

Annual Report and Accounts 2015-16

Chair's foreword

It is my pleasure to introduce the second Annual Report and Accounts of the Glasgow Colleges' Regional Board (GCRB). I was appointed by Angela Constance (Cabinet Secretary for Education and Lifelong Learning) with effect from 1 February 2016 and 2015-16 represents my first full year as Chair of GCRB. In that time, I have enjoyed 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.

The Glasgow Colleges' Regional Board has developed considerably since the period of the previous annual report and accounts and is now operating as an effective public body which adds value to, and makes a positive impact on, the delivery of inclusive and high quality college learning opportunities across the Glasgow region.

As is described more fully in this report, the Glasgow colleges have achieved a great deal during 2015-16, including exceeding the targets for learner recruitment and increasing attainment. GCRB and the three Glasgow Colleges work closely with a range of stakeholders, including over 2,000 different employers, to ensure curriculum delivery maximises opportunities for learners to progress to employment or further study and in 2016, national performance data showed that 98% of Glasgow full-time college leavers were in work, training and/or further study 3-6 months after qualifying.

Good progress has also been made in implementing the regional curriculum and estates implementation plan, *A Vision for College Learning*, and August 2016 marked the closure of the Glasgow Stow College building, one of the oldest college buildings in Scotland, and the opening of the new City of Glasgow College City Campus, one of the most advanced learning facilities anywhere in the world.

In terms of assuming fully-operational fundable body status, in 2015-16 the Scottish Funding Council undertook a review of GCRB governance arrangements and confirmed formally to GCRB that it has made significant and effective progress in operating effectively as a Regional Strategic Body, and it is their view that GCRB is fulfilling its statutory role to secure coherent provision of high quality further and higher education. GCRB and the SFC are now working on a detailed transition plan which sets out tasks and timeframes related to funding, monitoring and financial arrangements which will allow fully-operational fundable body status to be implemented.

The considerable progress made by GCRB outlined in this annual report has been facilitated greatly by the strong support of the three colleges, for which I wish to record here the thanks of both myself and the Board.

Margaret Cook, GCRB Chair

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A) The Performance Report

Section 1. Overview

1.1 Role 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). 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

The focus during this accounting period has been to establish the structures, systems and procedures which the GCRB requires to be fully-operational, and for SFC to transfer to GCRB full responsibility for management of assigned college funding. GCRB and the SFC are now working on a detailed transition plan which sets out tasks and timeframes related to funding, monitoring and financial arrangements which will allow fully-operational fundable body status to be implemented.

1.2 GCRB Executive Director Statement of Performance

The auditor's opinion on the GCRB annual report and accounts for 2014/15 noted the significant problems relating to GCRB's governance arrangements and its relationships with the three assigned colleges in Glasgow and the Scottish Funding Council over the 2014/15 period. The Audit Scotland section 22 report which resulted from this opinion highlights the fact that whilst GCRB's financial statements for 2014/15 were unqualified, the auditor's report contained an emphasis of matter with regard to weaknesses of governance in GCRB relating to an absence of key systems of assurance and internal control, namely:

- an appropriate risk management framework;
- key committees such as an Audit Committee and Performance and Resources Committee;
- an internal audit function;
- an approved scheme of financial delegation, standing orders or standard financial instructions; and
- appropriate financial monitoring arrangements

Over the period to which these accounts relate, GCRB has made significant progress in addressing these issues and developing the capacity to enable it to undertake its full statutory

responsibilities. GCRB has now established all of the key systems of assurance and internal control necessary for proper management and oversight of a public body, and in particular, has in place a comprehensive risk management framework, an approved scheme of financial delegation, alongside standing orders and appropriate financial monitoring arrangements. In addition, key GCRB committees such as an Audit Committee and Performance and Resources Committee have met regularly since August 2015, and have reported effectively to the GCRB Board.

Henderson Loggie were appointed as GCRB's internal auditor in October 2015 and their audits of corporate planning, risk management and finance provide further evidence of progress and assurance in relation to the effective operation of GCRB. With respect particularly to the development and effective implementation by GCRB of risk management and financial monitoring arrangements, the internal audit reports provided by Henderson Loggie state that GCRB has a robust risk management framework in place, with a detailed Risk Management Policy and Procedure and Risk Management Guidance which sets out responsibilities, risk tolerances and risk scoring definitions. In terms of effective implementation of this risk management framework, the internal audit findings state that the risk register is regularly reviewed and reported to the GCRB Board and that Risk Mitigating Action Plans set out in detail risk mitigating action, and that there are formal arrangements for assurance from assigned college audit activity to be provided to the GCRB Audit Committee. With respect to audit of financial performance monitoring arrangements, the internal auditor confirmed that GCRB has in place a robust set of financial procedures and processes which enable it to effectively monitor GCRB expenditure and the financial performance of the assigned colleges.

Henderson Loggie have been appointed as GCRB's internal auditor for the period of 2016-17 to 2019-20.

In addition to these assurances, the Scottish Funding Council has undertaken a review of GCRB governance arrangements (including observation of the GCRB Board) and has confirmed formally to GCRB that it has made significant and effective progress in operating effectively as a Regional Strategic Body, and fulfilling its statutory role to secure coherent provision of high quality further and higher education. GCRB and the SFC are working on a detailed transition plan which sets out tasks and timeframes related to funding, monitoring and financial arrangements which will allow fully-operational fundable body status to be implemented.

