CITY OF GLASGOW COLLEGE

Annual Report 2010-11

"A new college, 12 new Schools of National Expertise, 29 Specialist Departments, 2300 class groups, over 35,000 students of 135 nationalities, 1200 staff. All in one year!"

Contents

Our Mission:

"We will deliver world class learning for individuals and enterprises, for Glasgow, Scotland, and the international community"

Our Shared Vision is:

"As a world class institution we seek to redefine the learners' experience of a college education. Our staff, clustered in Schools of national expertise, will pioneer new ways of learning, with seamless learning support opportunities.

Our curriculum and international partnership sharing will encourage individual learners to flourish, amidst an inclusive and diverse learning community.

Our vision is also to create Scotland's first College super campus and be a positive catalyst for change, in partnership with other civic institutions to regenerate and renew Glasgow City Centre and on the riverside."

Our Values:

- The individual
- Equality, diversity and inclusiveness
- Integrity, honesty and transparency
- Excellence and achievement
- Partnership
- Innovation and enterprise

Welcome from the Chair

I feel very privileged to have been appointed as Chair of the Board at such an important time in the College's development. I'd like to thank my predecessor, Eric Tottman-Taynor for his calm and strong leadership through the merger and into our first year.

The College has made remarkable progress and it has delivered business as usual for our students and partners. Throughout this challenging process we have been working hard to secure funding to build a new campus, which will dramatically improve the learning experience for our future students. The Board is delighted that the Scottish Government has now given us the green light for our £200million New Campus Development, one of the biggest investments in the College sector in recent times. Meanwhile an early development phase, the £6.8 million Riverside development, was delivered on time and under budget and opened by Nicola Sturgeon MSP, Deputy First Minister.

The Board has provided leadership, sets the strategic direction and drives performance across the College, in a very challenging economic climate and at a time of great change for us and the rest of the College sector in Scotland. The Board is made up of experienced and highly motivated individuals who will undoubtedly rise to the many challenges ahead. The Board recognises and is appreciative of the excellent contribution made by the Principal and the hard work of the staff team across the College.

The City of Glasgow College continues to provide excellent educational and learning experiences to students. This in turn delivers real benefits to Glasgow, to Scotland and internationally. There will be tough times ahead which will be challenging, particularly given the sector's financial settlement. We will continue to work closely with all those concerned in the social and economic future of Glasgow.

Welcome from the Principal & Chief Executive

September 2010 heralded an exciting new chapter in Scotland's education history with the establishment of City of Glasgow College.

Barely a year has passed since Central, Metropolitan and Nautical colleges came together – but in that short time, City has already managed to positively redefine the student experience.

We have made remarkable progress in our first year, maintaining 'business as usual' for our existing students and stakeholders, while introducing a new management structure, integrating operational systems and infrastructures, promoting our education strategy, and establishing a strong and exciting brand identity.

Furthermore, our £6.8m Riverside development was delivered in July 2011 on time and under budget thanks to support from the Scottish Funding Council.

The success of our merger has not gone unnoticed by others. An HM Inspectorate of Education report in September 2011 praised City for: "Making very good progress in fulfilling its merger implementation plan and developing sound strategic and operational planning arrangements. Students have reported no detrimental impact on their college experience."

Dr Alasdair Allan, Minister for Learning and Skills, told Scotland's Colleges Conference in 2010 that the creation of City of Glasgow College was a 'significant beacon' in the sector.

Education Secretary Michael Russell said: "Glasgow is ahead of the game and the new City of Glasgow College is providing benefits for staff, students and the local economy."

Our partnerships with schools and employers have also been strengthened, ensuring we are delivering the skilled workforce needed to thrive in these turbulent economic times.

We enjoy close working relationships with our university partners, especially our learning quarter partners Strathclyde and Caledonian Universities, to create even more progression routes into higher education.

The next decade is likely to witness even more change in the college sector as we embark on our new £200million campus – but considering what we have achieved up to now, I'm confident our story is just the start of something truly special.

The Board of Management have agreed that due to the approval of the project to build a new campus for the College the value of the College buildings must now reflect the new reduced useful life and market value of the buildings in the 2010-11 accounts. An impairment adjustment was required to write off the value through accelerated depreciation of buildings that will be demolished during the campus development and writing down to estimated market value those buildings that will be the subject of a disposal/ sale.

However, the College is still in an extremely healthy position, with an underlying operating surplus of £1,269,000, net current assets of £22.3 million, and no borrowing.

Students

"To deliver innovative, excellent, world-class learning in a stimulating, engaging, and effective learning environment"

- To establish a student-first culture across the College
- To provide high quality learning and teaching, recognised nationally and internationally
- To enable learners to achieve at the highest level of their potential
- To promote and enhance student engagement
- To expand international student recruitment

Growth and Development

"To develop a constructive, inclusive culture, responsive curriculum, and creative learning environment, to foster the College's core values and reputation"

- To respect, value, and promote diversity and inclusiveness, and ensure equality of opportunity for individuals, within an integrated people strategy
- To develop our leaders and teams to strive for higher performance
- To develop and promote a "One College" culture, building commitment, innovation, and motivation among staff
- To develop strategic partnerships delivering value
- To progress renewal of the College estates
- To build the reputation and brand of City of Glasgow College

Processes
“To develop and sustain systems and operations which support and enhance all aspects of service provision”

- To develop a systematic Quality Improvement and Assurance Framework
- To implement a robust curriculum review and development process
- To enhance integration and effectiveness of core processes and infrastructure
- To develop, implement, and communicate an integrated College planning cycle

Finance
“To provide best value and long-term financial stability to support the College’s key strategies”

- To maintain financial sustainability, managing reserves, delivering value and efficiency gains
- To plan and deliver a balanced budget within three years
- To increase non-grant income
- To sustain significant capital investment

Our Students

Monika Molnar
HND Software Engineering

"I learned a lot of new skills at the college and they have formed the perfect stepping stone to a place at university.

I'm studying for a Masters Degree in Cartography at Heriot-Watt University but it wouldn't be possible without the help of staff at the college.

Thanks to them I've been able to use the computing skills they taught me to aid my degree studies.

The time I spent at the college was a valuable experience and one I enjoyed immensely. I'm so grateful for the support and encouragement I received from my lecturers and the course leader."

John Crawford
SVQ level 2 Stonemasonry

"I've had a great time on the course, especially getting to cut stone into shape. I work for the National Trust for Scotland so it's mainly restorative work I do rather than shaping.

The lecturers at City have been a great help and are easy to approach if you're having problems.

I've just finished my second year and plan to go on and do the Advanced Stonemasonry. I'm really looking forward to it.

The highlight of the course was winning at the Craftex Awards (pictured) in the Stonemasonry – Non-Advanced category. Hopefully next year I'll win in the Advanced category."

Erica Von Stein
HNC Professional Writing

"The idea of writing for a living was beyond my wildest dreams – nothing more than a hobby I enjoyed in my spare time.

However, that all changes thanks to the support of lecturers who made me realise there is a mine of opportunities just waiting to be tapped into.

Not only have they developed and strengthened my writing but hey have opened my mind to new ideas such as poetry, script writing, and writing for radio.

I've managed to get a number of commissions, including the Comedy Unit, so the course has been everything I could have asked for and more."

Craig Robertson
HND Architectural Technology

"As a mature student I had been out of full-time study for 10 years and felt I needed a gradual reintroduction to academic life.

The college lived up to its reputation for quality education in the construction sector and the support of staff ensured my dyslexia was not an obstacle to my studies.

The highlight of my college life was hearing I had passed. It was a great feeling to know the hard slog was over and the effort worthwhile.

With the HND under my belt I managed to secure a place on the Architectural Technology degree course at Napier University."

Delivering Merger

On 1 September 2010 the new City of Glasgow College was formed from the merger of three successful city centre colleges [1] . This marked the achievement of a long-held aspiration to create a new "super college' in Scotland, providing access to:

- A comprehensive curriculum of specialist vocational subject
- A wide range of routes through employment-focussed learning; and
- Articulation to advanced level study

> The Merger Proposal Document, published in 2009, stated that:
> 'The merger of three successful specialist colleges within Scotland's commercial, business and industrial centre presents a unique opportunity to strengthen the role and scope of the college sector locally, nationally and internationally'

The aims of the merger were:

- To create a world class new College for Glasgow
- To build upon the unique strengths of our current colleges
- To provide an empowering student experience
- To transform the quality of Further Education
- To provide direct support for Scotland's key economic sectors
- To be a positive catalyst for change

[1] Central College Glasgow, Glasgow Metropolitan College, Glasgow College of Nautical Studies

Reflections on the First Year of Merger

HMIE[2] , following their recent annual engagement visit stated:

> ‘The College is making very good progress in fulfilling its merger implementation plan and developing sound strategic and operational planning arrangements.’
>
> ‘They (the learners) report that the merger, which occurred just after the start of the academic year, has had no detrimental impact on their College experience,
>
> ‘The College is making very good progress in fulfilling its merger implementation plan and developing sound strategic and operational planning arrangements.’

Business as usual
We have made remarkable progress in the first year, maintaining business as usual for our students and partners. The merger is now delivering real benefits to the majority of staff, with two thirds of staff enjoying either an increase in salary or improvements in terms and conditions.

What we have achieved this session:

- A new fit for purpose management structure
- Integrated operational systems (e.g. HR/Payroll, IT, Quality)
- An education strategy
- A new brand identity
- A comprehensive communication strategy keeping students, staff and stakeholders fully in formed of progress with the merger
- 34 consultations with staff, students and stakeholders

[2] HMIE Annual Engagement Visit: Main Findings May 2011

Our New Campus

Throughout this process we have also managed the added complexity of designing, planning, and indeed, lobbying for our new £200 million campus. We were delighted that an early phase, the £6.8 million Riverside development, was delivered on time and under budget.

Dr Alasdair Allan, Minister for Learning and Skills, at the Scotland's Colleges Conference in June 2010 highlighted the creation of the City of Glasgow College as a '*significant beacon*' in the sector.

John McClelland, Chair of the SFC stated during our merger consultation,
'Glasgow will become the home to the most exciting further education facility in the UK.'

The Students' Association

Following on from the merger of Glasgow Metropolitan College, Central College and Nautical College to form the City of Glasgow College, the Students' Association has grown dramatically in size. The Students' Association has welcomed the increase in paid posts and the introduction of the Student Engagement team.

