

**STUDENT AWARDS  
AGENCY FOR SCOTLAND**

**SAAS**

---

Annual Report and Accounts 2009-2010

# **Student Awards Agency for Scotland**

An agency of the Scottish Government

# **SAAS**

## **Annual report and accounts 2009-2010**

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 September 2010

The Accountable Officer authorised these financial statements for issue on 24 August 2010



# Contents

	<i>Page</i>
Chief Executive's report	1
Our management board	2
Part 1 Who we are and what we do	3
Part 2 Our aim and vision and our contribution to the Scottish Government's National Outcomes	4
Part 3 Service delivery	5
Part 4 Performance against our targets	13
Part 5 Environmental report 2009-2010	15
Part 6 Annual accounts 2009-2010	19
Part 7 Key performance targets	51
Part 8 Contact information	52
Part 9 Glossary	54



## Chief Executive's report

My first report as SAAS Chief Executive, having taken up the role in October 2009, coincides with the Agency rising to meet the challenge of an unprecedented volume of applications for student support. Over 150,000 applications were received in 2009-2010 more than 7.5% higher than in any previous year, with that volume made even more challenging by a concentration of applications coincidental with students returning to their higher education institution.

I am hugely appreciative of the exceptional effort made by SAAS senior managers and staff to ensure that, in an extraordinary year, students received a near to normal service. Although we did not meet our target of processing all applications within 21 days of receipt, a consequence of a concentration of late applications, over 97% of "on-time" applications were processed before course commencement.

Looking to the future, SAAS will face a dual challenge from increasing demand for higher education student support, triggered by the effects of the global recession, and public sector financial pressures facing the public sector.

The focus for SAAS in this environment must be to focus on improving the quality of the service we provide while streamlining our processes and systems to improve transparency and release efficiencies. This work will require strong and positive partnerships with higher education institutions, focused on ensuring that we get the right money to the right individual at the right time.

The need to ensure high quality service levels in an environment of high volume pressure also led to the decision to delay implementation of our new IT system, StEPs, until 2011-2012 to resolve a small number of issues highlighted in volume and performance testing. Given a robust contingency option, and only a single opportunity to implement new systems during the change over between application sessions, we took the view that the risks of implementation for 2010-2011 were not acceptable.

SAAS will also engage actively with schools, student associations, colleges and universities to ensure that all our potential customers, still in secondary school, see higher education as an option made attainable with student support. This is an area in which we can make a key contribution to the Scottish Government objective for a Smarter Scotland. Our communications efforts will need to recognise the increased use of social networking and alternative media channels. Real engagement will be essential if we are to encourage new and continuing students to apply earlier for their student support.

Finally, while the years ahead will hold challenges, I would like to formally record my thanks to David Stephen, my predecessor, for handing over an organisation which is determined to provide an excellent public service and in which individuals recognise the immediate and direct impact they have on students and their families.



Tracey Slaven  
Chief Executive

## Our management board

David Stephen	Chief Executive (until 30 September 2009)
Tracey Slaven	Chief Executive (from 1 October 2009)
Graham Gunn	Head of Information Systems and Operational Policy
Audrey Heatlie	Customer Services Manager
Audrey Shimmons	Head of Finance
Bruce Nelson	Non-executive board member
Dugald Mackie	Non-executive board member
Allan Forsyth	Non-executive board member
Eileen Marshall	Non-executive board member (until July 2009)
Derek Smeall	Non-executive board member (from December 2009)

Our current non-executive board members have a wide range of experience of university and financial administration. They are Bruce Nelson (Academic Registrar and Deputy Secretary, University of Edinburgh), Dugald Mackie (retired Vice Principal, University of Manchester), Allan Forsyth (former Assistant Principal, Cardonald College) and Derek Smeall (Assistant Principal, Cumbernauld 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 average around 170 staff and control budgets in excess of £500 million.

Our core function is the assessment of all forms of student support provided by Scottish Government for those entering and continuing in higher education.

### For those wishing to access higher education, we:

- Provide information through the web and visits to schools, colleges and institutions on how student support can assist individuals access higher education.
- Assess financial support for tuition fees and living costs, including the special arrangements for nursing, taught postgraduate study and NHS bursaries.
- Pay tuition fees to institutions on behalf of the student and pay bursaries direct to the student.
- Provide resources and data to the Student Loans Company to allow payment of student loans.
- Assess student applications for additional assistance in the form of travel expenses, disability support and lone parent and dependant support.
- Provide funds to Scottish universities and colleges to further support students facing hardship or with childcare needs.
- Assess applications from individuals for ILA 500 support (part-time higher education fee costs) and pay institutions on the individuals behalf.

### We also:

- Assess applications from individuals and pay fees to learning providers under ILA200, as part of a partnership with Skills Development Scotland.
- Maintain a register of charities that offer educational endowments.
- Collect the Graduate Endowment fee (abolished with effect from 1 April 2008)

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 and vision

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 contribution to the Scottish Government's National Outcomes

The Scottish Government's purpose is to focus Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth. The National Performance Framework has five strategic objectives for Scotland – Wealthier and Fairer; Smarter; Healthier; Safer and Stronger; and Greener. SAAS contributes to the development of a Smarter Scotland and to solidarity, participation and productivity by supporting individuals across Scotland to access higher education.

Part 3

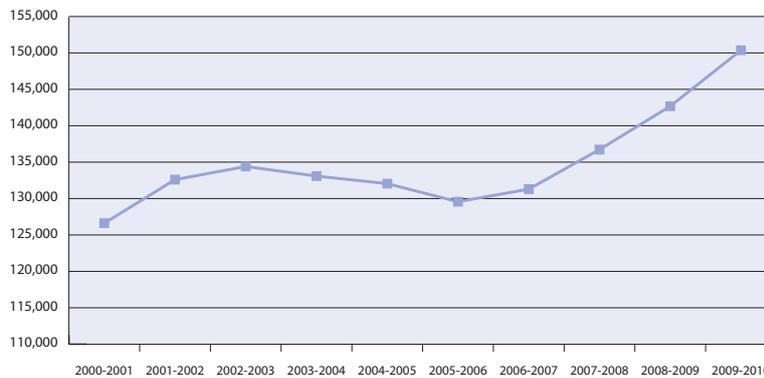
## Service delivery

### Applications for support

We dealt with 150,366 applications in 2009-2010: 137,266 from undergraduates, 3,464 postgraduates and 9,636 nursing and midwifery students. This is a marked increase of well over 7% on the previous year, which was also a record year after 5 years of stable application levels. The pattern of applications during the session is also significant. Over recent years, as the application process has moved online, the peak of applications have moved from the beginning of session (May) to September; coincidental with course commencement. Measures to address this pattern are in hand for session 2010-2011. The average time taken to process an application for support during session 2009-2010 was 7 days.

The table below shows the numbers of applications we have dealt with in each year since 2000.

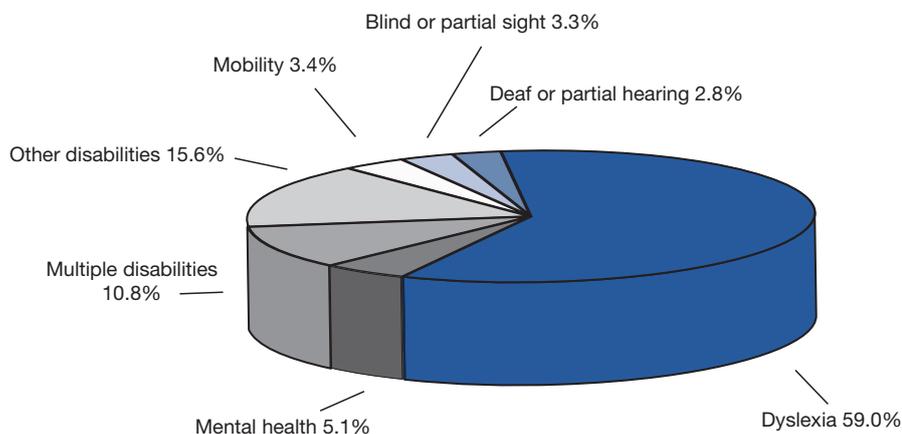
Applications received



### Disabled Student Allowances (DSA)

DSA applications in 2009-2010 increased again from 4,269 to 4,397 (i.e. 3%). Students with dyslexia remain the largest group (59%) claiming DSA and the number of students with multiple disabilities rose again from 395 to 472 (19.5%). The following chart provides a breakdown of claims by type of disability.

Students receiving DSA awards in 2009-2010 by type of disability



## Replying to queries

Calls to the Customer Services Unit rose to reflect the increase in applications and the later peak in their receipt. Incoming call volumes were up on the previous year in each quarter by 8%, 23%, 62% and 387% respectively.

Calls	April 2009- June 2009	July 2009 - Sep 2009	Oct 2009- Dec 2009	Jan 2010- Mar 2010	Total for year (April 2009 to March 2010)
Incoming	65,549	135,235	90,402	78,306	369,492 (33%)
Answered	57,556	94,914	61,331	72,205	286,006 (23%)
% answered	88%	70%	68%	92%	77% (7%)
Average waiting time (minutes/ seconds)	01:05	03:15	03:06	00:51	02:04
Average call duration (minutes/ seconds)	03:36	03:00	03:31	03:25	03:33

## Internet services

Our website received over 6 million hits in 2009-2010. Over 99% of students applied for their support online (compared to 80% in 2008-2009).

## Endowments

We searched the Register of Educational Endowments on behalf of 741 students during the year.

## NHS Bursary Scheme

During 2009-2010 we processed 758 applications from students eligible for support under the NHS Bursary Scheme.

## Individual Learning Accounts Scotland

2009-2010 was a record year for ILA200 applications, although the number of learners using their accounts (i.e. making at least one booking) made up only 47% of the actual accounts opened. We processed 78,364 applications and 22,505 income reassessments. We opened 66,674 accounts and 31,168 applicants made at least one booking.

ILA200	Applications processed	%	Income reassessments	%	Accounts opened	%	Applicants making at least one 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%
2009- 2010	78,364	68%	22,505	33%	66,674	85%	31,168	10%

The part-time fee grant (ILA500), introduced on 1 July 2008, generated 5,998 applications between 1 April 2009 and 31 March 2010.

ILA500	Applications received	Total calculated	Total withdrawals	Total non-attendance
2008-2009	3,399	2,365	71	62
2009-2010	5,998	4,914	132	217

## Graduate Endowment

During 2009, we dealt with 233 students who are entitled to continue to defer payment while they continue in higher education.

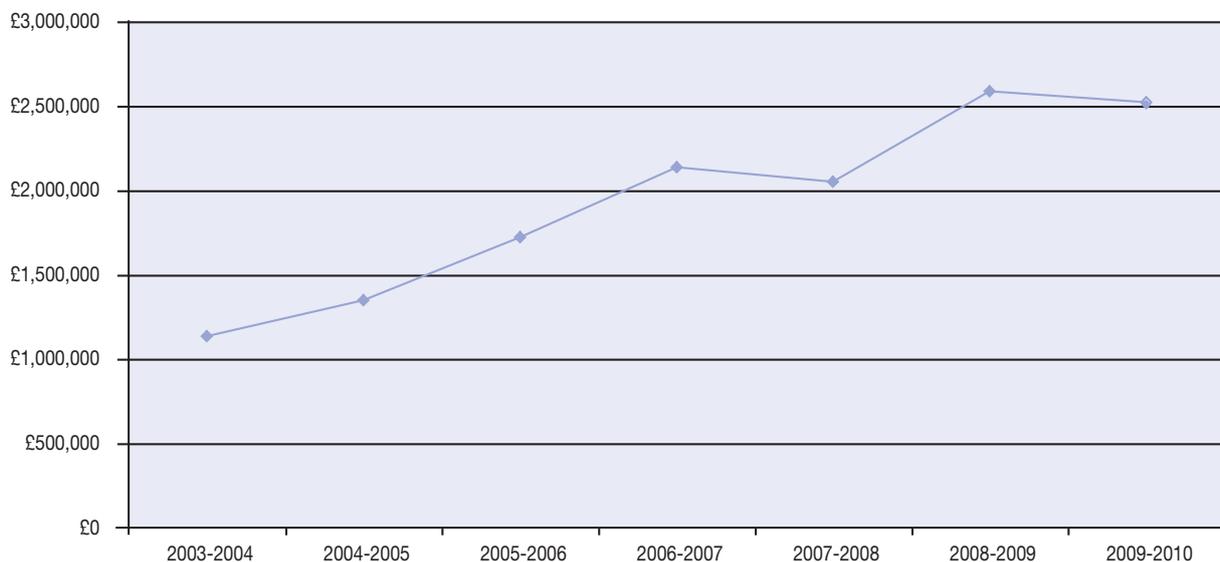
## Debt recovery

The table below shows the amount of debt we have recovered from 2003-2004 to 2009-2010.

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
2009-2010	£658,155	£507,347	£635,245	£718,711	£2,519,458

At the end of March 2010, outstanding debt totalled £9,912,230. Of that total, £2,889,514 (29.1%) is attributable to student nurses and midwives whose bursaries we administer on behalf of the Scottish Government's Health Directorate.