Since the GCRB external audit undertaken in November 2015, alongside the recruitment a number of new Board Members, a permanent Chair and Executive director have been appointed to GCRB and who are working with the GCRB Board and the three assigned colleges to ensure GCRB plays a full role in enhancing the economic and social well-being of the localities of its colleges. Examples of current GCRB activity include:

- ensuring delivery on the commitments made within a 5-year Glasgow region curriculum and estates plan, aligning the curriculum more closely to identified economic demands, allowing the closure of all poor quality accommodation, and increasing participation from residents of areas multiple deprivation;
- making significant progress in delivering a regionally coherent response to Developing the Young Workforce commitments, with a specific focus on promoting STEM vocational learning paths and including the delivery of a Glasgow regional Foundation

Apprenticeship offer, providing Senior Phase pupils from both the Glasgow and Lanarkshire college regions opportunities to participate in all available Foundation Apprenticeship frameworks;

- development, with the three assigned colleges, of a Glasgow Region Strategic Plan for College Education setting out a five-year vision of the shared aspirations and development priorities of the Glasgow region colleges and regional board.

1.3 Performance Summary

The Glasgow Colleges' Regional Board has developed considerably since the period of the previous annual report and accounts and is now operating as an effective public body which adds value to, and makes a positive impact on, the delivery of inclusive and high quality college learning opportunities across the Glasgow region. In terms of assuming fully-operational fundable body status, the Scottish Funding Council has undertaken a review of GCRB governance arrangements and has confirmed formally to GCRB that it has made significant and effective progress in operating effectively as a Regional Strategic Body, and is fulfilling its statutory role to secure coherent provision of high quality further and higher education. As stated in Section 1.1 above, GCRB and the SFC are now working on a detailed transition plan which will allow fully-operational fundable body status to be implemented within the 2016-17 academic year.

1.4 Key issues and risks for GCRB

The following key risks have been identified by the GCRB Board:

- If potential applicants do not perceive there to be a value in applying to be board members, the quality of GCRB and college governance could be reduced
- If Scottish Government and SFC are unable to allocate adequate resources for the college sector and Glasgow respectively, it might not be possible to sign the Regional Outcome Agreement and its delivery will be put in jeopardy
- If SFC is not satisfied with how GCRB has responded to its requirements for fully-operational fundable body status, GCRB's ability to make a positive difference on the student experience in Glasgow might be constrained
- If there is breakdown in performance in the assigned colleges (including academic quality management arrangements and financial sustainability), the Regional Outcome Agreement targets may not be achieved.
- If key stakeholders lose confidence in GCRB, leverage of current and future partnership resources for delivery of the ROA will be impaired.
- If the assigned colleges lack confidence in the quality of GCRB's governance, effective collaboration across the region will be impaired and GCRB's ability to make a positive difference on the student experience in Glasgow might be constrained
- If staff across the region lack confidence in regional co-ordination of key change activities, collaboration will be ineffective.
- If there is a material shortfall in the quality of facilities, student success will be reduced
- If there are insufficient non-advanced student support funds, students will be unable to take up places offered and activity targets will not be met.
- If GCRB is unable to improve its reputation, its ability to ability to make a positive difference on the student experience in Glasgow might be constrained

- The Regional Outcome Agreement is not appropriately aligned with local needs/ market intelligence and curriculum planning does not respond appropriately to regional needs.

For each of these risks, detailed Risk Management Action Plans set out in detail risk mitigating action, and regular updates on mitigating actions are provided to the Audit Committee and the GCRB Board.

Section 2. Performance Analysis

2.1 Evaluation of GCRB Performance

GCRB's role is to secure the coherent provision of a high quality of fundable further and higher education in the three Glasgow colleges. It achieves this through ensuring joint curriculum planning is delivered by the three assigned colleges.

The Glasgow Regional Curriculum and Estates plan, agreed by the GCRB in December 2014 set out how, over the 5 years from 2015-2020, the Glasgow colleges would work together to ensure that across the region, the right provision was provided in the right place, with the best possible use of the three colleges' resources and facilities. Key outputs included:

- Regional subject volume changes - evaluation suggested that whilst most of the curriculum was provided in appropriate subject areas and volumes, economic and employment demand evidence indicated that we should make some changes to regional subject area volumes and content to better support the employment prospects of our learners.
- Regional curriculum level changes - responding to the evidence of higher than average levels of residents with low or no qualifications, the Glasgow colleges committed to collectively increasing the proportion of activity provided at Further Education levels so that more learners can access college study learning opportunities and progress to higher level study.
- Regional curriculum location changes - the development of the new City of Glasgow campuses provided scope within the Glasgow Region to reconfigure college activity totals to enhance the quality of the learning experience offered, maximising use of the newest accommodation and closing the poorest quality estate.

To support achievement of the above regional aims, alongside supporting delivery of national priorities and commitments, prior to the start of the 2015-16 academic year, GCRB and the Glasgow Colleges had worked jointly to develop and agree with the Scottish Funding Council a Regional Outcome Agreement (ROA) for 2015-16. This sought to define regional actions which would ensure that more people in Glasgow and Scotland were in employment, education or training, that learning opportunities were accessible, supportive and representative of all, that more learners achieved qualifications and could progress to further study and/or work and that more students developed the appropriate skills needed to get a job, keep a job or get a better job.

A range of challenging regional performance targets were identified for 2015-16, including an increase in the volume of learning delivered overall (including European Social Funded activity), alongside growing the volume of learning delivered to learners from the most deprived 10%

postcode areas in Scotland, increasing attainment levels, the number of students articulating to degree level courses, and the proportion of full-time college qualifiers in work, training and/or further study 3-6 months after qualifying.

A range of evidence suggests that during the period, academic year 2015-16, the Glasgow Colleges' Regional Board (GCRB) performed well in respect of these key responsibilities.

Over the course of the academic year, regular progress reports on achievement of ROA targets were considered by both the GCRB Performance and Resources Committee and by the full GCRB Board. In liaison with the Glasgow Colleges Regional Board, regional workgroups met regularly to develop and monitor more detailed curriculum and associated resource plans.

