of Glasgow College). Banker.	01/05/14	31/10/15
Cinzia Biondi	Ordinary member. Strategic advisor on data protection/privacy, and the governance of compliance and regulatory risks.	01/05/14	02/11/15

Member	Type of member and background	Appointment start date	Appointment end date
George Chalmers	Chair of assigned college (Glasgow Clyde College). Director, Resource Efficiency Management Limited.	08/12/14	08/10/15
Pamela Gillies	Ordinary member. Principal and Vice-Chancellor of Glasgow Caledonian University.	01/05/14	02/04/15
Suzanne Hester	Ordinary member. Banker and HR professional.	01/05/14	04/08/15
Irving Hodgson	Chair of assigned college (Glasgow Kelvin College). Planning and Development Consultant.	01/05/14	
Peter Hughes	Ordinary member. Formerly Chief Executive of Scottish Engineering.	01/05/14	24/06/14
Clare Ireland	Staff member.	01/05/14	
Ali Jarvis	Interim Chair. Freelance consultant and coach in leadership, strategic change management, equality and governance.	01/05/15	31/01/16
Carol Kirk	Ordinary member. Education consultant.	01/05/14	
Barclay McCrindle	Student member.	01/05/14 Re-appointed: 18/05/15	07/04/15 31/08/15
Linda McDowall	Ordinary member. Formerly Senior Director of Business Networks & Communications for Scottish Enterprise.	01/05/14	
Maureen McKenna	Ordinary member. Executive Director of Education Services, Glasgow City Council.	01/05/14	02/04/15
Rt Hon Henry McLeish	Chair. Academic, consultant and author. Former First Minister of Scotland.	01/05/14	01/05/15
Janet McKay	Ordinary member. Consultant Nurse, NHS Ayrshire and Arran.	01/05/14	30/04/16
Leonie O'Connor	Ordinary member. Chartered Accountant.	10/02/15	
Jim O'Donovan	Staff member.	01/05/14	
Grahame Smith	Ordinary member. General Secretary of the Scottish TUC.	01/05/14	
Mark Toma	Chair of assigned college (Glasgow Clyde College). Accountant.	01/05/14	25/09/14

Member	Type of member and background	Appointment start date	Appointment end date
Appointed after 31 July 2015			
Alisdair Barron	Chair of assigned college (City of Glasgow College). HR professional.	01/11/15	
Margaret Cook	Chair. Human Resources and Organisational Development Consultant. Formerly HR Director at Edinburgh Napier University and Heriot-Watt University.	01/02/16	
Frank Coton	Ordinary member. Vice-Principal (Academic and Educational Innovation), University of Glasgow.	09/11/15	
Ian Gilmour	Student member	30/09/15	
Alex Linkston	Chair of assigned college (Glasgow Clyde College). Formerly Chief Executive of West Lothian Council.	08/10/15	
Caroline MacDonald	Ordinary member. Formerly Deputy Vice Chancellor at Teesside University.	09/11/15	
Hollie Moran	Student member.	30/09/15	
Jackie Russell	Ordinary member. Director of Human Resources, Royal Conservatoire of Scotland.	09/11/15	

Membership of the Audit Committee

Member	Appointment start date	Appointment end date
Cinzia Biondi	31/03/15	02/11/15
Janet McKay	31/03/15	30/04/16
Leonie O'Connor	31/03/15	
Grahame Smith	31/03/15	

Membership of the Performance & Resources Committee

Member	Appointment start date	Appointment end date
Clare Ireland	31/03/15	25/01/16
Carol Kirk	31/03/15	
Linda McDowall	31/03/15	
Henry McLeish	31/03/15	01/05/15
Jim O'Donovan	31/03/15	

Membership of the Nominations & Remuneration Committee

Member	Appointment start date	Appointment end date
Suzanne Hester	09/07/14	04/08/15
Linda McDowall	09/07/14	
Clare Ireland	25/01/16	
Henry McLeish	09/07/14	01/05/15
Grahame Smith	09/07/14	

Payment of creditors

During the accounting period responsibility for handling GCRB's financial transactions lay with the SFC, Glasgow Caledonian University and City of Glasgow College. Information on their creditor payment policies and performance is available in their published financial statements.

