

STUDENT AWARDS AGENCY FOR SCOTLAND (SAAS)

MANAGEMENT BOARD REPORT 2007-08

Accounts Direction

The accounts have been prepared in accordance with a direction given by the Scottish Ministers in accordance with Article 19(4) of the Public Finance and Accountability (Scotland) Act 2000.

History and statutory background

We were established as an Executive Agency on 5 April 1994 as part of the Government's Next Steps initiative. Our operating framework, including financial delegations, is established in the Agency's Framework Document. As Chief Executive I am the Agency's Accountable Officer, responsible to the Executive's Principal Accountable Officer and Scottish Ministers.

Principal activities

We provide financial support to full-time students in higher education by administering the Students' Allowances Scheme; the Postgraduate Students' Allowances Scheme; the Nursing and Midwifery Student Bursaries Scheme; the NHS Dental Bursary scheme and collection of the Graduate Endowment. We also distribute Hardship (now called Discretionary) Funds and Childcare Funds to Scottish further and higher education institutions and provide resources to the Student Loans Company Limited for both loan funding and administration costs. We also administer the Individual Learning Accounts Scotland Scheme.

Management Board composition 2007-08

David Stephen	- Chief Executive
Graham Gunn	- Head of Information Systems and Operational Policy
Audrey Heatlie	- Customer Services Manager
Audrey Shimmons	- Head of Finance
Martin Lowe	- Non-Executive Board Member
Margaret Munckton	- Non Executive Board Member
Eileen Marshall	- Non Executive Board Member
Bruce Nelson	- Non Executive Board Member

Information on salary and pension entitlement can be found in the Remuneration Report and Note 2 in the Notes to the Accounts.

Equal opportunity

We are an agency of the Scottish Government. We can recruit staff up to salary Band C1 in line with Scottish Government equal opportunity policy and the Civil Service Recruitment Code. We do not regard sex, marital status, age, race, ethnic origin, sexual orientation, disability, religion or belief, working patterns, employment status, gender identity (transgender), caring responsibility or trade union membership as a bar to employment, training or advancement. We recruit staff entirely on their ability to do the job.

Consulting with employees

We recognise that the importance of good industrial relations and consulting fully with staff. The Management Team holds both formal and informal meetings, and regularly communicates with all staff and their representatives.

Paying of invoices

We are committed to paying invoices promptly for supplying goods and services, and we aim to meet the Confederation of British Industry's prompt payment code at all times. We process invoices on the Scottish Executive's Accounting System (SEAS) and pay them within 30 days of receipt of the invoice or delivery of the goods or services, whichever is later. In the year, we paid 96% of invoices on time.

Charitable donations

We made no charitable donations in 2007-08. However we did pay £224 for 16 members of staff to take part in a 5k race for Jogscotland under the Healthy Working Lives scheme.

Auditors

Our accounts are audited by auditors appointed by the Auditor General for Scotland. Further details on audit remuneration can be found in Note 3 to the Accounts.

Disclosure of relevant audit information

As Accountable officer, I am not aware of any relevant audit information of which our auditors are unaware. I have taken all necessary steps to ensure that I myself am aware of any relevant audit information and to establish that the auditors are also aware of this information.

Management Commentary

Review of the business

We received over 136,000 applications this session and dealt with 72% of them in 12 days or less (target 50%). The average time taken to process an application was 7 days compared to 11 days last year. Around 63% of students who made an application to us applied using our on-line services and our website received 5.7 million hits. We reviewed our website last year and the new website was launched in July 2007. In 2007, the Agency started work to redesign and implement a new student award processing system (StEPS). Full details of our business activities during 2007-08 can be found in our annual report.

Financial review

Our budget is approved by the Scottish Parliament. The Agency net running costs budget including depreciation and interest charges was £9.484m. This does not include provision for Central Scottish Government charges where actual expenditure amounted to £0.299m. Comparison of our budget to actual outturn shows a net overspend of £0.042m. Parliamentary provision for capital expenditure was £1.552m. Comparison to actual outturn shows an underspend of £0.380m.

Total operating costs in the financial year were £9.825m. This represents an increase of 11.4% compared to expenditure in the previous year. Apart from normal inflationary increases, mainly on pay, practically all of this increase results from the cost of making the old student award processing system obsolete and impairing the asset in the accounts this year.

The purpose of these accounts is to show how we use our administration budget. However, we also administer income and expenditure for student support and account for this within the Scottish Government Education and Lifelong Learning Directorate.

	Operating Budget £m	Capital Budget £m
Fees, Grants and Bursaries	280.0	
Individual learning accounts	4.0	
Repayment of Awards	(2.0)	
Graduate Endowment Income	(24.9)	
Widening Access Funds	14.7	
Student Loans Company Administration	5.4	
Student Loans Net New Lending	-	170.1
Student Loan Interest Subsidy to Banks	8.0	

In addition we have an operating budget of £87m to cover accounting charges such as capital charges and interest, inflation and charges to other provisions relating to student loans.

Future business developments

A new student awards processing system will be introduced during 2008-09. The intention was to introduce this during 2007-08 but as the system was not ready for the start of the 2008-09 processing session it was decided to delay implementation until the 2009-10 processing session. The system should provide additional functionality and flexibility while continuing to provide a sound basis for processing applications.

Research and development

Given the amount of resources required to design and implement a new student awards processing system, little other research and development work was undertaken.

Risk and control

Management and the control of risk is a key task performed within SAAS. A risk register is maintained which identifies all internal and external risks to the organisation and the action required to reduce the threat of these risks occurring.

The risk register is regularly updated and reviewed by the Management Board.

Key Performance indicators

Full details of SAAS targets and performance can be found in Part 4 of the Annual Report.

Environmental matters and social and community issues

The Agency has an environmental management system to ensure that continuous environmental improvement is made by reducing the impact of our operations on the environment and we will be assessed for ISO 14001 in July 2008. We review our Environmental Policy every two years and set targets and energy savings in our Corporate Plan.

Targets include reducing energy usage year on year and to do this we have installed new energy efficient boilers and replaced lighting including fitting light sensors to reduce our energy consumption. New sensor taps, dual flushing cisterns and water saving devices have been installed in toilet areas to help reduce our water usage.

We are working to reduce the amount of waste we produce and minimise the use of landfill sites by recycling paper, plastic and cans and other items such as toner cartridges and mobile phones etc. In 2007-08, we recycled 90% of our total waste and only 10% was sent to landfill.

We encourage staff to use public transport to attend meetings wherever possible. We also try to reduce travel by use of our video conferencing equipment.

The Agency joined the Healthy Working Lives scheme (HWL's) to promote physical activity and healthy eating. We work with staff to offer a range of activities such as golf, walking and jogging. We also arrange health checks, site visits for massages and a chiropodist as well as other health related seminars and events throughout the year to promote a healthy lifestyle.

As a results of our work with HWL's, Agency staff have taken part in a number of charity fundraising activities such as the Great Scottish Walk, Jogscotland and other events. Staff are also entitled to 1 day special leave each year to carry out volunteering work.

Audit Committee

SAAS has an audit committee which supports me as Accountable Officer in monitoring and reviewing corporate governance, risk and control systems within the Agency. The committee meets twice a year. Membership includes executive SAAS board members and is chaired by Martin Lowe a non-executive board member. Representatives of Audit Scotland and Scottish Government Internal Audit attend as interested parties.

Significant changes in fixed assets

We have summarised the changes in fixed assets in the notes to the financial statements. The most significant change is to our computer software asset. This is the result of us recognising that our student award processing system has become obsolete, and impairing the asset this year.

The asset under construction is the ongoing development costs of designing and building a new awards processing system.

D. Stephen
Chief Executive
17 July 2008

Student Awards Agency for Scotland Remuneration Report

Salary and pension entitlements

Senior Management Salaries

The salary, pension entitlements and benefits in kind of the SAAS Management Board were as follows:

	2007-08		2006-07	
	Salary £000	Benefits in Kind (to nearest £100)	Salary £000	Benefits in kind (to nearest £100)
Senior management				
David Stephen <i>Chief Executive</i>	70-75	nil	70-75	nil
Graham Gunn <i>Head of Information Systems and Operational Policy</i>	50-55	nil	45-50	nil
Audrey Heatlie <i>Customer Services Manager</i>	35-40	nil	30-35	nil
Audrey Shimmons <i>(part-time)</i> <i>Head of Finance (from 1 April 2007)</i>	25-30	nil	-	-
Stephen Blyth <i>Agency Accountant (to 31 March 2007)</i>	-	-	35-40	nil

In 2007-08 Audrey Shimmons replaced Stephen Blyth as the Finance Team representative on the SAAS Senior Management Board.

Our 4 non-executive board members receive no remuneration.

Salary

'Salary' includes gross salary; any performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. None of our senior managers received any such benefit during the 2007-08 financial year.

Compensation on Loss of Office

None of our Board Members received any compensation payments for loss of office during the year.

Pension entitlements

	Accrued pension (and lump sum) at age 60 as at 31/03/08	Real increase in pension (and lump sum) at age 60	CETV at 31/03/08	CETV at 31/3/07	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
David Stephen <i>Chief Executive</i>	30-35 (90-95)	0-2.5 (0-2.5)	791	696	7
Graham Gunn <i>Head of Information Systems and Operational Policy</i>	20-25 (65-70)	0-2.5 (2.5-5.0)	496	441	0
Audrey Heatlie <i>Customer Services Manager</i>	10-15 (35-40)	0-2.5 (0-2.5)	218	182	8
Audrey Shimmons (part-time) Head of Finance (from 1 April 2007)	5-10	0-2.5	88	69	7

Details of pensions and Cash Equivalent Transfer Values are disclosed based on information supplied by the Department for Work and Pensions.

All information disclosed in the tables above has been audited by Audit Scotland. The other sections of the Remuneration Report were reviewed by Audit Scotland to ensure that they were consistent with the financial statements.

Pension

Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based "final salary" defined benefit schemes (**classic**, **premium** and **classic plus**). New entrants after 1 October 2002 may choose between membership of **premium** or joining a good quality "money purchase" stakeholder based arrangement with a significant employer contribution (**partnership pension account**).

(a) **Classic Scheme**

Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 1.5% of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

(b) **Premium Scheme**

Benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum, but members may commute some of their pension to provide a lump sum up to a maximum of 3/80th of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure the tables assume maximum commutation. Members pay contributions of 3.5% of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 3/8th the member's pension (before any commutation). On death in service, the scheme pays a lump sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on the length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at age 60.

(c) **Classic Plus Scheme**

This is essentially a variation of **premium**, but with benefits in respect of service before 1 October 2002 calculated broadly as per **classic**.

Pensions payable under **classic**, **premium** and **classic plus** are increased in line with the Retail Prices Index.

(d) Partnership Pension Account

This is a stakeholder-type arrangement where the employer pays a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product. The employee does not have to contribute but where they do make contributions, these will be matched by the employer up to a limit of 3% (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of risk benefit cover (death in service and ill health retirement). The member may retire at any time between the ages of 50 and 75 years and use the accumulated fund to purchase a pension. The member may choose to take up 25% of the fund as a lump sum.

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. *It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total service, not just their current appointment.* CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

The real increase in the value of the CETV

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

D. Stephen
Chief Executive
17 July 2008

STATEMENT OF AGENCY'S AND CHIEF EXECUTIVE / ACCOUNTABLE OFFICER RESPONSIBILITIES

In accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, the Scottish Ministers have directed the Student Awards Agency for Scotland to prepare a statement of accounts for each financial year in the form and on the basis set out in the accounts direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of SAAS at the year end and of its operating costs, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Agency is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the accounts direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis.

The Principal Accountable Officer of The Scottish Government has appointed the Chief Executive of the Student Awards Agency for Scotland as the Accountable Officer for the Agency. His relevant responsibilities as Accountable Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Accountable Officer's Memorandum issued by the Scottish Ministers.

D. Stephen
Chief Executive

17 July 2008

STATEMENT OF INTERNAL CONTROL

Scope of Responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of my organisation's aims and objectives as agreed by Scottish Ministers, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

I am accountable for the proper, efficient use of resources provided to my Agency (including Budget provision funding). I am also responsible for ensuring that the relevant guidance and requirements of advice issued by Scottish Government Finance are met and for putting into effect any recommendations accepted by Ministers or the Scottish Parliament. The Chief Executive's accountability is subject to the respective overall responsibilities of the Permanent Secretary of the Scottish Government as the Principal Accountable Officer, and the Director-General Education and the Chief Executive of the National Health Service in Scotland as Accountable Officers.

Purpose of the System of Internal Control

The system of internal control is designed to manage rather than eliminate the risks of failure to achieve my organisation's policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of my organisation's policies, aims and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The Scottish Public Finance Manual (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling of public funds. It is mainly designed to ensure compliance with statutory and parliamentary requirements, promote value for money and high standards of propriety, and secure effective accountability and good systems of internal control. The process within my organisation accords with the SPFM and has been in place for the year ended 31 March 2008 and up to date of approval of the annual report and accounts and accords with guidance from the Scottish Ministers.