## Cash recovered



## Information and advice

In 2009, we printed 10,200 copies of our application forms and guidance. We design our forms and notes to Plain English Campaign standards.

This year we achieved 99% online applications. We ran a number of workshops during 2009 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 attended 223 events at institutions, schools and career conventions. This involved speaking to future students and their families giving them information about student support and how we can help them. We produced a student support guide for these events which has been really well received. Feedback confirmed that it is easy to understand and covers all the information required for students and parents.

## Freedom of information

Our publication scheme is available to the public on our website as required under the Freedom of Information Act. During 2009-2010, we received 14 requests for information under the Act.

## Complaints and appeals

We publish our complaints and appeals procedure on our website ([www.saas.gov.uk](http://www.saas.gov.uk)). We provide guidance and training to staff dealing with complaints. The Chief Executive's office monitors complaints and produces reports every three months for the management board. These reports 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 2009-2010 we received 114 complaints, 88% of which we answered within 14 days.

## Customer surveys

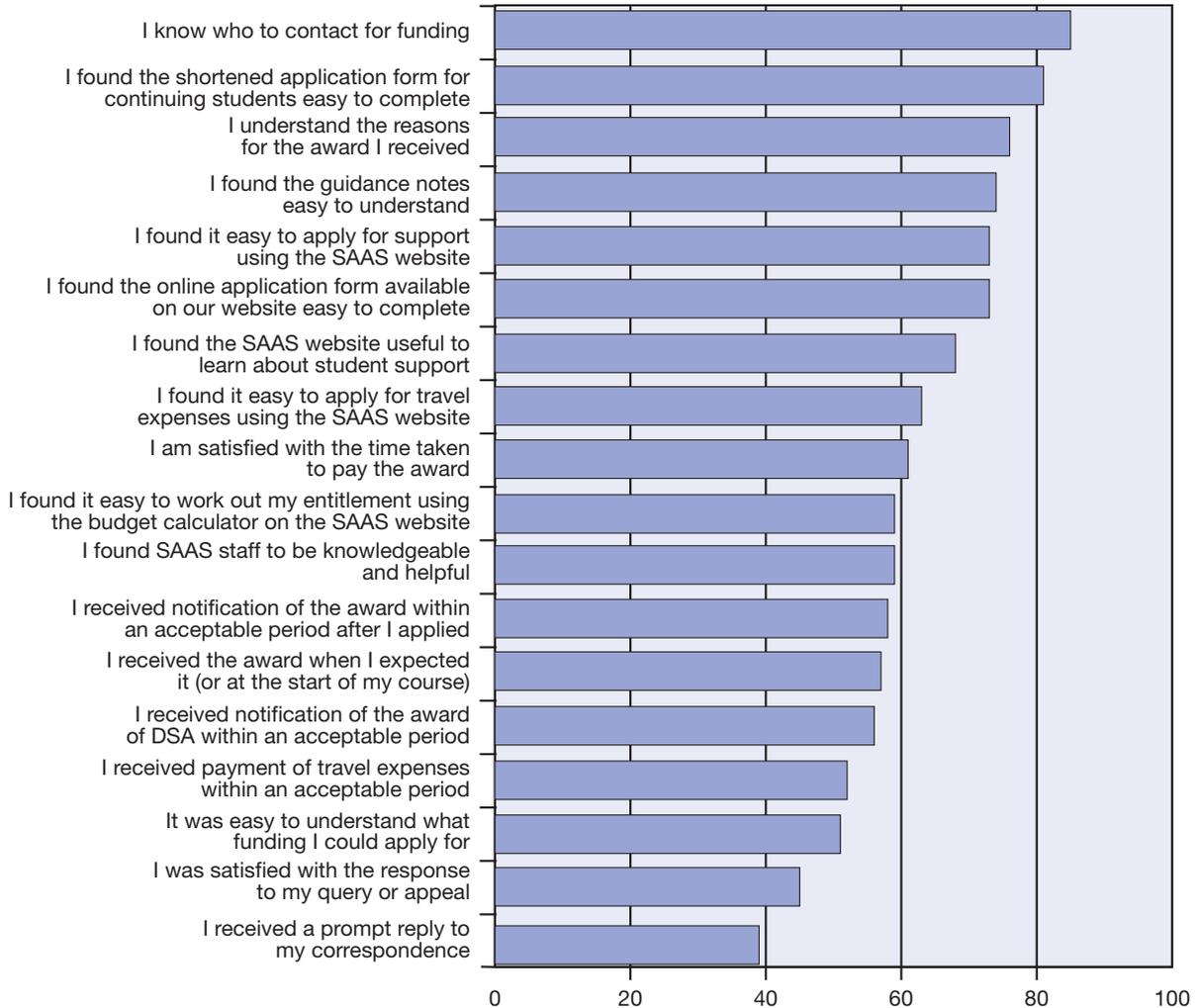
In 2009-2010, we completed our third Disabled Students' Allowance (DSA) customer survey. New questions were introduced to try and identify the level of training in equipment offered to students with disabilities. We sent forms to a random sample of 500 students who were receiving DSA to ask them for 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:

- 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.
- Application Process – 73% of students found the whole DSA application process to be efficient.
- Payment Method – 88% of students were more than satisfied with the method of payment for DSA.

## Customer survey 2009 results

The table below summarises the results of the Agency’s annual customer survey. This year we emailed a link to the survey form to 5,500 randomly selected students and the survey form was also made available on our website. We received 763 completed returns.

### Customer satisfaction levels 2009-2010



The feedback we received has helped the agency plan for the next session and make improvements to our services. The online application form has been updated for the new session and we will introduce new closing dates for students applying for courses depending on the start date of the course. This will help us to manage the application process for the 150,000 students who apply each year. We have also streamlined the way we receive different types of correspondence to help us deal with it more efficiently and updated our website for the next session.

## Human Resources

During the period 1 April 2009 to 31 March 2010 SAAS appointed 38 Band A staff as a result of two recruitment campaigns. The recruitment complied fully with the Civil Service Commissioners' Recruitment Code ensuring fair and open competition and appointment on merit.

Of the 38 candidates appointed 18 are female and 20 are male. One of the appointees declared a disability and three appointees were from an ethnic minority.

### SAAS headcount by grade, work pattern and gender as at 31 March 2010

Directorate	Grade	Female		Male		Grand Total
		FT	PT	FT	PT	
CHIEF EXECUTIVE	SCS	1				1
CHIEF EXECUTIVE'S OFFICE	B2	1				1
ACCOMMODATION UNIT	B1			1		1
	A3			1		1
BUSINESS SUPPORT UNIT	A4	1		1		2
	B1	2	1	7		10
	B2	2	1	3		6
	B3			2		2
DEBT RECOVERY	A3	2	2	3		7
	A4	1				1
	B2		1			1
EDM TEAM	A3	3		10		13
	A4		1			1
	B2	1				1
	B3			1		1
FINANCE	A3	1	1	2		4
	B1	1		1		2
	B2			1		1
	B3			1		1
	C1		1			1
GEU	A3	8	3	5		16
	B1			1		1
ILA SCOTLAND	A3	3	1	1	1	6
	B1	1				1
PERSONNEL UNIT	A3		1			1
	B3	1				1

Directorate	Grade	Female		Male		Grand Total
		FT	PT	FT	PT	
POLICY UNIT	A3			1		1
	A4	2				2
	B1	1		1		2
	B2	1	1			2
	B3	1		1		2
SECTION LEADERS	B2		1			1
	B2	1				1
SENIOR MANAGEMENT	A3	1				1
	B3	1				1
	C2			1		1
TEAM 1	A3	19	1	13		33
	A4	1	4	3		8
	B1	2				2
TEAM 3	A3	3	3	2		8
	A4	1		1		2
	B1	1				1
TEAM 4	A3		4	5		9
	A4	1	2			3
	B1			1		1
TEST TEAM	A3			1		1
	A4	2		3		5
	B1	1				1
	B2	1				1
Grand total		69	29	74	1	173

As at 31 March 2010 30 permanent employees were working part time, with varied working patterns of two to five days, covering a minimum of 15 hours to a maximum 36 hours per week. In addition, one member of staff works annualised hours and three work 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

## Performance against our targets

Targets	Performance 2005-2006	Performance 2006-2007	Performance 2007-2008	Performance 2008-2009	Performance 2009-2010
To process 50% of applications within 12 days of receiving them, 75% within 14 days, and 100% within 21 days.	63% within 12 days	46% within 12 days	72% within 12 days	81% within 12 days	62% within 12 days
	69% within 14 days	52% within 14 days	74% within 14 days	83% within 14 days	65% within 14 days
	83% within 21 days	82% within 21 days	83% within 21 days	95% within 21 days	75% within 21 days
Average number of calendar days taken to process an application.	10 days	11 days	7 days	6 days	7 days
To reply to 90% of written enquiries within 14 days of receiving them, and 100% within 21 days.	78% within 14 days	75% within 14 days	90% within 14 days	96% within 14 days	100% within 14 days
	91% within 21 days	88% within 21 days	93% within 21 days	98% within 21 days	
Total number of complaints received.	81	97	128	98	114
To answer all complaints within 14 days of receiving them.	94%	95%	98%	96%	88%
To reach an average unit cost of £34 to process each application based on relevant costs.	£35.93	£37.44	£37.58	£37.12	£36.13
To respond to enquiries sent by email within 5 days of receiving them.	93%	76%	92%	43%	27%

2009-2010 was a record year for applications with over 150,000 received (7.5% more applications were received). The concentration of applications in August resulted in only 75% of cases processed within 21 days. However, analysis of our performance against those applications received at least three weeks before course commencement is much better at over 97% within 21 days.



## Part 5

## Environmental report 2009-2010

This report details SAAS performance measured against our environmental policy targets up until 31 March 2010.

### 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 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. Our policy is made available to staff and the general public on our staff intranet and our website.

### Targets

Our targets are:

- to reduce the amount of waste produced and sent to landfill
- to reduce the amount of energy used per member of staff each year
- to reduce water usage per member of staff each year.

The Agency achieved ISO 14001 accreditation on 29 July 2008 and auditors carried out checks twice this year to ensure that standards were being maintained. We will continue to comply with legislation and best practice the standards and our environmental targets.

**Table 1 Building details**

	Floor Area (m <sup>2</sup> )	Additional Minor Occupiers	Total SAAS Staff as at 31 March 2010	Other Minor Occupiers	Total Occupying Staff
Gyleview House	4448.5	Cleaning staff	173	4	177

**Table 2 Utilities comparison Table 2005-2006 to 2009-2010**

	2005-2006		2006-2007		2007-2008		2008-2009		2009-2010	
	(kWh)	CO <sub>2</sub> (Tonnes)								
Electricity	352,950	161.30	360,230	154.90	319,335	137.31	369,800	159.01	394,432	163.63
Gas	295,490	56.14	242,785	46.13	252,519	47.98	295,051	56.06	270,945	38.18
Total	648,440	217.44	603,015	201.03	571,854	185.29	664,851	215.07	665,377	201.81
Water (m <sup>3</sup> )	1,783*		1,263*		2,189*		1,874		818	

\*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 CO<sub>2</sub> emissions is kWh multiplied by 0.43 for electricity and 0.19 for gas then divided by 1000 to give result in tonnes. This is the figure used by DEFRA and the Carbon Trust.

## Gas usage

We installed 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 increased number of staff requiring IT equipment and extra servers and air conditioning units. Staff also worked overtime throughout the session. However, the increase would have been greater had it not been for measures we have taken to keep consumption down in other ways.

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 IT equipment, we have been able to increase the minimum temperature in server rooms by three 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 in 2008 to reduce water usage and installed smaller cisterns and more efficient urinal fittings which have significantly reduced our water usage.

## 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 2009-2010 the Agency stopped issuing paper application forms and guidance documents to encourage students to use our website and applying online for funding. Over 99% of applications were made online last session.

All the paper we purchase 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 3 Total waste comparison 2006-2007 to 2009-2010**

Year	2006-2007	2007-2008	2008-2009	2009-2010
	Metric tonnes	Metric Tonnes	Metric Tonnes	Metric Tonnes
Total waste recorded	67.290	58.300	42.780	53.165
Recycled	58.847 (87.45%)	52.471 (90.00%)	37.746 (88.23%)	49.997 (94.04%)
Landfill	8.443 (12.55%)	5.829 (10.00%)	5.034 (11.77%)	3.168 (5.96%)
Total waste per member of staff	0.448	0.389	0.285	0.3107

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. However, in 2009-10 we carried out a dead file exercise which resulted in an additional 9.64 tonnes of waste paper being recycled.

## 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.

## Travel

In 2009-10 the Agency issued 197 train tickets and 277 bus tickets to staff attending meetings or training events out with the office and travelling by public transport. Telephone and video conference facilities were used throughout the year to reduce travel.

We gained a Cycle Friendly Employer Award in May 2007. We have bike racks which are currently being used regularly by staff. We promote the Cycle2work scheme which has been improved to provide tax savings for staff buying bicycles.

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.

## Communication

The Environmental Team provide updates on progress against our environmental targets for staff 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.