In terms of overall curriculum delivery levels, 2015-16 activity data provided by the colleges suggests that the Glasgow Region exceeded its collective regional Credit target of 383,531 by 1,118 Credits (+0.3% above target). In addition, the 2015-16 activity data suggests that the region's colleges were again effective in targeting provision at learners aged 16-24, providing 70% of activity to this age cohort (and around 60% of all full-time activity) providing clear evidence of the region's commitment to enhancing learning opportunities for young learners and supporting delivery of *Opportunities for All*.

The curriculum and estates plan for 2015-16 specified changes to subject volumes as grouped by economic sectors and college activity data for 2015-16 within these economic sector groupings provides evidence of successful implementation of these plans, including:

- increasing delivery volumes related to the key regional economic sectors of Administration, Financial and Business Services, Energy, Engineering, Construction and Manufacturing, Food, Drink, Tourism, Hospitality and Leisure and Health, Care and Education;
- maintaining delivery levels within Land-Based Industries and Life and Chemical Sciences sectors; and
- reducing provision within Creative and Cultural Industries delivery so that it aligns more appropriately to regional employment demands.

Alongside oversight of in-year delivery activity, during 2015-16 significant work was undertaken to transfer curriculum across the three Glasgow colleges for the start of the 2016/17 academic year. In summary this amounted to Glasgow Kelvin College reducing its activity levels by 8.1% and Glasgow Clyde College by 1.7%, with the majority of this activity (both curriculum and related staff) transferring to the City of Glasgow College which increased delivery levels by 8.5%. This presented significant financial and planning challenges for the Glasgow colleges. However, in terms of providing the right learning in the right place, these curriculum transfers allowed Glasgow Kelvin College to permanently close its City Campus, the oldest and poorest quality building within the Glasgow college estate.

In contrast to the significant progress made in delivering planned outcomes in relation to providing the right learning in the right place, 2015-16 student activity data relating to participation by residents from the 10% most deprived postcodes suggests that whilst overall Credit delivery increased (by around an estimated 11,000 Credits), there has been a slight fall (-1.4%) in levels of delivery related to this priority group, and as a result the region has not

achieved levels of planned SIMD10 activity. Contributory factors for this lower than planned SIMD10 delivery level are currently being analysed and this will be used as a basis for a quality improvement action plan. In addition, the 2016/17 ROA commits the colleges to establishing an Access and Inclusion workgroup and to developing Access and Inclusion strategies. This work will further support the identification of actions to support achievement of regional commitments within widening access.

It should also be noted, that as this is the first year of operation of the new SFC Credit-based funding methodology, the impact of the conversion from the previous WSUMs-based approach is still being fully understood and some ROA Credit targets may need further readjustment.

College performance indicator data on the proportion of successful learners by mode and level (as calculated by the colleges in September 2016) suggests that success rates in 2015-16 were either generally maintained or increased across all four mode/level categories as shown in the table below.

Figure 5. 2015-16 Percentage Successful Attainment Rates

Performance Measure	2015-16 Target	2015-16 Data	Change from 2014/15	2014/15 Scotland Actual
Full-time Further Education % Successful	67.6%	66.5%	0.3%	64.0%
Part-time Further Education % Successful	75.2%	78.8%	2.2%	75.9%
Full-time Higher Education % Successful	73.6%	74.4%	0.3%	71.3%
Part-time Higher Education % Successful	81.9%	79.4%	-0.3%	78.3%

Across the course of the 3-year Glasgow ROA, the colleges committed to collectively increase by at least 3% the Full-time Further Education % Successful rate (from 65.6% to 68.6%) and by at least 1.5% the Full-time Higher Education % Successful rate (from 72.7% to 74.2%). The data above suggests that the region is on track to increase both full-time PI measures over the 3-year period, but that it is unlikely to meet the 3% targeted increase in Full-time Further Education % Successful. However, the evaluation of this progress should be viewed in relation to a national reduction in Full-time Further Education % Successful in 2014/15, and in reference to the substantial curriculum reconfiguration and transfer across the Glasgow College Region. In this context, it is suggested that continuing to improve attainment year on year should be regarded as effective performance.

With respect to articulation to university courses with advanced standing, Glasgow colleges have continued to work both individually and collectively to increase the number of college learners articulating. Finalised data is not yet available for 2014/15 college leavers, but college data suggests that the region will exceed its target of 1,407 articulating learners.

In 2015-16, Glasgow's colleges continued to make considerable progress towards supporting more learners to develop the appropriate skills needed to get a job, keep a job or get a better job.

Post course progression data, a key national indicator, suggests that of known 97.6% of respondents were in a positive destination 3-6 months following completion of their course, a slight rise from the 96.5% achieved in 2014/15. The response rate for post-course destination survey respondents was also increased substantially, up from 76.0% in 2014/15 to 85.9% in 2015-16.

In addition to delivering main grant funded activity, in 2015-16 Glasgow colleges provided additional learning opportunities equivalent to over 16,000 Credits as part of a 3-year SFC led, European Social Fund Youth Employment Initiative project. Glasgow colleges also continued to develop Modern Apprenticeship (MA) opportunities, both in terms of the college as managing agent (delivering around 600 places) and as a subcontractor (delivering approximately 2,000 places), alongside continuing to provide around 280 places offered through Skills Development Scotland employability fund contracts.

As part of college activity to improve the alignment of the regional curriculum to economic and employer needs, in 2015-16 Glasgow's colleges completed extensive work with the National Engineering Foundation (NEF) to develop regional and individual college STEM strategies, to become a STEM assured colleges, and supporting Glasgow to become the first externally STEM assured multi-college region in the UK. This activity identified potential new STEM related programmes and a coherent regional STEM curriculum development plan.

The colleges are also supporting the development of a Glasgow City Council Education Services STEM Academy with a hub in the new City of Glasgow College estate and with supporting delivery throughout the region's schools and colleges. At the same time the colleges are working with both employers and HE partners to develop efficient STEM pathways from school, through colleges and university and to employment.