Risk and Control Framework

All bodies subject to the requirements of the SPFM must operate a risk management strategy in accordance with relevant guidance issued by the Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

The management of risk is a key task within SAAS. My Agency maintains a risk register which records internal and external risks we are exposed to and identifies the mitigating actions required to reduce the threat of these risks occurring. The risk register is regularly updated and reviewed by our Management Board. Each risk is allocated an owner, category, type and description and its likelihood of happening and impact on our operations is evaluated. Remedial actions to minimise risks are recorded as action points along with details of who will carry them out and when. Each risk is then allocated a status and a date for future review.

As well as the main risk register, individual risk registers are used for specific projects as a management control tool to ensure successful outcomes. These provide a mechanism to report risks to the project management board for assessment and to escalate high level/high impact risks to project sponsors or senior Agency management to take preventative action.

More generally, my organisation is committed to a process of continuous development and improvement: developing systems in response to any relevant reviews and developments in best practice in this area. In particular, in the period covering the year to 31 March and up to the signing of the accounts my organisation has achieved the following:

- Improved and updated content and services available on our intranet site;
- Improved and updated content and services available on our internet site including it's accessibility;
- Initiated a project to re-write our main IT processing system.

Review of Effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by:

- formal assurances from Agency managers who have responsibility for the development and maintenance of our internal control framework;
- the work of our internal auditors, who make regular reports to my organisation's Audit Committee which present the Head of Internal Audit's independent and objective opinion on the adequacy and effectiveness of my organisation's systems of internal control together with any recommendations for improvement;
- comments made by our external auditors in management letters and other reports;
- my Management Board which meets quarterly to consider the plans and strategic direction of my organisation. The board comprises the senior members of my organisation and three external independent members;

- quarterly meetings with our Fraser Figure for which a report on all my organisation's activities and achievement of key targets is prepared. This meeting is attended by all senior members of my organisation;
- minutes of the meetings of my organisation's Audit, Finance, Information Systems, Fraud and Health and Safety committees which are tabled at Management Board meetings by their respective chair persons;
- regular reports on managing risks on key projects; and
- the risk register in place for all critical elements of our operations. This is reviewed by the management board at least twice a year.

Appropriate action is in place to address any weakness identified and to ensure the continuous improvement of the system.

D. Stephen
Chief Executive
17 July 2008

Independent auditor's report to the Student Awards Agency for Scotland, the Auditor General for Scotland and the Scottish Parliament

I have audited the financial statements of the Student Awards Agency for Scotland for the year ended 31 March 2008 under the Public Finance and Accountability (Scotland) Act 2000. These comprise the Operating Cost Statement and Statement of Recognised Gains and Losses, Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Agency, Accountable Officer and auditor

The Agency and Accountable Officer are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers. The Accountable Officer is also responsible for ensuring the regularity of expenditure and receipts. These responsibilities are set out in the Statement of Agency Accountable Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and with International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland.

I report my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers. I report to you whether, in my opinion, the information which comprises the Management Board Report and Management Commentary included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects:

- the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

In addition, I report to you, if in my opinion, the Agency has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Agency's compliance with Scottish Government guidance and I report if, in my opinion, it does not. I am not required to consider whether this statement covers all risks and controls or to form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Auditor General for Scotland. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of expenditure and receipts included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Agency and Accountable Officer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinion

Financial statements

In my opinion

- the financial statements give a true and fair view, in accordance with Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers, of the state of affairs of the Student Awards Agency for Scotland as at 31 March 2008 and of the net operating cost, recognised gains and losses and cash flows for the year then ended;

- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- information which comprises only the Management Board Report and Management Commentary included in the Annual Report is consistent with the financial statements.

Regularity

In my opinion in all material respects

- the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

Signature

Fiona Kordiak CPFA
Director of Audit Services
Audit Scotland
Osborne House
1/5 Osborne Terrace
Edinburgh
EH12 5HG

Date

STUDENT AWARDS AGENCY FOR SCOTLAND
OPERATING COSTS STATEMENT
for the year ended 31 March 2008

	Note	2007-08 £'000	2006-07 £'000
Administration Costs			
Staff costs	2	3,389	3,246
Other administration costs	3	6,436	5,568
Net operating cost		<u>9,825</u>	<u>8,814</u>

The above results relate to continuing activities

STATEMENT OF RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2008

	Note	2007-08 £'000	2006-07 £'000
Net surplus/(deficit) on revaluation of tangible fixed assets	10	-	2
Gains and losses since last reported		<u>-</u>	<u>2</u>

The notes on pages 20 to 28 form part of these accounts

STUDENT AWARDS AGENCY FOR SCOTLAND
BALANCE SHEET
As at 31 March 2008

	Note	31 March 2008 £'000	31 March 2007 £'000
Fixed assets			
Tangible assets	4a	3,467	5,621
Intangible assets	4b	<u>49</u>	<u>114</u>
		3,516	5,735
Current assets			
Debtors	5	98	272
Creditors: (due within one year)	6	<u>324</u>	<u>401</u>
Net Current Assets		(226)	(129)
Total Assets less Current Liabilities		<u>3,290</u>	<u>5,606</u>
Provisions for liabilities and Charges			
Early departure costs	7	<u>(95)</u>	<u>(117)</u>
		<u>3,195</u>	<u>5,489</u>
Taxpayers' Equity			
General fund	9	3,176	5,470
Revaluation reserve	10	19	19
		<u>3,195</u>	<u>5,489</u>

The notes on pages 20 to 28 form part of these accounts

D. Stephen
Chief Executive
17 July 2008

STUDENT AWARDS AGENCY FOR SCOTLAND
CASH FLOW STATEMENT
For the year ended 31 March 2008

	2007-08 £'000	2006-07 £'000
Net Cash outflow from Operating Activities (note i)	5,843	5,735
Capital Expenditure and Financial Investment (note ii)	1,234	1,399
Net Financing (note iii)	(7,077)	(7,134)
Increase or (decrease) in cash	<u><u>-</u></u>	<u><u>-</u></u>

**Note i: RECONCILIATION OF OPERATING COST TO
OPERATING CASH FLOWS**

Net Operating cost	9,825	8,814
Adjustments for items not involving cash		
Depreciation	2,090	2,295
Notional interest charged	156	217
Other notional charges	298	330
Loss on revaluation of fixed assets	-	1
Loss on writing off impaired asset	<u>1,301</u>	<u>210</u>
	<u>(3,845)</u>	<u>(3,053)</u>
Adjustments for movement in working capital		
(Increase)\Decrease in creditors	15	(89)
(Decrease)\ Increase in debtors	(174)	32
Provision for early retirement costs	<u>22</u>	<u>31</u>
	<u>(137)</u>	<u>(26)</u>
Net cash outflows from operating activities	<u><u>5,843</u></u>	<u><u>5,735</u></u>

**Note ii: ANALYSIS OF CAPITAL EXPENDITURE AND
FINANCIAL INVESTMENT**

Payment made to acquire tangible fixed assets	1,234	1,399
Payment made to acquire intangible fixed assets	-	-
Net cash outflow from capital expenditure	<u><u>1,234</u></u>	<u><u>1,399</u></u>

**Note iii: ANALYSIS OF FINANCING AND
RECONCILIATION TO THE NET CASH REQUIREMENT**

Financing	<u><u>(7,077)</u></u>	<u><u>(7,134)</u></u>
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The notes on pages 20 to 28 form part of these accounts

NOTES TO THE ACCOUNTS

For year ended 31 March 2008

1 Statement of accounting policies

In accordance with the accounts direction issued by The Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, these accounts have been prepared in compliance with the Government Financial Reporting Manual (FReM). The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

The particular accounting policies adopted by the Agency are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention.

1.2 Fixed assets

Fixed assets comprise computer equipment, computer software, plant and machinery and assets under construction. They are capitalised at their cost of acquisition and installation. Furniture and fittings purchased prior to financial year 2004-05 are also capitalised. However, following a decision by the Scottish Government from financial year 2004-05 all purchases of furniture and fittings are treated as current expenditure and will no longer be capitalised.

The threshold for capitalising tangible fixed assets is £1,000. Computer equipment includes individual assets whose costs fall below the threshold, but as they are of a similar nature they are grouped together and capitalised.

Expenditure on software development is capitalised if it meets the criteria specified in the Government Financial Reporting Manual which are adapted from SSAP 13 to take account of the not-for-profit context. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

The asset under construction is the ongoing development costs of designing and building a new awards processing system. This includes capitalising staff costs of those working directly on the project.

The Agency does not own any land or buildings. A charge for the rental of accommodation is included in the expenditure account.

Intangible fixed assets comprise of purchased software licences which are capitalised at cost of acquisition.

1.3 Depreciation

Depreciation is provided on all tangible and intangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Furniture and fittings	- 10 years
Information technology (Including software)	- 5 years
Plant and machinery	- 5 years
Purchased software licences	- 3 years

From financial year 2004-05 all purchases of furniture and fittings are treated as current expenditure and are no longer to be capitalised. Therefore furniture and fittings depreciation relates only to historic purchases.

Assets under construction are not depreciated.

1.4 Capital charge

A charge reflecting the cost of capital utilised by the Agency is included in operating costs. The charge is calculated at the standard rate of 3.5% in real terms on all assets less liabilities.

1.5 Creditors

Creditors are for goods or services received by the Agency. All outstanding invoices are paid within 30 days of receipt of the invoice or delivery of the goods or services, whichever is later.

1.6 Leases

All leases are operating leases and the rentals are charged to the operating cost statement on a straight line basis over the term of the lease.

1.7 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS) which are described in Note 2. The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The Agency recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis.

2 Staff numbers and costs

The average number of full-time equivalent people employed during the year was as follows:

	2007-08	2006-07
Senior Management	4	4
Other Permanent Staff	134	141
Agency Staff	9	9.5
	<u>147</u>	<u>154.5</u>

Our full-time equivalent people are employed in the following areas of the organisation:

	Customer Services	Finance	Information Systems and Operational Policy	Chief Executive's Office	Personnel and Central staff
Senior Management	1	1	1	1	-
Other Permanent Staff	63	12	48	4	7
Agency Staff	<u>5</u>	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>
	<u>69</u>	<u>15</u>	<u>51</u>	<u>5</u>	<u>7</u>

The total payroll costs of these people were as follows:

	2007-08 £000	2006-07 £000
Salaries and wages	2,856	2,661
Social Security costs	188	181
Other pension costs	492	466
Agency Staff	<u>118</u>	<u>118</u>
	<u>3,654</u>	<u>3,426</u>
Less : capitalised within Fixed Assets	<u>(265)</u>	<u>(180)</u>
Charged to Operating Costs	<u>3,389</u>	<u>3,246</u>

The PCSPS is an unfunded multi-employer defined benefit scheme. The Student Awards Agency for Scotland is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007. Details can be found in the separate scheme statement for the PCSPS (Cabinet Office: Civil Superannuation) (www.civilservice-pensions.gov.uk).

For 2007-08, normal employer contributions of £492,091.83 were payable to PCSPS (2006-07: £466,194.71) at one of four rates in the range 16.2 to 24.6 per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The salary bands and contribution rates were revised for 2005-06 and will remain unchanged until 2008-09. The contribution rates reflect the benefits as they are accrued, not when the costs are actually incurred; and they reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. No one from the Agency opted to join this scheme.

3 Other administration costs

3.1 Non-cash costs

	2007-08 £000	2006-07 £000
Cost of capital charge	156	217
Audit fee	22	21
Notional personnel management charge	109	112
Notional personnel services charge	19	19
Notional staff management charge	27	27
Notional computer services charge	121	121
Loss on disposal of fixed assets	-	30
	<hr/> 454	<hr/> 547
Loss on revaluation of fixed assets	-	1
Loss on write down of asset due to redundancy	1,301	210
Depreciation	<hr/> 2,090	<hr/> 2,295
Total non-cash costs (note 3.1)	<hr/>3,845	<hr/>3,053

The notional charges are for services provided by the Scottish Government.

Audit Scotland, who audit our accounts, did not receive any remuneration for non-audit work.