## Part 6

## Annual accounts 2009-2010

## Management board report

**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. 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.

**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 Bursary Scheme. 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.

**Principal risks and uncertainties**

The principal risk and uncertainty is that there will be exceptional pressures on public sector finance. SAAS student support expenditure is demand-led and outwith organisational control.

**Management board 2009-2010**

David Stephen	- Chief Executive (until 30 September 2009)
Tracey Slaven	- Chief Executive (from 1 October 2009)
Graham Gunn	- Head of Information Systems and Operational Policy
Audrey Heatlie	- Customer Services Manager
Audrey Shimmons	- Head of Finance
Eileen Marshall	- Non-executive board member (until July 2009)
Bruce Nelson	- Non-executive board member
Dugald Mackie	- Non-executive board member (Chair)
Allan Forsyth	- Non-executive board member
Derek Smeall	- Non-executive board member (from December 2009)

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 C 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 08) of receipt of the invoice or delivery of the goods or services, whichever is later. In the year, we paid 99.82% (98% in 2008-09) of invoices on time.

## Charitable donations

We made no charitable donations in 2009-10. However we did pay £433 for a number of staff to take part in various charity events (Jog Scotland, the Walk for Scotland and the Cancer Research 10k) 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 150,000 applications this session and dealt with 62% of them in 12 days or less (target 50%). The average time taken to process an application was 6.8 days. Around 99% of students who made an application to us applied using our on-line services and our website received 6.4m hits. In 2007, the Agency started work to redesign and implement a new student award processing system (StEPS). This project is still under development and due to go live for application session 2011-12. Full details of our business activities during 2009-10 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 £8.046m. This does not include provision for Central Scottish Government charges where actual expenditure amounted to £0.327m. Comparison of our budget to actual outturn, excluding notional charges, shows a net underspend of £0.460m. This is mainly due to us delaying the introduction of our award processing system software and therefore not having the resulting depreciation charge for 2009-10. Our capital budget for 2009-10 was £0.473m. Comparison to budget shows an overspend of £0.622m. Once again this was due to delaying the introduction of our award processing software resulting in additional development costs.

Total operating costs in the financial year were £7.913m (£8.728m in 2008-09). This represents a decrease of 9.3% compared to expenditure in the previous year. This decrease is due to an exceptional charge being made in 2008-09 resulting from the creation of a provision for anticipated dilapidation costs for ending the Gyleview House lease in November 2013. No such charge was necessary in 2009-10 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 budget for 2009-10 as follows:

	Operating Budget	Capital Budget
	£m	£m
Fees, Grants and Bursaries	305.5	
Individual Learning Accounts	6.8	
Repayment of Awards	(2.0)	
Widening Access Funds	16.0	
Student Loans Company Administration	5.5	
Student Loans Net New Lending	-	119.8
Student Loan Interest Subsidy to Banks	4.5	

In addition, we have an operating budget of £87.4m 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 2011. Our original aim was to have the system operational for 2008-09 processing session but risks identified in volume testing have delayed implementation until the 2011-12 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 2009-10.

## **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 2009-10.

## **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 review our Environmental Policy every two years and set targets which are in our Corporate Plan.

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 as well as other health related seminars and events throughout the year to promote a healthy lifestyle.

## **Average days sickness absence and disabled employees**

The average working days (full time equivalent) lost due to sickness absence for 2009-10 is 13.29 days (8.7 days 2008-09).

There are eight members of SAAS staff recorded as disabled on the Scottish Government electronic HR system for 2009-10.

## **Company directorships and other significant interests**

Allan Forsyth, one of our non-executive management board members, has declared an interest as he has an IT Consultancy business which contracts with Institutions within the Higher Education sector. He does not undertake contract work for SAAS.

## **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 camera should it so wish.

## **Significant changes in assets**

We have summarised the changes in assets in the notes to the financial statements. The intangible asset under construction is the ongoing development to design and building a new awards processing system, due for completion during 2010-11.



Tracey Slaven  
Chief Executive  
24 August 2010

## 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.

The Chief Executive is appointed as a Senior Civil Service Post at Deputy Director Level and is subject to the same performance arrangements as the rest of the Senior Civil Service. All other permanent appointments within SAAS are on Scottish Government main terms and conditions.

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](http://www.civilservicecommissioners.gov.uk).

## Remuneration (including 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	2009-10		2008-09	
	Salary £000	Benefits in kind (to nearest £100)	Salary £000	Benefits in kind (to nearest £100)
Tracey Slaven <i>Chief Executive</i> (from 1 October 2009)	40-45	nil	n/a	n/a
David Stephen <i>Chief Executive</i> (until 30 September 2009)	35-40	nil	70-75	nil
Graham Gunn <i>Head of Information Systems and Operational Policy</i>	55-60	nil	60-65	nil
Audrey Heatlie <i>Customer Services Manager</i>	35-40	nil	35-40	nil
Audrey Shimmons (part-time) <i>Head of Finance</i>	30-35	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.

Our non-executive directors received the following attendance fee payments during financial year 2009-10. No other fees were paid to non-executive directors in the year.

<b>Non-executive director</b>	<b>Amount to nearest £</b>
Bruce Nelson	1,000
Dugald Mackie	800
Allan Forsyth	400

## **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 2009-10 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 31/03/10	Real increase in pension (and lump sum) at age 60	CETV at 31/03/10	CETV at 31/03/09	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Tracey Slaven <i>Chief Executive (From 1 October 2009)</i>	5-10 (-)	0-2.5 (-)	109	102	7	-
David Stephen <i>Chief Executive (until 30 September 2009)</i>	30-35 (95-100)	0-2.5 (0-2.5)	775	737	17	-
Graham Gunn <i>Head of Information Systems and Operational Policy</i>	25-30 (85-90)	2.5-5 (7.5-10)	669	571	68	-
Audrey Heatlie <i>Customer Services Manager</i>	15-20 (45-50)	0-2.5 (2.5-5)	267	232	19	-
Audrey Shimmons <i>(part-time) Head of Finance</i>	5-10 (-)	0-2.5 (-)	110	91	12	-

Audrey Heatlie's opening CETV balance has changed at 31/3/2009, this was due to the incorrect value of widows pension being used in the CETV calculation, this has now been corrected and the result is the opening CETV is less than declared last year.

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.civilservice-pensions.gov.uk](http://www.civilservice-pensions.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 2009-10.



Tracey Slaven  
Chief Executive  
24 August 2010

## 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.



Tracey Slaven  
Chief Executive  
24 August 2010

# STATEMENT ON 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 2010 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. Staff dealing with risk are well versed and experienced in all aspects of risk management.

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 (IAO's) and have drafted our Information Security Policy. There was no loss of information in 2009-10.

Following discovery of an organised fraud ring in 2008-09 and continuing into 2009-10, where individuals used false identities to claim student support, we are currently developing and implementing measures to strengthen our internal controls.

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 2010 and up to the signing of the accounts my organisation has achieved the following:

- sustained an ongoing major in-house project to re-write our main IT processing system;
- received EFQM “Recognised for Excellence” Award;
- retention of LiP and ECDL status;
- strengthen internal controls to counter fraud.

### 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 non-executive members;
- quarterly meetings with our Fraser Figure for which a report on all my organisation’s activities and achievement of key targets is prepared;
- 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.



Tracey Slaven  
Chief Executive  
24 August 2010

# Independent Auditor's Report

## 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 2010 under the Public Finance and Accountability (Scotland) Act 2000. These comprise the Operating Cost Statement, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity 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, Chief Executive and auditor

The Agency and the Chief Executive 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 Chief Executive is also responsible for ensuring the regularity of expenditure and receipts. These responsibilities are set out in the Statement of Agency'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 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
- 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 section one to five and section seven

of the Annual Report and 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 the Chief Executive 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 2010 and of the net operating cost, changes in taxpayers' equity 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
- information which comprises only the 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
- 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.



24 August 2010

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

# Student Awards Agency for Scotland

## Operating costs statement For the year ended 31 March 2010

	Note	2009-10 £000	2008-09 £000
<b>Administrative costs</b>			
Staff costs	2	4,040	3,583
Other administrative costs	3	2,942	3,981
Depreciation	4, 5	931	1,164
<b>Net operating cost</b>		<b>7,913</b>	<b>8,728</b>

The above results relate to continuing activities.

The notes on pages 38 to 49 form part of these accounts.

## Statement of financial position as at 31 March 2010

As at:		31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
	Note			
<b>Non-current assets</b>				
Property, plant and equipment	4	572	540	662
Intangible assets	5	3,147	3,014	2,854
<b>Total non-current assets</b>		<b>3,719</b>	<b>3,554</b>	<b>3,516</b>
<b>Current assets</b>				
Trade and other receivables	6	138	96	98
<b>Total current assets</b>		<b>138</b>	<b>96</b>	<b>98</b>
<b>Total assets</b>		<b>3,857</b>	<b>3,650</b>	<b>3,614</b>
<b>Current liabilities</b>				
Trade and other payables	7	559	424	414
Provision for liabilities and charges	9	24	22	22
<b>Total current liabilities</b>		<b>583</b>	<b>446</b>	<b>436</b>
<b>Total assets less current liabilities</b>		<b>3,274</b>	<b>3,204</b>	<b>3,178</b>
<b>Non-current liabilities</b>				
Provision for liabilities and charges	9	969	994	73
<b>Total non-current liabilities</b>		<b>969</b>	<b>994</b>	<b>73</b>
<b>Assets less liabilities</b>		<b><u>2,305</u></b>	<b><u>2,210</u></b>	<b><u>3,105</u></b>
<b>Taxpayers equity</b>				
General reserve	SOCTE	2,286	2,191	3,086
Revaluation reserve	SOCTE	19	19	19
<b>Total taxpayers equity</b>		<b><u>2,305</u></b>	<b><u>2,210</u></b>	<b><u>3,105</u></b>

The notes on pages 38 to 49 form part of these accounts



Tracey Slaven  
Chief Executive  
24 August 2010

**Statement of cash flows**  
**For the year ended 31 March 2010**

	Notes	2009-10 £000	2008-09 £000
Net cash outflow from operating activities		(6,505)	(6,273)
Net cash outflows from investment activities		(1,062)	(1,132)
Cash flows from financing activities	17	7,567	7,405
Increase/(decrease) in cash in period		-	-
 (A) Reconciliation of operating costs to operating cash flows			
Net operating cost		(7,913)	(8,728)
Adjust for non-cash transactions		1,372	1,592
(Increase)/decrease in receivables and other current assets	6	(42)	2
Increase/(decrease) in trade and other payables	7	101	(60)
Increase/(decrease) in provisions	9	(23)	921
<b>Net cash flows from operating activities</b>		<b>(6,505)</b>	<b>(6,273)</b>
 (B) Analysis of cash flows from investment activities			
Purchase of property plant and equipment	4	(187)	(54)
Purchase of intangible assets	5	(875)	(1,078)
<b>Net cash flow from investing activities</b>		<b>(1,062)</b>	<b>(1,132)</b>
 (C) Analysis of cash flows from financing activities			
From Scottish Consolidated Fund	17	7,567	7,405
<b>Cash flows from financing activities</b>		<b>7,567</b>	<b>7,405</b>
 <b>Decrease/(increase) in cash and cash equivalents</b>		 <b>-</b>	 <b>-</b>

### Statement of Changes in Taxpayers' Equity For the year ended 31 March 2010

	Note	General Reserve £000	Revaluation Reserve £000	Total £000
<b>Balance at 31 March 2009</b>		2,191	19	2,210
<b>Changes in taxpayers equity for 2009-10</b>				
Non cash charges – cost of capital	3	114	-	114
Non cash charges – auditors remuneration	3	24	-	24
Non cash charges – notional costs	3	303	-	303
Net operating cost for the year		(7,913)	-	(7,913)
<b>Total recognised income and expenditure for 2009-10</b>		<b>(5,281)</b>	<b>19</b>	<b>(5,262)</b>
Parliamentary funding	17	7,567	-	7,567
<b>Net parliamentary funding drawn down</b>		<b>7,567</b>	<b>-</b>	<b>7,567</b>
<b>Balance at 31 March 2010</b>		<b>2,286</b>	<b>19</b>	<b>2,305</b>

### Statement of Changes in Taxpayers' Equity For the year ended 31 March 2009

	Note	General Reserve £000	Revaluation Reserve £000	Total £000
<b>Balance at 31 March 2008 (UK GAAP)</b>		3,176	19	3,195
Adjustments for IFRS		(90)	-	(90)
<b>Restated Balance at 1 April 2008 (IFRS)</b>		<b>3,086</b>	<b>19</b>	<b>3,105</b>
<b>Changes in taxpayers equity for 2008-09</b>				
Non cash charges – cost of capital	3	116	-	116
Non cash charges – auditors remuneration	3	24	-	24
Non cash charges – notional costs	3	287	-	287
Net operating cost for the year		(8,727)	-	(8,727)
<b>Total recognised income and expenditure for 2008-09</b>		<b>(5,214)</b>	<b>19</b>	<b>(5,195)</b>
Parliamentary funding	17	7,405	-	7,405
<b>Net parliamentary funding drawn down</b>		<b>7,405</b>	<b>-</b>	<b>7,405</b>
<b>Balance at 31 March 2009</b>		<b>2,191</b>	<b>19</b>	<b>2,210</b>

# NOTES TO THE ACCOUNTS

## For the Year Ended 31 March 2010

### 1 Statement of accounting policies

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 (reproduced at page 50) these accounts have been prepared in compliance with the principles and disclosure requirements of the Government Financial Reporting Manual (FReM), which follows generally accepted accounting practice as defined in International Financial Reporting Standards (IFRS) as adopted by the European Union and the Companies Act 2006 to the extent that it is meaningful and appropriate in the public sector context. 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.