The wide variety of courses on offer in the one Institution is a great benefit to the student population as are the increased recreational facilities on offer such as the Gyms, Swimming pool, Library and Students' Association common rooms.

Although these are great benefits to the students the sheer size of the college is proving challenging. We are working closely with the student association to identify priority areas for improvement, for example, staff / student communications.

Marine Skills Centre Launch

The 12 new Schools

City of Glasgow College
SCHOOL OF BUSINESS & ENTERPRISE

City of Glasgow College
SCHOOL OF COMMUNITY CARE & SOCIAL SCIENCES

City of Glasgow College
SCHOOL OF SPORT

City of Glasgow College
SCHOOL OF CONSTRUCTION & BUILT ENVIRONMENT

City of Glasgow College
SCHOOL OF CREATIVE INDUSTRIES

City of Glasgow College
SCHOOL OF ENGINEERING, ENERGY & SCIENCE

CITY OF GLASGOW COLLEGE
SCHOOL OF FOOD, HOSPITALITY & TOURISM

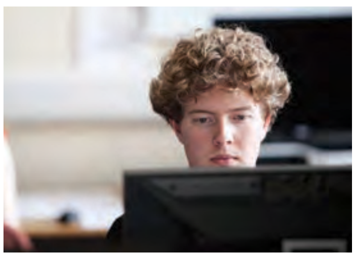
CITY OF GLASGOW COLLEGE
SCHOOL OF HAIR & BEAUTY

CITY OF GLASGOW COLLEGE
SCHOOL OF NAUTICAL STUDIES

CITY OF GLASGOW COLLEGE
SCHOOL OF LANGUAGES & ESOL

CITY OF GLASGOW COLLEGE
SCHOOL OF ART & DESIGN

CITY OF GLASGOW COLLEGE
SCHOOL OF COMPUTING



Our Performance

Student Satisfaction PIs

To provide a meaningful picture of student satisfaction performance indicators (PIs) for the merged College in 2010-11, some reference requires to be made to the data collected by the predecessor Colleges, each of which collected data using slightly different questionnaires. The results of this data collection provided the following results, each illustrative of the success of the predecessor colleges at merger:

Campus A

Overall, staff were approachable and readily provided guidance and support - 93.8%
I felt that I was treated fairly and sensitively, and given equal opportunities - 96.3%
I experienced a variety of learning and teaching methods - 96%
Learning and Teaching facilities and equipment were suitable - 95.4%

Campus B

Learning and Teaching materials were effective - 98%
Learning and Teaching Methods were appropriate and varied - 97.2%
Extra help was willingly given if I needed it - 96.5%
I feel that I was treated fairly and equally - 96.9%
Rooms used for learning and teaching were suitable - 95.2%

Campus C

I receive support from my lecturers when I need it - 92%
The lecturing staff use technology in a way that helps me learn - 94%
I am encouraged to take responsibility for my own learning - 95%

Learning & Teaching KPIs

City of Glasgow College has clearly articulated our aspirations to deliver excellent quality learning & teaching with outcomes that are measurable and benchmarked against the sector and against other leading organisations. We have established baseline data from the recognised KPIs of the three legacy College as the starting point for our Quality Improvement Strategy.

Learning & Teaching Key Performance Indicators

City of Glasgow College - Learning and Teaching KPIs 2010-11

Level	Mode	Enrolments	Early retention	Retention	Student Outcome
Further Education	Full time	3,071	84%	82%	80%
Further Education	Part time	26,490	87%	95%	92%
Higher Education	Full time	5,832	92%	87%	81%
Higher Education	Part time	3,526	93%	97%	81%

Source: City of Glasgow College Internal Data

Our Successes

Students

International Graduation

City of Glasgow College held its first ever Graduation Ceremony on Tuesday 21 June at St Francis Centre in the Gorbals. After completing an intensive programme of training in Maritime Studies and Marine Engineering, graduates joined with fellow students, family friends and staff to celebrate their achievements. Many graduates have come from overseas institutes including AMET in Chennai, VELS in Chennai, BP Marine in Mumbai and MTI in Karachi, and will now either return home, spend time at sea or go on to university courses.

Student Elections

The polling is over, the votes have been counted and the winners of the second student election at City of Glasgow College have been revealed.

Voters took to the ballot box last month to choose a president and vice president. Interest in the contest was huge but it was HND Events Management student Emma Iwanow who received the most votes to become Student President. Gulnasheen Shahid and John Gaughan were named Emma's Vice Presidents. Gulnasheen is studying Practical Cookery, while John is a Retail Management student.

Growth and Development

Developing Culture

The "Cultural Connections" Initiative. We are building on the strong foundations that were laid during the merger process to ensure that our new College culture is firmly embedded.

We have a team of trained "cultural connectors" who are acting as influencers in culture-creating activities within their own teams and across the college.

This unique and innovative project has attracted interest from outwith the College, with TESS attending a masterclass and interviewing several participants.

International Partnerships

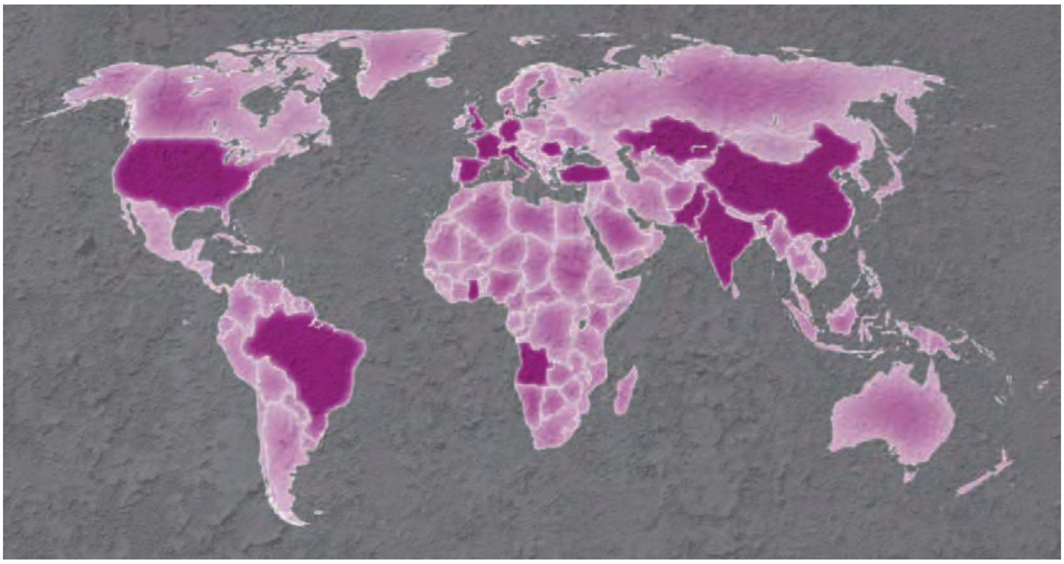
In 2010/11 the College attracted over 1100 International students from a total of 135 different countries representing approximately £3.2m of non funded income. Courses undertaken varied from full-time to short specialisms and whilst the vast majority were in the niche market of Maritime and Engineering, significant numbers were also seen in Business, Hospitality and Languages. Significant numbers came through our International Partners partcularly in India, Pakistan, Nigeria, Angola and China.

In support of partnerships or to develop our International links, staff visits were made to India, Angola, Pakistan, China and several European countries.

As part of courses or european partnerships, staff and student visits took place to the USA, France, Spain, Germany, Denmark, Italy and Poland.

The project to develop a Maritime Training centre in Angola is progressing and the ‘First Stone Laying Ceremony’ took place on 6th April, undertaken by local Kwanza-Sul Province Governor Serafim Maria Do Prado. The event was attended by many specially invited guests and a large number of staff from the various Construction related Companies, Sonangol and Stena. Vice Principal, Richard Speight attended, representing City of Glasgow College. Building of the $100M centre continues apace with a planned opening in August 2012. At this point City of Glasgow College will assume the operational management of the centre.

Artist’s Impression of Maritime Training Centre Angola



European Social Fund Activity

In 2010-11, the Scottish Funding Council (SFC) took the role of lead partner in a project involving the majority of Scotland's colleges. The first project, Investing in Recovery, focused on providing training for 16-24 year olds with the emphasis on skills for the identified growth areas of construction, care, business services, retail and food and drink. This project provided £1.3M of additional funding to the three merging colleges.

Processes

Quality & Curriculum Portfolio Review

The College has developed a new model for Curriculum Portfolio Review to ensure that our course profile matches the needs of employers, the aspirations of students and is geared towards the delivery of high quality positive outcomes. Our Board of Management has set a clear strategic direction which is reflected in both the College's Learning & Teaching Strategy and Quality Strategy. A focussed Quality Improvement Action Plan will be rolled out over the current session and we will engage in professional dialogue with HMIe in our scheduled HMIe Review in May 2012.

Technology Integration

It became clear early on in the merger process that technology integration was essential to allow the three legacy colleges to continue to operate, as well as plan for the future. Each of the legacy colleges was successful in its own right and each operated successful independent core systems. A number of technological hurdles were overcome including:

- An integrated email system across all campuses
- An inter campus telephone system
- One physical network which will embed our "one college" culture and will allow greater mobility and flexibility

The focus for technology integration was the delivery of student-facing applications and services. With this in mind we adopted a new online application system and integrated database, presenting a single college experience to all students joining us for 2011/2012.

Finance

The Board of Management with the Executive Leadership Team have ensured the successful financial management of merger. There have been efficiency savings in the short-term, with over 100 staff taking up voluntary severance representing a net salary saving of £2.9 million. When further projected non staff related savings are taken into account merger savings come to almost £4 million. The structure of the new College has been costed and in full consultation with staff, carefully devised to produce efficiencies.

Over the period of merger implementation there has been a focus upon delivering affordable harmonisation and a "no redundancies" agreement, with ongoing Trade Union engagement.

The first stage of new campus development, the Marine Skills Centre, was delivered on time and under budget at £6.8m.

The Way Forward: City of Glasgow College Planning

The College Strategic Plan sets out the high-level priorities and aims of the College and the strategies in place to achieve these aims. Operational planning throughout the College relates to these strategies, thereby providing a coherent Strategic and Operational link.