In support of the priorities set out within *Scotland's Youth Employment Strategy* (Scottish Government, 2014), the colleges have sought to strengthen and extend vocational progression partnership activity with schools, universities and employers, including through the utilisation of additional DYW resources provided by the SFC within 2015-16.

Building on the *Developing the Young Workforce Early Adopter* success, the colleges introduced more full time study opportunities for school pupils and overall, in 2015-16 the Glasgow colleges delivered a 25% increase (from 95 to 120) in the number of senior phase vocational pathways for their three main local authority partners.

To promote and support the effectiveness of regional vocational pathways, Faculty Directs from across the three Glasgow colleges led Curriculum Hubs which produced regional curriculum maps identifying vocational progression pathways across the study options and employment opportunities within economic sectors. Hub members also developed common entry qualifications and a Regional Admissions Working Group of college admissions and guidance staff was established to support the development of a consistent approach to course applications.

Working with local authority partners, the curriculum maps were used as a basis for a vocational pathways website for Senior Phase school pupils, highlighting routes from school/college partnership study into mainstream provision. To support smoother school/college transitions, joint CPD events were held to provide opportunities for teaching staff in schools and colleges to share practice. A key initial focus of these has been around sharing and developing skills and knowledge in relation to Curriculum for Excellence, in Mathematics and Science subject areas. Further college and local authority partnership work was facilitated through a regional Developing the Young Workforce plan, enabling a significant increase in both the quantity and quality of college learning opportunities for school pupils.

To support further expansion of Developing the Young Workforce activity in 2016/17, in 2015 a single regional bid on behalf of the three Glasgow colleges was approved by Skills Development Scotland to deliver Foundation Apprenticeships across all available frameworks (Engineering, Construction, Social Services and Healthcare, Financial Services, Children and Young People and Computing). This will support the development of a coherent regional response to local authorities, schools and employer stakeholders and to provide young people with regional opportunities that are in line with regional labour market needs. A regional Project Board, governing how the three colleges and partners will work together was established and a regional cross-college delivery team has been recruited to support delivery of these new programmes.

2.2 Development of GCRB's capacity to allocate funds effectively

A key responsibility of GCRB is to allocate funding to the assigned colleges and, in making funding decisions, the GCRB Board requires a fair, transparent, appropriate and robust basis on which to allocate resources.

Over the course of the 2015-16 academic year, in parallel to regional activity to draft a regional outcome agreement, the GCRB executive and senior college finance managers worked to develop a regional funding model based on the simplified model used by the SFC. The regional funding model developed sought to support funding decisions based on evidence, and which are transparent, respond to regional curriculum needs, respect and value assigned college contributions and support continued financial sustainability.

The development of this funding model allowed the GCRB to consider recommended funding allocations for the three assigned colleges for 2016/17 and provide assurance to the SFC that the GCRB had the capacity to undertake its funding allocation responsibilities.

Whilst the funding allocations for 2016/17 were accepted by each college within the region, it was recognised that further work is required to develop and refine this approach to funding allocation, particularly in relation to developing within the funding model a method of aligning funding to delivery of GCRB strategic aims on a longer term and sustainable basis.

2.3 GCRB's Financial Performance

For the period under review, GCRB's running costs were 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 £270,020. This is less than originally anticipated and 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. 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. However, it should be noted that on an annualised basis, the expenditure for the accounting period represents around 0.3% of the total SFC grant of £87,097,133 provided to the Glasgow region in 2015-16.

2.4 Scottish Government Sustainability Reporting

In order to minimise running costs, GCRB accommodation and office services are provided by the 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.

2.5 Payment of creditors

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

Robin Ashton, GCRB Executive Director:

Signature:

Date:

B) The Accountability report

Section 1. Corporate Governance Report

1.1 Directors' report

Leadership of the GCRB

Ali Jarvis was appointed Interim Chair of GCRB 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.

Martin Fairbairn was appointed as Interim Chief Officer of the GCRB with effect from 11 May 2015, on secondment from the SFC. From 16 May 2016, Robin Ashton was appointed as permanent Executive Director of GCRB.

Board membership

The tables below set out the membership of the GCRB Board and its Committees for the period under review. Registers of interest are maintained for all individuals currently serving and listed in the Directors' Report. These are available at: <http://www.gcrb.ac.uk/boardmembers>

Member	Type of member, background and related parties	Appointment start date	Appointment end date
Served during the period 1 August 2015 to 31 November 2016			
Andrew Aitken	Student member. Student President Glasgow Kelvin College	18/05/15	31/08/16
Douglas Baillie	Chair of assigned college (City of Glasgow College). Banker.	01/05/14	31/10/15
Alisdair Barron	Chair of assigned college (City of Glasgow College). HR professional.	01/11/15	31/07/20
Cinzia Biondi	Ordinary member. Strategic advisor on data protection/privacy, and the governance of compliance and regulatory risks.	01/05/14	02/11/15
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	31/07/18
Clare Ireland	Staff member. Employed as staff member at Glasgow Clyde College.	01/05/14	21/07/18