The accounts are prepared using accounting policies, and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles, set out in International Accounting Standard 8: Accounting Policies, Changes in Accounting Estimates and Errors. Changes in accounting policies which do not give rise to a prior year adjustment are reported in the relevant note.

#### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, and, where material, current asset investments and inventories to fair value as determined by the relevant accounting standard.

#### 1.2 Change of Accounting Policy – Prior Year Adjustments

These financial statements have been prepared under International Financial Reporting Standards for the first time and the comparatives have been restated from UK Generally Accepted Accounting Policy (UK GAAP) where required.

#### 1.3 Property, Plant and Equipment (PPE)

##### *Recognition*

All PPE assets will be accounted for as non-current assets unless they are deemed to be held-for-sale.

##### *Capitalisation*

PPE assets comprise computer equipment, hardware and plant and machinery. 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 are no longer capitalised.

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

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

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

### *Subsequent Cost*

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probably that future economic benefits associated with the item will flow to the Agency and the cost of the item can be measured reliably. The carrying amount of any replaced parts will be derecognised as an asset. All other repairs and maintenance are charged to the operating cost statement during the financial period in which they are incurred.

### *Depreciation*

Depreciation is provided on all PPE 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 - 5 years
- Plant and machinery - 5 years

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

## **1.4 Intangible assets**

### *Recognition*

Future economic benefit has been used as the criteria in assessing whether an intangible asset meets the definition and recognition criteria of IAS 38 where assets do not generate income. IAS 38 defines future economic benefit as, 'revenue from the sale of products or services, cost savings, or other benefits resulting from the use of the asset by the entity'.

Non-income generating assets are carried at depreciated replacement cost. These valuation methods are considered to be a proxy for fair value.

Expenditure on software development is capitalised if it meets the criteria specified in the FReM 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 the staff costs of those working directly on the project until the system goes live and 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.

### *Depreciation*

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

- In-house developed software - 5 years
- Purchased software licences - 3 years

Assets under construction are not depreciated until completed for use.

## **1.5 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.

### 1.6 Trade payables

Trade payables are recognised at fair value and are for goods or services received by the Agency. Until 30 November 2008 all outstanding invoices were paid within 30 days of receipt of the invoice or delivery of the goods or services, whichever was later. Following a change of policy by the Scottish Government, from 1 December 2008 all outstanding invoices were paid within 10 days of receipt of the invoice or delivery of the goods or services, whichever is later.

### 1.7 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.

### 1.8 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.

### 1.9 Short term employee benefits

A liability and an expense is recognised for holiday days, holiday pay, bonuses and other short-term benefits when the employees render service that increases their entitlement to these benefits. As a result an accrual has been made for holidays earned but not taken.

## 2 Staff numbers and costs

The average number of full-time equivalent people employed during the year 2009-10 was as follows:

	<b>2009-10</b>
Senior management	4
Other permanent staff	151
Agency staff	13
	<u>168</u>

Our full-time equivalent people during 2009-10 were employed in the following areas of the organisation:

	<b>Customer Services</b>	<b>Finance</b>	<b>Information Systems &amp; Operational Policy</b>	<b>Chief Executive's Office</b>	<b>HR and Central staff</b>
Senior management	1	1	1	1	-
Other permanent staff	75	15	56	3	2
Agency staff	9	3	1	-	-
	<u>85</u>	<u>19</u>	<u>58</u>	<u>4</u>	<u>2</u>

The average number of full-time equivalent people employed during the year 2008-09 was as follows:

<b>2008-09</b>	
Senior management	4
Other permanent staff	136
Agency staff	16
	156

Our full-time equivalent people during 2008-09 were employed in the following areas of the organisation:

	<b>Customer Services</b>	<b>Finance</b>	<b>Information Systems &amp; Operational Policy</b>	<b>Chief Executive's Office</b>	<b>HR and Central staff</b>
Senior management	1	1	1	1	-
Other permanent staff	63	15	53	3	2
Agency staff	13	1	2	-	-
	77	17	56	4	2

The total payroll costs of these people were as follows:

	<b>2009-10</b>	<b>2008-09</b>
	<b>£000</b>	<b>£000</b>
Salaries and wages	3,379	3,021
Social Security costs	221	197
Other pension costs	569	524
Agency staff	243	213
	4,412	3,955
Less: capitalised within non-current assets	(372)	(372)
<b>Charged to Operating Costs Statement</b>	<b>4,040</b>	<b>3,583</b>

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](http://www.civilservice-pensions.gov.uk)).

For 2009-10, normal employer contributions of £569,021.54 were payable to PCSPS (2008-09: £523,586.32) 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 2009-10. 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

	<b>2009-10</b>	<b>2008-09</b>
	<b>£000</b>	<b>£000</b>
Accommodation including rent and rates	863	1,798
IT Running costs	812	1,016
General office expenditure	826	740
Other costs – notional charges	303	287
Audit fee	24	24
Capital charges	114	116
<b>Total</b>	<b>2,942</b>	<b>3,981</b>

A provision was set up in 2008-09 and charged to accommodation to meet the anticipated dilapidation costs of ending the Gyleview House lease in November 2013 (see notes 9 and 10).

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.

### 4 Property plant and equipment

#### 2009-10

	<b>Information technology</b>	<b>Plant &amp; machinery</b>	<b>Furniture &amp; fittings</b>	<b>Assets under construction</b>	<b>Total</b>
<i>Cost or valuation</i>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
As at 1 April 2009	1,863	260	291	-	2,414
Additions	224	21	-	31	276
At 31 March 2010	2,087	281	291	31	2,690
<i>Depreciation</i>					
At 1 April 2009	1,446	198	230	-	1,874
Charged in year	195	21	28	-	244
At 31 March 2010	1,641	219	258	-	2,118
NBV at 31 March 2010	446	62	33	31	572
NBV at 31 March 2009	417	62	61	-	540

**2008-09**

	<b>Information technology</b>	<b>Plant &amp; machinery</b>	<b>Furniture &amp; fittings</b>	<b>Total</b>
<i>Cost or valuation</i>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
As at 1 April 2008	1,744	259	291	2,294
Additions	119	1	-	120
At 31 March 2009	1,863	260	291	2,414
<i>Depreciation</i>				
At 1 April 2008	1,255	176	201	1,632
Charged in year	191	22	29	242
At 31 March 2009	1,446	198	230	1,874
NBV at 31 March 2009	417	62	61	540
NBV at 31 March 2008	489	83	90	662

**5 Intangible assets****2009-10**

	<b>Purchased software licences</b>	<b>In-house developed software</b>	<b>Assets under construction</b>	<b>Total</b>
<i>Cost or valuation</i>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
As at 1 April 2009	218	15,326	1,858	17,402
Additions	38	77	705	820
Transfers	-	190	(190)	-
At 31 March 2010	256	15,593	2,373	18,222
<i>Depreciation</i>				
At 1 April 2009	196	14,192	-	14,388
Charged in year	8	679	-	687
At 31 March 2010	204	14,871	-	15,075
NBV at 31 March 2010	52	722	2,373	3,147
NBV at 31 March 2009	22	1,134	1,858	3,014

**2008-09**

	<b>Purchased software licences</b>	<b>In-house developed software</b>	<b>Assets under construction</b>	<b>Total</b>
<i>Cost or valuation</i>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
As at 1 April 2008	196	15,164	960	16,320
Additions	22	71	989	1,082
Transfers	-	91	(91)	-
At 31 March 2009	218	15,326	1,858	17,402
<i>Depreciation</i>				
At 1 April 2008	147	13,319	-	13,466
Charged in year	49	873	-	922
At 31 March 2009	196	14,192	-	14,388
NBV at 31 March 2009	22	1,134	1,858	3,014
NBV at 31 March 2008	49	1,845	960	2,854

**6 Trade and other receivables**

All our receivables are prepayments and have a total value of £138,000 (£96,000 in 2008-09 and £98,000 in 2007-08). As they are all prepayments there is no provision for bad debts.

**7 Trade and other payables**

All our payables are trade payables for goods or services received. Following a direction from the Scottish Government, from 1 December 2008, all outstanding invoices are due to be paid within 10 days (30 days prior to 1 December 2008) of receipt of the invoice or delivery of the goods or services, whichever is later.

Also included is an accrual for the proportion of untaken annual leave and flexible working time credits.

	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Accruals	423	302	324
Untaken leave and flexi working credits	136	122	90
<b>Total</b>	<b>559</b>	<b>424</b>	<b>414</b>

**8 Cash and cash equivalents**

There were no cash or cash equivalent balances in 2009-10 or 2008-09.

**9 Provisions for liabilities and charges***Early retirement costs provision*

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.

### 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 9).

#### 2009-10

	Early retirement provision £000	Dilapidations provision £000	Total £000
Balance as at 1 April 2009	51	943	994
Add: Balance on provisions within one year	22	-	22
Total as at 1 April 2009	73	943	1,016
Amount released in year	(23)	-	(23)
As at 31 March 2010	50	943	993
Balance on provisions after one year	(24)	-	(24)
<b>Balance as at 31 March 2010</b>	<b>26</b>	<b>943</b>	<b>969</b>

#### 2008-09

	Early retirement provision £000	Dilapidations provision £000	Total £000
Balance as at 1 April 2008	73	-	73
Add: Balance on provisions within one year	22	-	22
Total as at 1 April 2008	95	-	95
Provided for in year	-	943	943
Amount released in year	(22)	-	(22)
As at 31 March 2009	73	943	1,016
Balance on provisions after one year	(22)	-	(22)
<b>Balance as at 31 March 2009</b>	<b>51</b>	<b>943</b>	<b>994</b>

## 10 Commitments under operating leases

Total future minimum lease payments under operating leases are given below:-

	2009-10 £000	2008-09 £000
Building lease expiring within:		
One year	429	429
Two to five years	642	1,071
Over five years	-	-
<b>Total</b>	<b>1,071</b>	<b>1,500</b>

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.

There are no finance leases in SAAS.

## 11 Contingent liabilities

There were no contingent liabilities at 31 March 2010 that require to be disclosed under IAS37.

## 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 liabilities	2009-10	2009-10	2008-09	2008-09
	Fair Value through OCS	Loans and receivables	Fair Value through OCS	Loans and receivables
	£000	£000	£000	£000
Trade payables	-	423	-	302
<b>Total</b>	<b>-</b>	<b>423</b>	<b>-</b>	<b>302</b>

## 13 Capital commitments

There were no capital commitments at 31 March 2010 or 31 March 2009.

## 14 Post statement of financial position events

There were no material post statement of financial position events that require to be adjusted in the accounts or to be disclosed.

## 15 Financial losses

No financial losses were incurred during financial year 2009-10 or in 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 Portfolio 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 £7,566,917.21 (£7,405,171.95 for 2008-09) as recorded in the Agency's Statement of Cash Flows, has been agreed with the Directorate.

## 18 Intra-government balances

	Trade and other receivables: amounts falling due within one year 2009-10 £000	Trade and other payables: amounts falling due within one year 2009-10 £000	Trade and other receivables: amounts falling due within one year 2008-09 £000	Trade and other payables: amounts falling due within one year 2008-09 £000	Trade and other receivables: amounts falling due within one year 2007-08 £000	Trade and other payables: amounts falling due within one year 2007-08 £000
Balances with other central government bodies	1	-	-	1	-	-

## 19a Restatement of balance sheet at 31 March 2009 following IFRS implementation

	UK GAAP Balance sheet As at 31 March 2009	Provide holiday and flexi creditor	Re-categorise tangible to intangible assets	Recognise Provision within one year	IFRS Statement of Financial Position As at 1 April 2009	
	£000	£000	£000	£000	£000	
Fixed assets						Non current assets
Tangible assets	3,532		(2,992)		540	PPE
Intangible assets	22		2,992		3,014	Intangible assets
	3,554				3,554	Total non current assets
Current assets						Current assets
Debtors						Trade and other receivables
	96				96	96 Total current assets
					3,650	Total assets
						Current liabilities
Creditors (due within one year)	302	122			424	Trade and other payables
Provisions				22	22	Provisions
					446	Total current liabilities
Net Current assets	(206)					
Total assets less current liabilities	3,348				3,204	Total assets less current liabilities
Provision for liabilities and charges	1,016			(22)	994	Provisions
					994	Total non current liabilities
	<b>2,332</b>				<b>2,210</b>	<b>Assets less liabilities</b>
Taxpayers equity						Taxpayers equity
General fund	2,313	(122)			2,191	General reserve
Revaluation Reserve	19				19	Revaluation reserve
	<b>2,332</b>				<b>2,210</b>	<b>Total taxpayers equity</b>

The change in provision within one year is not an IFRS change but is shown here for presentation purposes.