3.2 Other spending

3.2.1 Accommodation

	2007-08 £000	2006-07 £000
Rent	429	429
Rates	172	174
Utilities and other costs	<u>274</u>	<u>297</u>
	<u>875</u>	<u>900</u>

3.2.2 General administration expenses

	2007-08 £000	2006-07 £000
Travel and subsistence	32	25
Stationery	69	34
Printing	35	37
Telecom charges	114	111
Computer running costs	695	582
Minor equipment	8	3
Postal charges	141	149
Miscellaneous	49	84
Debt recovery legal and administration costs	355	371
Scheme publicity	56	133
Impairment of asset	<u>162</u>	<u>86</u>
	<u>1,716</u>	<u>1,615</u>

	2007-08 £000	2006-07 £000
Total other expenditure (note 3.2)	<u>2,591</u>	<u>2,515</u>
Total other administration costs (note 3)	<u>6,436</u>	<u>5,568</u>

4a Tangible fixed assets

	Furniture and fittings £000	Information Technology £000	Computer Software £000	Plant and Machinery £000	Asset In the course of construction £000	Total £000
Cost or valuation						
As at 1 April 2007	291	1,791	14,068	225	947	17,322
Additions	-	29	153	30	960	1,172
Transfers	-	-	943	4	(947)	-
Disposals	-	(76)	-	-	-	(76)
At 31 March 2008	<u>291</u>	<u>1,744</u>	<u>15,164</u>	<u>259</u>	<u>960</u>	<u>18,418</u>
Depreciation						
As at 1 April 2007	172	1,093	10,279	157	-	11,701
Charge for year	29	238	1,739	19	-	2,025
Impairment	-	-	1,301	-	-	1,301
Disposals	-	(76)	-	-	-	(76)
At 31 March 2008	<u>201</u>	<u>1,255</u>	<u>13,319</u>	<u>176</u>	<u>-</u>	<u>14,951</u>
Net Book Value						
At 1 April 2007	119	698	3,789	68	947	5,621
At 31 March 2008	90	489	1,845	83	960	3,467

The depreciation impairment is the result of us recognising that our student award processing system has become obsolete. Additional depreciation was utilised to impair the asset to a nil value.

4b Intangible Fixed Assets

Cost or valuation	Purchased software licences £000
As at 1 April 2007	196
Additions	-
Transfers	-
Disposals	-
Revaluation	-
At 31 March 2008	196
 Depreciation	
As at 1 April 2007	82
Charge for year	65
Disposals	-
Revaluation	-
At 31 March 2008	147
 Net Book Value	
At 1 April 2007	114
At 31 March 2008	49

5 Debtors

Debtors are made up of £98,000 of prepayments. In 2007-08 a change in accounting for VAT meant that recoverable VAT, previously detailed in our own accounts, is now shown in the Scottish Government consolidated accounts. The amount quoted in our own accounts for last year was £184,000. There is no provision for bad debts.

6 Creditors: amounts falling due within one year

All our creditors are trade creditors. This means that they are for goods or services received. They are due for payment within 30 days of receipt of invoice or delivery of goods or services, whichever is later.

7 Provisions for liabilities and charges

A provision was created in 2002-03 for the early retirement of a member of staff. This is based on the annual value of payments incurred by SAAS and the time remaining until retirement age. The provision was increased in 2005-06 to take account of the severance cost of the previous Head of Finance and Personnel.

	Early Retirement Costs
	£000
Opening balance at 1 April 2007	117
Released during the year	<u>(22)</u>
Closing balance at 31 March 2008	<u>95</u>

8 Commitments under operating leases

Commitments under operating leases for the next year are as follows:

	2007-08 £000
Building leases expiring within:	
One year	0
Two to five years	428,622
Over five years	<u>0</u>
Total	<u>428,622</u>

This operating lease is a non-cancellable lease and refers to the premises occupied by the Student Awards Agency at Gyleview House. The lease runs until November 2013 and will be reviewed in 2008.

9 Movement in general fund

	£000
Balance as at 1 April 2007	5,470
Departmental funding (see note 15)	7,077
Non-cash funding: operating expenditure	454
Net cost of operations	<u>(9,825)</u>
Balance at 31 March 2008	<u>3,176</u>

10 Movement in revaluation reserve

	£000
Balance at 1 April 2007	19
Arising on revaluation during the year (net)	0
Backlog depreciation adjustment	<u>0</u>
Balance at 31 March 2008	<u>19</u>

11 Contingent liabilities

There were no contingent liabilities at 31 March 2008.

12 Capital commitments

Capital commitments at 31 March 2008 were £74,000m (at 31 March 2007 they were £60,000). This covers the design of a new student awards process system.

13 Post balance sheet events

There were no post balance sheet events.

14 Related party transactions

SAAS is an Executive Agency of the Scottish Government (SG). The SG is regarded as a related party. During the year SAAS had various material transactions with the SG along with other Government Departments.

During the year, no members of the Senior Management Board, key members of staff or related parties have undertaken any material transactions with the Agency.

15 Reconciliation to draft Departmental Account

The Agency expenditure is included within the accounts of the Scottish Government's Education and Lifelong Learning Directorate, but it is not separately identified. The financing of £7,077.110.44 as recorded in the Agency's Cash Flow Statement, has been agreed with the Directorate.

16 Intra-government balances

	Debtors: amounts falling due within one year	Debtors: amounts falling due within one year	Creditors: amounts falling due within one year	Creditors: amounts falling due within one year
	2007-08 £000	2006-07 £000	2007-08 £000	2006-07 £000
Balances with other central government bodies	-	194	-	3

Due to a change in accounting for VAT (see note 5) no large inter-government debtor balances are now held.

**STUDENT AWARDS
AGENCY FOR SCOTLAND**

SAAS

Annual Report and Accounts 2008-2009

Student Awards Agency for Scotland

An agency of the Scottish Government

SAAS

Annual report

and accounts

2008-2009

Presented to the Scottish Parliament under Section 22(5) of the
Public Finance and Accountability (Scotland) Act 2000.

Laid before the Scottish Parliament by Scottish Ministers
in August 2009

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Chief Executive's report

As forecast in my 2007-2008 report, 2008-2009 was a year in which we continued to make progress in gradually embedding a number of initiatives into the ways we work. In particular, development of our new StEPS operating system continued but it became clear in the course of the year that estimates of the timescale for the project made by our software suppliers had been overly optimistic. The new system is not now planned to go live until October 2009.

The Government abolished the Graduate Endowment fee as from April 2008. As well as benefiting students financially, abolition of the fee has reduced certain work pressures on our customer services and debt recovery teams.

We made progress with Skills Development Scotland on improving administration of ILAS. We also had productive negotiations with them on a data sharing arrangement to enable them to provide advisory services to students dropping out of Higher Education. My hope is that partnership working between SAAS and SDS will be consolidated and if possible extended in coming years.

Our homeworking project was relaunched by our new HR manager towards the end of 2008. Indications are that it will be some time before we can offer this type of working arrangement to caseworkers and other A Band staff. We are in touch with solicitors and the TUS about changes in terms and conditions of service that might be necessary. We are also addressing some of the technical issues associated with staff working from home – most notably the types of ICT equipment they would require to work effectively and provide a high quality service.

In July 2008 the Agency achieved ISO 14001 accreditation – the only part of Scottish Government outside Victoria Quay to have done so. This is a huge step forward in the programme we have to lessen the impact of the Agency's operations on the environment. In March 2009, the work we have been doing to encourage staff to follow healthy and more productive lifestyles was recognised by a gold award from Scotland's Healthy Working Lives scheme.

This will be my last report as SAAS Chief Executive since I shall be retiring from the civil service in November 2009. I shall be leaving behind me an organisation that is very different to the one I first joined. Our levels of performance have improved out of all recognition over the last few years and we are increasingly being recognised for the excellence of our delivery systems not only in Scotland but in Europe. I would therefore like to put on record my thanks to my senior management team, my management board and my staff – all of whom have contributed to getting the Agency to where it now stands.



David Stephen
Chief Executive

Our management board

David Stephen	Chief Executive
Graham Gunn	Head of Information Systems and Operational Policy
Audrey Heatlie	Customer Services Manager
Audrey Shimmons	Head of Finance
Martin Lowe	Non-executive board member (until September 2008)
Eileen Marshall	Non-executive board member
Margaret Munckton	Non-executive board member (until July 2008)
Bruce Nelson	Non-executive board member
Dugald Mackie	Non-executive board member (from October 2008)
Allan Forsyth	Non-executive board member (from October 2008)

Our current non-executive board members have a wide range of experience of university and financial administration. They are Eileen Marshall (Finance Director, Glasgow College of Nautical Studies), Bruce Nelson (Academic Registrar and Deputy Secretary, University of Edinburgh), Dugald Mackie (retired Vice Principal, University of Manchester) and Allan Forsyth (Assistant Principal, Cardonald College).

Part 1

Who we are and what we do

We are an Agency of the Scottish Government located in Edinburgh's South Gyle business park. We pay grants and bursaries to Scottish students in higher education and provide other forms of Government support for learners. We have around 150 staff and control budgets in excess of £500 million.

We:

- assess and pay financial support for living costs and tuition fees;
- deal with the Students' Allowances Scheme, the Postgraduate Students' Allowances Scheme (PSAS), the Nursing and Midwifery Students Bursary Scheme (NMSB) and applications for student loans;
- work with the Health Directorate to develop and deliver NHS Bursaries to specific groups (e.g. Dentistry students);
- collect the Graduate Endowment fee (now abolished with effect from 1 April 2008);
- provide resources and data to the Student Loans Company for the payment of student loans;
- distribute Discretionary Funds and Childcare Funds to Scottish universities and colleges;
- pay fees to providers of learning to those holding Individual Learning Accounts under the ILAS scheme, which we run in partnership with Learndirect Scotland (now Skills Development Scotland); and
- maintain a register of charities that offer educational endowments.

We make services available to the public electronically at www.saas.gov.uk. Scottish higher education students have been able to apply for support online since 2002.

We have included a glossary at the end of this document which explains terms we have used that you may not be familiar with.

Part 2

Our aim, vision and values

Our aim is to be an outstanding provider of learner funding for students.

Our vision is to excel at what we do. We aim to:

- provide high-quality services to the Scottish public that are easy to use;
- continuously improve the speed and efficiency of our work; and
- value the people who work here and the customers they deal with.

Our values are to:

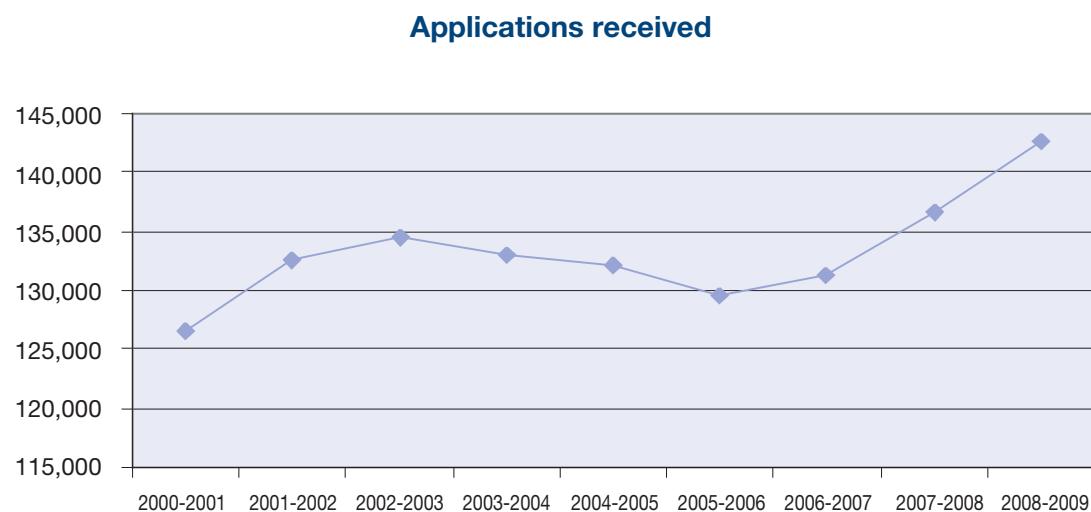
- put the needs of our customers first;
- take responsibility for what we do and the targets we need to achieve;
- work as a team;
- work with partners to deliver the Government's strategic aims;
- be professional and committed to quality;
- communicate clearly and openly;
- maintain a well-trained and motivated workforce; and
- use modern technology.

Part 3

Service delivery

Applications for support

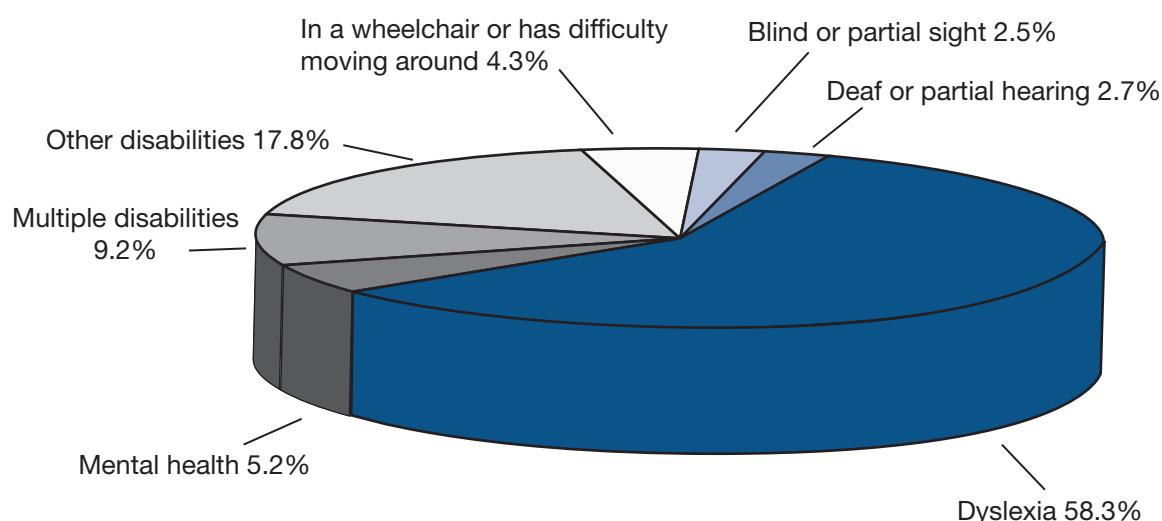
We dealt with 142,677 applications in 2008-2009: 130,419 from undergraduates, 3,169 postgraduates and 9,089 nursing and midwifery students. The table below shows the numbers of applications we have dealt with in each year since 2000.