College planning is based upon the four perspectives of the Balanced Scorecard through these levels, i.e. Students, Growth and Development, Processes, and Finance, each expressed as a Strategic Priority. Level One Balanced Scorecard priorities are expressed as Strategic Aims, and Level Two as related Strategic Objectives. This approach provides a comprehensive and comprehensible planning framework, as well as a consistent performance management methodology:

Balanced Scorecard	Strategic Plan
Four Perspectives	Strategic Priorities (4)
Level One	Strategic Aims (20)
Level Two	Strategic Objectives (80+)

The College's strategic plan reflects Scottish Government and Scottish Funding Council policies and priorities, as well as the key priorities for Glasgow and the national and local economy. The Board of Management recognises the key role of City of Glasgow College in supporting industry and ensuring the employability of students leaving the College to enter the world of work, or to change or progress career paths. The Scottish Government has identified Scotland's key economic sectors, many of which are long-standing key specialisms of the College: Tourism, Creative Industries, Financial and Business Services, Food and Drink.

This new city centre college, with its wide range of specialist vocational subject disciplines, will be a vital component in the energising of the Scottish economy, as well as being attractive to learners from overseas. The College will thereby live up to its mission to "deliver world class learning for individuals and enterprises, for Glasgow, Scotland, and the international community".

A New Campus for City of Glasgow College

Update

The aspiration and early case for a new estate for the city centre colleges dates back to before December 2006. At this time a full business case was submitted to SFC recommending rationalisation of what were then four colleges over 11 separate sites into a twin site campus with new buildings at Cathedral Street and on Riverside.

With the organisational imperative of the newly merged City of Glasgow College and the ongoing deterioration of the existing estate during the intervening period, the original logic of the first business case is reinforced by current circumstances.

In November 2010, the Scottish Government announced that the estate project was to be delivered using the Non Profit Distributing (NPD) model. This decision can be taken as a strong positive endorsement of the project and a reflection of the need to adopt a 'Revenue Financed Investment' strategy because capital funding is not available during the period 2011-2016.

A review of the existing estate in December 2010 based on surveys carried out over the last ten years showed:

- a £100M cost to bring up to basic building fabric and servicing standards,
- a shortage of large spaces and surplus of small spaces presenting a misfit with an effective operational brief,
- a fragmented estate with too many sites, buildings and floorplates fundamentally mitigating against opportunities to consolidate, integrate and collaborate
- very limited opportunities to improve utilisation, achieve flexibility and to promote innovation

A new Business Case was submitted to the SFC in April 2011 to meet the requirements of the NPD Procurement model. On the 29th November we were able to announce Scottish Government's approval for the Project to begin procurement and the OJEU notice inviting expressions of interest from bidders was published on 2nd December. It is anticipated that the procurement process will complete in May 2013 and construction will begin in the summer of 2013 with completion of the Riverside campus in June 2015 and City campus in the summer of 2016.

The new estate will allow the City of Glasgow College to realise its educational vision and provide the learning community with fit for purpose facilities. The investment will deliver significant educational benefits, improve efficiency and effectiveness and create a sustainable estate that evidences the Scottish Government's commitment to education, regeneration and carbon reduction.

The new estate is to accommodate 210,000 WSUMs of SFC-funded curriculum activity. The curriculum mix is consistent with the current portfolio of CGC plus planned additional activity in key areas identified in the Curriculum for Glasgow review. A further 20,000 EWSUMs commercial activity is also to be accommodated through College capital investment.

The estate will consolidate the current process of integration and curriculum realignment which has followed the creation of the City of Glasgow College. It will provide a further catalyst for innovation and for the development of sectoral best practice in specialist areas which are central to Glasgow's economic recovery.

The educational rationale for the new estate is well established and takes cognisance of recent research and reportage, linking successful student experience and outcomes with positive learning environments combined with responsive and engaging pedagogical approaches. The Project is fundamentally driven by the need to realise educational benefits and will build on the outcomes and recommendations of reports such as the SFC commissioned 'Spaces for Learning' [3], Learning Landscapes in Higher Education (2010)[4] , the GEMS Report[5] and inspiration from the educational experiences of other European education systems. The new campus also supports a wide range of priorities and policies for the Scottish Government, the Scottish Funding Council and Glasgow City Council.

Supports Scottish Government Skills Strategy:
"Colleges as highly effective, world-class organisations; with high-quality buildings, facilities and equipment contributing to enhancing the experience for learners."

Supports SFC Strategic Themes & Priorities
Council's priority for colleges to look at "collaboration and co-location in order to ensure an effective and efficient solution..."to provide the most effective learning environment for the 21st century."

CITY OF GLASGOW COLLEGE
New Campus

Supports the Principles of 'The Curriculum for Glasgow'
"This campus can therefore be the focus for the needs of city-wide, regional, national and international markets as well as meeting the needs of businesses and communities in their immediate locality."

Supports Glasgow's Economic Strategy
Glasgow's role: "critical to the economic performance of the West of Scotland, and Scotland as a whole" ... public sector partnership working as key to achieving efficiencies and greater value.

[3] Spaces for Learning: a review of learning spaces in further and higher education. A report for the Scottish Funding Council prepared by AMA Alexi Marmot Associates in association with haa design

[4] Learning Landscapes in Higher Education (2010) Centre for Educational Research and Development University of Lincoln, Lincoln LN6 7TS, ISBN 978 - 0 – 9564797

[5] GEMS Guidance on the Effective Management of Space for Scotland's colleges January 2010 A report for the Scottish Funding Council prepared by AMA Alexi Marmot Associates in association with haa design and IPD

Key benefits of the New Campus include:

- Simplifying the landscape for prospective students by providing a broad comprehensive curriculum in one college, both as a single organisation and as an integrated campus
- Improved access to the progression pathways open to individual students
- Fresh combinations of subject disciplines that better meet and anticipate the changing requirements of the economy in our technology-enabled society
- ‘Centres of Excellence’ which will contribute to raising aspiration and increase the skills and qualification base for Glasgow
- Access to specialist subject areas that would not be available in a smaller college
- As a landmark two campus estate we will be a key part of the Glasgow ‘Learning Quarter’, we will provide an important focal point for vocational learning, contributing to the learning landscape as a conduit between vocational, employment-focussed learning and articulation to advanced level study both in the college and with our university neighbours. This will help sustain and improve participation rates for ourselves and others
- A diverse student community with around 17% of learners coming from minority backgrounds and 2 in 5 coming from the most deprived postcodes. This rich mixture of backgrounds and experience will ensure an inclusive, open environment that facilitates progression and achievement for those for whom education and training can have a life-changing and transformational impact
- Combining our current staff teams within the rationalised city and riverside buildings will allow us to re-engineer services to provide a wider range of more specialised support for our diverse community of learners
- A single city centre College, with a wide range of specialist vocational subject disciplines, will be attractive to overseas learners and will further contribute to the local economy
- Learning environments equipped to industry standards
- Well-resourced support services
- Technological innovation supporting and enhancing the learning process
- Well established communities of professional practice benefiting from co-location in areas where synergies may be exploited
- Accessible learning resources
- Enthusiastic and motivated staff and students working together in a world class institution

Diversity and Equalities

Equal Opportunities and employment of persons with additional needs

The College is committed to a policy of equal opportunities for all staff and students. We aim to create an environment which enables everyone to participate fully in their chosen studies and college life. The College supports inclusiveness and widening access in all forms, particularly in relation to gender, ethnicity and addintional needs. We aim to design our curriculum to be as accessible as possible for all students and provide extra support where this is reasonable. This includes the provision of alternative formats for curriculum material, physical access and financial assistance where students are eligible for third party support such as scribes and signers.
All individuals within City of Glasgow College have a responsibility for compliance with legislation and for a positive attitude towards equal opportunities. All external persons connected to City of Glasgow College will be encouraged to hold the same responsibility and commitment.

Strategy and Operations 2010-11 - Equality Report

In December 2010, The Annual Equality Report, produced by the College Merger Implementation Group, detailed progress made, and further action required, to meet a number of specific priority action areas for each of the 3 legacy colleges. Subsequently in January 2011:

- The College's Diversity & Equalities Statement was published (See below)
- A model representing proposed Diversity & Equalities relationships and activities has been produced and published
- An Equality Summary Report has been produced with 9 strategic priorities for the new College

Diversity & Equalities Statement

WE WILL POSITIVELY PROMOTE EQUALITY, DIVERSITY AND HIMAN RIGHTS FOR ALL

- In doing so the College will:
- Foster good relations based on dignity and respect;
- Advance equality of opportunity for individuals; and
- Eliminate harassment, victimisation and unlawful discrimination.

Aims

- To promote equality, diversity and human rights for all (irrespective of age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion and belief, sex, and sexual orientation);
- To foster good relations based on dignity and respect;
- To advance equality of opportunity for individuals; and
- To eliminate harassment, victimisation and unlawful discrimination.

City Learners

- 35,000 enrolments
- 135 nationalities
- 14.6% from Black Minority Ethnic background (5.3% in Scotland's Colleges)
- Average age 27.6 years (30 years in Scotland's Colleges)
- 52.1% female, 47.9% male (55% female in Scotland's colleges))
- 6.7% disclosed a disability/additional needs requirement

Governance

Corporate Governance Statement

Introduction

We welcomed the publication of the UK Corporate Governance Code and have used the Code as our good governance reference point, complying with all of the provisions so far as they apply to the Further Education Sector.

We are embarking on a new chapter in the development of the Board and the enhancement of corporate governance. We must ensure that we have a Board that:

- Supports the Principal and the Executive team
- Demonstrates independence and integrity and brings fresh perspectives
- Promotes management accountability
- Seeks full information and questions
- Is diverse and has a good balance of skills and background

Board of Management

The Board provides independent challenge and review, bringing wide experience, specific expertise and a fresh objective perspective. Committee Members drawn from the Board play a crucial role in the oversight of College business and hold management accountable for performance against our targets and performance. The Board met 7 times this year.

The Finance Committee - responsible for the review of forward financial planning, monitoring the use of funds allocated for student welfare, for carrying out all duties delegated by the Board and assigned in the Financial Regulations, and for receiving and approving the annual budget and final accounts for recommendation to the Board.

The Estates Committee - considers approves and monitors, on behalf of the Board, the College's plans for the management and development of its estate and facilities.