## 19b Restatement of balance sheet at 31 March 2008 following IFRS implementation

	UK GAAP Balance sheet As at 31 March 2008	Provide holiday and flexi creditor	Re-categorise tangible to intangible assets	Recognise Provision within one year	IFRS Statement of Financial Position As at 1 April 2008	
	£000	£000	£000	£000	£000	
Fixed assets						Non current assets
Tangible assets	3,467		(2,805)		662	PPE
Intangible assets	49		2,805		2,854	Intangible assets
	3,516				3,516	Total non current assets
Current assets						Current assets
Debtors	98				98	Trade and other receivables
					98	Total current assets
					3,614	Total assets
Creditors (due within one year)	324	90			414	Current liabilities Trade and other payables
Provisions				22	22	Provisions
					436	Total non-current liabilities
Net Current assets	226					
Total assets less current liabilities	3,290				3,178	Total assets less current liabilities
Provision for liabilities and charges	95			(22)	73	Provisions
					73	Total non current liabilities
	<b>3,195</b>				<b>3,105</b>	<b>Assets less liabilities</b>
Taxpayers equity						Taxpayers equity
General fund	3,176	(90)			3,086	General reserve
Revaluation reserve	19				19	Revaluation reserve
	<b>3,195</b>				<b>3,105</b>	<b>Total taxpayers equity</b>

The change in provision within one year is not an IFRS change but is shown here for presentation purposes.



**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

### Key performance targets

SAAS's primary customers are eligible students and their families. Good performance for those customers will mean an accurate and timely assessment of the application for support – so that students have their award letters in advance of matriculation at their institution, with a payment schedule advising when awards will be paid. The performance of SAAS is, however, also impacted by when students submit their applications. The following target therefore balances processing performance with encouragement to students to submit applications early.

- All applications received by 30 June to be processed in time for courses starting in the new academic session (earliest date 1 August).

SAAS must also provide clear expectations of the time-frame in which enquiries will be answered.

- All travel claims to be paid within 21 days.
- All e-mail or written enquiries to be resolved within 21 days.
- All formal complaints and appeals to receive a response within 14 days.

### Management performance measures

#### Processing

- 75% of applications to be processed within 14 days.
- 90% of applications to be processed within 21 days.
- Average unit cost per application to be less than £40.

#### Complaints

- Less than 1 in 1000 applications to generate a formal complaint to SAAS.
- Less than 10 formal complaints to be received/upheld by Scottish Public Sector Ombudsman each year.
- 100% of ministerial correspondence to be delivered within target.

#### Financial Performance

- 100% of invoices to be paid within 10 days.
- 30% of Opening Debt to be recovered during the year.

Part 8

## Contact information

Our offices are staffed and open for business between 8.30 a.m. and 5 p.m, Monday to Thursday, and 8.30 a.m. to 4.30 p.m. 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

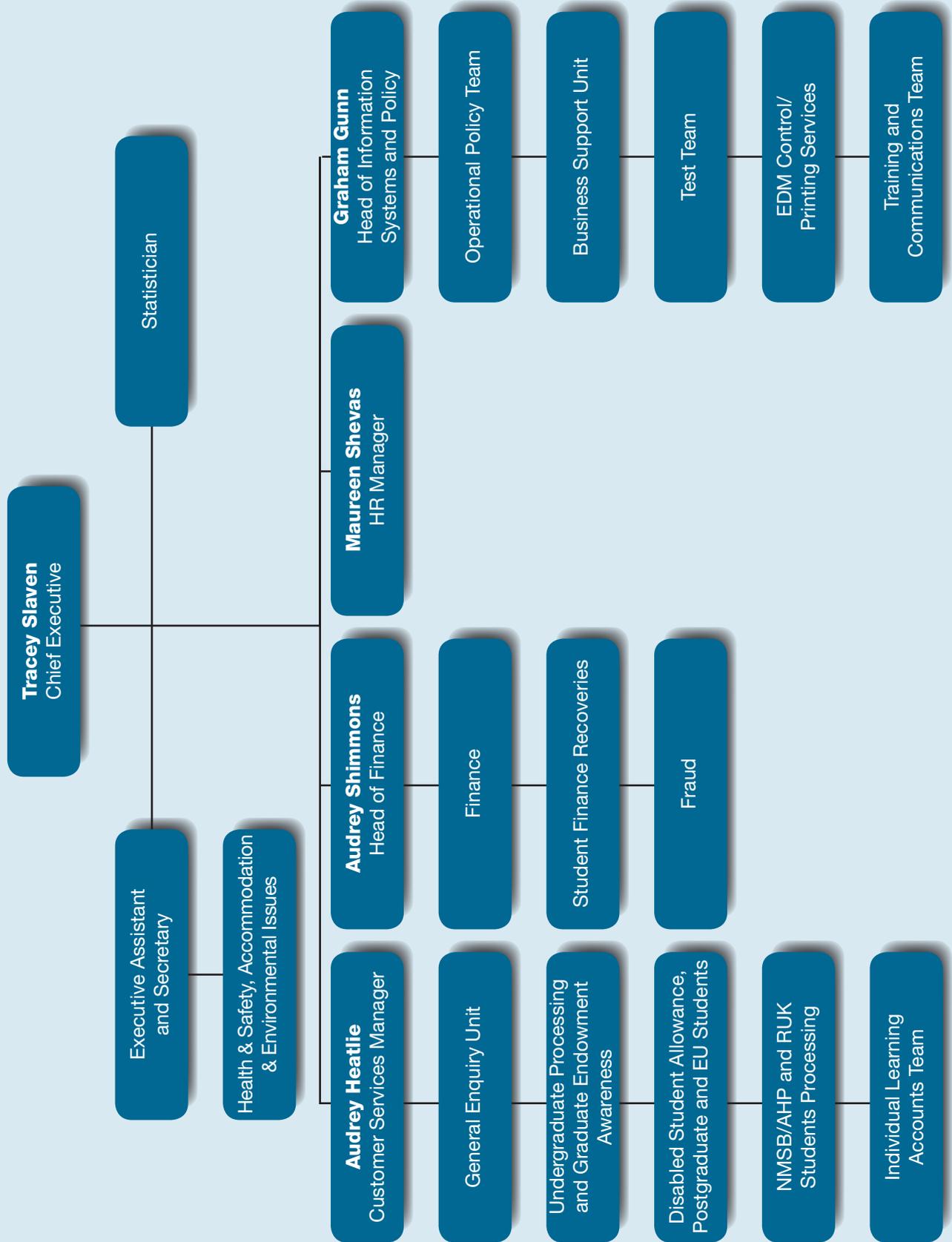
Automated telephone answering service: 0845 111 1711

Fax no: 0131 244 5887

E-mail: [www.saas.gov.uk/contact.htm](http://www.saas.gov.uk/contact.htm)

Website: [www.saas.gov.uk](http://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.

**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.

**General reserve** – the surpluses on our activities are transferred into the general reserve 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.

**Non-current assets** – assets we intend to keep for more than one year.

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

**Post statement of financial position events** – if something happens after the date of the statement of financial position 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.

**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 UK – 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.

**Statement of cash flows** – 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.

**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

© Crown copyright 2010

APS Group Scotland  
142628 (08/10)

**Student Awards Agency for Scotland**

An agency of the Scottish Government



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

Laid before the Scottish Parliament by the Scottish Ministers  
in  
2011

SG/2011/

## Contents

	<b>Page</b>
Chief Executive's report	3
Our management board	4
Part 1 Who we are and what we do	5
Part 2 Our aim and vision and contribution to Scottish Government National Outcomes	6
Part 3 Service delivery	7
Part 4 Our performance against our targets	13
Part 5 Environmental report 2010-2011	14
Part 6 Annual accounts 2010-2011	17
Part 7 Key performance measures	54
Part 8 Contact information	55
Part 9 Glossary	57

## Chief Executive's report

This is my second report as SAAS Chief Executive. In my report last year, I recognised that SAAS would face a dual challenge from increasing demand for higher education student support, triggered by the effects of the global recession, and public sector financial pressures. During 2010-11, SAAS has risen to meet these challenges, using social media to improve our communication and relationships with students and acting to streamline our processes wherever possible to improve our service delivery.

I am hugely appreciative of the efforts made by SAAS senior managers and staff to make significant changes in our operation while managing another year of increasing application numbers. During 2010-11 we received almost 156,000 applications – giving us a cumulative growth of almost 11% over the last two years.

However the introduction of the “Guarantee Date”, with students submitting a complete application by that date guaranteed that their application would be processed before their course started, allowed us to improve customer service despite the growth in applications. The “Guarantee” encouraged 90,000 students to submit their applications for student support by the 30 June 2010 – twice as many as in 2009-10 – and ensured that they got their support on time.

I must however recognise that SAAS could not have delivered this change alone – staff at Universities and Colleges across the country played a significant part in highlighting and reminding students of the Guarantee Date. Their efforts are very much appreciated and I am grateful for the closer relationship developing with the institutions. SAAS will continue to improve the working relationships with Colleges and Universities to ensure that we deliver the best possible service to students and institutions in what will continue to be a challenging environment.

Significant financial challenges face the whole public sector over the next few years and it is clear, from the Green Paper published in December 2010, that the Higher Education sector is not exempt from these pressures. Close working with policy colleagues in Scottish Government, focused on securing a sustainable funding solution for the sector, will be vital in smoothly implementing any changes to student support.

We must also remember that SAAS is a key conduit of information on student support to students, their families and advisers. Clarity on student support is an important factor in the decision-making process for those considering higher education; particularly for those whose families or schools have little experience of University or College study. We will therefore continue to develop and extend our work in support of widening participation programmes across Scotland and encourage schools to seek our involvement in parents nights and information sessions for S4, S5 and S6 pupils.

Finally, my thanks to all at SAAS who have worked exceptionally hard to improve customer service and to improve our flexibility going forward. Not least with the delivery of our new processing system which was implemented for the opening of the 2011-12 session in April.



Tracey Slaven  
Chief Executive

## **Our management board**

Tracey Slaven	Chief Executive
Graham Gunn	Head of Information Systems and Operational Policy
Audrey Heatlie	Customer Services Manager
Audrey Shimmons	Head of Finance
Bruce Nelson	Non executive board member
Dugald Mackie	Non executive board member
Allan Forsyth	Non executive board member
Derek Smeall	Non executive board member

Our current non-executive board members have a wide range of experience of university and financial administration. They are Bruce Nelson (Registrar, College of Science and Engineering, University of Edinburgh), Dugald Mackie (retired Vice Principal, University of Manchester), Allan Forsyth (former Assistant Principal, Cardonald College) and Derek Smeall (Assistant Principal), Cumbernauld 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 average around 170 staff and manage budgets in excess of £500 million.

Our core function is the assessment of all forms of student support provided by Scottish Government for those entering and continuing in higher education.

### **For those wishing to access Higher Education, we:**

- Provide information through the web and visits to schools, colleges and institutions on how student support can assist individuals access higher education.
- Assess financial support for tuition fees and living costs, including the special arrangements for nursing, taught postgraduate study and NHS bursaries.
- Pay tuition fees to institutions on behalf of the student and pay bursaries direct to the student.
- Provide resources and data to the Student Loans Company to allow payment of student loans.
- Assess student applications for additional assistance in the form of travel expenses, disability support and lone parent and dependant support.
- Provide funds to Scottish Universities and Colleges to further support students facing hardship or with childcare needs.

We also:

- Assess applications from individuals and pay fees to learning providers under ILA200, as part of a partnership with Skills Development Scotland.
- Maintain a register of charities that offer educational endowments.
- Collect the Graduate Endowment fee (abolished with effect from 1 April 2008)

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 and vision**

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.
- Value the people who work here and the customers they deal with.

### **Our contribution to Scottish Government's National Outcomes**

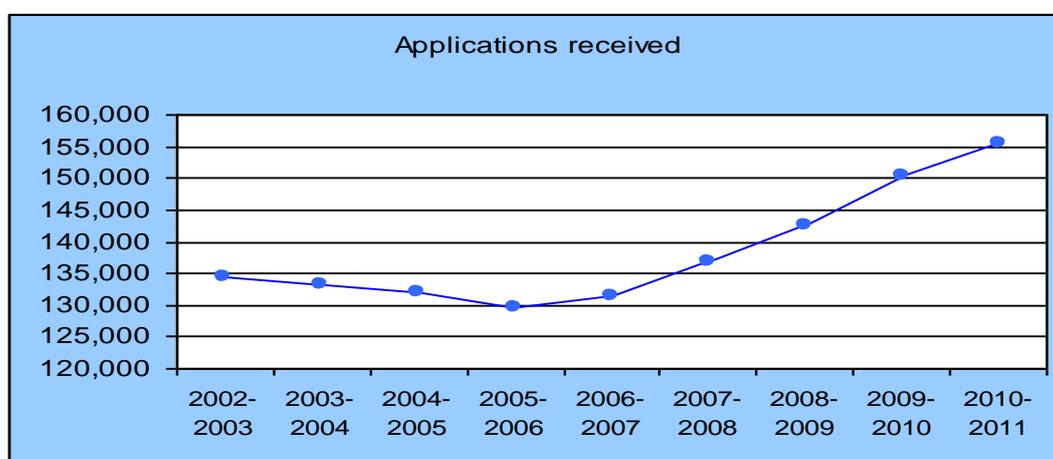
Scottish Government's purpose is to focus Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth. The National Performance Framework has 5 strategic objectives for Scotland – Wealthier and Fairer; Smarter; Healthier; Safer and Stronger and Greener. SAAS contributes to the development of a smarter Scotland and to solidarity, participation and productivity by supporting individuals across Scotland to access Higher Education.