Disabled Student Allowances (DSA)

There were two noticeable changes in 2008-2009 – DSA applications increased from 4,024 to 4,269 (a rise of 6%) and the number of students with multiple disabilities increased from 275 to 395 (up 43.6%). The following chart provides a breakdown of claims by type of disability.

Students receiving DSA awards in 2008-2009 by type of disability



Replying to queries

The Customer Services Unit deals with most of the calls we receive. We upgraded our telephony system in May 2007 to help us handle increasing call volumes more effectively.

Calls	April 08-June 08	July 08-Sep 08	Oct 08-Dec 08	Jan 09-Mar 09	Total for year (April-09 to March 09)
Incoming	60,586	110,417	55,806	16,081	277,549
Answered	54,961	86,556	42,370	15,154	231,959
% answered	91%	78%	76%	94%	84%
Average waiting time (minutes/seconds)	00:47	02:32	01:55	00:34	01:27
Average call duration (minutes/seconds)	04:02	03:49	04:14	03:19	04:21

Internet services

Our website received almost 6 million hits in 2008-2009. Over 80% of students applied for their support online (compared to 63% last year) and over 20,000 students who had applied online last session received an online shortened application form.

Endowments

We searched the Register of Educational Endowments on behalf of 714 students during the year.

Individual Learning Accounts Scotland

During 2008-2009 we processed 46,755 applications and 16,896 income reassessments. We opened 36,070 accounts and 34,437 applicants made at least one booking.

ILA	Applications processed	%	Income reassessments	%	Accounts opened	%	Applicants making at least 1 booking	%
2005-2006	26,449		1,834		25,557		13,168	
2006-2007	31,819	↑20%	7,060	↑285%	30,751	↑20%	20,760	↑58%
2007-2008	41,649	↑31%	10,984	↑56%	40,826	↑33%	25,438	↑23%
2008-2009	46,755	↑12%	16,896	↑54%	36,070	↓12%	34,437	↑35%

On 1 July 2008, a new part-time fee grant (ILA500) was introduced. We received 3,399 applications between then and the end of the financial year.

ILA500	Applications received	Total Calculated	Total Withdrawals	Total non-attendance
2008-2009	3,399	2,365	71	62

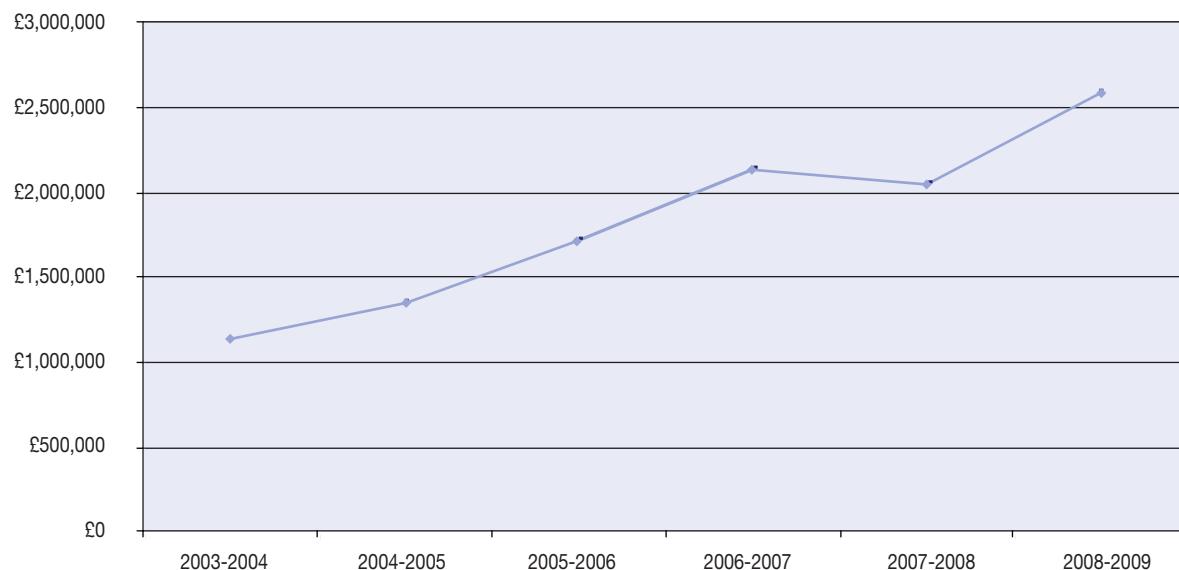
Debt recovery

The table below shows the amount of debt we have recovered from 2003-2004 to 2008-2009.

Year	April to June	July to September	October to December	January to March	Total
2003-2004	£304,218	£279,107	£240,597	£309,402	£1,133,324
2004-2005	£381,037	£350,906	£283,508	£332,709	£1,348,160
2005-2006	£340,643	£467,120	£422,074	£490,729	£1,720,566
2006-2007	£502,915	£579,204	£443,213	£610,675	£2,136,007
2007-2008	£560,928	£450,983	£536,677	£501,663	£2,050,251
2008-2009	£709,635	£546,878	£580,058	£748,550	£2,585,121

At the end of March 2009, outstanding debt totalled £10,115,362. Of that total, £2,724,785 (26.9%) is attributable to student nurses and midwives whose bursaries we administer on behalf of the Scottish Government's Health Directorate.

Annual debt recovered



Travel

In 2008-2009 the Agency issued 252 train tickets and 214 bus tickets to staff attending meetings or training events outwith the office and travelling by public transport.

The Agency is a cycle-friendly employer and staff can take part in Cycle2Work, a salary sacrifice scheme to save money on bicycle purchase. We also hold annual Bike Doctor session to help staff maintain their bicycles.

Graduate Endowment

During 2008, we continued to deal with 1,631 students who had deferred payment of the Graduate Endowment fee but who were still liable to pay it after abolition. Within this group, there are 233 students who are entitled to continue to defer payment due to still being in Higher Education. The remainder have paid the fee either from their own resources or by taking out an additional student loan.

Income assessment

We prepared for new income assessment arrangements by informing students, parents, husbands, wives and civil partners of how they could be affected according to their individual circumstances. As well as making information available in our literature and on our website, we issued around 120,000 letters.

Information and advice

In 2008, we printed 85,000 copies of our application forms and guidance. We design our forms and notes to Plain English Campaign standards.

We consulted institutions in November 2007 on whether the Agency should stop distributing paper copies of guides and application forms. Responses were overwhelmingly supportive and it was agreed that online application should become the norm as from 2009-2010. In support of that decision, we ran a number of workshops during 2008 for higher education institution staff, to familiarise them with the online application process so that they could help students complete their applications. We also ran a number of sessions which allowed students to get first-hand experience of using the system.

We visited 212 institutions, schools and careers events to speak to future students and their families to give them information about student support and how we can help them. We again produced a DVD-Rom and CD-Rom giving information about the support that is available and how to apply for it (encouraging as many people as possible to apply online). We produced 80,000 CD-Roms which we issued to all further and higher education institutions in Scotland, secondary schools and main libraries. Satisfaction ratings for the DVD-Rom and CD-Rom are shown in the following table.

Statement	Satisfaction rating
The video/DVD is easy to understand	100%
The CD-Rom is a helpful source of information for students	94%
The level of information provided on the CD-Rom is sufficient for most students	100%
The presentation on the DVD-Rom is helpful	100%
The PDF documents on the new DVD-Rom are useful	100%

Freedom of information

We reviewed our publication scheme, as required under the Freedom of Information Act. The scheme is available to the public on our website. During 2008-2009, we received nine requests for information under the Act.

Complaints and appeals

We publish our complaints and appeals procedure on our website (www.saas.gov.uk), in our yearly 'Guide to student support' and on our CD-Rom. We provide guidance and training to all staff dealing with complaints. The Chief Executive's office monitors complaints and produces reports every three months for the management board. These provide details of complaints received and action taken to address them. Board members look at whether there are any patterns or trends in complaints that might cause us to change any of our working practices. During 2008-2009 we received 98 complaints, 96% of which we answered within 10 working days.

Customer surveys

In 2008-2009, we completed our second Disabled Students' Allowance (DSA) customer survey. We sent forms to a random sample of 500 students who were receiving DSA to ask them for comments on the services we provide as well as the overall DSA policies in place. The results of this survey can be found in full on the SAAS website. A summary of the main findings is as follows:

- Communications – Several students suggested we should improve communications between SAAS and Disability Advisors. As a result, we invited over 50 Disability Advisors to SAAS early in 2009 for discussions on the basis of which SAAS will be producing guidance for Advisors that should help improve the DSA process.
- Needs assessment – Most students were satisfied with the needs assessment process and the staff at institutions and Access Centres who provide this service. Some students felt that the process was too long with equipment not being received until well after the course start date. There is a scheme in operation to establish an agreed quality assurance framework under which assessments can be carried out. We now have over 30 colleges and universities who are validated to carry out assessments. Steps are in place to bring more institutions on board, which should further improve the efficiency of the process.
- Accessibility of applications and guidance – 77% of students found it easy to obtain the DSA application form and guidance.
- Payment method – 82% of students were more than satisfied with the method of payment for DSA.

More generally, we carry out regular customer surveys and analyse the results to identify where we can improve our services. In 2008, we contacted a random sample of 2,300 customers asking them to comment on the services we provide. The survey form is also made available on our website.

The table below shows the satisfaction ratings for each of the last five years.

Statement	Satisfaction rating				
	2004	2005	2006	2007	2008
Knowledge and helpfulness of staff	84%	88%	83%	82%	67%
How easy it was to understand our guidance documents	82%	85%	84%	84%	78%
How easy it was to fill in our paper application forms	75%	80%	79%	78%	74%
How easy it was to fill in our on-line application form	71%	77%	77%	80%	81%
How easy it was to fill in our shortened application form for continuing students	89%	91%	91%	93%	91%
How easy it was to get application forms	88%	88%	81%	92%	88%
Did we deal with your phone enquiries appropriately	77%	82%	63%	62%	57%
Did we deal with your written correspondence appropriately (see Note 1)	72%	82%	70%	72%	63%
Did we pay your grant quickly	82%	89%	82%	90%	74%
How easy it was to find information on our website	New question in 2007			81%	77%
How useful was our CD-Rom	New question in 2007			70%	80%
How easy it was to work out your entitlement using our website	New question in 2007			74%	66%
How easy it was to apply for support using our website	New question in 2007			79%	64%
Did we pay your travel expenses quickly	New question in 2007			72%	61%

Note 1: The number of emails received has significantly grown over the years from 582 in 2000-2001 to over 93,000 in 2008-2009.

The Agency has taken action on many of the issues raised by the 2008 survey by, for example, reviewing staff training, improving password management and altering parts of online application forms. Further improvements are planned for 2009-2010.

Human Resources

During the period 1 April 2008 to 31 March 2009 SAAS appointed 34 Band A candidates as a result of four recruitment campaigns. The recruitment complied fully with the Civil Service Commissioners' Recruitment Code ensuring fair and open competition and appointment on merit.

Of the 34 candidates appointed 22 are female and 12 are male. Two of the appointees declared a disability and three appointees were from an ethnic minority.

Headcount and FTE by Grade as at 31 March 2009					
Grade	No. of Full-time Staff	% of Total (Full-time)	No. of Part-time Staff	% of Total (Part-time)	FTE
SG.A3	65	80.25	16	19.75	76.01
SG.A4	16	80	4	20	19.4
SG.B1	23	95.83	1	4.17	23.81
SG.B2	12	80	3	20	14.42
SG.B3	6	100	0	0	6
SG.C1	1	50	1	50	1.6
SG.C2	1	100	0	0	1
SG.SCS - Deputy Director 1	1	100	0	0	1
Total	125		25		143.24

Grade	No. of Full-time Staff		No. of Part-time Staff	
	Male	Female	Male	Female
SG.A3	33	32	1	15
SG.A4	8	8	0	4
SG.B1	15	8	0	1
SG.B2	4	8	0	3
SG.B3	3	3	0	0
SG.C1	1	0	0	1
SG.C2	1	0	0	0
SG.SCS	1	0	0	0
Total	66	59	1	24

As at 31 March 2009 25 permanent employees were working part-time, with varied working patterns of two to five days, covering a minimum of 18 hours to a maximum 36 hours per week. In addition, one member of staff works annualised hours and another works a full time compressed week.