The Audit Committee - monitors the integrity of the financial statements and reviews the effectiveness of internal controls, risk management and audit.

The Staffing and Equalities Committee - considers and approves the College's employee focused strategies and policies, including those related to equalities and health and safety, and monitors relationships with recognised trade unions and employees.

The Learning and Teaching Committee - provides reports, advice and recommendations to the Board on academic policies and procedures, on matters relating to the curriculum, quality and learning, teaching and support, and on the role of the Academic Board.

The Nominations Committee - manages the process for recruitment of Board members, and provides assistance in identifying candidates for senior positions in the College.

The Remuneration and Performance Review Committee - determines the remuneration of the Principal and the Executive leadership team.

Board's Statement of Internal Control

The Board of Management is responsible for the College's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against misstatement or loss.

The Executive Leadership Team receives regular reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms which are embedded with the operational units. The Executive Leadership Team and the Audit Committee receive regular reports from the internal auditors, and health, safety and environmental monitoring functions, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal financial and other control systems. The Board of Management agenda regularly includes consideration of risk management.

The Board of Management is of the view that there is an ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2011 up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Management and accords with the internal control guidance as applicable to the further education sector.

The system of internal financial control is based on a framework of regular management information, financial regulations and administrative procedures including the segregation of duties.

In particular it includes:

- comprehensive budgeting systems with an annual budget which is approved by the Board of Management;
- regular reviews by the Finance Committee of quarterly and annual financial reports which indicate financial performance against the forecasts;
- setting targets to measure financial and other performance measures;
- procedures for the Board of Management to review and agree the budgets; and
- clearly defined capital investment control guidelines.

City of Glasgow College has an internal audit service, the focus of which is on key activities determined by an analysis of the areas of greatest risk and in accordance with the annual internal audit plan approved by the Board of Management. The internal auditors report to the Principal and to the Audit Committee on a regular basis and have direct access to the chairperson of the Audit Committee. The internal auditors have issued an annual report, which gives an opinion of the adequacy, reliability and effectiveness of the College's internal control system.

The Board of Management's review of the effectiveness of the system of internal financial control is thus conducted through the work of the internal auditors, the Board of Management and the Audit Committee

Corporate Strategy

The College's Board of Management comprises lay members, a student and employees. The roles of Chairman and Vice-Chairman of the Board of Management are distinct from the role of the College's Chief Executive, the Principal. The matters reserved to the Scottish Funding Council for decision are set out in the Financial Memorandum issued by the Council. The Board of Management is responsible for the ongoing strategic direction of the College, approval of major developments and the review and commissioning of regular reports from Executive Leadership Team on the day-to-day operations of its business.

Going Concern

The College's Board of Management can confirm the College is a going concern based on the financial performance of the College and all other relevant information. The annual financial statements have been prepared on a going concern basis.

Conclusion

The Board of Management is satisfied that their actions and decisions during the year have demonstrated good corporate governance.

Approved by order of the members of the Board on 14th December 2011 and signed on its behalf by:

Rt.Hon Henry McLeish, Chairperson	Paul Little, Principal & Chief Executive

Statement of the Board of Management's Responsibilities

In accordance with the Further and Higher Education (Scotland) Act 1992, the Board of Management is responsible for the administration and management of the College's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the Statement of Recommended Practice (SORP) 2007; Accounting for Further and Higher Education July 2007, and other relevant accounting standards. In addition, within the terms and conditions of the Financial Memorandum agreed between the Scottish Funding Council and the College's Board of Management, the Board of Management, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Board of Management has ensured that:

- Suitable accounting policies are selected and applied consistently
- Judgements and estimates are made that are reasonable and prudent
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Financial statements are prepared on the going concern basis unless it is inappropriate to presume that the College will continue in operation. The Board of Management 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

The Board of Management has taken reasonable steps to:

- Ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- Safeguard the assets of the College and prevent and detect fraud
- Secure the economical, efficient and effective management of the College's resources and expenditure.

The key elements of the College's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- Clear definitions of the responsibilities of, and the authority delegated to senior managers
- A comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets
- Regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Management
- Comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and Finance Committee
- A professional Internal Audit team whose annual programme is approved by the Audit Committee and whose head provides the Board of Management with a report on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

Approved by order of the members of the Board on 14th December 2011 and signed on its behalf by:

Rt.Hon Henry McLeish, Chairperson

Governance: Risk Management

The Board of Management follows the definition of risk as defined by HM Treasury:
"Risk is defined as this uncertainty of outcome, whether positive opportunity or negative threat, of actions and events. The risk has to be assessed in respect of the combination of the likelihood of something happening, and the impact which arises if it does actually happen" (HM Treasury Orange Book). In agreement with the approach taken by New Campus Glasgow, risk in the context of the City of Glasgow College will focus upon those uncertain events which would, if they occurred, result in a negative impact on the operation and objectives of the College. However the Board of Management recognises that that the opportunity for a positive outcome should not be overlooked in the management of risks. This is the definition of risk understood in all College documents relating to risk management.

Risk Management is at the core of the College internal control and corporate governance arrangements, and as such is the responsibility of the Board with the support of senior management. The College Risk Management Policy outlines the College's approach to risk management and internal control, and the roles of the Board of Management and Executive Leadership Team. The Risk Management Procedure outlines key aspects of the risk management process, including the main reporting procedures, and provides a description of the process employed by the Board in evaluating the effectiveness of the College internal control processes

The approach to identifying, prioritising, and managing risk should be open and receptive. It is also recognised that effective risk management at strategic and operational levels involves the participation of staff throughout the organisation. A Risk Management Guidance document provides staff, in particular those staff responsible for providing updates to the Risk Register, with a concise guide to using the College Risk Matrix and Risk Register.

Risk management is basically about addressing uncertainty and taking steps to manage a situation or potential situation. This approach is then monitored by the Board and Senior staff, to increase confidence in the organisation's ability to cope with events or circumstances which would potentially impact negatively on the operation and function of the College. The key treatment strategy for risk is mitigation - that is, to take steps to reduce the impact and/or likelihood of the risk.

There are five such treatment strategies:
- Mitigate: take actions to reduce the impact/and/or likelihood of the risk
- Avoid: adopt a different approach in order not to take the risk
- Transfer: take out insurance, warranty, or otherwise contract another party to take the risk (usually for a fee)
- Share: similar to Transfer - come to an agreement with another party to spread the risk , e.g. with a partner organisation in collaboration
- Accept: accept the risk, monitor, review and make contingency plans (e.g. H1N1 'flu pandemic)

The Risk Matrix provides a summary of the level 1 and 2 risks, arranged by level, likelihood and impact. The Matrix provides a simple reference tool to highlight movement of risks between the high/low likelihood, and high/low impact axes, and to highlight new or deleted risks. The Matrix is compiled by the Board and Executive Leadership Team (ELT) and reviewed regularly by the Board Audit Committee, and formerly reviewed at least annually by the Board. Past versions of the Risk Matrix are archived to maintain a record of risk movement.

The Risk Register provides a means to record details of all risks, and risk owners, together with risk treatment strategy and actions, dependencies, and review dates. Risk owners are required to provide a regular update on progress with regards to risk actions and other changes.

The escalation of risk identification is explicitly outlined in the Risk Management Guidance document through the levels of the organisation thus:

Team/Departmental Meeting
Director
Vice Principal
Executive Leadership Team: Review and Assessment
Audit Committee: Consideration of Risk Matrix/Register
Board of Management: Approval of Risk Matrix/Register

Principal Risks and Uncertainties

The Risk Register is reviewed by the Board of Management and the Audit Committee. The principal risks that may affect the College's long-term financial position are:

- Adverse impact of further reductions in SFC grant support
- Adverse impact on employee relations as a result of public sector pay freeze and pensions reform
- Failure to achieve financial sustainability
- Failure to meet student recruitment targets
- Failure to secure funding for new campus project
- Failure to manage change
- Failure to creative a positive "people first" culture
- Failure to manage the Quality of service delivery
- Failure to comply with legislation and risk of litigation
- Negative risk to college reputation

The College Board and the Executive have developed strategies to mitigate the above risks and continually monitor the successful management of all identified risks.

Board of Management Membership 2010/2011

Name	Position	COGC Board Appt'd 2010/11	Resigned	Committee/s served
Douglas Baillie	Acting Head of Deposits, Clydesdale Bank	23/01/11		Estates, Finance
Alisdair Barron	Chief Executive, Children in Distress	01/09/10		Audit, Staffing & Equalities (Chair)
David Eaton	Teaching Staff Member	15/12/10		Estates, Learning & Teaching
Peter Finch	Former Senior Assistant Principal, GCU			Vice Chair of Board of Management, Estates (Chair), Finance
Jim Gallacher	Emeritus Professor of Lifelong Learning, GCU	01/09/10		Audit, Learning & Teaching (Chair)
Paul Little	Principal and Chief Executive	01/09/10		Estates, Finance, Staffing & Equalities, Learning & Teaching
Henry McLeish	First Minister of Scotland (2000-01). MSP (1999-2003) Retired politician, consultant, journalist, and author	23/01/11		Finance, Nominations
John MacLeod	John F MacLeod Chartered Accountants			Audit (Chair), Staffing & Equalities
Colin McMurray	Director, Clyde Marine Training Ltd	01/09/10		Staffing & Equalities, Learning & Teaching
Debbie McNamara	Special Advisor, Clyde Gateway Urban Regeneration Company			Estates, Nominations
Robert Morrison	Support Staff Member	15/12/10		Finance, Staffing & Equalities
Nigel Palmer	Palmer Marine Services Ltd	01/09/10		Vice Chair of Board of Management Finance (Chair)
Sharma Janak Raj	Student Member	15/12/10	31/07/11	Estates, Finance
David Stark	Retired architect; MD, Keppie Design Company	23/01/11		Audit, Estates
Scott Taylor	Chief Executive, Glasgow City Marketing Bureau	01/09/10	15/11/10	
Eric Tottman-Trayner	(Chair) Business Development Director, Siempelkamp Nuclear Technology UK	01/09/10		Finance, Nominations (Entitled to attend Estates, Staffing & Equalities, Learning & Teaching)
Lesley Woolfries	Associate, Holmes' Partnership	23/01/11		Estates, Learning & Teaching
Co-options:				
Tasmina Ahmed-Sheikh	Partner, Hamilton Burns WS Solicitors	23/01/11		Staffing & Equalities, Learning & Teaching
Charanjit Kaur	Chief Internal Auditor Strathclyde Police	23/01/11		Audit, Staffing and Equalities