### Part 3

#### Service delivery

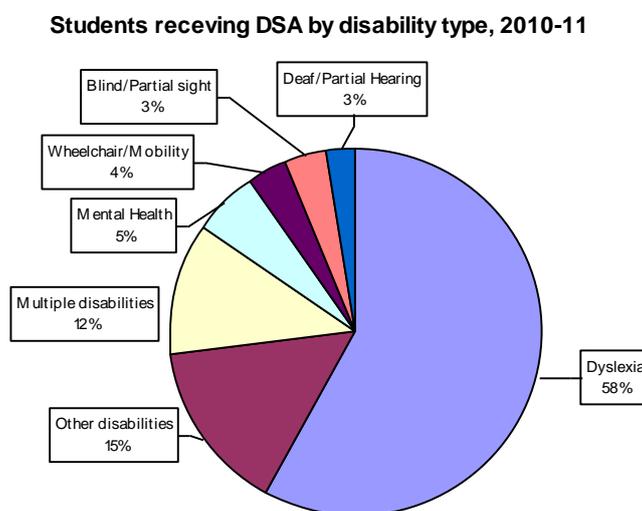
##### Applications for support

We dealt with 155,364 applications in 2010-2011: 142,324 from undergraduates, 3,079 from postgraduates and 9,961 from nursing and midwifery students. This is an increase of over 3% on session 2009-2010, which was in turn over 7% up on the previous year. In recent years, the pattern of applications received during the session has changed as our application process moved online, with the peak moving from the beginning of session (May) to September, coinciding with course commencement. In order to reverse this trend in session 2010-2011 and make it easier to manage volumes, we gave a commitment to have funding in place for the start of the new term to all students applying in full by 30 June. Almost 90,000 students took advantage of that 'guarantee' and its success means that we will continue to promote this in future sessions.



##### Disabled Student Allowances (DSA)

DSA applications also increased during 2010-11 from 4,397 to 4,779 (8.7%). Students with Dyslexia remain the largest group (58%) claiming DSA and the number of students with multiple disabilities rose again from 472 to 567 (up 20%). The following chart provides a breakdown of claims by type of disability.



## Replying to queries

There are only partial call statistics available for the period, as this function could no longer be technically supported and a new system was sourced for April 2011. However, those figures show that calls to the Customer Services Unit in the first three quarters of the year rose again to reflect the overall increase in applications and the shift in their receipt engineered by the introduction of the 'guarantee' date. Incoming call volumes were up on the previous year in each of these quarters by 54%, 49% and 4% respectively.

Incoming calls	April - June	July - Sep	Oct - Dec	Jan - Mar	Total for year (April - March)
2009-10	65,549	135,235	90,402	78,306	369,492
2010-11	100,628	201,322	94,192	-	-
% increase	54%	49%	4%	-	-

## Internet services

Our website received over 6.8 million hits in 2010-2011 and 100% of students applied for their financial support online.

## Endowments

We searched the Register of Educational Endowments on behalf of 535 students during the year.

## NHS Bursary Scheme

During 2010-2011 we processed 746 applications from students eligible for support under the NHS Bursary Scheme.

## Individual Learning Accounts Scotland

2010-2011 again saw an increase in ILA200 applications, with the number of learners using their accounts (i.e. making at least one booking) up from 47% to 71%. We processed 88,967 applications and 31,052 income reassessments. We opened 82,399 accounts and 58,406 applicants made at least one booking.

ILA200	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%
2009-2010	78,364	↑68%	22,505	↑33%	66,674	↑85%	31,168	↓10%
2010-2011	88,967	↑13.5%	31,052	↑40%	82,399	↑24%	58,406	↑87%

ILA500 was introduced on 1 July 2008 and generated 8,475 applications between 1 April 2010 and 31 March 2011. From April 2011, this grant will be known as the Part-time Fee Grant and applications will be made direct to SAAS.

ILA500	Applications received	%	Total calculated	%	Withdrawn	%	Non-Attendance	%
2008-2009	3,399		2,210		86		65	
2009-2010	6,710	↑97%	4,892	↑121%	184	↑114%	288	↑343%
2010-2011	8,475	↑26%	7,244	↑48%	91	↓51%	341	↑18%

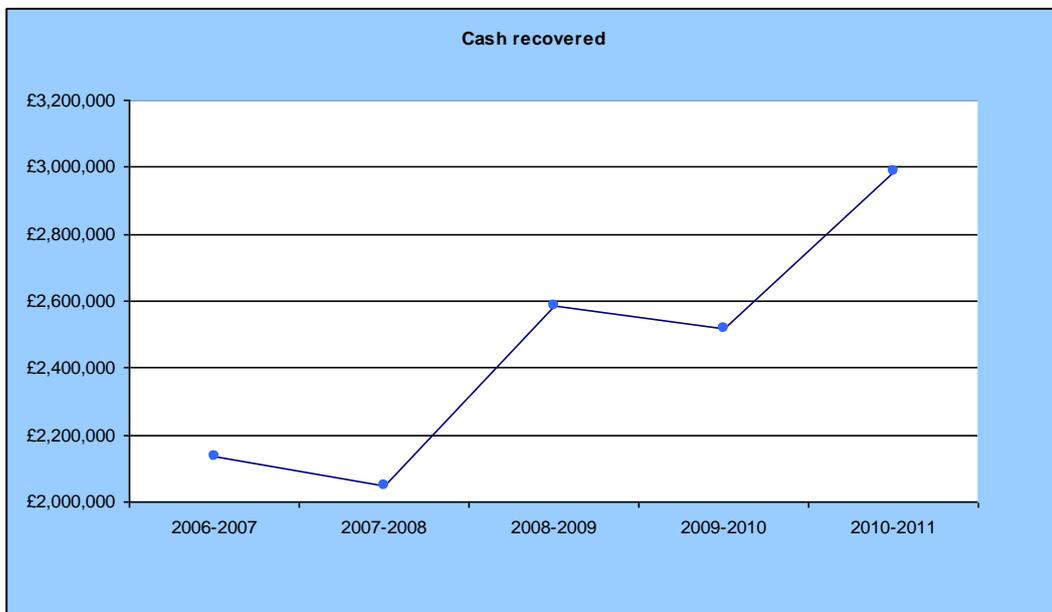
### Graduate Endowment

As at 31<sup>st</sup> March 2011, 135 students remained liable to pay the Graduate Endowment fee. 95 of these students have now completed their studies and the remaining 40 continue to have their payments deferred because they are still in full-time study.

### Recoveries

The table and chart below shows the amount of debt we have recovered from 2006-2007 to 2010-11.

Year	April to June	July to September	October to December	January to March	Total
2006-07	£502,915	£579,204	£443,213	£610,675	£2,136,007
2007-08	£560,928	£450,983	£536,677	£501,663	£2,050,251
2008-09	£709,635	£546,878	£580,058	£748,550	£2,585,121
2009-10	£658,155	£507,347	£635,245	£718,711	£2,519,458
2010-11	£719,084	£629,096	£737,679	£901,498	£2,987,357



At the end of March 2011, outstanding debt totalled £12,815,741. Of that total, £3,239,023 (25.3%) is attributable to student nurses and midwives whose bursaries we administer on behalf of the Scottish Government's Health Department.

## **Information and advice**

In 2010 we focused on getting students to 'apply early' for their funding. We introduced a deadline date of 30 June for all students, guaranteeing that their award would be in place at the start of their course. We produced posters, postcards and booklets advertising the deadline date. In addition we targeted continuing students through emails and new students through our website, guidance booklets and attendance at events across the country. The result was over 90,000 applications by 30 June in comparison to 25,000 in the previous year.

After a number of successful years with the move to 100% online we didn't issue any paper copies of our application forms and guidance to institutions. We attended 266 events at institutions, schools and career conventions. This involved speaking to future students and their families giving them information about student support and how we can help them. We produced a student support guide for these events which has been really well received. Feedback confirmed that it is easy to understand and covers all the information required for students and parents.

## **Complaints and appeals**

We publish our complaints and appeals procedure on our website ([www.saas.gov.uk](http://www.saas.gov.uk)). We provide guidance and training to 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 2010-2011 we received 107 complaints, 93% of which we answered within 14 days.

## **Freedom of information**

Our publication scheme is available to the public on our website as required under the Freedom of Information Act. During 2010-2011, we received 19 requests for information under the Act.

## **Customer surveys**

We carry out regular customer surveys and analyse the results to identify where we can improve our services. Thank you to everyone who took the time to complete our 2010 customer survey form. This year we issued e-mails with links to the survey form to all students and the survey form was also made available on our website. We received 12,329 completed returns. The feedback we received helped the agency plan for the next session and make improvements to our services.

In 2010-2011, we completed our fourth 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. A summary of the main findings is as follows:

- 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.

- Application and Guidance – 63% of students agreed that the DSA Application Guidance Notes were easy to understand. Our DSA Guidance Notes have been substantially re-written in the last couple of years as a result of feedback from the survey. We now include a section that helps explain how to complete the DSA application. In addition further information relating to DSA, including new sections and FAQs has been added to our website.
- Payment method – 79% of students were more than satisfied with the method of payment for DSA.

## Human Resources

During the period 1 April 2010 to 31 March 2011 SAAS appointed 10 Band A and 2 Band B staff as a result of 2 recruitment campaigns. The recruitment complied fully with the Civil Service Commissioners' Recruitment Code ensuring fair and open competition and appointment on merit. Of the 12 candidates appointed 8 are female and 4 are male. None of the appointees declared a disability and 4 appointees were from an ethnic minority.

As at 31 March 2011 28 permanent employees were working part time, with varied working patterns of 2 to 5 days, covering a minimum of 15 hours to a maximum 36 hours per week. In addition, one member of staff works annualised hours and three work a full time compressed week.

### SAAS Headcount by grade, work pattern and gender as at 31 March 2011

Directorate	Grade	Female		Male		Grand Total
		FT	PT	FT	PT	
CHIEF EXECUTIVE OFFICE	SCS Deputy Director 1	1				1
	B2	2				2
	A3	1				1
CUSTOMER SERVICES UNIT	B3	1		1		2
	B2	2	1			3
	B1	4		2		6
	A4	6	6	4		16
	A3	35	11	33	1	80
FINANCE	C1		1			1
	B3			2		2
	B2		1			1
	B1			1		1
	A4	1				1
	A3	3	3	4		10
HUMAN RESOURCES & ACCOMMODATION	B3	1				1
	B1			1		1
	A4		1			1
INFORMATION SYSTEMS & POLICY	C2			1		1
	B3	1		3		4
	B2	3	2	3		8
	B1	4	1	8		13
	A4	4		4		8
	A3			2		2
<b>Grand Total</b>		<b>69</b>	<b>27</b>	<b>69</b>	<b>1</b>	<b>166</b>

## **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.

## **Environment Management**

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

## Part 4

### Performance against our targets

Targets	Performance 2006-2007	Performance 2007-2008	Performance 2008-2009	Performance 2009-2010	Performance 2010-2011
<b>Key Targets</b>					
All applications received by 30 June to be processed in time for courses starting in the new academic session (earliest start date 01 August)	Not available	Not available	Not available	Not available	100%
All email or written enquiries to be resolved within 21 days	91%	88%	93%	98%	98%
All formal complaints and appeals to receive a response within 14 days	94%	95%	98%	96%	93%
<b>Management Performance Targets</b>					
<b>Processing:</b>					
To process*: <ul style="list-style-type: none"> <li>75% of applications within 14 days of receipt, and</li> <li>90% within 21 days.</li> </ul>	52% within 14 days	74% within 14 days	83% within 14 days	65% within 14 days	50% within 14 days
	82% within 21 days	83% within 21 days	95% within 21 days	75% within 21 days	56% within 21 days
Average unit cost of less than £40 to process an application based on relevant costs.	£37.44	£37.58	£37.12	£36.13	£36.54
<b>Complaints:</b>					
Less than 1 in 1,000 applications to generate a formal complaint to SAAS	0.74 per 1,000 applications	0.94 per 1,000 applications	0.69 per 1,000 applications	0.76 per 1,000 applications	0.69 per 1,000 applications
Less than 10 formal complaints to be received/upheld by the Scottish Public Sector Ombudsman	Not available	Not available	Not available	3 received 0 upheld	2 received 0 upheld
100% of ministerial correspondence to be delivered within target: <ul style="list-style-type: none"> <li>ministerial replies (10 working days)</li> <li>official replies (20 working days)</li> </ul>	Not available	Not available	Not available	87% ministerial replies 100% official replies	98% ministerial replies 100% official replies
<b>Financial Performance:</b>					
100% of invoices to be paid within 10 days (30 days prior to Dec 08)	99.5%	95.6%	98.0%	99.8%	96.9%
30% of opening debt to be recovered during the year	34%	29%	31%	25%	30%

\* The introduction of the Guarantee dramatically changed the profile of application submission with 90,000 submitted by 30 June 2010 (up from 45,000 in 2009-10). The Guarantee was met but the processing time for applicants after 30 June was significantly extended with support and approval of the management Board.