Health and safety

Our health and safety policy recognises that the Agency, as an employer, has to ensure the health and safety of our staff but that they also have a duty of care for themselves. We have a Health and Safety Committee who meet quarterly to consider the results of health and safety inspections of Gyleview House. The Agency's management board receive minutes of these meetings which are also available on our website.

Healthy Working Lives scheme

The Agency participates in Scotland's Healthy Working Lives scheme (HWLs) to promote physical activity and healthy eating. We work with staff to offer a range of activities such as golf, walking and jogging. We also arrange health checks, site visits for massages and a chiropodist as well as other health related seminars and events throughout the year to promote a healthy lifestyle.

As a result of our work with HWLs, Agency staff have taken part in a number of charity fundraising activities such as the Great Scottish Walk, Jogscotland and other events. In March 2009 we received HWL's Gold Award.

Environment management

Details of our environmental policy and our performance can be found in Part 5 of the annual report.

Part 4

Our performance against our targets

Targets	Performance	Performance	Performance	Performance	Performance
	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
To process 50% of applications within 12 days of receiving them, 75% within 14 days, and 100% within 21 days.	62% within 12 days	63% within 12 days	46% within 12 days	72% within 12 days	81% within 12 days
	72% within 14 days	69% within 14 days	52% within 14 days	74% within 14 days	83% within 14 days
	90% within 21 days	83% within 21 days	82% within 21 days	83% within 21 days	95% within 21 days
Average number of calendar days taken to process an application.	n/a	10 days	11 days	7 days	6 days
To reply to 90% of written enquiries within 14 days of receiving them, and 100% within 21 days.	95% within 14 days	78% within 14 days	75% within 14 days	90% within 14 days	96% within 14 days
	98% within 21 days	91% within 21 days	88% within 21 days	93% within 21 days	98% within 21 days
Total number of complaints received.	82	81	97	128	98
To answer all complaints within 14 days of receiving them.	94%	94%	95%	98%	96%
To reach an average unit cost of £34 to process each application based on relevant costs.	£35.39	£35.93	£37.44	£37.58	£37.12
To respond to enquiries sent by email within five days of receiving them.	92%	93%	76%	92%	43%

Targets	Performance	Performance	Performance	Performance	Performance
	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
To answer 85% of calls to our customer services unit within 25 seconds, and 100% within three minutes.	Not available – see note 1				
To make sure that the average delay for incoming calls to our customer services unit is no longer than 12 seconds in quarters one, two and four, and 20 seconds in quarter three.	Not available – see note 1				

Note 1 – Statistics not available due to ongoing problems with telephony reporting system.

It should be noted that we now process over 80% of applications within 12 days of receipt. The reduction in the average processing time since 2005-2006 has been achieved with no increase in staffing – a productivity gain of 40%.

We are in the middle of a wide-ranging project to link the work of the Agency to achievement of the Government's National Outcomes. This includes a comprehensive review of our targets in line with the 'balanced scorecard' approach to performance measurement. This should produce a wider range of key performance indicators covering for example, ICT, Finance and HR systems as well as application processing.

Part 5

Environmental report 2008-2009

This report details SAAS performance measured against our environmental policy targets up until 31 March 2009.

SAAS Environmental Policy

SAAS's Environmental Policy is to ensure that we make continuous improvement in reducing the impact of our operations on the environment. Our policy is consistent with the Scottish Government's strategic objective to create a Greener Scotland. The actions we take to implement our policy will help achieve National Outcome 14 to 'reduce the local and global impact of our consumption and production'. We measure, monitor and report on the achievement of our objectives and targets annually. Details of our policy are made available to staff and the general public on our staff intranet and our website.

Targets

Our targets in the Agency's corporate plan are to:

- maintain our ISO 14001 accreditation gained in 2008;
- reduce the amount of energy we use for heating, hot water and lighting by 1% each year between now and 2011;
- reduce further the use and storage of paper;
- reduce travel (particularly to Glasgow) by using our video-conferencing equipment as much as possible; and
- maintain, as part of our environmental policy, an effective travel plan which will seek to reduce the number of business journeys we make, encourage the use of public transport and promote the health benefits of cycling and walking.

The Agency made a significant step towards meeting its targets by achieving ISO 14001 accreditation on 29 July 2008. This accreditation lasts for three years although ISO 14001 auditors will carry out checks twice a year to ensure that standards are being maintained. The first of these audits took place in January 2009 and no non-conformities were raised.

Table 1 Building details

	Floor Area (m ²)	Additional Minor Occupiers	Total SAAS Staff as at 31 March 2009	Other Minor Occupiers	Total Occupying Staff
Gyleview House	4448.5	SERCo (Cleaning Staff)	150	5	155

Table 2 Utilities comparison table 2004-2005 to 2008-2009

	2004-2005		2005-2006		2006-2007		2007-2008		2008-2009	
	(kWh)	CO ₂ (Tonnes)								
Electricity	326,380	169.72	352,950	161.3	360,230	154.9	319,335	137.31	369,800	159.01
Gas	278,521	52.92	295,490	56.14	242,785	46.13	252,519	47.98	295,051	56.06
Total	604,901	222.64	648,440	217.44	603,015	201.03	571,854	185.29	664,851	215.07
Water (m ³)	2447*		1783*		1263*		2189*		1874	

* Water usage figures based on estimates provided by Scottish Water. Figures from June 2008 are based on monthly meter readings.

Note: From August 2005, the figure used to calculate CO₂ emissions is kWh multiplied by 0.43 then divided by 1000 to give result in tonnes (previous figure was 0.52). This is the figure used by DEFRA and the Carbon Trust.

Gas usage

Gas consumption rose in 2008-2009 due to the very cold winter. However, we installed new, energy efficient gas boilers in November 2006. Heating is switched on for less time each working day and is reduced to ‘frost protection’ level at weekends and over Christmas when the office is closed.

Electricity usage

Through SG procurement, we purchase 100% of the electricity required to run our building from ‘green’ sources. Electricity consumption has increased due to a number of new servers and air conditioning units we installed in June 2007. However, the increase would have been greater had it not been for measures we have taken to keep consumption down in other ways.

Our Environmental Team have raised awareness of power usage by running a ‘switch off’ campaign for all electrical equipment. We have timers on photocopiers to ensure they are switched off in the evening and at weekends. We have energy efficient lighting and movement sensors to switch off lights in areas not being used. We maintain office windows each year to reduce heat loss. Without risk to our ICT equipment, we have been able to increase the minimum temperature in server rooms by 3 degrees centigrade so as to reduce power consumption by air conditioning units.

From 2008 all the Agency’s PCs have been automatically switched off at 8 p.m. each night.

Water usage

We installed sensor operated taps last year to reduce water usage and installed smaller cisterns and more efficient urinal fittings. These measures have cut our daily average water usage from June 2008 by 85% (from 1 April 2008 we used 1269m³ of water for the first 85 days and 605m³ in the remaining 280 days of 2008-2009).

Paper usage

The Agency's use of paper has decreased dramatically over the last few years due to a number of major systems changes we have made, including taking applications over the Internet. In 2008-2009 over 80% of applications were made online. In 2009-2010 the Agency will stop issuing paper application forms to encourage a move to 100% online applications.

Table 3 SAAS's external printing from 2003-2004 (total pages used)

	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
SAS forms & guidance notes	18,138	9,952	8,900	8,018	5,343	4,229	34
Award notices to parents (Note 1)	100	100	0	0	0	0	0
DSA forms	638	738	750	612	626	560	240
NMSB forms	325	400	320	130	130	114	60
Financial support booklet				new	18	480	480
Poster				new	2	2	6
Postcard/flyer				new	170	145	145
Total pages used	19,201	11,190	9,970	8,760	6,289	5,530	965
Total pages saved (cumulative savings)		8,011	9,231	10,441	12,912	13,671	18,236

Note 1. The Agency stopped issuing award letters to parents in 2005-2006.

We have progressively been replacing the printed version of our Guide to Student Support with CD-Roms and information on our website.

All the white paper we buy is made from 100% recycled materials and printers are set to print double sided automatically. We centralised paper and stationery ordering in 2006 to minimise the number of deliveries made to Gyleview House and to ensure that we buy environmentally friendly products wherever possible.

Waste management

Table 4 Total waste comparison 2006-2007 to 2008-2009

Year	2006-2007	2007-2008	2008-2009
	Metric Tonnes	Metric Tonnes	Metric Tonnes
Total waste recorded	67.29	58.3	42.78
Recycled	58.847 (87.45%)	52.471 (90.00%)	37.746 (88.23%)
Landfill	8.443 (12.55%)	5.829 (10.00%)	5.034 (11.77%)
Total waste per person (based on approx. 150 staff)	0.448	0.389	0.285

We installed new recycling containers for paper, plastic and tins throughout Gyleview House in August 2006 to reduce waste sent to landfill. We also recycle toner cartridges through our stationery contractor.

As well as recycling waste material we are now also working to reduce the amount of waste we actually produce each year.

Biodiversity

The Agency's landscape contractor uses native plants produced in Scotland and recycles 90-100% of green waste – nothing goes to landfill. Biodegradable systemic herbicides are used rather than pesticides. We have also installed birdhouses in trees in the area surrounding the office to encourage birds to nest locally.

Travel

In 2008-2009 the Agency issued 252 train tickets and 214 bus tickets to staff attending meetings or training events outwith the office and travelling by public transport.

During 2008-2009 the Agency's video conference facilities were used seven times for meetings saving 14 journeys. We offered staff training on the video-conferencing equipment to increase its usage.

We gained a Cycle Friendly Employer Award in May 2007. We have bike racks which are currently being used regularly by staff. We arrange 'Bike Doctor' maintenance sessions each year to encourage staff to use their bikes for commuting or leisure and we promote the Cycle2work scheme which has been improved to provide tax savings for staff buying bicycles. We have put up a notice board giving information on local cycle paths and free cycle maps of surrounding areas.

Our staff intranet provides information on travel issues and notice boards give details about local bus and train services etc. We include relevant travel information in induction packs for new staff. In October 2008 we produced a travel plan with the aim of reducing the environmental impact of our business travel (including commuting) by offering travel alternatives and to encourage healthier, more productive lifestyles through increased physical activity.

Communication

The Environmental Team provide updates on progress against our environmental targets at annual staff away days and our environmental policy is part of induction training for all new staff. The environmental notice board is kept up to date with relevant notices, leaflets etc. We publish high-level details of our environmental performance in our annual reports and corporate plans.

Part 6**Annual accounts 2008-2009****Management board report****1. Accounts direction**

The accounts have been prepared in accordance with a direction given by the Scottish Ministers in accordance with Article 19(4) of the Public Finance and Accountability (Scotland) Act 2000 and the direction is attached at Annex A.

2. History and statutory background

We were established as an Executive Agency on 5 April 1994. Our operating framework, including financial delegations, is established in the Agency's Framework Document. As Chief Executive I am the Agency's Accountable Officer, responsible to the Government's Principal Accountable Officer and Scottish Ministers.

3. Principal activities

We provide financial support to full-time students in higher education by administering the Students' Allowances Scheme; the Postgraduate Students' Allowances Scheme; the Nursing and Midwifery Student Bursaries Scheme; and the NHS Dental, Biomedical and Audiology Bursary schemes. We distribute Discretionary and Childcare Funds to Scottish further and higher education institutions and provide resources to the Student Loans Company Limited for both loan funding and administration costs. We also administer the Individual Learning Accounts Scotland Scheme, in partnership with Skills Development Scotland.

Management board 2008-2009

David Stephen	- Chief Executive
Graham Gunn	- Head of Information Systems and Operational Policy
Audrey Heatlie	- Customer Services Manager
Audrey Shimmons	- Head of Finance
Martin Lowe	- Non-executive board member (until September 2008)
Margaret Munckton	- Non-executive board member (until July 2008)
Eileen Marshall	- Non-executive board member
Bruce Nelson	- Non-executive board member
Dugald Mackie	- Non-executive board member (from October 2008)
Allan Forsyth	- Non-executive board member (from October 2008)

Information on salary and pension entitlement can be found in the Remuneration Report and Note 2 in the Notes to the Accounts.

4. Equal opportunity

We are an agency of the Scottish Government. We can recruit staff up to salary Band C1 in line with Scottish Government equal opportunity policy and the Civil Service Recruitment Code. We do not regard sex, marital status, age, race, ethnic origin, sexual orientation, disability, religion or belief, working patterns, employment status, gender identity (transgender), caring responsibility or trade union membership as a bar to employment, training or advancement. We recruit staff solely on their ability to do the job.