The following Board Members served on the Board of Management of Glasgow Metropolitan College up to the vesting day of City of Glasgow College, August 31 2010, and so for the first month of the period of this report. All resigned at vesting date:

Name	Position
Martin Clark	Staff Member (Support)
Susan Geddes	Staff Member (Teaching)
Sarah Gibbons	Student Member
Geoff Holliman	Member Elected Trustee – Scottish Radio Holdings Pension Scheme Trustee – Helensburgh Community Centre Trust Member – Helensburgh Community Council
Denise Kerins	Senior Commercial Manager, Scottish Enterprise
James King	General Manager, Post Office (retd.)
Malcolm McCaig	Member, Audit Committee, House of Lords Governor, Glasgow Caledonian University Court Various Company Directorships held;
Susan Scott	Pro Vice Chancellor, Glasgow Caledonian University

External Advisers

Activity	Adviser
External Auditors:	KPMG LLP
Internal Auditors:	BDO Stoy Hayward LLP Scott Moncrieff Deloittes LLP
Bankers:	Bank of Scotland Clydesdale Bank Royal Bank of Scotland Santander
Solicitors:	Brodies LLP Maclay Murray & Spens LLP Macroberts LLP McClure Naismith LLP External Advisers

Board of Management 2011

Prompt Payment of Suppliers

The College seeks to comply with the CBI Prompt Payment Code and has a policy of paying its suppliers within 30 days of invoice date unless the invoice is contested. All disputes and complaints are handled as quickly as possible.
The average creditor's payment period throughout the year was 36 days. No late payment interest charges were paid during the year.

Financial Performance Review

The Board of Management's aim of sustaining the College's financial stability is underpinned by the following main financial objectives:

- Maintaining and where possible improving the level of capital investment in terms of the College's estate, educational equipment and other resources.
- Achieving an operating surplus on the College's Income & Expenditure Account.
- Maintaining an appropriate level of net current assets.

The College spent £3,541,000 on capital expenditure during 2010/11, compared to the 2009/10 figure of £7,000,000. The main cause of the reduction of £3.5M was a decrease in SFC capital grant used to fund the new Marine Skills Centre in 2009/10.

The 2010/11 operating surplus before exceptional items amounted to £1,269,000 which is a significant decrease compared to the 2009/10 figure of £2,682,000. The main explanation for the change relates to the impact of FRS17 pension valuation, which included a past service gain of £2m in 2009/10 and only £0.2m in 2010/11.

The College's 2010/11 net current assets position at 31st July 2010 was £22,348,000, which represents an increase compared to the 2009/10 figure £19,687,000. This was a result of the College's 2010/11 operating surpluses excluding the impact of FRS17 and reduced capital expenditure.

Buildings Impairment

Prior to the year end the Board of Management had approved the business case for a new campus and submitted this to the Government. This gave rise to uncertainty over the future lives of the buildings. Subsequent to the year end on 29 November the Scottish Government announced that £193 million of funding had been approved towards the building of a new campus for the College. The College will also contribute almost £6 million of its own funds towards the project. The College will therefore be disposing of or demolishing all its existing buildings within the next 5 years as part of the plans for the new campus. Construction of the new campus is planned to start in the summer of 2013.

The College has an obligation to review the disclosed value of the buildings on an annual basis. The Board of Management have agreed that due to the approval of the project to build a new campus for the College the value of the College buildings must now reflect the new reduced useful life and market value of the buildings in the 2010-11 accounts.

The impairment adjustment required involves writing off the value through accelerated depreciation of buildings that will be demolished during the campus development and writing down to estimated market value those buildings that will be the subject of a disposal/sale.
In summary, the impairment has the following impacts:

1. The value of the College's fixed assets (as at 31st July 2011) reduces from £66,721,000 to £23,895,000.

2. The operating surplus prior to the impairment for 2010-11 was £1,269,000, this now becomes an operating deficit of £34,385,000, as a result of writing down the asset value of the College's existing building.

3. The College's historical costs surplus for 2010-11, remains unchanged at £2,777,000.

4. The Colleges net current assets, remains unchanged at £22,348,000.

The following table provides a summary of the College's main financial performance indicators, which reflect those used by the Scottish Funding Council to benchmark the performance of Scotland's colleges.

	City of Glasgow 2010/11	City of Glasgow 2009/10	Sector Average 2009/10
Operating surplus before exceptional items as a % of total income	2.05%	4.62%	2.77%
Historical cost surplus as a % of total income	4.48%	6.70%	4.37%
Income & expenditure reserves as a % of total income (ex- pension reserve)	36.20%	36.71%	25.77%
Current assets: current liabilities	3.73:1	3.92:1	1.66:1
Days cash to total expenditure	173	161	104

Independent Auditor's Report

Independent auditor's report to the Board of Management of Glasgow Metropolitan College (known as City of Glasgow College), the Auditor General for Scotland and the Scottish Parliament

We have audited the financial statements of the Board of Management of Glasgow Metropolitan College (known as City of Glasgow College) for the year ended 31 July 2011 set out on pages 44 to 69. 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 Board of Management of Glasgow Metropolitan College (known as City of Glasgow College) and to the Auditor General for Scotland in accordance with sections 21 and 22 of the Public Finance and Accountability (Scotland) Act 2000. Our audit work has been undertaken so that we might state to those two parties those matters we are required to state to them in an auditor's report and for no other purpose. In accordance with the Code of Audit Practice approved by the Auditor General for Scotland, this report is also made to the Scottish Parliament, as a body. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Management of Glasgow Metropolitan College (known as City of Glasgow College) and the Auditor General for Scotland, for this report, or the opinions we have formed.

Respective responsibilities of Board of Management and auditor

As explained more fully in the Statement of the Board of Management's Responsibilities set out on page 31-32, the Board of Management 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 receipts. 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 receipts.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts, disclosures, and regularity of expenditure and receipts 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 body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Management; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements 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 of the state of the body's affairs as at 31 July 2011 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

Opinion on regularity prescribed by the Public Finance and Accountability (Scotland) Act 2000

In our opinion in all material respects:

- The expenditure and receipts in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers;
- Funds provided by the Scottish Funding Council have been applied in accordance with the Financial Memorandum dated 1 January 2006 and any other terms and conditions attached to them for the year ended 31 July 2011; and
- Funds from whatever source administered by the body for specific purposes have been properly applied for the intended purposes.

Opinion on other matters prescribed by the Public Finance and Accountability (Scotland) Act 2000

In our opinion the information given in the Report of the Board of Management included in the Annual 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 have nothing to report in respect of the following matters where the Public Finance and Accountability (Scotland) Act 2000 requires us to report to you if, in our opinion:

- Adequate 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 Corporate Governance Statement does not comply with Scottish Funding Council guidance.

DJ Watt for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
191 West George Street
Glasgow, G2 2LJ

…………………………………[Date]


CITY OF GLASGOW COLLEGE
BUSINESS AND MANAGEMENT
CHILD SOCIAL & HEALTH CARE
COMPUTING & ICT
CONSTRUCTION & BUILT ENVIRONMENT
CREATIVE INDUSTRIES
ENGINEERING
FOOD & HOSPITALITY
HAIR, BEAUTY & COMPLEMENTARY THERAPIES
MARITIME
SOCIAL SCIENCES
SPORT
TOURISM
www.cityofglasgowcollege.ac.uk

Financial Statements
2010-2011

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2011

	Notes	Before Exceptional items £000	Exceptional items £000	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
Income					
SFC grants	2	39,333	10,344	49,677	39,107
Tuition fees and education contracts	3	13,742	-	13,742	13,558
Other income	4	4,561	495	5,056	5,018
Investment income	5	642	-	642	343
Total income		**58,278**	**10,839**	**69,117**	58,026
Expenditure					
Staff costs	6	40,069	3,667	43,736	38,672
Other operating expenses	8	12,719	-	12,719	12,454
Depreciation	10	4,221	42,826	47,047	3,856
Interest payable	9	-	-	-	362
Total expenditure		**57,009**	**46,493**	**103,502**	55,344
Surplus / (Deficit) on continuing operations after depreciation of fixed assets at valuation and disposal of assets but before tax		1,269	(35,654)	(34,385)	2,682
Taxation		-	-	-	-
Surplus / (Deficit) on continuing operations after depreciation of assets at valuation, disposals of assets and tax		**1,269**	(35,654)	(34,385)	2,682

The income and expenditure account is in respect of continuing activities.

STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 JULY 2011

	Notes	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
Surplus on continuing operations after depreciation of assets at valuation, disposals of assets and tax		(34,385)	2,682
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	16	1,508	1,195
Transfer from revaluation reserve in respect of the impairment adjustment		35,654	10
Historical cost surplus for the period after taxation		**2,777**	3,887

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 JULY 2011

	Notes	*Year ended 31 July 2011 £000*	*Year ended 31 July 2010 £000*
(Deficit) / Surplus on continuing operations after depreciation of assets at valuation, disposals of assets and tax		(34,385)	2,682
Actuarial gains / (losses) in respect of pension scheme		(1,773)	3,439
Unrealised gains / (losses) on revaluation of fixed assets	16	-	4,853
Total recognised gains / (losses) for the year		**(36,158)**	10,974
Reconciliation			
Opening reserves and endowments		62,027	51,053
Total recognised gains / (losses) for the year		(36,158)	10,974
Closing reserves and endowments		**25,869**	62,027

BALANCE SHEET
FOR THE YEAR ENDED 31 JULY 2011

	Notes	*Year ended 31 July 2011 £000*	*Year ended 31 July 2010 £000*
Fixed assets			
Tangible assets	10	23,895	67,426
Investments	11	4	4
Total Fixed assets		**23,899**	67,430
Current assets			
Stock		33	31
Debtors	12	3,690	3,740
Short Term Investments		18,900	11,000
Cash at bank and in hand		7,918	11,667
Total Current assets		**30,541**	26,438
Creditors - amounts falling due within one year	13	(8,193)	(6,751)
Net current assets		**22,348**	19,687
Total assets less current liabilities		**46,247**	87,117
Provisions for liabilities and charges	14	(4,446)	(4,304)
Net assets before pension asset / liability		**41,801**	82,813
Pension asset / (liability)	17	(2,928)	(1,551)
Net assets after pension asset / liability		**38,873**	81,262
Deferred capital grants	15	13,004	19,235
Income and Expenditure account excluding pension reserve	16	22,421	20,040
Pension Reserve	16	(2,928)	(1,551)
Income and Expenditure account including pension reserve	16	19,493	18,489
Restricted reserves	16	510	510
Revaluation reserve	16	5,866	43,028
Total Reserves		**25,869**	62,027
TOTAL		**38,873**	81,262