Member	Type of member, background and related parties	Appointment start date	Appointment end date
Ali Jarvis	Interim Chair. Freelance consultant and coach in leadership, strategic change management, equality and governance. Member of SFC's board.	01/05/15	31/01/16
Carol Kirk	Ordinary member. Education consultant.	01/05/14	31/05/18
Barclay McCrindle	Student member. Student President Glasgow Clyde College.	18/05/15	31/08/15
Linda McDowall	Ordinary member. Formerly Senior Director of Business Networks & Communications for Scottish Enterprise.	01/05/14	30/04/16
Maureen McKenna	Ordinary member. Executive Director of Education Services, Glasgow City Council.	01/05/14 Reappointed: 02/03/16	02/04/15 31/07/18
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	29/08/16
Jim O'Donovan	Staff member. Employed as staff member at City of Glasgow College.	01/05/14	31/07/18
Grahame Smith	Ordinary member. General Secretary of the Scottish TUC. Member of the SDS/SFC Joint Skills Committee.	01/05/14	31/05/18
Margaret Cook	Chair. Human Resources and Organisational Development Consultant. Formerly HR Director at Edinburgh Napier University and Heriot-Watt University.	01/02/16	31/01/20
Frank Coton	Ordinary member. Vice-Principal (Academic and Educational Innovation), University of Glasgow. Member of SFC's board.	09/11/15	31/07/18
Ian Gilmour	Student member. Student President City of Glasgow College.	30/09/15	31/08/17
Alex Linkston	Chair of assigned college (Glasgow Clyde College). Formerly Chief Executive of West Lothian Council.	08/10/15	14/07/16
Caroline MacDonald	Ordinary member. Formerly Deputy Vice Chancellor at Teesside University.	09/11/15	31/07/18
Hollie Moran	Student member. Student President Glasgow Clyde College.	30/09/15	31/08/16
Jackie Russell	Ordinary member. Director of Human Resources, Royal Conservatoire of Scotland.	09/11/15	31/07/18

Member	Type of member, background and related parties	Appointment start date	Appointment end date
Paul Buchanan	Ordinary member. Management consultant. Formerly Chair of Reid Kerr College.	17/05/16	31/07/18
Lesley Garrick	Ordinary member. Management consultant and former senior manager in the NHS.	17/05/16	31/07/18
David Newall	Chair of assigned college (Glasgow Clyde College). Secretary of Court, University of Glasgow.	15/07/16	14/07/20
Amparo Fortuny	Student Member. Student President Glasgow Clyde College.	01/09/16	31/08/17

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	29/08/16
Grahame Smith	31/03/15	31/05/18
Caroline MacDonald	09/11/15	31/07/18
Maureen McKenna	02/03/16	31/07/18
Paul Buchanan	17/05/16	31/07/18

Membership of the Performance & Resources Committee

Member	Appointment start date	Appointment end date
Clare Ireland	31/03/15	25/01/16
Linda McDowall	31/03/15	30/04/16
Carol Kirk	31/03/15	31/05/18
Jim O'Donovan	31/03/15	31/07/18
Hollie Moran	30/09/15	31/08/16
Frank Coton	09/11/15	31/07/18
Caroline MacDonald	09/11/15	31/07/18
Paul Buchanan	17/05/16	31/07/18
Amparo Fortuny	01/09/16	31/08/17

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	30/04/16
Grahame Smith	09/07/14	31/05/18
Ian Gilmour	07/12/15	31/08/16

Jackie Russell	09/11/15	31/07/18
Clare Ireland	25/01/16	31/08/18
Lesley Garrick	17/05/16	31/07/18

1.2 Statement of Board responsibilities

The GCRB Board 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 credit and qualification frameworks. It must achieve all of 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 with the Region within the new structure can achieve more than any of them could do individually.

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.

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.

Board membership

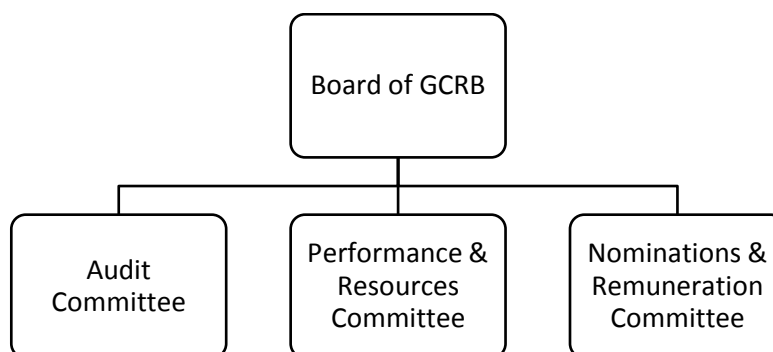
The Chair of the Board of the GCRB is appointed by Scottish Ministers. Other members are appointed as follows:

- 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).

Staff and student members were appointed through 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.

Governance structure

The following diagram outlines GCRB's governance structure:



The Board of GCRB held five formal meetings during the 2015-16 academic year. Two further meetings have been held so far within the 2016-17 academic year. The Nominations & Remuneration Committee met on three occasions, the Audit Committee four times and the Performance & Resources Committee three times.

Audit Committee Remit

The Audit Committee advises the Board 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 Remit

- 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 Remit

- 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.

These self-evaluation arrangements included:

- completion of a survey by Board members;
- a self-evaluation discussion at a Board meeting to be led by one of the members of the Nominations & Remuneration Committee;
- self-evaluation discussions at Committee meetings, including reviews of the Committee Terms of Reference;
- each member being asked to complete a brief self-appraisal prior to a performance review meeting with the Chair;
- one of the members of the Nominations & Remuneration Committee discussing with the Chair the collated feedback on the Chair's performance from the self-evaluation survey, and the Chair providing a copy of that feedback to the Scottish Government for use in their formal appraisal of the Chair

Following implementation of the above activities, at its meeting on the 25 April, 2016, the Board considered the results of the Board questionnaire, and agreed development themes and other specific development actions. These included ensuring that the work of the Board provides a greater focus on strategic development and ensuring its work adds value to the Glasgow college region.