Consulting with employees

We recognise the importance of good industrial relations and consulting fully with staff. The Management Team holds both formal and informal meetings, and regularly communicates with all staff and their representatives.

Paying invoices

We are committed to paying invoices promptly for the supply of goods and services, and we aim to meet the Confederation of British Industry's prompt payment code at all times. We process invoices on the Scottish Executive's Accounting System (SEAS) and pay them within 10 days (30 days before December 2008) of receipt of the invoice or delivery of the goods or services, whichever is later. In the year, we paid 98% (96% in 2007-2008) of invoices on time.

Charitable donations

We made no charitable donations in 2008-2009. However, we did pay £150 for 10 members of staff to take part in a 5k race for Jogscotland under the Healthy Working Lives scheme.

Auditors

Our accounts are audited by auditors appointed by the Auditor General for Scotland. Further details on audit remuneration can be found in Note 3 to the Accounts.

Disclosure of relevant audit information

As Accountable officer, I am not aware of any relevant audit information of which our auditors are unaware. I have taken all necessary steps to ensure that I myself am aware of any relevant audit information and to establish that the auditors are also aware of this information.

Management commentary

Review of the business

We received over 142,000 applications this session and dealt with 81% of them in 12 days or less (target 50%). The average time taken to process an application was six days compared to seven days last year. Around 80% of students who made an application to us applied using our on-line services and our website received 5.5 million hits. In 2007, the Agency started work to redesign and implement a new student award processing system (StEPS). This project is still under development with a go live date of April 2010. Full details of our business activities during 2008-2009 can be found in our annual report.

Financial review

Our budget is approved by the Scottish Parliament. The Agency net running costs budget including depreciation and interest charges was £7.967m. This does not include provision for Central Scottish Government charges where actual expenditure amounted to £0.311m. Comparison of our budget to actual outturn shows a net overspend of £0.418m. This is due to us making provision for dilapidations earlier than anticipated. Parliamentary provision for capital expenditure was £1.301m. Comparison to actual outturn shows an underspend of £0.098m.

Total operating costs in the financial year were £8.696m. This represents a decrease of 11% compared to expenditure in the previous year. This decrease is due to an exceptional charge in 2007-2008 resulting from making the old student award processing system obsolete and impairing the asset in the accounts that year. No such charge was necessary in 2008-2009 so our costs were substantially reduced from the previous year.

The purpose of these accounts is to show how we use our administration budget. However, we also administer income and expenditure for student support and account for this within the Scottish Government Education and Lifelong Learning Directorate accounts. The budget for 2008-2009 was:

	Operating Budget	Capital Budget
	£m	£m
Fees, Grants and Bursaries	284.1	
Individual learning accounts	5	
Repayment of Awards	(2.0)	
Discretionary Funds	15	
Student Loans Company Administration	6.3	
Student Loans Net New Lending	-	187
Student Loan Interest Subsidy to Banks	4.5	

In addition, we have an operating budget of £103.6m to cover accounting charges such as capital charges and interest, inflation and charges to other provisions relating to student loans.

Future business developments

Our new student awards processing system will be introduced in April 2010. Our original aim was to have the system operational for the 2008-09 processing session but technical difficulties have delayed implementation until the 2010-11 processing session. The system will provide new functionality and more management information than its predecessor in addition to its basic purpose of processing applications for student support.

Research and development

Given the level of resource required to design and implement the new student awards processing system, little other research and development work was undertaken in 2008-09.

Risk and control

Management and the control of risk is a key task for SAAS. We maintain a risk register which identifies all internal and external risks to the organisation and the actions required to reduce the likelihood of these risks occurring and measures to investigate their effects should they do so. The register is linked to our Business Continuity Plan. Both the risk register and the Business Continuity Plan are reviewed and updated by the Management Board. We also keep our IT and procedural systems of control under continuous review and amend and improve when necessary.

Personal data related incidents

There was no loss of personal data in 2008-2009.

Key Performance Indicators

Full details of SAAS targets and performance can be found in Part 4 of the Annual Report.

Environmental matters and social and community issues

The Agency has an environmental management system to ensure that we continuously seek to reduce the impact of our operations on the environment. We achieved ISO 14001 certification in July 2008. We review our Environmental Policy every two years and set targets which are in our Corporate Plan.

Targets include reducing energy and water usage year on year. To do this we have installed new energy efficient boilers, replaced lighting including fitting light sensors and installed new sensor taps, dual flushing cisterns and water saving devices in toilet areas.

We are working to reduce the amount of waste we produce and minimise the use of landfill sites by recycling paper, plastic and cans and other items such as toner cartridges, mobile phones etc.

We encourage staff to use public transport to attend meetings wherever possible. We also try to reduce travel by use of our video conferencing equipment.

The Agency participates in Scotland's Healthy Working Lives scheme (HWLs) to promote physical activity and healthy eating. We work with staff to offer a range of activities such as golf, walking and jogging. We also arrange health checks, site visits for massages and a chiropodist as well as other health related seminars and events throughout the year to promote a healthy lifestyle.

As a result of our work with HWLs, Agency staff have taken part in a number of charity fundraising activities such as the Great Scottish Walk, Jogscotland and other events. In March 2009 we received HWL's Gold Award.

Audit Committee

SAAS has an audit committee which supports me as Accountable Officer in monitoring and reviewing corporate governance, risk and control systems within the Agency. The committee meets four times a year. In 2008 the committee was reconstituted in line with new best practice guidance from the Scottish Government. Its membership now comprises our non-executive board members and it is chaired by Dugald Mackie. SAAS senior managers and representatives of Audit Scotland and Scottish Government Internal Audit normally attend committee meetings although the committee has the right to meet in private should it so wish.

Significant changes in fixed assets

We have summarised the changes in fixed assets in the notes to the financial statements. The asset under construction is the ongoing development costs of designing and building a new awards processing system, due for completion in April 2010.

A handwritten signature in black ink, appearing to read "D. Stephen".

D. Stephen
Chief Executive
3 July 2009

Student Awards Agency for Scotland remuneration report

Service contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code. The Code requires appointments to be on merit, on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments which are open ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk.

Salary and pension entitlements

Senior management salaries

The salary, pension entitlements and benefits in kind of the SAAS Management Board were as follows:

Senior management	2008-2009		2007-2008	
	Salary £000	Benefits in kind (to nearest £100)	Salary £000	Benefits in kind (to nearest £100)
David Stephen Chief Executive	70-75	nil	70-75	nil
Graham Gunn Head of Information Systems and Operational Policy	60-65	nil	50-55	nil
Audrey Heatlie Customer Services Manager	35-40	nil	35-40	nil
Audrey Shimmons (part-time) Head of Finance	25-30	nil	25-30	nil

Following best practice and advice from the Scottish Government, and in order to attract a wide range of candidates for future appointments, the Minister agreed in October 2008 that we should remunerate our non-executive board members by paying a daily attendance fee.

Two of our non-executive board members, Dugald Mackie and Bruce Nelson, each received £600 in attendance fees during financial year 2008-2009. No other fees were paid to non-executive board members in the year.

Salary

'Salary' includes gross salary; any performance pay or bonuses; overtime; reserved rights to London weighting, recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HM Revenue and Customs as a taxable emolument. None of our senior managers received any such benefit during the 2008-2009 financial year.

Compensation on loss of office

None of our Board Members received any compensation payments for loss of office during the year.

Pension entitlements

	Accrued pension (and lump sum) at age 60 as at 31/03/09	Real increase in pension (and lump sum) at age 60	CETV at 31/03/09	CETV at 31/3/08*	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	£000
David Stephen <i>Chief Executive</i>	30-35 (95-100)	0-2.5 (0-2.5)	737	721	0	0
Graham Gunn <i>Head of Information Systems and Operational Policy</i>	25-30 (75-80)	0-2.5 (5.0-7.5)	571	499	38	0
Audrey Heatlie <i>Customer Services Manager</i>	10-15 (40-45)	0-2.5 (0-2.5)	238	210	12	0
Audrey Shimmons <i>(part-time) Head of Finance</i>	5-10	0-2.5	91	79	6	0

* The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

Details of pensions and Cash Equivalent Transfer Values are disclosed based on information supplied by the Department for Work and Pensions.

All information disclosed in the tables above has been audited by Audit Scotland. The other sections of the Remuneration Report were reviewed by Audit Scotland to ensure that they were consistent with the financial statements.

Civil Service pension

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a ‘final salary’ scheme (classic, premium and classic plus) or a ‘whole career’ scheme (nuvos). These statutory schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in the Retail Prices Index. Members who joined from October 2002 could opt for either the appropriate defined benefit arrangement or a good quality ‘money purchase’ stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years’ pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member’s earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and immediately after the scheme year end the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set up by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensions.gov.uk.

Cash Equivalent Transfer Values

A cash equivalent transfer value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Compensation for loss of office

No employees left under compulsory early retirement in the year 2008-2009.



D. Stephen
Chief Executive
3 July 2009

Statement of Agency's and Chief Executive/ Accountable Officer responsibilities

In accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, the Scottish Ministers have directed the Student Awards Agency for Scotland to prepare a statement of accounts for each financial year in the form and on the basis set out in the accounts direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of SAAS at the year end and of its operating costs, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Agency is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the accounts direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis.

The Principal Accountable Officer of The Scottish Government has appointed the Chief Executive of the Student Awards Agency for Scotland as the Accountable Officer for the Agency. The responsibilities of an Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping of proper records, and for safeguarding the Student Awards Agency for Scotland's assets, are set out in the Accountable Officer's Memorandum issued by the Scottish Ministers.



D. Stephen
Chief Executive
3 July 2009

Statement of internal control

Scope of responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of my organisation's aims and objectives as agreed by Scottish Ministers, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

I am accountable for the proper, efficient use of resources provided to my Agency and for the provision of administration and debt recovery services for nursing & midwifery students and those receiving health bursaries. I am also responsible for ensuring that the relevant guidance and requirements of advice issued by Scottish Government Finance directorate are met and for putting into effect any recommendations accepted by Ministers or the Scottish Parliament. The Chief Executive's accountability is subject to the respective overall responsibilities of the Permanent Secretary of the Scottish Government as the Principal Accountable Officer, the Director-General Education and the Chief Executive of the National Health Service in Scotland as Accountable Officers.

Purpose of the system of internal control

The system of internal control is designed to manage rather than eliminate the risks of failure to achieve my organisation's policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of my organisation's policies, aims and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The Scottish Public Finance Manual (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling of public funds. It is mainly designed to ensure compliance with statutory and parliamentary requirements, promote value for money and high standards of propriety, and secure effective accountability and good systems of internal control. The processes within my organisation accord with the SPFM and have been in place for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts and accord with guidance from the Scottish Ministers.

Risk and control framework

All bodies subject to the requirements of the SPFM must operate a risk management strategy in accordance with relevant guidance issued by the Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

The management of risk is a key task within SAAS. My Agency maintains a risk register which records internal and external risks we are exposed to and identifies the mitigating actions required to reduce the threat of these risks occurring and their impact. The risk register is regularly updated and reviewed by our Management Board. Each risk is allocated an owner, category, type and description along with an assessment of the likelihood of its happening and its impact on our operations. Mitigating actions to minimise risks are recorded as action points along with details of who will carry them out and when. Each risk is allocated a status and a date for review.

As well as the main risk register, individual risk registers are used for specific projects as a management control tool to ensure successful outcomes. These provide a mechanism to report risks to the project management board for assessment and to escalate high level/high impact risks to project sponsors or senior Agency management to take preventative action.

In line with Scottish Government guidance on managing risk to information, I have appointed a Senior Information Risk Owner (SIRO) along with Information Asset Owners (IAOs) and have drafted our Information Security Policy.

Following discovery of an organised fraud ring who have been using false identities to claim student support, I am considering a number of measures to strengthen our checking procedures.

More generally, my organisation is committed to a process of continuous development and improvement: developing systems in response to any relevant reviews and developments in best practice in this area. In particular, in the period covering the year to 31 March and up to the signing of the accounts my organisation has achieved the following:

- Undertaken a major in-house project to re-write our main IT processing system.
- Awarded the Healthy Working Lives gold award in November 2008.
- Accredited with ISO 14001 for environmental management systems.