Estates strategy

The GCRB itself has no land or buildings.

The Glasgow region is currently implementing its Curriculum & Estates Review, a copy of which is available on the GCRB website. This is based on a set of high level principles which seek to ensure that the region's colleges offered the right learning in the right place and that over the period 2015-16 to 2019-20 Glasgow's colleges should:

- Make changes to the overall shares of core curriculum activity related to specific economic sectors and in particular, reduce activity related to Creative and Cultural Industries employment and grow activity related to Administration, Financial & Business Services, Food, Drink, Hospitality & Leisure, Health, Care & Education and Life & Chemical Sciences;
- Increase by 2% the overall proportion of activity provided at Further Education levels; and in response to the strong evidence of undersupply in college delivery at access levels (particularly at SCQF level 4),
- Increase core curriculum activity at the City of Glasgow College as its new build completes so that it delivers the equivalent of 210,000 WSUMs of activity. This is to be achieved through activity redistribution from Glasgow Kelvin and Glasgow Clyde colleges, efficiency savings delivered by the City of Glasgow College and additional activity funding provided by the SFC to recognise the metropolitan pull of the city centre. As part of these changes to overall college activity volumes, this will allow Glasgow Kelvin College to close its City Campus, the oldest and poorest quality building within the Glasgow college estate.

For details of the estates strategies of the three colleges, reference should be made to their financial statements.

A handwritten signature in black ink, appearing to read 'Martin Fairbairn', with a long horizontal flourish extending to the right.

Martin Fairbairn
Interim Chief Officer

14 March 2016

Remuneration report

Remuneration policy

During the period all the GCRB staff were secondees from partner organisations.

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 remuneration of the Chair is determined by the Scottish Government and all other Board members are non-remunerated. A copy of the Committee's terms of reference is available on the GCRB's website.

Remuneration including salary and pension entitlements

Remuneration of the Chair

The following table provides detail of the remuneration of the Chair of the board of GCRB.

NAME	ACTUAL 15 Months Ended 31 July 2015 £'000
Rt Hon Henry McLeish (for period 1/5/14 to 1/5/15)	20-25
Ali Jarvis (for period 1/5/15 to 31/7/15)	5-10

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

Salary entitlements

The following tables provide details of the remuneration of senior management.

NAME	ACTUAL 15 Months Ended 31 July 2015		
	SALARY £'000	PENSION BENEFIT £'000	TOTAL £'000
Julia Henderson (1/5/14 to 31/3/15) – See Note 1	60-65	-	60-65
Martin Fairbairn (from 11/5/15) – See Note 2	15-20	-	15-20

NAME	ANNUAL EQUIVALENT		
	SALARY £'000	PENSION BENEFIT £'000	TOTAL £'000
Julia Henderson (1/5/14 to 31/3/15) – See Note 1	70-75	-	70-75
Martin Fairbairn (from 11/5/15) – See Note 2	75-80	-	75-80

Note 1: Julia Henderson is an employee of the City of Glasgow College, seconded to the GCRB from 1 May 2014 to 31 March 2015. GCRB reimbursed the City of Glasgow College for the salary and associated on-costs of employment.

Note 2: Martin Fairbairn is an employee of the SFC, seconded to the GCRB from 11 May 2015. The GCRB reimburse the SFC with a contribution to the costs of Martin Fairbairn's salary and associated national insurance and pension on-costs.

No members of the Board or of senior management received any benefits in kind, bonuses or overtime in addition to their remuneration or salary. The above tables have been subject to external audit.

As this is the first year of operation there are no comparative pension figures for the previous year.