Board members' attendance at meetings (session 2015-16)

Board members attending board and committee meetings	Board (5 in period)	Audit (3 in period)	Nominations & Remuneration (3 in period)	Performance & Resources (3 in period)
Andrew Aitken	0 of 5			
Alisdair Barron	2 of 4			
Cinzia Biondi	1 of 1	1 of 1		
Irving Hodgson	4 of 5			
Clare Ireland	5 of 5		0 of 1	2 of 2
Ali Jarvis	2 of 2			
Carol Kirk	4 of 5			1 of 3
Linda McDowall	1 of 4		2 of 3	3 of 3
Maureen McKenna	2 of 2	1 of 1		
Janet McKay	3 of 4	0 of 2		
Leonie O'Connor	3 of 5	2 of 3		
Jim O'Donovan	4 of 5			2 of 3
Grahame Smith	4 of 5	3 of 3	3 of 3	
Margaret Cook	3 of 3			
Frank Coton	2 of 4			2 of 2
Ian Gilmour	3 of 5		1 of 2	
Alex Linkston	4 of 5			
Caroline MacDonald	4 of 4	2 of 2		
Hollie Moran	0 of 5			0 of 2
Jackie Russell	4 of 4		2 of 2	
Paul Buchanan	0 of 1			
Lesley Garrick	0 of 1			

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

Corporate strategy

GCRB is responsible for the strategic development of coherent and high quality education across the Glasgow College Region. The Glasgow colleges and regional board are currently working jointly on the development of a Glasgow Region Strategic Plan for College Education which will set out a five-year vision of the shared aspirations and development priorities of the Glasgow region colleges and regional board.

At the time of writing, this strategic development process is at an initial phase where the Glasgow colleges and regional board are engaging with college stakeholders and employers, and college learners, board and staff members in a discussion which identifies key current and future asks for Glasgow's colleges. Alongside this process, a desktop review of relevant stakeholder aims is being undertaken. This, alongside feedback from the stakeholder consultation, will provide a basis for the development of a Glasgow region strategic plan for college education which sets out how it intends to shape Glasgow college delivery over the next five years.

Risk management

GCRB's risk management policy and guidance 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.
- This includes consideration and identification of risk tolerances and risk targets to support prioritisation of risks.
- 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.

GCRB, in general, seeks 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 are careful to evaluate each risk individually.

Section 1.2 of the overview section of this annual report details key issues and risks identified within GCRB's current risk register.

Internal audit

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.

Based on a comprehensive audit needs analysis process, three areas for internal audit were identified. These are listed below with the respective audit findings in terms of overall level of assurance:

- ROA development/monitoring of progress against ROA: Good
- GCRB risk management/oversight of assigned colleges risk management: Satisfactory
- Financial performance monitoring (GCRB and assigned colleges): Satisfactory

For each of the above areas, the reports highlighted a number of areas of strength, alongside identifying some weaknesses. Section 8 in each report provided an action plan to address these areas of weakness, including action owners and planned completion dates. Progress to implement these recommendations is reviewed at each meeting of the GCRB Audit Committee.

The internal auditor's annual report stated that, in their opinion, *"...whilst GCRB has systems demonstrating adequate and effective arrangements for risk management, control and governance, and proper arrangements are in place to promote and secure Value for Money, it is*

important that the further work to finalise implementation of the operational arrangements required for fully operational fundable body status is completed as soon as possible. This opinion has been arrived at taking into consideration the work we have undertaken during 2015/16 and the position regarding fundable body status.”

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

The required structures, systems and procedures for an effective system of governance and internal control for an effective public body have been fully implemented by GCRB. This includes an appropriate risk management framework, key committees such as an Audit Committee and Performance and Resources Committee, an internal audit function, an approved scheme of financial delegation, standing orders or standard financial instructions and appropriate financial monitoring arrangements.

Alongside the assurances of the effectiveness of the system of internal control provided by GCRB’s internal audit function, in 2015/16 the Scottish Funding Council also undertook a thorough review of GCRB governance arrangements, including analysis of GCRB governance documentation, observation of the GCRB Board and interviews with the GCRB and college executive staff. Following this review work, the SFC and has confirmed formally to GCRB that it has made significant and effective progress in operating effectively as a Regional Strategic Body, and is fulfilling its statutory role to secure coherent provision of high quality further and higher education.

All expenditure relating to the GCRB during the period has been handled by the City of Glasgow College. The GCRB has obtained assurance through review of their internal audit reports and the work of their Audit Committee that their system of governance and internal control were operating satisfactorily during the period.

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 accounts.

Section 2. Remuneration Report and Staff Report

2.1 Remuneration Policy

During the period all senior GCRB staff were secondees from partner organisations and are subject to the staff policies of the individual 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.

2.2 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 12 Months Ended 31 July 2016 £'000	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
Ali Jarvis (for period 1/8/15 to 31/01/16)	15-20	
Margaret Cook (for period 01/02/16 to 31/01/20)	15-20	

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

	ACTUAL					
	Year ended 31 July 2016			15 months ended 31 July 2015		
	Salary £'000	Pension Benefit £'000	Total £'000	Salary £'000	Pension Benefit £'000	Total £'000
Name						
Salary of Julia Henderson 1 May 14 to 31 March 15				60-65	-	60-65

Salary of Martin Fairbairn 11 May 15 to 31 July 15				15-20	-	15-20
Salary of Martin Fairbairn 1 August 15 to 31 March 16	60-65		60-65			
Salary of Robin Ashton 16 May 16 to 31 July 16	15-20		15-20			

	ANNUAL EQUIVALENT					
	Year ended 31 July 2016			15 months ended 31 July 2015		
	Salary £'000	Pension Benefit £'000	Total £'000	Salary £'000	Pension Benefit £'000	Total £'000
Salary of Julia Henderson 1 May 14 to 31 March 15				70-75		70-75
Salary of Martin Fairbairn 11 May 15 to 31 July 15				75-80		75-80
Salary of Martin Fairbairn 1 August 15 to 31 March 16	95-100		95-100			
Salary of Robin Ashton 16 May 16 to 31 July 16	80-85		80-85			

Notes on salary information:

- No members of the Board or of senior management received any benefits in kind, bonuses or overtime in addition to their remuneration or salary.
- Julia Henderson is an employee of the City of Glasgow College, seconded to the GCRB from 1 May 2014 to 31 March 2015. SFC reimbursed the City of Glasgow College for the salary and associated on-costs of employment.
- Martin Fairbairn is an employee of the SFC, seconded to the GCRB from 11 May 2015 to 31 March 2016. The GCRB reimburse the SFC with a contribution to the costs of Martin Fairbairn's salary and associated national insurance and pension on-costs.
- Robin Ashton is an employee of Glasgow Kelvin College, seconded to the GCRB from 16 May 2016. The GCRB reimburse Glasgow Kelvin College with a contribution to the costs of Robin Ashton's salary and associated national insurance and pension on-costs.