## Part 5

### Environmental Report 2010-2011

This report details SAAS performance measured against our environmental policy targets up until 31 March 2011.

#### SAAS environmental policy

SAAS's environmental policy is to ensure that we reduce the impact of our operations on the environment. Our policy is consistent with the 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. Our policy is made available to staff and the general public on our staff intranet and SAAS website.

#### Targets

Our targets are:

- To reduce the amount of waste produced and sent to landfill
- To reduce the amount of energy used per member of staff each year
- To reduce water usage per member of staff each year

The agency continues to comply with legislation and best practice to meet ISO 14001 standards and our environmental targets. We also monitor and report on energy and water usage and waste recycling.

#### Building details

Table 1

	Floor Area (m2)	Additional Minor Occupiers	Total SAAS Staff as at 31 March 2011	Other Minor Occupiers	Total Occupying Staff
Gyleview House	4448.5	Cleaning Staff	166	3	169

Table 2 Utilities comparison Table 2006-2007 to 2010-2011

	2007-2008		2008-2009		2009-2010		2010-2011	
	(kwh)	Co2 (Tonnes)	(kwh)	Co2 (Tonnes)	(kwh)	Co2 (Tonnes)	Kwh	Co2 (Tonnes)
Electricity	319,335	137.31	369,159	159.01	402,532	163.63	399,550	171,81
Gas	252,519	47.98	295,051	56.06	270,945	38.18	223,742	44.41
Total	571,854	185.29	664,851	215.07	665,377	201.81	604,955	216.22
Water (M3)	2,189*		1,874*		818		851	

\* Water usage figures based on estimates provided by Scottish Water. Figures since 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 for electricity and since November 2010 gas is multiplied by .206 then divided by 1000 to give results in tonnes. This is the figure used by DEFRA and Carbon Trust.

### Gas Usage

During the severe winter weather conditions the gas boilers were on for 24 hours a day 7 days a week. However outside the severe winter the use of the boilers has been reduced and this has resulted in lower gas consumption than last year.

### Electricity usage

Through SG procurement, we purchase 100% of the electricity required to run our building from “green” sources. Electricity consumption has decreased this year due to a slight reduction in staff numbers requiring IT equipment. Staff have worked less overtime throughout the session. We have energy efficient lighting and movement sensors to switch off lights in areas not being used. We continue to maintain office windows each year to reduce heat loss.

Without risk to our IT equipment, we have been able to increase the minimum temperature in server rooms by three 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

Following the installation of water saving devices in June 2008 the water usage is reasonably static and further savings will be difficult to achieve.

### 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 2010-2011 the Agency did not issue paper application forms and guidance documents to encourage students to use our website and applying online for funding. Over 99% of applications were made online last session.

All the paper we purchase 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 3 waste comparison 2007-2008 to 2010-2011**

Year	2007-2008	2008-2009	2009-2010	2010-2011
Total waste recorded	58.300	42.780	53.165	55.095
Recycled	52.471 (90.00%)	37.746 (88.23%)	49.997 (94.04%)	41.029 ** (74.20%)
Landfill	5.829 (10%)	5.034 (11.77%)	3.168 (5.96%)	14.065 ** (25.80%)
Total waste per member of staff	0.389	0.285	0.3107	0.326 **

\*\* We entered into a new collaborative partnership contract for waste collection in 2010-11. The new contractors do not measure SAAS recycled waste separately but instead, aggregate with other customer uplifts and report aggregated figures back to us. As a result, the figures for 2010-11 are not a true reflection of SAAS recycled waste. We continue to discuss this issue with the contractor.

## **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.

## **Travel**

In 2010-2011 the Agency issued 291 train tickets and 273 bus tickets to staff attending meetings or training events out with the office and travelling by public transport. Telephone and video conference facilities were used throughout the year to reduce travel.

The Agency has racks for 12 bicycles which are used regularly by staff. We also promote the Cycle2work scheme which has been improved to provide tax savings for staff buying bicycles.

Our staff intranet provides information on travel issues and notice boards give details about local bus and train services etc. We also show real time tracker timetables on our foyer TV screens. We include relevant travel information in our induction pack for new starts.

## **Communication**

The Environmental Team provide updates on progress against our environmental targets for staff and our environmental policy is part of induction training for all new staff. The environmental notice board is kept up to date with notices and leaflets that are relevant to any ongoing initiatives.

## **STUDENT AWARDS AGENCY FOR SCOTLAND (SAAS)**

### **MANAGEMENT BOARD REPORT 2010-11**

#### **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. 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.

#### **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 Bursary scheme. 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.

#### **Principal risks and uncertainties**

The principal risk and uncertainty is that there will be exceptional pressures on public sector finance. SAAS student support expenditure is demand-led and outwith organisational control.

#### **Management Board 2010-11**

Tracey Slaven	- Chief Executive
Graham Gunn	- Head of Information Systems and Operational Policy
Audrey Heatlie	- Customer Services Manager
Audrey Shimmons	- Head of Finance
Bruce Nelson	- Non Executive Board Member
Dugald Mackie	- Non Executive Board Member
Allan Forsyth	- Non Executive Board Member
Derek Smeall	- 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 C 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 of receipt of the invoice or delivery of the goods or services, whichever is later. In the year, we paid 96.9% (99.8% in 2009-10) of invoices on time.

## **Charitable donations**

We made no charitable donations in 2010-11. However, under the Healthy Working Lives scheme, we did pay £53 for a demonstration of a Zumba dance class, to encourage staff to participate in future classes at their own expense.

## **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 almost 156,000 applications this session and dealt with 56% of them in 21 days or less. We introduced a “guarantee” date for applications to be received and processed. All of these applications were processed in time for students commencing their studies. Almost all students who made an application to us applied using our on-line services and our website received 6.8m hits. In 2007, the Agency started work to redesign and implement a new student award processing system (StEPS) and this project went live for application session 2011-12. Full details of our business activities during 2010-11 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 amortisation was £7.710m (8.046m in 2009-10). This does not include provision for Central Scottish Government charges where actual expenditure amounted to £0.317m. Comparison of our budget to actual outturn, excluding notional charges, shows a net underspend of £0.717m. This saving is due to amortisation charges not being incurred as a result of the delay in implementing the awards processing system, along with savings on solicitor expenses resulting from improved processes and recharging the Scottish Government Health and Social Care Portfolio the full costs of their legal charges for the recovery of debt from nursing students. These savings were offset by costs for voluntary severance and early retirement. Our capital costs were just within budget of £0.720m.

Total operating costs in the financial year were £7.333m (£7.799m in 2009-10 restated). This represents a decrease of 6% compared to expenditure in the previous year. This decrease is mainly due to lower depreciation and amortisation charges and savings on our solicitor expenses as detailed above.

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 budget for 2010-11 as follows:

	<b>Operating Budget</b>	<b>Capital Budget</b>
	<b>£m</b>	<b>£m</b>
Fees, Grants and Bursaries	344.5	
Individual Learning Accounts	9.8	
Repayment of Awards	(2.0)	
Widening Access Funds	18.8	
Student Loans Company Administration	5.2	
Student Loans Net New Lending	-	123.0
Student Loan Interest Subsidy to Banks	4.5	

In addition we have an operating budget of £83.6m to cover accounting charges such as interest and charges to other provisions relating to student loans.

## **Future business developments**

Our new student awards processing system was introduced in April 2011. Our original aim was to have the system operational for the 2008-09 processing session but risks identified in volume testing delayed implementation. The system provides 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 2010-11.

## **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 one minor data loss issue affecting six students. Mitigation and remedial action has been implemented to avoid recurrence.

## **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 review our Environmental Policy annually and set targets which are published in our Corporate Plan.

We continue to promote physical activity, healthy eating and arrange free of charge twice yearly health checks for staff. We encourage staff, at their own time and expense, to participate in activities such as golf outings, walking, jogging and Zumba classes. We also regularly arrange for a podiatrist and a masseuse to visit the agency to allow staff to book sessions, again at their own time and expense.

## **Average days sickness absence**

The average working days (full time equivalent) lost due to sickness absence for 2010-11 is 13.38 days (13.29 days 2009-10).

## **Disabled employees**

There are 8 members of SAAS staff (8 staff in 2009-10) recorded as disabled on the Scottish Government electronic HR system for 2010-11.

## **Company directorships and other significant interests**

Allan Forsyth, one of our non-executive Management Board members, has declared an interest as he has an IT Consultancy business which contracts with Institutions within the Higher Education sector. He does not undertake contract work for SAAS.

## **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 accordance with best practice guidance from the Scottish Government. Its membership 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 camera should it so wish.

## **Significant changes in assets**

We have summarised the changes in assets in the notes to the financial statements. The intangible asset under construction is the ongoing development to design and build a new awards processing system. The system became operational in April 2011.

Tracey Slaven  
Chief Executive  
5 July 2011

# **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.

The Chief Executive is appointed as a Senior Civil Service Post at Deputy Director Level and is subject to the same performance arrangements as the rest of the Senior civil Service. All other permanent appointments within SAAS are on Scottish Government main terms and conditions.

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](http://www.civilservicecommissioners.gov.uk).

## Remuneration (including 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	2010-11			2009-10		
	Salary £000	Bonus payments £000	Benefits in kind (to nearest £100)	Salary £000	Bonus payments £000	Benefits in kind (to nearest £100)
Tracey Slaven <i>Chief Executive</i>	80-85	0-5	-	40-45 (part year)	-	-
Graham Gunn <i>Head of Information Systems and Operational Policy</i>	60-65	-	-	55-60	0-5	-
Audrey Heatlie <i>Customer Services Manager</i>	35-40	-	-	35-40	0-5	-
Audrey Shimmons (part-time) <i>Head of Finance</i>	35-40	-	-	30-35	-	-

The performance bonus paid to Tracey Slaven, Chief Executive, in 2010-11 includes recognition for performance in a previous role within the Scottish Government as Deputy Director, Third Sector Policy.

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.

Our non executive directors received the following attendance fee payments during financial year 2010-11. No other fees were paid to non executive directors in the year.

<b>Non-executive director</b>	<b>Amount to nearest £</b>
Bruce Nelson	600
Dugald Mackie	800
Allan Forsyth	800
Derek Smeall	1,400

### **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 2010-11 financial year.

### **Bonuses**

Bonuses are paid on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year prior to which the payment is made. The bonuses reported in 2010-11 relate to performance in 2009-10 and the comparative bonuses reported for 2009-10 relate to performance in 2008-09

### **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 31/03/11	Real increase in pension (and lump sum) at age 60	CETV at 31/03/11	CETV at 31/3/10	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Tracey Slaven <i>Chief Executive</i>	10-15 (-)	0-2.5 (-)	111	92	8	-
Graham Gunn Head of Information Systems and Operational Policy	30-35 (90-95)	0-2.5 (5-7.5)	723	633	39	-
Audrey Heatlie Customer Services Manager	15-20 (45-50)	0-2.5 (0-2.5)	263	239	3	-
Audrey Shimmons (part-time) <i>Head of Finance</i>	5-10 (-)	0-2.5 (-)	113	97	7	-

The actuarial factors used to calculate CETVs were changed in 2010/11. The CETVs at 31/3/10 and 31/3/11 have both been calculated using the new factors, for consistency. The CETV at 31/3/10 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors. Taking account of inflation, the CETV funded by the employers has decreased in real terms.

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 Pensions Increase legislation. 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 1/80<sup>th</sup> 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 1/60<sup>th</sup> 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 Pensions Increase legislation. 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.civilservice-pensions.gov.uk](http://www.civilservice-pensions.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**

Seven members of staff left under non-compulsory exit schemes at a total cost of £173,888. Details are provided in note 19 to the accounts.

Tracey Slaven  
Chief Executive  
5 July 2011

## **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.

Tracey Slaven  
Chief Executive  
5 July 2011

## **STATEMENT ON 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 2011 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. Staff dealing with risk are well versed and experienced in all aspects of risk management.

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 (IAO's) and have an Information Security Policy in place. There was one minor data loss issue affecting six students. Mitigation and remedial action has been implemented to avoid recurrence.

Following discovery of an organised fraud ring in 2008-09, where individuals used false identities to claim student support and increasing targeting of the public sector via phishing attacks, we continue to develop and implement measures to strengthen our internal controls.

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 2011 and up to the signing of the accounts my organisation has achieved the following:

- sustained an ongoing major in-house project to re-write our main IT processing system. The system went live on 6 April 2011;
- strengthened internal controls to counter fraud, including the acquisition of new anti-fraud software and the accreditation of staff to interview under caution; and
- implemented a manual attendance conformation project, improving the efficiency of tuition fee payments process.