Median remuneration

The GCRB is required by the Government Financial Reporting Manual (FRM) to disclose the relationships between the remuneration of the highest paid official and the median remuneration of its workforce.

Based on the 12 months equivalent figure above the banded remuneration of the highest paid official in the organisation in the financial year 2014-15 was £75,000-£80,000. This was 2.3 times the median remuneration of the workforce.

Accrued Pension benefits

Pension interests of senior management seconded to the GCRB during the reporting period are in accordance with the specific employment contracts in place with the respective partner organisations and not with GCRB. Pension interests of senior management have therefore not been included below.

The following information refers to the pension arrangements of the seconding organisations:

- Pension benefits for employees are provided through two schemes. Firstly the Local Government Pension Scheme (LGPS) which is a defined benefit scheme funded and

contracted out of State Earnings. Secondly, through the Civil Service Pension Scheme (PCSPS) for staff employed directly by the SFC but seconded to the GCRB.

- The LGPS is a final salary pension scheme. This means that pension benefits are based on the final year's pay and the number of years that the person has been a member of the scheme. The scheme's normal retirement age is 65.
- The PCSPS is an unfunded multi-employer defined benefit scheme. The SFC is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation.
- Contribution rates are set annually for all employees of these schemes.
- There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on final pensionable salary and years of pensionable service.

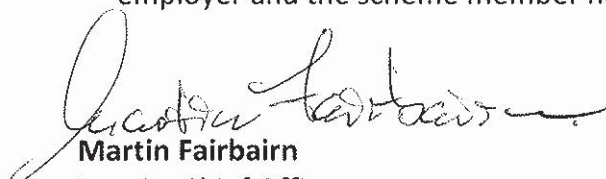
Cash Equivalent Transfer Value (CETV)

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 benefits have has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

The pension figures shown relate to the benefits that the person has accrued as a consequence of their total LGPS or PCSPS service and not just their current appointment. In considering the accrued pension benefits figures the following contextual information should be taken into account:

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



Martin Fairbairn
Interim Chief Officer

14 March 2016

Governance statement

Introduction

The section on *GCRB's* status within the *Operating and financial* review describes GCRB's focus during its first fifteen months and the arrangements for handling its expenditure. The arrangements that are now in place 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*.

Board membership

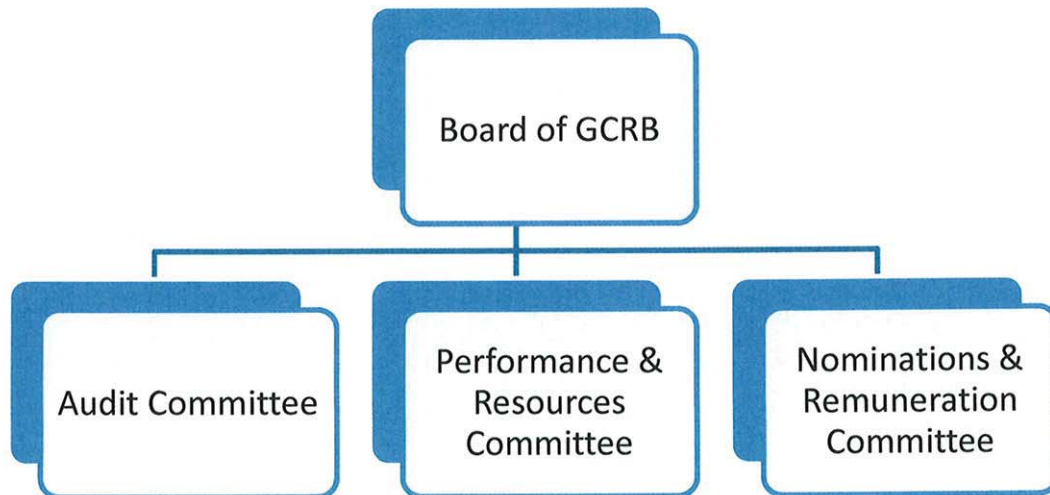
The Chair of the Board of the GCRB is appointed by Scottish Ministers. Other members are appointed as follows:

- 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).