The financial statements on pages 44 to 69 were approved by the Board of Management on 14th December 2011 and signed on its behalf by:

Rt Hon Henry Mcleish
Chairperson

Paul Little
Principal & Chief Executive

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2011

	Notes	*Year ended 31 July 2011 £000*	*Year ended 31 July 2010 £000*
Net cash inflow from operations	18	**3,877**	**3,321**
Returns on investments and servicing of finance	19	642	343
Capital Expenditure	20	(368)	(331)
Management of liquid resources	21	7,900	2,000
(Decrease) / increase in cash in the period		**12,051**	**5,333**

Reconciliation of net cash flow to movement in net funds (Note 22)

(Decrease) / increase in cash in the period		12,051	5,333
Cash inflow / (outflow) from management of liquid resources	21	(7,900)	(2,000)
Movement in net funds in the period		**4,151**	3,333
Net funds at 1 August 2010		22,667	19,334
Net funds at 31 July 2011		**26,818**	22,667

NOTES TO THE FINANCIAL STATEMENTS

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 which requires compliance with the Statement Of Recommended Practice: Accounting for Further and Higher Education (2007). They conform to guidance published by the Scottish Funding Council.

Merger accounting principles are applied in accordance with Financial Reporting Standard 6 - Acquisitions and Mergers. With merger accounting , the carrying values of the assets and liabilities of the parties to the merger are not required to be adjusted to fair value, although appropriate adjustments are made to achieve uniformity of accounting policies where necessary.

The combination of Central College Glasgow, Glasgow College of Nautical Studies and Glasgow Metropolitan College has met the merger accounting criteria under FRS 6. Throughout the merger process the three college Boards referred to the combination as a merger with a new corporate identity. Each college Board approved the Merger Transitional Arrangement (MTA) document, this ensured each college would have three members on the new Board with further “independent” Board members appointed following vesting day. The MTA document also ensured that key merger related decisions required unanimity. The Executive Leadership Team of the new college includes representatives from each of the combining colleges. None of the colleges were of sufficient size to dominate the others parties to the merger.

Basis of Accounting
The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

Recognition of Income
Recurrent grants from the Scottish Funding Council (SFC) are recognised in the period in which they are receivable.

Non-recurrent grants from the SFC or other bodies received 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.

Income from tuition fees and from short-term deposits are credited to the income and expenditure account in the period in which they are earned. Income from specific endowments and donations is included to the extent of the relevant expenditure incurred during the period, together with any related contributions towards overhead costs.

Maintenance of Premises
The cost of planned and routine corrective maintenance of the College estate is charged to the income and expenditure account as incurred.

Tangible Fixed Assets

a. Land and buildings
The College's buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. Land and buildings are therefore stated in the balance sheet at valuation on the basis of depreciated replacement cost except for the Rogart Street Annex which is valued on existing use value. Where the College has undertaken specific capital improvement works on its buildings exceeding £10,000, these have been added to Land and Buildings within note 10 and depreciated over 10 years. These works are included within the periodic valuations obtained by the College.

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

Buildings under construction are accounted for at cost, based on the value of architect's certificates and other direct costs incurred to 31 July.

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 35 years, as identified by the valuer. Building improvements are depreciated over 10 years, except where the valuer has identified that they should be depreciated over a useful economic life equivalent to the remaining life of the whole building.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. In the event an impairment adjustment is required the College would recalculate the useful economic life of the asset, charge accelerated depreciation and deferred grant to the Income & Expenditure account.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

b. Equipment
Equipment costing less than £10,000 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; except for kitchen equipment used for training purposes, which is depreciated over a 10-year period.
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.

Investments
Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value.
Current asset investments are included at the lower of their cost and net realisable value.

Stocks
Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Taxation
The College 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 College 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. Subsidiary companies are liable to corporation tax.

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature."

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

Pension Schemes
The College participates in two multi-employer defined benefit pension schemes. Teaching staff may join the Scottish Teachers' Superannuation Scheme (STSS), which is administered by the Scottish Public Pensions Agency. The College is unable to identify its share of the underlying assets and liabilities of the STSS on a consistent and reasonable basis and therefore, as required by FRS 17 'retirement benefits', accounts for its participation in the STSS as if it were a defined contribution scheme. As a result, contributions are charged to the income and expenditure account as they arise. This is expected to result in the pension cost being a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of periodic valuations using the projected unit basis.

Administrative and support staff may join the Strathclyde Pension Fund, which is administered by Glasgow City Council and which requires contributions to be made to its number 1 fund. The Fund is a defined benefit pension scheme, providing benefits based on final pensionable pay, which is contracted out of the State Earnings-Related Pension Fund. Assets and liabilities of the Fund are held separately from those of the College. Fund assets are measured using market values. For quoted securities the current bid price is taken as market value. Fund liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

Contributions to the Fund are calculated so as to spread the cost of pensions over employees' working lives with the College. The contributions are determined by an actuary on the basis of triennial valuations using the Age Attained Method. The actuaries also review the progress of the scheme in each of the intervening years. Variations from regular cost are spread over the expected average remaining working lifetime of members of the Fund, after making allowances for future withdrawals. The expected cost of providing staff pensions to employees contributing to the Fund is recognised in the profit and loss account on a systematic basis over the expected average remaining lives of members of the funds in accordance with financial reporting standard 17 'retirement benefits' and recognises retirement benefits as the benefits are earned and not when they are due to be paid.

Full provision is made in these financial statements for future pension contributions in respect of employees who have been permitted to take early retirement without any reduction in their pension entitlements.

NOTES TO THE FINANCIAL STATEMENTS

	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
2 SFC GRANTS		
Recurrent grant (includes fee waiver grant)	34,021	33,899
Specific grants		
Childcare Funds	438	359
Merger	1,254	-
Other	1,454	2,709
Release of deferred capital grants		
Buildings (Note 15)	695	807
Equipment (Note 15)	1,471	1,333
	39,333	39,107
Exceptional merger severance grant	3,667	-
Exceptional release of deferred grants (note 15)	6,677	-
	49,677	39,107
3 TUITION FEES AND EDUCATION CONTRACTS		
Higher education - Home and EU	6,991	6,975
Further education - Home and EU	2,498	2,740
Non EU students	2,991	2,654
	12,480	12,369
Education contracts	1,262	1,189
	13,742	13,558
4 OTHER INCOME		
Residences & Catering	2,390	2,336
European Social Fund	667	464
Release of Non SFC deferred capital grants (Note 15)	41	50
Commercial income generating activities	801	990
Other income	662	1,178
	4,561	5,018
Exceptional release of deferred grants (note 15)	495	-
5 INVESTMENT INCOME		
Investment Income	372	343
Net return on pension asset / (liability)	270	-
Total	**642**	343

6 STAFF COSTS

	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
Recurring Staff Costs :		
Wages and Salaries	32,962	33,403
Social Security Costs	2,538	2,557
Other Pension Costs	4,111	4,239
Merger - Other	195	-
Pension fund adjustment (note 17)	(126)	(2,033)
Pension Provision (note 14)	389	506
	40,069	38,672
Exceptional Staff Costs:		
Merger - Severance	3,667	-

All severance costs were approved by the Executive Leadership Team.

Split as follows:-		
Senior Management	639	1,603
Teaching departments	27,851	27,842
Teaching support	3,406	3,351
Administration	5,111	4,518
Catering operations	619	629
Premises	1,706	1,679
Other income generating activities	485	792
Other	252	(1,742)
Merger - Severance	3,667	-
Total Staff Costs	**43,736**	38,672

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

	Number	*Number*
Senior Management	6	19
Teaching Staff	602	602
Teaching support	168	169
Administration	184	170
Residencies & Catering	31	30
Premises	84	81
Other income generating activities	9	25
Other	4	5
	1,088	1,101

	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
6 STAFF COSTS		
Employment costs for staff on permanent contracts	41,277	35,126
Employment costs for staff on short term and temporary contracts	2,459	3,546
	43,736	38,672
	Number	*Number*
Employee numbers for staff on permanent contracts	1,007	980
Employee numbers for staff on short term and temporary contracts	81	121
	1,088	1,101

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

	Year ended 31 July 2011 Number of Higher Paid Staff Inc Severance	Year ended 31 July 2011 Number of Higher Paid Staff	Year ended 31 July 2010 Number of Higher Paid Staff
£50,000 to £59,999	12	11	14
£60,000 to £69,999	14	10	9
£70,000 to £79,999	9	4	1
£80,000 to £89,999	2	-	3
£100,000 to £109,999	2	-	2
£140,000 to £149,999	1	1	-

The Principal and the Executive Leadership Team was awarded a 1% payrise from 1 September 2010. A pay award of 1% was made with effect from 1 August 2010 to support staff. The lecturing staff pay award had still to be agreed.

7 SENIOR POST- HOLDERS' EMOLUMENTS

	Year ended 31 July 2011 Number	Year ended 31 July 2010 Number
The number of senior post-holders including the Principal was:	6	19
Senior post-holders' emoluments are made up are follows:		
	£000	£000
Salaries	507	1,279
Benefits in kind	-	3
Pension contributions	77	183
Total emoluments	**584**	1,465

7 SENIOR POST- HOLDERS' EMOLUMENTS

	31 July 2011 £000	31 July 2010 £000
Emoluments of the principal:		
Salary City of Glasgow College Principal (Central College Principal 0910)	147	103
Salary Glasgow College of Nautical Studies Principal	-	102
Salary Glasgow Metropolitan College Principal	-	67
Benefits in Kind Glasgow Metropolitan College Principal	-	1
	147	273
Pension contributions	**22**	30

The members of the Board of Management other than the principal and the staff members did not receive any payments from the institution other than travel and subsistence expenses incurred in the course of their duties.