Review of Effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of our system of internal control. My review is informed by:

- formal assurances from Agency managers who have responsibility for the development and maintenance of our internal control framework;
- the work of our internal auditors, who make regular reports to my organisation's Audit Committee which present the Head of Internal Audit's independent and objective opinion on the adequacy and effectiveness of my organisation's systems of internal control together with any recommendations for improvement;
- comments made by our external auditors in management letters and other reports;
- my Management Board which meets quarterly to consider the plans and strategic direction of my organisation. The board comprises the senior members of my organisation and four external independent members;
- quarterly meetings with our Fraser Figure for which a report on all my organisation's activities and achievement of key targets is prepared. This meeting is attended by all senior members of my organisation;
- minutes of the meetings of my organisation's Audit, Information Systems, and Health and Safety committees which are tabled at Management Board meetings by their respective chair persons;
- regular reports on managing risks on key projects; and
- the risk register in place for all critical elements of our operations. This is reviewed by the management board at least twice a year.

Appropriate action is in place to address any weaknesses identified and to ensure the continuous improvement of the system.



D. Stephen
Chief Executive
3 July 2009

Independent auditor's report to the Student Awards Agency for Scotland, the Auditor General for Scotland and the Scottish Parliament

I have audited the financial statements of the Student Awards Agency for Scotland for the year ended 31 March 2009 under the Public Finance and Accountability (Scotland) Act 2000. These comprise the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members, in their individual capacities, or to third parties.

Respective responsibilities of the Agency, Accountable Officer and auditor

The agency and Accountable Officer are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers. The Accountable Officer is also responsible for ensuring the regularity of expenditure and receipts. These responsibilities are set out in the Statement of Agency Accountable Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and with International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland.

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers. I report to you whether, in my opinion, the information which comprises the Management Board Report and Management Commentary, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects:

- the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

In addition, I report to you if, in my opinion, the Agency has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Agency's compliance with Scottish Government guidance and I report if, in my opinion, it does not. I am not required to consider whether this statement covers all risks and controls or to form an opinion on the effectiveness of the agency's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Auditor General for Scotland. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of expenditure and receipts included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Agency and Accountable Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

Financial statements

In my opinion

- the financial statements give a true and fair view, in accordance with the Public Finance and Accountability (Scotland) Act 2000 and the directions made thereunder by the Scottish Ministers, of the state of affairs of the Student Awards Agency for Scotland as at 31 March 2009 and the net operating cost, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- information which comprises only the Management Board Report and Management Commentary included with the Annual Report, is consistent with the financial statements.

Regularity

In my opinion in all material respects

- the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.



Bill Convery CPFA
Assistant Director
Audit Scotland
Osborne House
1/5 Osborne Terrace
Edinburgh
EH12 5HG

3 July 2009

Student Awards Agency for Scotland

OPERATING COSTS STATEMENT for the year ended 31 March 2009

	Note	2008-09 £'000	2007-08 £'000
Administration Costs			
Staff costs	2	3,551	3,389
Other administration costs	3	5,145	6,436
Net operating cost		8,696	9,825

The above results relate to continuing activities

The notes on pages 38 to 45 form part of these accounts

There were no gains or losses resulting from the revaluation of tangible fixed assets or any other recognised gains or losses in 2008-2009 or 2007-2008.

Student Awards Agency for Scotland

BALANCE SHEET As at 31 March 2009

	Note	31 March 2009 £'000	31 March 2008 £'000
Fixed assets			
Tangible assets	4a	3,532	3,467
Intangible assets	4b	22	49
		<hr/>	<hr/>
		3,554	3,516
Current assets			
Debtors	5	96	98
Creditors: (due within one year)	6	302	324
		<hr/>	<hr/>
Net Current Assets		(206)	(226)
Total Assets less Current Liabilities		<hr/>	<hr/>
		3,348	3,290
 Provisions for liabilities and Charges			
Early departure costs	7	(73)	(95)
Dilapidations	7	(943)	-
		<hr/>	<hr/>
		(1,016)	(95)
		<hr/>	<hr/>
		2,332	3,195
		<hr/>	<hr/>
 Taxpayers' Equity			
General fund	9	2,313	3,176
Revaluation reserve	10	19	19
		<hr/>	<hr/>
		2,332	3,195
		<hr/>	<hr/>

The notes on pages 38 to 45 form part of these accounts



D. Stephen
Chief Executive
3 July 2009

Student Awards Agency for Scotland

CASH FLOW STATEMENT

For the year ended 31 March 2009

	2008-09 £'000	2007-08 £'000
Net Cash outflow from Operating Activities (note i)	6,273	5,843
Capital Expenditure and Financial Investment (note ii)	1,132	1,234
Financing (note iii)	(7,405)	(7,077)
Increase or (decrease) in cash	<u>—</u>	<u>—</u>
	<u><u>—</u></u>	<u><u>—</u></u>

Note i: RECONCILIATION OF OPERATING COST TO OPERATING CASH FLOWS

Net Operating cost	8,696	9,825
Adjustments for items not involving cash		
Depreciation	1,164	2,090
Notional interest charged	116	156
Other notional charges	311	298
Loss on writing off impaired asset	—	1,301
	<u>—</u>	<u>—</u>
	(1,591)	(3,845)
Adjustments for movement in working capital		
(Increase)/Decrease in creditors	91	15
(Decrease)/Increase in debtors	(2)	(174)
Provision for early retirement costs	22	22
Provision for dilapidations	(943)	—
	<u>—</u>	<u>—</u>
	(832)	(137)
Net cash outflows from operating activities	<u>6,273</u>	<u>5,843</u>

	2008-09 £'000	2007-08 £'000
Note ii: ANALYSIS OF CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Payment made to acquire tangible fixed assets	1,110	1,234
Payment made to acquire intangible fixed assets	<u>22</u>	<u>—</u>
Net cash outflow from capital expenditure	<u>1,132</u>	<u>1,234</u>

Note iii: ANALYSIS OF FINANCING AND RECONCILIATION TO THE NET CASH REQUIREMENT

Financing	<u>(7,405)</u>	<u>(7,077)</u>
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The notes on pages 38 to 45 form part of these accounts

NOTES TO THE ACCOUNTS

For year ended 31 March 2009

1 Statement of accounting policies

In accordance with the accounts direction issued by the Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, these accounts have been prepared in compliance with the Government Financial Reporting Manual (FReM). The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

The particular accounting policies adopted by the Agency are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention.

1.2 Fixed assets

Fixed assets comprise computer equipment, computer software, plant and machinery and assets under construction. They are capitalised at their cost of acquisition and installation. Furniture and fittings purchased prior to financial year 2004-05 are also capitalised. However, following a decision by the Scottish Government from financial year 2004-05 all purchases of furniture and fittings are treated as current expenditure and will no longer be capitalised.

Depreciated historic cost has been used as a proxy for the current value of plant and machinery.

The threshold for capitalising tangible fixed assets is £1,000. Computer equipment includes individual assets whose costs fall below the threshold, but as they are of a similar nature they are grouped together and capitalised.

Expenditure on software development is capitalised if it meets the criteria specified in the Government Financial Reporting Manual which are adapted from SSAP 13 to take account of the not-for-profit context. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

The asset under construction is the ongoing development costs of designing and building a new awards processing system. This includes capitalising staff costs of those working directly on the project until the system goes live. This does not extend to salaries for testing and piloting of the system. Salaries for (Band C) management will only be capitalised in exceptional circumstances if actively involved in the technical development of the system.

The Agency does not own any land or buildings. A charge for the rental of accommodation is included in the expenditure account.

Intangible fixed assets comprise of purchased software licences which are capitalised at cost of acquisition.

1.3 Depreciation

Depreciation is provided on all tangible and intangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Furniture and fittings	- 10 years
Information technology (Including software)	- 5 years
Plant and machinery	- 5 years
Purchased software licences	- 3 years

From financial year 2004-05 all purchases of furniture and fittings are treated as current expenditure and are no longer to be capitalised. Therefore furniture and fittings depreciation relates only to historic purchases.

Assets under construction are not depreciated.

1.4 Capital charge

A charge reflecting the cost of capital utilised by the Agency is included in operating costs. The charge is calculated at the standard rate of 3.5% in real terms on all assets less liabilities.

1.5 Creditors

Creditors are for goods or services received by the Agency. Up to 30 November 2008 all outstanding invoices were paid within 30 days of receipt of the invoice or delivery of the goods or services, whichever is later. Following a change of policy by the Scottish Government, from 1 December all outstanding invoices were paid within 10 days of receipt of the invoice or delivery of the goods or services, whichever is later.

1.6 Leases

All leases are operating leases and the rentals are charged to the operating cost statement on a straight line basis over the term of the lease.

1.7 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS) which are described in Note 2. The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The Agency recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis.

2 Staff numbers and costs

The average number of full-time equivalent people employed during the year was as follows:

	2008-09	2007-08
Senior Management	4	4
Other Permanent Staff	136	134
Agency Staff	16	9
	<hr/>	<hr/>
	156	147
	<hr/>	<hr/>

Our full-time equivalent people are employed in the following areas of the organisation:

	Customer Services	Finance	Information Systems and Operational Policy	Chief Executive's Office	Personnel and Central staff
Senior Management	1	1	1	1	–
Other Permanent Staff	63	15	53	3	2
Agency Staff	13	1	2	–	–
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	77	17	56	4	2
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The total payroll costs of these people were as follows:

	2008-09 £'000	2007-08 £'000
Salaries and wages	2,989	2,856
Social Security costs	197	188
Other pension costs	524	492
Agency Staff	213	118
	<hr/>	<hr/>
	3,923	3,654
Less: capitalised within Fixed Assets	(372)	(265)
	<hr/>	<hr/>
Charged to Operating Costs Statement	3,551	3,389
	<hr/>	<hr/>

The PCSPS is an unfunded multi-employer defined benefit scheme. The Student Awards Agency for Scotland is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007. Details can be found in the separate scheme statement for the PCSPS (Cabinet Office: Civil Superannuation) (www.civilservice-pensions.gov.uk).

For 2008-09, normal employer contributions of £523,586.32 were payable to PCSPS (2007-08: £492,091.83) at one of four rates in the range 16.2 to 24.6 per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The salary bands and contribution rates were revised for 2005-06 and remain unchanged in 2008-09. The contribution rates reflect the benefits as they are accrued, not when the costs are actually incurred; and they reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. No one from the Agency opted to join this scheme.

3 Other administration costs

3.1 Non-cash costs

	2008-09 £'000	2007-08 £'000
Cost of capital charge	116	156
Audit fee	24	22
Notional personnel management charge	117	109
Notional personnel services charge	20	19
Notional staff management charge	29	27
Notional computer services charge	121	121
Loss on disposal of fixed assets	—	—
	<hr/>	<hr/>
	427	454
Loss on write down of asset due to redundancy	—	1,301
Depreciation	<hr/>	<hr/>
	1,164	2,090
Total non-cash costs (note 3.1)	<hr/>	<hr/>
	1,591	3,845

The notional charges are for services provided by the Scottish Government.

Audit Scotland, who audit our accounts, did not receive any remuneration for non-audit work.

3.2 Other spending

3.2.1 Accommodation

	2008-09 £'000	2007-08 £'000
Rent	427	429
Rates	180	172
Utilities and other costs	248	274
Expenditure on anticipated dilapidations	943	—
	<hr/>	<hr/>
	1,798	875
	<hr/>	<hr/>

3.2.2 General administration expenses

	2008-09 £'000	2007-08 £'000
Travel and subsistence	42	32
Stationery	46	69
Printing	25	35
Telecom charges	109	114
Computer running costs	1,016	695
Minor equipment	11	8
Postal charges	157	141
Miscellaneous	71	49
Debt recovery legal and administration costs	279	355
Scheme publicity	—	56
Impairment of asset	—	162
	<hr/>	<hr/>
	1,756	1,716
	<hr/>	<hr/>

From 2008-09, scheme publicity is now treated as a printing cost

	2008-09 £'000	2007-08 £'000
Total other expenditure (note 3.2)	<hr/>	<hr/>
	3,554	2,591
Total other administration costs (note 3)	<hr/>	<hr/>
	5,145	6,436

4a Tangible fixed assets

	Furniture and Fittings £'000	Information Technology £'000	Computer Software £'000	Plant and Machinery £'000	Asset in the Course of Construction £'000	Total £'000
Cost or valuation						
As at 1 April 2008	291	1,744	15,164	259	960	18,418
Additions	—	119	71	1	989	1,180
Transfers	—	—	91	—	(91)	—
At 31 March 2009	<u>291</u>	<u>1,863</u>	<u>15,326</u>	<u>260</u>	<u>1,858</u>	<u>19,598</u>
Depreciation						
As at 1 April 2008	201	1,255	13,319	176	—	14,951
Charge for year	29	191	873	22	—	1,115
At 31 March 2009	<u>230</u>	<u>1,446</u>	<u>14,192</u>	<u>198</u>	<u>—</u>	<u>16,066</u>
Net Book Value						
At 1 April 2008	90	489	1,845	83	960	3,467
At 31 March 2009	<u>61</u>	<u>417</u>	<u>1,134</u>	<u>62</u>	<u>1,858</u>	<u>3,532</u>

4b Intangible Fixed Assets

	Purchased software licences £'000
Cost or valuation	
As at 1 April 2008	196
Additions	22
Transfers	—
Disposals	—
Revaluation	—
At 31 March 2009	<u>218</u>
Depreciation	
As at 1 April 2008	147
Charge for year	49
Disposals	—
Revaluation	—
At 31 March 2009	<u>196</u>
Net Book Value	
At 1 April 2008	<u>49</u>
At 31 March 2009	<u>22</u>

5 Debtors

All debtors are prepayments and have a total value of £96,000. As they are all prepayments there is no provision for bad debts.