The initial staff members and student members were appointed by Scottish Ministers using transitional provisions. Subsequently, these members were appointed through the normal election and nomination processes. Apart from the chairs of the assigned colleges, all other members of the Board at inception were appointed by Scottish Ministers. Appointments since then have been made under the arrangements summarised above.

Governance structure

The following diagram outlines GCRB's governance structure, which has now been implemented in full:



The Board of GCRB held nine formal meetings during the period of this annual report and accounts, and the Nominations & Remuneration Committee met on six occasions. The Audit Committee and the Performance & Resources Committee met for the first time on 31 August 2015 and 5 October 2015 respectively.

Audit Committee

The Audit Committee advises 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.

In relation to the assigned colleges the Audit Committee will advise on:

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

Performance & Resources Committee

The Committee:

- advises the Board on the proper control and management of the region's financial resources;
- advises the Board in relation to any matter relating to compliance with the Financial Memorandum by any of its assigned colleges;
- advises the Board on any matter relating to the making of a grant, loan or other payment and the conditions relating to any such payments;
- monitors progress against agreed financial targets as set out in the Regional Outcome Agreement;
- advises the Board in relation to ensuring the economic, efficient and effective use of funds;
- monitors 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;
- monitors progress against agreed targets as set out in the Regional Outcome Agreement;
- advises the Board on all matters relating to the monitoring of performance of the assigned colleges;
- advises 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;
- advises 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;
- ensures that a strategy is in place to achieve Best Value and Value for Money;

- oversees the implementation of regional projects and makes recommendations to the Board in relation to implementation and advises on any matters of concern;
- monitors and keeps under review the effectiveness of the implementation of regional projects and receives reports on a regular basis.

Nominations & Remuneration Committee

The Committee:

- is responsible for overseeing remuneration levels, salary awards, pensions, terms and conditions of employment and any other related matters for the executive and other senior posts within the organisation;
- provides support in reviewing overall executive performance;
- is responsible for the appointment process of the Executive Director and for making recommendations for their appointment to the Board;
- is responsible for reviewing the performance of the Executive Director;
- considers proposals regarding overall remuneration including pay awards across the organisation, making recommendations to go to the Board;
- is consulted on any proposals for major changes to employee benefit structures;
- gives 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, and the skills and expertise needed on the Boards in the future;
- reviews the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board of GCRB and of the assigned colleges' Boards, and makes recommendations to the Board of GCRB as a consequence;
- ensures that a full evaluation of the balance of skills, knowledge, experience and diversity on the relevant Board has been carried out and that, in the light of this evaluation, an appropriate role description has been agreed before any appointment is made;
- ensures that fair, open and merit based recruitment processes are conducted for the appointment of Board members and that all appointments are made in a manner which encourages equal opportunities and the observance of equal opportunity requirements;
- makes recommendations to the Board of GCRB for its approval in relation to Board member appointments, appointment processes and terms of appointment;
- is responsible for ensuring that the Board of GCRB reviews its effectiveness annually; and
- shall make recommendations to the Board of GCRB in relation to a process for evaluating the effectiveness of the Board Chair and the Committee Chairs.

Board effectiveness

At its meeting on 27 October 2015 the Board approved a process for reviewing its performance annually and considering the implications of this assessment for improving its effectiveness. It will undertake the first of these reviews at its meeting on 25 April 2016.