8 ANALYSIS OF EXPENDITURE

	Staff Costs £000	*Other Operating Expenses £000*	*Depr'n £000*	*Year ended 31 July 2011 £000*	*Year ended 31 July 2010 £000*
Teaching departments	27,851	2,443	1,016	31,310	31,336
Teaching support services	3,406	727	377	4,510	4,549
Administration	5,750	2,304	31	8,085	8,540
Residences & Catering	619	1,550	1	2,170	2,140
Childcare	-	438	-	438	393
Premises	1,706	3,150	45,603	50,459	7,630
Other income generating activities	485	172	14	671	1,081
Other expenses	57	495	5	557	(348)
Merger Costs	3,862	1,440	-	5,302	23
	43,736	**12,719**	**47,047**	**103,502**	**55,344**

	Year ended 31 July 2011 £000	*Year ended 31 July 2010 £000*
Other Operating Expenses include:		
Auditors' Remuneration (including irrecoverable VAT)		
- internal audit	51	52
- external audit	49	49
other services - internal auditors	6	3

9 INTEREST PAYABLE

Net pension financing cost	-	362

10 TANGIBLE FIXED ASSETS

	Land and Buildings £000	Equipment £000	Total £000
Cost or Valuation			
At 1 August 2010	71,969	17,762	89,731
Additions	2,292	1,249	3,541
Disposals	(102)	(155)	(257)
At 31 July 2011	74,159	18,856	93,015
Depreciation			
At 1 August 2010	8,045	14,260	22,305
Charge for year	2,630	1,591	4,221
Accelerated charge for the year	42,826	-	42,826
Disposals	(102)	(130)	(232)
At 31 July 2011	**53,399**	**15,721**	**69,120**
Net book value at 31 July 2011	**20,760**	**3,135**	**23,895**
Net book value at 31 July 2010	63,924	3,502	67,426
Represented by:-			
Inherited	6,259	7	6,266
Financed by capital grant	9,940	3,063	13,003
Other	4,561	65	5,626
At 31 July 2011	**20,760**	**3,135**	**23,895**

The College's land and buildings were subject to an independent valuation performed by James Barr, Chartered Surveyors at the 31 July 2008 for the former Metropolitan College and 31 July 2010 for the former Central and Nautical Colleges. The basis of valuation identified in the full valuation was Depreciated Replacement Cost (as defined by the Statements of Asset Valuation Practice and Guidance notes issued by the Royal Institution of Chartered Surveyors) for all College buildings, except the Rogart Street Annex which was valued at £870,000 on an existing use value. The market value of this building was £450,000.

On 29 November the Scottish government announced that £193 million of funding had been approved towards the building of a new campus for the College. The Colleges existing buildings will now either be sold or demolished. This has meant that the College has reviewed the previous building valuations resulting in an exceptional impairment charge of £42,826,000 on the College buildings this year. Offsetting this capital grants of £7,172,000 have been released to the income and expenditure.

	31 July 2011 *£000*	*31 July 2010* *£000*
10 TANGIBLE FIXED ASSETS		
Depreciation based on cost	9,885	2,661
Depreciation based on valuation	37,162	1,195
	47,047	3,856

If inherited land and buildings had not been valued they would have been included at £NIL (2010 £NIL).

Land and buildings with a net book value of £6,259,000 have been funded from local authority sources. These assets may not be disposed of without the prior approval of the Scottish Funding Council (SFC) and the College would have to use the sale proceeds with the instructions of the SFC.

On incorporation property was transferred from Strathclyde Regional Council to the College. The College Board of Management currently do not have full recorded title for the following properties; Cathedral Street and Thistle Street.

The accounts reflect the Board of Management's understanding of the position on the properties to be transferred at incorporation notwithstanding that some elements of property titles are incomplete.

11 INVESTMENTS AND ASSOCIATES

	31 July 2011 £000	31 July 2010 £000
INVESTMENTS		
Investments at cost	4	4

11 INVESTMENTS AND ASSOCIATES

On 1 September 2010, the three colleges who own New Campus Glasgow Ltd (NCG), Glasgow Metropolitan College, Central College Glasgow and Glasgow College of Nautical Studies, merged to form the City of Glasgow College. At the first Board meeting of the new college in September, it was decided to put NCG into dormancy and to assign or novate all NCG contracts to the new college on 31 January 2011.

	Year ended 31 July 2011 £000	*Year ended 31 July 2010 £000*
12 DEBTORS		
Trade Debtors	857	1,213
Prepayments and accrued income	2,833	2,527
	3,690	3,740

Trade Debtors are shown after the deduction of a bad debt provision.

13 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade creditors	439	1,841
Other taxation and social security	864	1,024
Other Creditors	1,404	1,116
Accruals & deferred Income	5,486	2,770
	8,193	6,751

14 PROVISION FOR LIABILITIES AND CHARGES

Pension Provision		
Balance at beginning of period	4,304	3,944
Expenditure in the period	(247)	(146)
Transferred from income and expenditure account	389	506
Balance at end of period	**4,446**	4,304

14 PROVISION FOR LIABILITIES AND CHARGES

The provision is for future pension liabilities arising from staff early retirements and the equalisation of pension contributions under the SPF and STSS pension schemes.

The value of the provision has been calculated based on actuarial tables produced by the Government Actuary Department on behalf on SFC. The College has used 2% Net Internal Return when applying the actuarial tables.

15 DEFERRED CAPITAL GRANTS

	SFC	Other Grants	Total
	£000	£000	£000
At 1 August 2010			
Land and Buildings	14,891	1,054	15,945
Equipment	3,288	2	3,290
	18,179	**1,056**	**19,235**
Grant Receivable:			
Land and Buildings	1,903	-	1,903
Equipment	1,270	-	1,270
	3,173	**-**	**3,173**
Released to income and expenditure account:			
Land and Buildings	7,372	535	7,907
Equipment	1,471	1	1,472
Equipment Disposals	25		25
	8,868	**536**	**9,404**
At 31 July 2011	**12,484**	**520**	**13,004**
Represented by:-			
Land and Buildings	9,442	519	9,941
Equipment	3,062	1	3,063
At 31 July 2011	**12,484**	**520**	**13,004**

Included within Deferred capital grants released to the income and expenditure account is an exceptional amount of £7,172,000 relating to the impairment in value of the College buildings which has occurred as a consequence of the new campus being approved.

NOTES TO THE FINANCIAL STATEMENTS

	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
16 RESERVES		
General Reserves		
Opening balance at 1st August	18,489	11,163
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation	(34,385)	2,682
Impairment adjustment	35,654	10
Transfer from revaluation reserve	1,508	1,195
Actuarial gain / (loss) in pension scheme	(1,773)	3,439
At 31 July 2011	**19,493**	**18,489**
Represented by:		
Income & Expenditure Reserve		
Balance at 1st August	20,040	17,824
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation	(34,385)	2,682
Transfer to / (from) pension reserve	(396)	(1,671)
Impairment adjustment	35,654	10
Transfer from revaluation reserve	1,508	1,195
At 31 July 2011	**22,421**	20,040
Pension Reserve		
Balance at 1st August	(1,551)	(6,661)
Current service cost	(1,113)	(1,299)
Past service gains / (cost)	-	2,081
Curtailments	(254)	(26)
Employer contributions	1,493	1,277
Net return on assets / liabilities	270	(362)
Transfer to / (from) income & expenditure account	396	1,671
Actuarial gains / (losses)	(1,773)	3,439
At 31 July 2011	**(2,928)**	(1,551)
Reconciliation		
Income & Expenditure Reserve	22,421	20,040
Pension Reserve	(2,928)	(1,551)
At 31 July 2011	**19,493**	18,489

16 RESERVES

	Year ended 31 July 2011 £000	*Year ended 31 July 2010 £000*
Restricted Reserves		
Balance at 1st August	510	510
Movement on restricted funds	-	-
At 31 July 2011	**510**	510
Revaluation Reserve		
Balance at 1st August	43,028	39,380
Impairment adjustment	(35,654)	(10)
Transfer to income and expenditure account in respect of:		
- Depreciation on revalued assets	(1,508)	(1,195)
Transfer to General reserve in respect of impairment	-	(10)
Unrealised gain on revaluation	-	4,853
At 31 July 2011	**5,866**	43,028

17 PENSION COMMITMENTS

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

	31 July 2011 £000	*31 July 2010 £000*
College Pension Costs		
SPF	1,248	1,292
STSS	2,874	2,886
Unfunded Pensions	389	567
FRS17 Pension Charge	(126)	(2,033)
Total Pension Costs	**4,385**	2,712

Scottish Teachers' Superannuation Scheme (STSS)
The STSS is a multi-employer pension scheme and the Scottish Public Pensions Agency have indicated that at the moment they are not able to identify the net share of underlying assets and liabilities for each employer on a "consistent and reasonable basis". Therefore in accordance with FRS17, contributions to the scheme are accounted for as if it were a defined contribution.

The Scottish Teachers' Superannuation Scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purpose of determining contribution rates.

The pension cost is assessed every five years in accordance with the advice of the government

Valuation date	31 March 2010
Valuation method	Prospective benefits
Value of notional assets	£24,370 million
Rate of Return (Discount rate)	4.6%
Salary scale increases per annum	inflation plus 1.5%
Pension increases per annum	2.8%

A valuation of the STSS scheme was carried as at 31st March 2010. Employer's contribution rate was set at 13.5% of pensionable pay with effect from 1st April 2007 with an employee contribution rate of 6.5%. Employer contribution rates are reviewed every five years following a scheme valuation from the Government actuary, with further changes made as a result of interim reviews. The employer's contribution rate is currently 14.9% of pensionable pay.

For the period 1st August 2010 to 31 July 2011, the employer contribution rate was 14.9% with an employee contribution rate of 6.4%.

The pension costs are assessed in accordance with the advice of independent qualifies

17 PENSION COMMITMENTS

Strathclyde Pension Fund (SPF)

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

The pension cost is assessed every three years in accordance with the advice of a qualified independent actuary. The assumptions and other data have the most significant effect on the

Valuation date		31-Mar-08
Valuation method		Projected Unit
Market value of assets		£9,493 million
Actuarial assumptions	- discount rate	6.1%
	- salary increase rate	5.1%
	- pension increase rate	3.6%

For the purposes of FRS 17 'Retirement benefits' an actuarial valuation was calculated by the actuary as at 31 July 2011 and 31 July 2010.