6 Creditors: amounts falling due within one year

All our creditors are trade creditors for goods or services received. Until 30 November 2008, we aimed to pay creditors within 30 days of receipt of invoice or delivery of goods or services, whichever was later. Following a change of policy by the Scottish Government, from 1 December we now aim to pay all invoices within 10 days of receipt of the invoice or delivery of the goods or services, whichever is later.

7 Provisions for liabilities and charges

Early retirement costs

A provision was created in 2005-06 to take account of the early retirement severance cost of the previous Head of Finance and Personnel. This is based on the annual value of payments incurred by SAAS and the time remaining until retirement age.

Early Retirement Costs	
	£'000
Opening balance at 1 April 2008	95
Released during the year	(22)
Closing balance at 31 March 2009	<u>73</u>

Dilapidations

A provision was set up during 2008-09 to meet the anticipated dilapidation costs of ending the Gyleview House lease in November 2013 (see note 8).

Dilapidations	
	£'000
Opening balance at 1 April 2008	—
Provided during the year	943
Closing balance at 31 March 2009	<u>943</u>

8 Commitments under operating leases

Commitments under operating leases for the next year are as follows:

	2008-09
	£'000
Building leases expiring within:	
One year	0
Two to five years	420
Over five years	0
Total	<u>420</u>

This operating lease is a non-cancellable lease and refers to the premises occupied by the Student Awards Agency at Gyleview House. The lease runs until November 2013.

9 Movement in general fund

	£'000
Balance as at 1 April 2008	3,176
Departmental funding (see note 17)	7,405
Non-cash funding: operating expenditure	428
Net cost of operations	<u>(8,696)</u>
Balance at 31 March 2009	2,313

10 Movement in revaluation reserve

	£'000
Balance at 1 April 2008	19
Arising on revaluation during the year (net)	0
Backlog depreciation adjustment	<u>0</u>
Balance at 31 March 2009	19

11 Contingent liabilities

There were no contingent liabilities at 31 March 2009.

12 Financial instruments

The Students Awards Agency for Scotland is exposed to minimal amounts of financial risk, largely because of the non-trading nature of its activities and the way Government is financed.

Financial assets	Loans and receivables	
	£'000	
Trade debtors	<u>96</u>	
Total	<u>96</u>	
Financial liabilities	All other financial liabilities	
	£'000	
Trade creditors	<u>302</u>	
Total	<u>302</u>	

13 Capital commitments

There were no capital commitments at 31 March 2009.

14 Post balance sheet events

There were no material post balance sheet events that require to be adjusted in the accounts or to be disclosed.

15 Financial losses

No financial losses were incurred during financial year 2008-09.

16 Related party transactions

SAAS is an Executive Agency of the Scottish Government (SG). The SG is regarded as a related party. During the year SAAS had various material transactions with the SG along with other Government Departments.

During the year, no members of the Senior Management Board, key members of staff or related parties have undertaken any material transactions with the Agency.

17 Reconciliation to draft Departmental Account

The Agency expenditure is included within the accounts of the Scottish Government's Education and Lifelong Learning Directorate, but it is not separately identified. The financing of £7,405,171.95 as recorded in the Agency's Cash Flow Statement, has been agreed with the Directorate.

18 Intra-government balances

	Debtors: amounts falling due within one year 2008-09 £000	Debtors: amounts falling due within one year 2007-08 £000	Creditors: amounts falling due within one year 2008-09 £000	Creditors: amounts falling due within one year 2007-08 £000
Balances with other central government bodies	-	-	1	-



STUDENT AWARDS AGENCY FOR SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

in accordance with

section 19(4) of the Public Finance and Accountability (Scotland) Act 2000

1. The statement of accounts for the financial year ended 31 March 2006 and subsequent years shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
2. The accounts shall be prepared so as to give a true and fair view of the income and expenditure, recognised gains and losses, and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
3. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 29 March 2001 is hereby revoked.

Signed by the authority of the Scottish Ministers

Dated 17 January 2006

Part 7

Our targets for 2009-2010 (under review)

Service

To process 50% of applications within 12 days of receiving them, 75% within 14 days and 100% within 21 days.

To reply to 90% of written enquiries within 14 days of receiving them, and 100% within 21 days.

To answer all complaints within 14 days of receiving them.

To carry out a yearly survey of customers' opinions on the levels of service we provide, and publish the results in our annual report.

To answer 85% of calls to our customer services unit within 25 seconds and 100% within three minutes.

To make sure that the average delay for incoming calls to our customer services unit is no longer than 12 seconds in quarters 1, 2 and 4 (January to March, April to June, October to December), and 20 seconds in quarter 3 (July to September).

Agency management

To reach an average unit cost of £34 to process each application (based on full relevant costs).

To achieve a team target of £2,000,000 for recovering overpayments in the Debt Recovery Team.

Part 8

Contact information

Our offices are staffed and open for business between 8.30am and 5pm, Monday to Thursday, and 8.30am to 4.30pm on Fridays. We are not open during public holidays or during the period between Christmas and the New Year. You can contact us by letter, phone, fax, e-mail or in person.

Student Awards Agency for Scotland
Gyleview House
3 Redheughs Rigg
Edinburgh
EH12 9HH

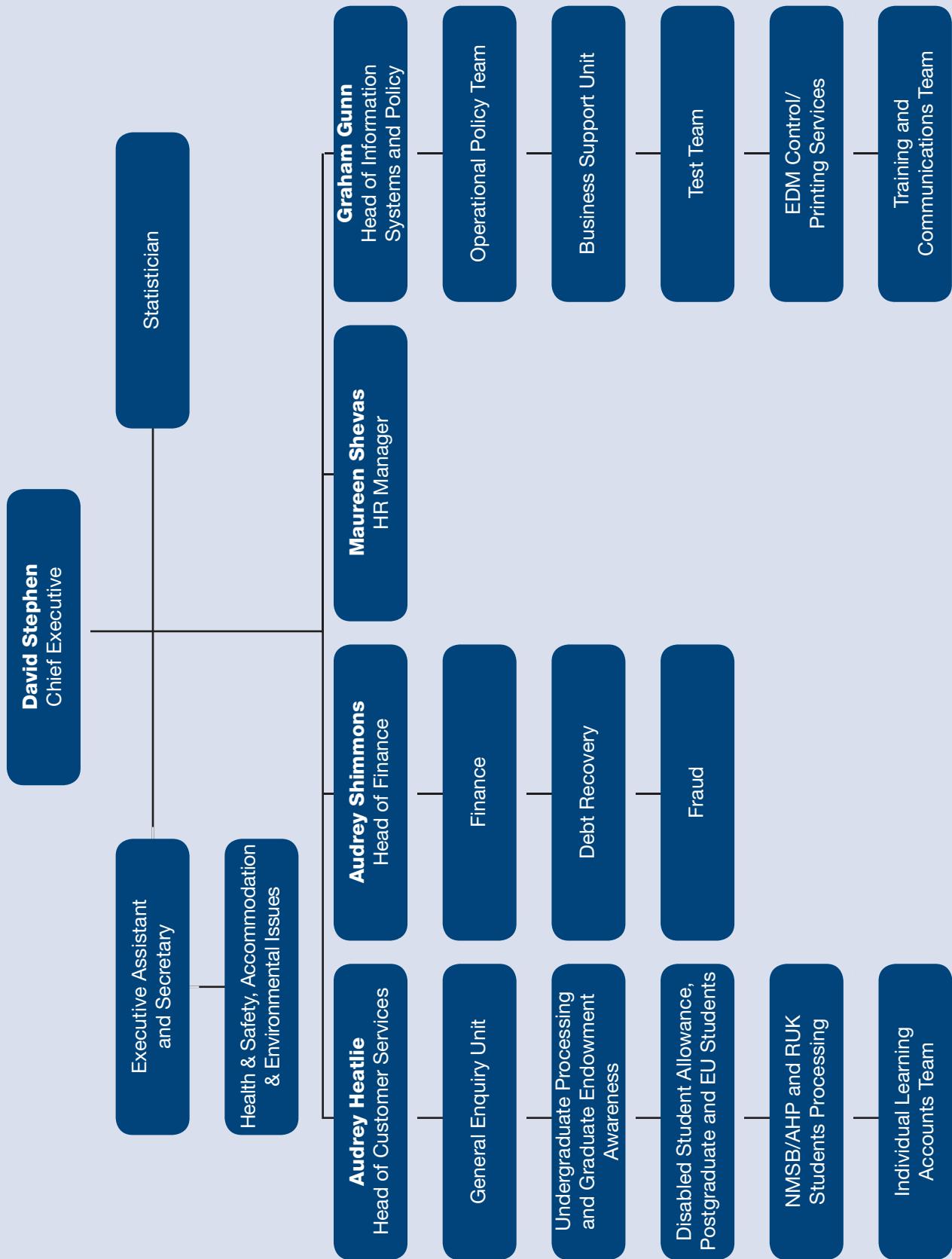
Automated telephone answering service: 0845 111 1711

Fax no: 0131 244 5887

E-mail: www.saas.gov.uk/contact.htm

Website: www.saas.gov.uk

SAAS Organisation Chart



Part 9

Glossary

Accrual accounting systems – systems that let us include figures in the accounts for the accounting year in which we have bought goods or services, even if paid for in a different year.

AHP – the allied health professions are those clinical healthcare professions distinct from the medical and nursing professions. Allied health professionals have to register with the Health Professions Council.

Capitalised – when we treat items as assets instead of expenses.

Cashflow statement – the statement which shows changes in our cash and bank balances since last year's accounts. It also shows changes in our liabilities, assets and other accounts.

Depreciation – the drop in value of an asset through wear and tear, age and going out of date (obsolescence).

EEA – European Economic Area.

EU – European Union.

EDM – Electronic Document Management.

Fixed assets – assets we intend to keep for more than one year.

General fund – the surpluses on our activities are transferred into the general fund to be used in the future.

Gross – a gross amount is the figure before deductions.

Gross spending – the total cost of providing our services.

HE – Higher Education.

HELS – Higher Education and Learners Support Division which deals with policy and legislation affecting student support.

Historical cost convention – a way of valuing assets in a set of accounts based on their original cost price (rather than what they would cost at the date of the accounts).

ILAS – Individual Learning Accounts Scotland.

ICT – Information and communication technology.

Loan sale subsidy – the discount we give the organisation which buys the loans owed to us.

Net – a net amount is the figure after deductions.

Net book value – the cost of an item as recorded in the accounts, less the depreciation taken off.

Net spending – the cost of providing a service after we have taken into account income from it.

NMSB – Nursing and Midwifery Student Bursary.

Notional charges – non-cash charges agreed by senior management to show the full cost of providing a service.

Post balance sheet events – if something happens after the date of the balance sheet and by the time the accounts are prepared which could affect the true view of the accounts, it is a post balance sheet event.

Postgraduate – A postgraduate is a student who continues their studies after graduation. We only support certain postgraduate courses.

Prepayment – something which has been paid out which covers a period after the end of the accounting period.

Reclassification – moving assets from one category to another.

Recognised gains and losses – our surpluses (profits) or deficits (losses).

Reconciliation – checking that one set of figures agrees with another.

Residual value – an estimate of what an asset would be worth if we sold it on a particular date in the future.

Revaluation reserve – if an asset is re-valued, the surplus on the revaluation is transferred to the revaluation reserve.

Revalued cost – what an asset is worth at a revaluation date.

RUK – Rest of the United Kingdom – Scottish students studying in a UK institution outside Scotland.

Sale of debt – selling students' debts to another organisation to collect.

Scottish-domiciled students – students who meet the residence conditions to make them eligible to apply to us for support for tuition fees and living costs.

SDS – Skills Development Scotland.

SLC – Student Loans Company Limited.

SQA – Scottish Qualifications Authority.

SUFI – Scottish University for Industry.

Supplementary grants – these are grants to help towards the costs students have to pay due to personal circumstances, such as a Dependant's Grant. They do not have to pay these back unless they lose entitlement to them.

Tangible assets – assets that can be physically touched, for example, pieces of furniture.

Tuition fees – tuition fees cover the cost of studies and vary depending on the type of course you are taking and which institution a student is studying at. Eligible students must apply to us each year to have their tuition fees paid.

Undergraduate – a university student who has not yet received a first degree.

Young Students' Bursary (YSB) – young Scottish students, from low-income families, may qualify for a bursary instead of part of the loan for living costs. This bursary is income assessed and does not need to be repaid.

SAAS

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