Board members' attendance at meetings

Board members attending board and committee meetings	Board 9 in period	Nominations & Remuneration 6 in period
Andrew Aitken	7 of 8	NA
Douglas Baillie	8 of 9	NA
Cinzia Biondi	9 of 9	NA
George Chalmers	6 of 6	NA
Pamela Gillies	5 of 6	NA
Suzanne Hester	8 of 9	6 of 6 (2 as C)
Irving Hodgson	9 of 9	NA
Peter Hughes	1 of 1	NA
Clare Ireland	8 of 9	NA
Ali Jarvis	2(C) of 2	NA
Carol Kirk	7 of 9	NA
Barclay McCrindle	7 of 8	NA
Linda McDowall	7 of 9	6 of 6
Maureen McKenna	6 of 6	NA
Henry McLeish	7 (C) of 7	5 of 5 (4 as C)
Janet McKay	7 of 9	NA
Leonie O'Connor	3 of 5	NA
Jim O'Donovan	8 of 9	NA
Grahame Smith	8 of 9	6 of 6
Mark Toma	2 of 2	NA

Note: 'C' denotes that the member was the Chair of the Board or the committee

Appointment start and end dates are provided in the Operating and financial review section.

Risk management

The Board of GCRB approved its risk management policy and guidance on 27 October 2015 (and therefore this policy and guidance was not in place during the accounting period). The approved policy contains the following key principles which outline GCRB's approach to risk management and internal control:

- The Board has responsibility for overseeing risk management within GCRB as a whole. Regular monitoring of risk is undertaken by the Audit Committee.
- The GCRB adopts an open and receptive approach to risk identification and management.

- The management team supports, advises and implements policies and strategies approved by the Board.
- The GCRB makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.
- The management team is responsible for ensuring good risk management practice.
- The management team takes into account the possibility of the differential impact of risks, and risk treatments, upon people who share protected characteristics.
- Key risk indicators will be identified and closely monitored on a regular basis.
- The GCRB would, in general, seek to treat risks with the potential of negative impact prudently. However the Board and the management team recognise the possibility of positive outcomes in the treatment of risks, and accordingly will be careful to evaluate each risk individually. "Risk tolerance" will be determined by the Board with guidance from the management team.

Internal audit

The GCRB did not have an internal audit function during the accounting period. Following a procurement exercise that was supported by Advanced Procurement for Universities and Colleges and which was run in partnership with Glasgow Clyde College, the Board of GCRB approved the appointment of Henderson Loggie as its internal auditors on 27 October 2015.

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

Although the required structures, systems and procedures for an effective system of governance and internal control have now been established, because they were not complete and fully implemented until recently, it has not been possible to rely upon them for the accounting period. This includes arrangements for the efficient and effective use of public funds. However, all expenditure relating to the GCRB during the period has been handled by the SFC, Glasgow Caledonian University and the City of Glasgow College. The GCRB has obtained assurance from these organisations that their systems of governance and internal control were operating satisfactorily during the period.



Martin Fairbairn
Interim Chief Officer

14 March 2016

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

We have audited the financial statements of the Glasgow Colleges' Regional Board for the period ended 31 July 2015 under the Further and Higher Education (Scotland) Act 2005. The financial statements comprise the Income and Expenditure Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 125 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Board and auditor

As explained more fully in the Operating and Financial Review, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We are also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Generic scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the Glasgow Colleges' Regional Board and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board; and the overall presentation of the financial statements. It also involves obtaining evidence about the regularity of expenditure and income. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements, irregularities, or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 2005 and directions made thereunder by the Scottish Funding Council of the state of the affairs of the Glasgow Colleges' Regional Board as at 31 July 2015;
- 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 2005 and directions made thereunder by the Scottish Funding Council.

Opinion on regularity

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

Opinion on other prescribed matters

In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Further and Higher Education (Scotland) Act 2005 and directions made thereunder by the Scottish Ministers; and
- the information given in the Operating and Financial Review for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the Governance Statement does not comply with Scottish Funding Council requirements.

We have the following to report in respect of these matters:

Emphasis of Matter

The Governance statement discloses that the required structures, systems and procedures for an effective system of governance and internal control, including arrangements for the efficient and effective use of public funds, were not complete and fully implemented during the accounting period. Our opinions on the financial statements and on regularity are not modified in respect of this matter.