- The salaries in the above table represent the amount earned in the financial period and include salary, bonuses, overtime and other allowances (as applicable).
- Seconding organisations are liable for the Chief Officer and Executive Directors' pension liabilities in the year. GCRB covers pension contributions due in the period. Pension contributions paid in the year are disclosed in Note 3: Senior post holder's emoluments within the financial statements.
- With respect to sickness absence, off payroll engagements and exit packages the Board has nothing to report.
- With regards consultancy, GCRB engaged HR consultants for a fee of £500. No other consultancy was used within the reporting period.
- The details in all tables are subject to audit.

Median Remuneration

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

The banded remuneration of the highest paid official in the organisation in the financial year 2015-16 was £95,000-100,000 (2014-15 £75,000-80,000) on a pro rata 12 month basis. This was 2.6 times (2014-15 2.3 times) the median remuneration of the workforce which was £35,000-£40,000 (2014-15 £30,000-£35,000).

GCRB employed 2 females and 1 male as at 31 July 2016 (figures including the GCRB Chair). All GCRB staff are seconded to GCRB and a breakdown of their salaries and FTE have been included in Note 3 to the financial statement.

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 (and therefore there is no liability on the GCRB balance sheet). The accrued pension benefits for senior officials are set out in the table below, together with the pension contributions made by the College.

Name	Accrued pension at pension age at 31 July 2016	Accrued lump sum at pension age at 31 July 2016	Real increase in pension 1 August 2015 to 31 July 2016	Real increase in lump sum 1 August 2015 to 31 July 2016	CETV at 31 July 2016	CETV at 31 July 2015	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Martin Fairbairn*	30-35	95-100	0-2.5	5-7.5	611	536	25
Robin Ashton	10-15	30-35	0-2.5	0-2.5	196	177	19

(*Note: Martin Fairbairn's pension information is as at 31 March 2016.)

Pension benefits for employees are provided through three 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. Thirdly, through the Scottish Teacher's Superannuation Scheme (STSS) for teaching staff seconded to 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.
- The STSS is a defined benefit scheme, which is notionally funded and contracted out of State Earnings-Related Pension Scheme. The STSS is a defined benefit pension scheme where pension benefits are based on the salary earned and the number of years that the person has been a member of the scheme. The normal retirement age is 65.
- 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 pension benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension

entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total Local Government service and not just their current appointment.

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

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

Margaret Cook, GCRB Chair Signature: Date:	Robin Ashton, GCRB Executive Director Signature: Date:
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C) 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 year ended 31 July 2016 under the Further and Higher Education (Scotland) Act 2005. The financial statements comprise the Statement of Comprehensive Income, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Financial Reporting Standard (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 Statement of Board's Responsibilities, 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.

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 college's circumstances 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 board's affairs as at 31 July 2016;
- 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 and Staff 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 Performance Report for the financial year 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 and the part of the Remuneration and Staff Report to be audited 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 nothing to report in respect of these matters.

Gary Devlin (for and on behalf of Scott-Moncrieff)

Scott-Moncrieff
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

December 2016

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

Annex 1. 2015-16 Accounts Direction for GCRB

2015-16 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 2015 *Statement of Recommended Practice: Accounting for Further and Higher Education* (SORP) in preparing its annual report and accounts for the year ending 31 July 2016.
- 2 GCRB is also required to comply with the Government Financial Reporting Manual 2015-16 (FReM) 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 2016.
- 4 The annual report and accounts 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 annual report and accounts.

Scottish Funding Council
September 2016

Annex 2. 2015-16 Accounts

GLASGOW COLLEGES' REGIONAL BOARD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE 12 MONTHS ENDED 31 JULY 2016

	<i>Notes</i>	<i>12 months ended 31 July 2016 £</i>	<i>15 months ended 31 July 2015 £</i>
Income			
Scottish Funding Council grants	2	270,020	278,617
Total income		270,020	278,617
Expenditure			
Staff costs	3	229,164	189,583
Other operating expenses	4	40,856	89,034
Total expenditure		270,020	278,617
Surplus on continuing operations before tax		-	-
Taxation		-	-
Total Comprehensive Income for the year		-	-

The statement of comprehensive income is in respect of continuing activities.

There have been no gains or losses in the period.

GLASGOW COLLEGES' REGIONAL BOARD

BALANCE SHEET

AS AT 31 JULY 2016

	<i>Notes</i>	<i>As At 31 July 2016 £</i>	<i>As At 31 July 2015 £</i>
Fixed assets			
Tangible assets		-	-
Total Fixed assets		-	-
Current assets			
Debtors	5	50,352	96,845
Cash at bank and in hand		-	-
Total Current assets		50,352	96,845
Creditors - amounts falling due within one year	6	(50,352)	(96,845)
Net current assets		-	-
Total assets less current liabilities		-	-
Comprehensive Income		-	-
Total Reserves		-	-
TOTAL		-	-

The financial statements on pages 33 to 40 were authorised for issue by the Board on 12th December 2016 and signed on its behalf by:

Margaret Cook
Chair

Robin Ashton
Executive Director

GLASGOW COLLEGES' REGIONAL BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 31 JULY 2016

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 2005 and the Accounts Direction issued thereunder by the Scottish Funding Council which requires compliance with the Statement Of Recommended Practice: Accounting for Further and Higher Education (2015). They conform to guidance published by the Scottish Funding Council. 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.