The major assumptions used by the actuary and agreed by the College Board were:

Financial Assumptions	**31-Jul-11**	**31-Jul-10**
Pension Increase Rate	2.7%	2.9%
Salary Increase Rate	5.0%	3.4%
Expected Return on Assets	6.4%	6.6%
Discount Rate	5.3%	5.4%

Mortality

Life expectancy is based on the PFA92 and PMA92 tables, projected to calendar year 2015 for non pensioners. Based on these assumptions, average future life expectancies at age 65 are summarised below:

	Male	**Female**
Current Pensioners	20.6	23.9
Future Pensioners	22.6	26.0

These figures make no allowance for the age ratings set out in our report on the triennial valuation of the Fund.

The assets in the scheme and the expected rate of return at the last actuarial review date were:

	Long term rate of return	**Value at 31-Jul-11** £'000	Long term rate of return	Value at 31-Jul-10 £'000
Equities	7.0%	24,997	7.2%	21,434
Bonds	4.7%	4,276	4.8%	4,001
Property	5.1%	1,974	5.3%	2,001
Cash	4.0%	1,645	4.4%	1,144
Total		**32,892**		28,580

17 PENSION COMMITMENTS

Strathclyde Pension Fund (SPF)

Commutation
An allowance is included for 50% of future retirements to elect additional tax-free cash up to HMRC limits.

The following amounts represent the College's share of the scheme at 31 July 2011 and were measured in accordance with the requirements of FRS 17:

	31 July 2011 £'000	31 July 2010 £'000
Fair value of employer assets	32,892	28,580
Present value of defined benefit obligations (liabilities)	(35,820)	(30,131)
Net (Under) / Overfunding in Funded Plans	(2,928)	(1,551)
Net pension asset / (liability)	**(2,928)**	(1,551)

Amount charged to Income & Expenditure account

Current service cost	1,113	1,299
Interest cost	1,656	1,997
Curtailments	254	26
Expected return on pension scheme assets	(1,926)	(1,635)
Past service cost / (gain)	-	(2,081)
Net revenue account cost / (income)	**1,097**	(394)
Amount recognised in Statement of Total Recognised	**(1,773)**	3,439

Reconciliation of defined benefit obligations (liabilities)

Opening defined benefit obligation (liabilities)	30,131	30,216
Current service cost	1,113	1,299
Interest cost	1,656	1,997
Contributions by members	427	419
Curtailments	254	26
Actuarial losses / (gains)	2,942	(1,027)
Past service costs / (gains)	-	(2,081)
Benefits paid	(703)	(718)
	35,820	30,131

17 PENSION COMMITMENTS

Strathclyde Pension Fund (SPF)

Reconciliation of fair value of employer assets

	31-Jul-11 £'000	31-Jul-10 £'000
Opening fair value of employer assets	28,580	23,555
Expected return on pension scheme assets	1,926	1,635
Contributions by members	427	419
Contributions by employer	1,493	1,277
Actuarial gains / (losses)	1,169	2,412
Benefits paid	(703)	(718)
	32,892	28,580

The contribution rates are set by the scheme actuaries.

	Employer contribution rates	Employee contribution rates (based on employee pensionable
1st April 2010 to 31st March 2011	18.20%	5.5% - 12%
1st April 2011 to 31st March 2012	19.30%	5.5% - 12%
1st April 2012 to 31st March 2013	20.50%	5.5% - 12%

The actuarial value of the SPF scheme has set higher employer contribution rates to recover the scheme net liability. The fund has sufficient assets to cover all of the benefits that had accrued to members after allowing for future increases in earnings.

An amount of £4,446,000 is included in provisions (note 14), which represents future pension costs arising from early retirements.

History of Experience Gains and Losses

	31-Jul-11 £'000	31-Jul-10 £'000	31-Jul-09 £'000
Difference between the expected and actual return on assets	1,176	2,413	(3,704)
Value of assets	32,892	28,580	23,555
%age of scheme assets	3.58%	8.44%	(15.72%)
Experience gains and losses on scheme liabilities	0	3,990	388
Present value of liabilities	35,820	30,131	30,216
%age of scheme liabilities	0.00%	13.24%	1.28%
Actuarial gains/(losses) recognised in STRGL	(1,773)	7,424	(5,943)
Present value of liabilities	35,820	30,131	30,216
%age of scheme liabilities	(4.95%)	24.64%	(19.67%)

	Notes	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
18 RECONCILIATION OF OPERATING DEFICIT TO NET CASH INFLOWS FROM OPERATING			
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and tax		(34,385)	2,682
Depreciation	10	47,047	3,723
Deferred capital grants released to income	2, 4	(9,379)	(2,082)
(Increase) / decrease in stock		(2)	3
(Increase) / decrease in debtors	12	50	91
Increase / (decrease) in creditors	13	1,442	558
Increase / (decrease) in provisions	14	142	360
Interest receivable	5	(642)	(343)
Net return on pension liability	16	(396)	(1,671)
Net cash inflow from operating activities		**3,877**	3,321

19 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

Other interest received	642	343
Net cash inflow from returns on investments & servicing of finance	**642**	343

20 CAPITAL EXPENDITURE

Cash payments made to acquire tangible fixed assets (Note 10)	(3,541)	(7,000)
Capital grants received (Note 15)	3,173	6,669
Net cash (outflow) from capital expenditure	**(368)**	(331)

21 MANAGEMENT OF LIQUID RESOURCES

Placing of deposits	7,900	2,000
Net cash inflow from management of liquid resources	**7,900**	2,000

22 ANALYSIS OF CHANGES IN NET FUNDS

	At 31 July 2010 £000	Cash Flow £000	Other Non Cash Changes £000	At 31 July 2011 £000
Short Term Investments	11,000	-	7,900	18,900
Cash	11,667	4,151	(7,900)	7,918
Total	22,667	4,151	-	26,818

23 CAPITAL COMMITMENTS

	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
Authorised and contracted for at the year end	173	202

24 STUDENT SUPPORT FUNDS

	Year ended 31 July 2011					Year ended 31 July 2011
	£000	£000	£000	£000	£000	£000
	Bursary Funds	FE Hardship	EMA	HE Funds	**Total**	**Total**
Balance b/fwd	93	121	(3)	114	325	384
Prior year clawback	(78)	(111)	-	(65)	(254)	(9)
Grants received in year	4,234	770	412	777	6,193	6,220
College funds vired	(96)	96	-	-	-	172
Disbursement in support of students	(4,067)	(782)	(401)	(628)	(5,878)	(6,442)
Balance c/fwd	**86**	**94**	**8**	**198**	**386**	**325**

These grants are available solely for student support payments and therefore are excluded from the Income and Expenditure Account.

	Year ended 31 July 2011	Year ended 31 July 2010
	£000	£000
FE Childcare Fund		
Balance b/fwd	93	12
Prior year clawback	-	-
Grants received in year	530	552
College funds vired	-	34
Disbursement in support of students	(438)	(505)
Balance c/fwd	**185**	93

25 CONTINGENT LIABILITIES

The College has no contingent liabilities to disclose

26 POST BALANCE SHEET EVENTS

Prior to the year end the Board of Management had approved the business case for a new campus and submitted this to the Government. This gave rise to uncertainty over the future lives of the buildings. Subsequent to the year end on 29 November the Scottish Government announced that £193 million of funding had been approved towards the building of a new campus for the College. The College will also contribute almost £6 million of its own funds towards the project. The College will therefore be disposing of or demolishing all its existing buildings within the next 5 years as part of the plans for the new campus. Construction of the new campus is planned to start in the summer of 2013.

27 RELATED PARTY TRANSACTIONS

SFC is regarded as a related party. During the year City of Glasgow College had various material transactions with SFC and with other entities for which SFC is regarded as the sponsor Department via: Student Awards Agency for Scotland, Scottish Enterprise and a number of other colleges and higher education institutions.
All transactions involving organisations in which a member of the Board of Management may have an interest are conducted at arm's length and in accordance with normal project and procurement procedures.
The College had transactions durnig the year, or worked in partnership with, the following publicly funded or representative bodies in which a member of the College Board of Management has an interest and which in aggregate exceeded £20,000.

		£000	
Clyde Marine	Sales	1,342	C McMurray Director
Glasgow Caledonian University	Sales	573	J Gallacher Emeritus Professor - Lifelong Learning
Halogen Communications	Purchases	76	Rt Hon Henry Mcleish Political Consultant
Clydesdale Bank	Deposits	9,920	D Baillie Head of Deposits

The balance due to the College by the above organisations at 31 July 2011 which is included within trade debtors is £242K.

28 MERGER

Central College Glasgow (CCG), Glasgow College of Nautical Studies (GCNS) & Glasgow Metropolitan College (MET) merged on 1st September 2010 to form the new college, The City of Glasgow College (COGC).

Principal financial comparisons

	CCG	**GCNS**	**MET**	**COGC**
	2009/10	2009/10	2009/10	20010/11
	£000	£000	£000	£000
Annual Income	13,367	16,816	27,843	69,117
Annual Expenditure	12,834	16,459	26,051	103,502
Annual Operating Surplus	533	357	1,792	(34,385)
Total recognised gains / (losses) for the year	4,108	3,274	3,592	(36,158)
Fixed Assets	15,771	19,965	31,694	23,899
Net Current Assets	2,007	7,116	10,564	22,348
Book Value of Net assets	16,475	24,721	40,066	38,873

There were no accounting adjustments made to the net assets of the parties to the merger to achieve consistency of accounting policies.

There were no adjustments to the consolidated reserves resulting from the merger.

Financial Statements 2010-2011

Janak Raj Sharma - HND Nautical Science

Former Student Co-President and Student Board member

“Studying in Scotland has been a great experience and what‟s made it even better is the fact that City of Glasgow College is the biggest college in Scotland. Studying for the HND Nautical Science has given me a great amount of confidence and knowledge for my seafaring career. The course has been very interesting and enjoyable, at times it was challenging but the staff have been very helpful in supporting me and answering any questions I’ve had.”

Main Office:
City Campus North Hanover Street
60 North Hanover Street
Glasgow G1 2BP
t: 0141 566 6222

www.cityofglasgowcollege.ac.uk

EUROPE & SCOTLAND
European Social Fund
Investing in your Future

POSITIVE ABOUT DISABLED PEOPLE