We have nothing to report in respect of the other matters on which we are required to report by exception.



Gary Devlin

For and on behalf of Scott-Moncrieff

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

Exchange Place 3

Semple Street

Edinburgh

EH3 8BL

15 March 2016

GLASGOW COLLEGES' REGIONAL BOARD

BALANCE SHEET

AS AT 31 JULY 2015

		<i>As At</i>
		31 July 2015
	<i>Note</i>	£
Fixed assets		
Tangible assets		-
Total Fixed assets		-
Current assets		
Debtors	5	96,845
Cash at bank and in hand		-
Total Current assets		96,845
Creditors - amounts falling due within one year	6	(96,845)
Net current assets		-
Total assets less current liabilities		-
Income and Expenditure account		-
Total Reserves		-
TOTAL		-

The financial statements on pages 23 to 32 were authorised for issue by the Board on 14 March 2016 and signed on its behalf by:


Margaret Cook
Chair


Martin Fairbairn
Interim Chief Officer

GLASGOW COLLEGES' REGIONAL BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 15 MONTHS ENDED 31 JULY 2015

1 STATEMENT OF ACCOUNTING POLICIES

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

Basis of preparation

These financial statements have been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and the Accounts Direction issued thereunder by the Scottish Funding Council (SFC) which requires compliance with the Statement Of Recommended Practice: Accounting for Further and Higher Education (2007). They conform to guidance published by the SFC. The Glasgow Colleges' Regional Board (GCRB) was established under the Further and Higher Education (Scotland) Act 2005. The accounts have been prepared in accordance with applicable accounting standards.

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention. There are no comparatives for previous years as 2014/15 is the first period of operation.

Going Concern

The GCRB is satisfied that it has adequate resources to continue in operation for the foreseeable future and therefore the going concern basis continues to be adopted in the preparation of the financial statements.

Recognition of Income

Recurrent grants from the SFC are recognised in accordance with services/operations delivered. Therefore income will equal expenditure on an accruals basis.

Non-recurrent grants from the SFC in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income from other grants, contracts and other services rendered is included to the extent of completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the period and any related contributions towards overhead costs.

Tangible fixed assets : Equipment

Equipment costing less than £5,000 is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life of four years.

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

Leased assets

Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

Taxation

The Board is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Board is 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.

The Board is not registered for Value Added Tax.

Provisions

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

GLASGOW COLLEGES' REGIONAL BOARD

NOTES TO THE FINANCIAL STATEMENTS

15 months ended

31 July 2015

£

2 SFC GRANTS

Deducted from Member Colleges Grant in Aid	125,415
Expenditure paid by the SFC	153,202
	<hr/>
	278,617

All expenditure for the period 1 May 2014 to 31 December 2014 has been paid by the SFC. After this date all expenditure was paid for by the assigned Colleges indirectly, funded through a deduction from their grant in aid.

3 STAFF COSTS

Wages & Salaries	150,002
Pension	24,576
National Insurance	15,005
	<hr/>
	189,583

The number of higher paid staff who received emoluments including benefits in kind and excluding pension contributions during the period in the following range

	<i>No. Of Higher Paid Staff</i>
£60,000 to £69,999	1

Staff Numbers:

The average number of persons (including senior post holders) employed by the Board during the period, as expressed as a full-time equivalent, was:

	<i>Number</i>
Senior Management	1
Administration	1
	<hr/>
	2

3 SENIOR POST- HOLDERS' EMOLUMENTS

Salary of Julia Henderson, Advisor to the Board, 1 May 14 to 31 March 15	64,258
Salary of Martin Fairbairn, Interim Chief Officer, 11 May 15 to 31 July 15	17,188
Pension Contributions of Julia Henderson, Advisor to the Board, 1 May 14 to 31 March 15	12,402
Pension Contributions of Martin Fairbairn, Interim Chief Officer, 11 May 15 to 31 July 15	4,211

The members of the Board, other than the Chair, did not receive any payments from the GCRB other than travel and subsistence expenses incurred in the course of their duties.