Going Concern

The Glasgow Colleges' Regional Board (GCRB) is satisfied that it has 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.

Recognition of Income

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

GLASGOW COLLEGES' REGIONAL BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 31 JULY 2016

Tangible fixed assets : Equipment

Equipment costing less than £5,000 is written off to the statement of comprehensive income 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.

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**

	<i>12 months ended 31 July 2016</i>	<i>15 months ended 31 July 2015</i>
	£	£
2 SFC GRANTS		
Deducted from Member Colleges Grant in Aid	270,020	125,415
Expenditure paid by SFC	-	153,202
	270,020	278,617

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

3 STAFF COSTS

Wages & Salaries	181,167	150,002
Pension	30,429	24,576
National Insurance	17,568	15,005
	229,164	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>	<i>No. Of Higher Paid Staff</i>
£60,000 to £69,999	1	1

Staff Numbers:

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

	Number	Number
Senior Management	1	1
Administration	1	1
	2	2

GLASGOW COLLEGES' REGIONAL BOARD

NOTES TO THE FINANCIAL STATEMENTS

	<i>12 months ended 31 July 2016</i>	<i>15 months ended 31 July 2015</i>
	£	£
3 SENIOR POST- HOLDERS' EMOLUMENTS		
Emoluments of the Chief Executive:		
Salary of Julia Henderson 1 May 14 to 31 March 15		64,258
Salary of Martin Fairbairn 11 May 15 to 31 July 15		17,188
Salary of Martin Fairbairn 1 August 15 to 31 March 16	64,328	
Salary of Robin Ashton 16 May 16 to 31 July 16	17,036	
Pension Contributions of Julia Henderson 1 May 14 to 31 March 15		12,402
Pension Contributions of Martin Fairbairn 11 May 15 to 31 July 15		4,211
Pension Contributions of Martin Fairbairn 1 August 15 to 31 March 16	15,760	
Pension Contributions of Robin Ashton 16 May 16 to 31 July 16	2,930	
<p>The members of the Board of GCRB, other than the Chair, did not receive any payments from the institution other than travel and subsistence expenses incurred in the course of their duties.</p>		
<p>Employer pension contributions are paid at the following rate:</p>		
<p>Civil servants scheme 24.5%</p>		
<p>Strathclyde Pension Fund 19.3%</p>		
<p>STSS Pension Fund 17.2%</p>		

GLASGOW COLLEGES' REGIONAL BOARD**NOTES TO THE FINANCIAL STATEMENTS**

	<i>12 months ended 31 July 2016</i>	<i>15 months ended 31 July 2015</i>
	£	£
4 OTHER OPERATING EXPENDITURE		
External Audit	17,500	21,000
Internal Audit	6,636	-
Recruitment	3,470	8,697
Legal	3,284	11,510
Personnel services	2,100	-
Computers	1,815	-
Travel/Accommodation	2,052	7,862
Hospitality	1,521	3,269
Other expenses	1,319	6,031
Subscriptions	1,112	9,083
Stationery	47	2,425
Rent	-	19,157
	40,856	89,034
	<i>12 months ended 31 July 2016</i>	<i>15 months ended 31 July 2015</i>
	£	£
Other Operating Expenses include:		
Auditor's Remuneration (including irrecoverable VAT)		
- external audit	17,500	21,000
- internal audit	6,636	-
- other services - external auditors	-	-
- other services - internal auditors	-	-

GLASGOW COLLEGES' REGIONAL BOARD**NOTES TO THE FINANCIAL STATEMENTS**

	<i>As at 31 July 2016</i>	<i>As at 31 July 2015</i>
5 DEBTORS	£	£
Funds held by SFC	50,352	95,733
Prepayments	-	1,112
	50,352	96,845
6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Accruals:		
Salaries	28,776	64,398
Pension	2,930	8,055
Audit fee	8,500	21,000
Other Creditors:		
Other accruals	10,146	3,392
	50,352	98,845
7 FINANCIAL INSTRUMENTS		
Financial assets		
Financial assets measured at amortised cost (comprising funds held by the SFC)	50,352	96,845
Financial liabilities		
Financial liabilities measured at amortised cost (comprising accruals and creditors)	50,352	96,845

NOTES TO THE FINANCIAL STATEMENTS

8 PROVISIONS

There are no provisions at the period end (31 July 2015 : None).

9 CONTINGENT LIABILITIES

The Board has no contingent liabilities to disclose (31 July 2015 : None).

10 CAPITAL COMMITMENTS

There are no capital commitments at the period end (31 July 2015 : None).

11 POST BALANCE SHEET EVENTS

There have been no material post balance sheet events

12 RELATED PARTY TRANSACTIONS

SFC is regarded as a related party. During the year GCRB had various material transactions with SFC.

The member Colleges; City of Glasgow College, Clyde College and Kelvin College are related parties. During the year Glasgow Colleges' Regional Board had various material transactions with the Colleges.

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, or worked in partnership with, any publicly funded or representative bodies in which a member of GCRB has an interest.

15 Transition to FRS 102

Recognition of short term employment benefits

The accounts from the prior year have not been restated on the basis the accrual was not material.

No provision for short term employment benefits such as holiday pay was made under the previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The annual leave year runs to 31 December for staff. At the reporting date, there was an average of 17 days unused leave. The cost of any unused entitlement is recognised in the period in which the employee's services are received. An accrual of £10,000 was recognised at 31 July 2016.

The accounts from the prior year have not been restated as the annual leave accrual was not material. There are no other restatements under FRS102.