Employer pension contributions are paid at the following rate:

Civil servants scheme 24.5%

Strathclyde Pension Fund 19.3%

4 ANALYSIS OF OTHER OPERATING EXPENSES

Audit	21,000
Hospitality	3,269
Legal	11,510
Other expenses	6,031
Recruitment	8,697
Rent	19,157
Stationery	2,425
Subscriptions	9,083
Travel/Accommodation	7,862
	89,034

Other Operating Expenses include:**Auditor's Remuneration (including irrecoverable VAT)**

- internal audit	-
- external audit	21,000
- other services - external auditors	-
- other services - internal auditors	-

GLASGOW COLLEGES' REGIONAL BOARD

NOTES TO THE FINANCIAL STATEMENTS

As At
31 July 2015
£

5 DEBTORS

Funds held by the SFC	95,733
Prepayments	1,112
	<hr/>
	96,845

Funds held by the SFC relate to cash held back to pay outstanding creditors at the year end.

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Accruals:	
Salaries	64,398
Pension	8,055
Audit fee	21,000
Other accruals	3,392
	<hr/>
	96,845

7 PROVISIONS

There are no provisions at the period end.

8 CONTINGENT LIABILITIES

GCRB has no contingent liabilities to disclose.

9 CAPITAL COMMITMENTS

There are no capital commitments at the period end.

10 POST BALANCE SHEET EVENTS

There have been no material post balance sheet events

11 RELATED PARTY TRANSACTIONS

The three Assigned Colleges and the SFC are regarded as related parties. During the year the GCRB had various material transactions with the SFC.

All transactions involving organisations in which a member of the Board may have an interest are conducted at arm's length and in accordance with normal project and procurement procedures. The Board had no transactions during the year with any publicly funded or representative bodies in which a member of the GCRB has an interest.

The following Board members who served during the year were (or have been) related parties to either the Assigned Colleges or the SFC:

- Andrew Aitken is a student of Glasgow Kelvin College

- Douglas Baillie was Chair of the Board of Management of City of Glasgow College

- George Chalmers was Chair of the Board of Management of Glasgow Clyde College with effect from 8 December 2014

- Irving Hodgson is Chair of the Board of Management of Glasgow Kelvin College

11 RELATED PARTY TRANSACTIONS

- Clare Ireland is an employee of Glasgow Clyde College
- Ali Jarvis was a member of the Scottish Funding Council
- Barclay McCrindle was a student of Glasgow Clyde College
- Jim O'Donovan is an employee of City of Glasgow College
- Mark Toma was Chair of the Board of Management of Glasgow Clyde College until 25 September 2014

The Register of Interests for Board Members is available on the GCRB's website at <http://www.gcrb.ac.uk/boardmembers>

During the year, other than through their employment, none of the Board members have undertaken any material transactions with the GCRB.

2014-15 Accounts direction for the Regional Board for Glasgow Colleges

- 1 It is the Scottish Funding Council's direction that the Regional Board for Glasgow Colleges, known as the Glasgow Colleges' Regional Board (GCRB), complies with the 2007 *Statement of Recommended Practice: Accounting for Further and Higher Education* (SORP) in preparing its annual report and accounts¹ for the period from 1 May 2014 to 31 July 2015.
- 2 GCRB is also required to comply with the Government Financial Reporting Manual 2014-15 (FRM) where applicable.
- 3 GCRB is also reminded that it must send two copies of its annual report and accounts to the Auditor General for Scotland by 31 December 2015.
- 4 The financial statements should be signed by the chief officer and by the chair, or one other member of the governing body.
- 5 GCRB should reproduce this Direction as an appendix to the financial statements.

Scottish Funding Council
11 November 2015