## 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 non-executive members;
- quarterly meetings with our key liaison figure with the Scottish Government for which a report on all my organisation's activities and achievement of key targets is prepared;
- 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.

Tracey Slaven  
Chief Executive  
5 July 2011

# **Independent Auditor's Report**

## **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 Student Awards Agency for Scotland for the year ended 31 March 2011 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2010/11 Government Financial Reporting Manual (the 2010/11 FReM).

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 Accountable Officer and auditor**

As explained more fully in the Statement of Agency's and Chief Executive / Accountable Officer Responsibilities, the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and receipts. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors. I am also responsible for giving an opinion on the regularity of expenditure and receipts.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts, disclosures, and regularity of expenditure and receipts in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

## **Opinion on 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 directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2011 and of its net operating cost for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2010/11 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

## **Opinion on regularity**

In my opinion in all material respects:

- the expenditure and receipts in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, 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.

## **Opinion on other prescribed matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Chief Executive's report, Our management board, Who we are and what we do, Our aim and vision and contribution to Scottish Government National Outcomes, Service delivery, Our performance against our targets, Environmental report 2010-11, Management board report 2010-11, Management commentary, Key performance measures, Contact information, SAAS organisational chart and Glossary included in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which I am required to report by exception**

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit;  
or
- the Statement on Internal Control does not comply with Scottish Government guidance.

I have nothing to report in respect of these matters.

Mark Taylor  
Assistant Director  
Audit Scotland  
Osborne House  
1/5 Osborne Terrace  
Edinburgh  
EH12 5HG  
July 2011

## STUDENT AWARDS AGENCY FOR SCOTLAND

### Statement of comprehensive net expenditure for the year ended 31 March 2011

		2010-11	Restated 2009-10
	Note	£000	£000
<b>Administrative costs</b>			
Staff costs	2	4,360	4,040
Other administrative costs	3	2,424	2,828
Depreciation and amortisation	4,5	549	931
<b>Net operating costs</b>		<b>7,333</b>	<b>7,799</b>

#### Other comprehensive expenditure

		2010-11	Restated 2009-10
	Note	£000	£000
Net gain/(loss) on revaluation of property, plant and equipment		-	-
Net gain/(loss) on revaluation of intangibles		-	-
Net gain/(loss) on revaluation of available for sales financial assets		-	-
<b>Total comprehensive expenditure for the year ended 31 March 2011</b>		<b>7,333</b>	<b>7,799</b>

The above results relate to continuing activities.

The notes on pages 39 to 52 form part of these accounts.

## STUDENT AWARDS AGENCY FOR SCOTLAND

Statement of financial position as at 31 March 2011

As at:		31 March 2011	31 March 2010
	Note	£000	£000
<b>Non-current assets</b>			
Property, plant and equipment	4	518	572
Intangible assets	5	3,367	3,147
<b>Total non-current assets</b>		<b>3,885</b>	<b>3,719</b>
<b>Current assets</b>			
Trade and other receivables	6	126	138
<b>Total current assets</b>		<b>126</b>	<b>138</b>
<b>Total assets</b>		<b>4,011</b>	<b>3,857</b>
<b>Current liabilities</b>			
Trade and other payables	7	509	559
Provision for liabilities and charges	9	49	24
<b>Total current liabilities</b>		<b>558</b>	<b>583</b>
<b>Total assets less current liabilities</b>		<b>3,453</b>	<b>3,274</b>
<b>Non-current liabilities</b>			
Provisions for liabilities and charges	9	1,005	969
<b>Total non current liabilities</b>		<b>1,005</b>	<b>969</b>
<b>Assets less liabilities</b>		<b><u>2,448</u></b>	<b><u>2,305</u></b>
<b>Taxpayers equity</b>			
General reserve	SOCTE	2,429	2,286
Revaluation reserve	SOCTE	19	19
<b>Total taxpayers equity</b>		<b><u>2,448</u></b>	<b><u>2,305</u></b>

The notes on pages 39 to 52 form part of these accounts

Tracey Slaven  
Chief Executive  
5 July 2011

## STUDENT AWARDS AGENCY FOR SCOTLAND

### Statement of cash flows for the year ended 31 March 2011

	Notes	2010-11 £000	Restated 2009-10 £000
Net cash outflows from operating activities		(6,526)	(6,505)
Net cash outflows from investment activities		(610)	(1,062)
<b>Cash flows from financing activities</b>	17	<b><u>7,136</u></b>	<b><u>7,567</u></b>
Increase/(decrease) in cash in period		-	-
 (A) Reconciliation of operating costs to operating cash flows			
Net operating cost		(7,333)	(7,799)
Adjust for non cash transactions		889	1,258
(Increase)/decrease in receivables and other current assets	6	12	(42)
Increase/(decrease) in trade and other payables	7	(155)	101
Increase/(decrease) in provisions	9	61	(23)
<b>Net cash flows from operating activities</b>		<b>(6,526)</b>	<b>(6,505)</b>
 (B) Analysis of cash flows from investment activities			
Purchase of property plant and equipment	4	(164)	(187)
Purchase of intangible assets	5	(446)	(875)
<b>Net cash flows from investing activities</b>		<b>(610)</b>	<b>(1,062)</b>
 (C) Analysis of cash flows from financing activities			
From Scottish Consolidated Fund	17	7,136	7,567
<b>Cash flows from financing activities</b>		<b><u>7,136</u></b>	<b><u>7,567</u></b>
<b>Decrease/(increase) in cash and cash equivalents</b>		<b>-</b>	<b>-</b>

## STUDENT AWARDS AGENCY FOR SCOTLAND

### Statement of changes in taxpayers' equity for the year ended 31 March 2011

	Note	General reserve £000	Revaluation reserve £000	Total £000
<b>Balance at 31 March 2010</b>		2,286	19	2,305
<b>Changes in taxpayers equity for 2010-11</b>				
Non cash charges – auditors remuneration	3	23	-	23
Non cash charges – notional costs	3	317	-	317
Net operating cost for the year		(7,333)	-	(7,333)
<b>Total recognised income and expenditure for 2010-11</b>		<b>(4,707)</b>	<b>19</b>	<b>(4,688)</b>
Parliamentary funding	17	7,136	-	7,136
<b>Net parliamentary funding drawn down</b>		<b>7,136</b>	<b>-</b>	<b>7,136</b>
<b>Balance at 31 March 2011</b>		<b>2,429</b>	<b>19</b>	<b>2,448</b>

### Statement of changes in taxpayers' equity for the year ended 31 March 2010

	Note	General reserve £000	Revaluation reserve £000	Restated Total £000
<b>Balance at 1 April 2009</b>		2,191	19	2,210
<b>Changes in taxpayers equity for 2009-10</b>				
Non cash charges – auditors remuneration	3	24	-	24
Non cash charges – notional costs	3	303	-	303
Net operating cost for the year		(7,799)	-	(7,799)
<b>Total recognised income and expenditure for 2009-10</b>		<b>(5,281)</b>	<b>19</b>	<b>(5,262)</b>
Parliamentary funding	17	7,567	-	7,567
<b>Net parliamentary funding drawn down</b>		<b>7,567</b>	<b>-</b>	<b>7,567</b>
<b>Balance at 31 March 2010</b>		<b>2,286</b>	<b>19</b>	<b>2,305</b>

## **NOTES TO THE ACCOUNTS**

for the year ended 31 March 2011

### **1 Statement of accounting policies**

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 (reproduced at page 53) these accounts have been prepared in compliance with the principles and disclosure requirements of the Government Financial Reporting Manual (FReM), which follows generally accepted accounting practice as defined in International Financial Reporting Standards (IFRS) as adopted by the European Union and the Companies Act 2006 to the extent that it is meaningful and appropriate in the public sector context. 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.

The accounts are prepared using accounting policies, and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles, set out in International Accounting Standard 8: Accounting Policies, Changes in Accounting Estimates and Errors. Changes in accounting policies which do not give rise to a prior year adjustment are reported in the relevant note.

#### **1.1 Accounting convention**

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, and, where material, current asset investments and inventories to fair value as determined by the relevant accounting standard.

#### **1.2 Change of accounting policy – Capital charge**

HM Treasury, under the Clear Line of Sight (Alignment Project) removed the cost of capital charge from budgets and accounts from 1st April 2010. The cost of capital charge is therefore no longer applicable. The removal of the cost of capital charge is a change in accounting policy under IAS 8. Applying paragraph 31 of IAS 1 and, noting that the removal of the cost of capital charge has no effect on the balance sheets, a specific disclosure is not required. The impact on prior year operating cost statement is to reduce other administration costs by £114,000 giving a revised net operating cost of £7,799,000.

### **1.3 Property, Plant and Equipment (PPE)**

#### **Recognition**

All PPE assets will be accounted for as non-current assets unless they are deemed to be held-for-sale.

#### **Capitalisation**

PPE assets comprise computer equipment, hardware and plant and machinery. 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 are no longer capitalised.

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

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

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

#### **Subsequent Cost**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Agency and the cost of the item can be measured reliably. The carrying amount of any replaced parts will be derecognised as an asset. All other repairs and maintenance are charged to the operating cost statement during the financial period in which they are incurred.

#### **Depreciation**

Depreciation is provided on all PPE 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	- 5 years
Plant and machinery	- 5 years

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

#### **Componentisation**

Where it is appropriate to do so, the agency will componentise its property plant and equipment assets and separately depreciate each item.

## **Impairment reviews**

Impairment reviews are carried out each year. In 2010-11 no impairment of our PPE assets was required.

## **1.4 Intangible assets**

### **Recognition**

Future economic benefit has been used as the criteria in assessing whether an intangible asset meets the definition and recognition criteria of IAS 38 where assets do not generate income. IAS 38 defines future economic benefit as, 'revenue from the sale of products or services, cost savings, or other benefits resulting from the use of the asset by the entity.'

Non income generating assets are carried at amortised replacement cost. These valuation methods are considered to be a proxy for fair value.

Expenditure on software development is capitalised if it meets the criteria specified in the FReM which are adapted from IAS 38 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 the staff costs of those working directly on the project until the system goes live and 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.

### **Amortisation**

Intangible assets are amortised at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

In-house developed software	- 5 years
Purchased software licences	- 3 years

Assets under construction are not amortised until completed for use.

### **Componentisation**

Where it is appropriate to do so, the agency will componentise its intangible assets and separately depreciate each item.

## **Impairment reviews**

Impairment reviews are carried out each year. In 2010-11 no impairment of our intangible assets was required.

## **1.5 Trade payables**

Trade payables are recognised at fair value and are for goods or services received by the Agency. Until 30 November 2008 all outstanding invoices were paid within 30 days of receipt of the invoice or delivery of the goods or services, whichever was later. Following a change of policy by the Scottish Government, from 1 December 2008 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.

## **1.8 Short Term employee benefits**

A liability and an expense is recognised for holiday days, holiday pay, bonuses and other short-term benefits when the employees render service that increases their entitlement to these benefits. As a result an accrual has been made for holidays and flexible working time credits earned but not taken.

## 2 Staff numbers and costs

The average number of full-time equivalent people employed during the year 2010-11 was as follows:

	<b>2010-11</b>
Senior Management	4
Other Permanent Staff	149
Agency Staff	5
<b>Total</b>	<b>158</b>

Our full-time equivalent people during 2010-11 were employed in the following areas of the organisation:

	<b>Customer services</b>	<b>Finance</b>	<b>Information systems and Operational policy</b>	<b>Chief executive's office</b>	<b>HR and Central staff</b>
Senior Management	1	1	1	1	-
Other Permanent Staff	90	13	40	4	2
Agency Staff	2	2	1	-	-
<b>Total</b>	<b>93</b>	<b>16</b>	<b>42</b>	<b>5</b>	<b>2</b>

The average number of full-time equivalent people employed during the year 2009-10 was as follows:

	<b>2009-10</b>
Senior Management	4
Other Permanent Staff	151
Agency Staff	13
<b>Total</b>	<b>168</b>

Our full-time equivalent people during 2009-10 were employed in the following areas of the organisation:

	<b>Customer services</b>	<b>Finance</b>	<b>Information systems and Operational policy</b>	<b>Chief executive's office</b>	<b>HR and Central staff</b>
Senior Management	1	1	1	1	-
Other Permanent Staff	75	15	56	3	2
Agency Staff	9	3	1	-	-
<b>Total</b>	<b>85</b>	<b>19</b>	<b>58</b>	<b>4</b>	<b>2</b>

The total payroll costs of these people were as follows:

	<b>2010-11</b>	<b>2009-10</b>
	<b>£000</b>	<b>£000</b>
Salaries and wages	3,743	3,379
Social Security costs	234	221
Other pension costs	604	569
Agency Staff	95	243
<b>Total</b>	<b>4,676</b>	<b>4,412</b>
Less : capitalised within non-current Assets	(316)	(372)
<b>Charged to Operating costs statement</b>	<b>4,360</b>	<b>4,040</b>

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](http://www.civilservice-pensions.gov.uk)).

For 2010-11, normal employer contributions of £603,928.95 were payable to PCSPS (2009-10: £569,021.54 ) 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 2010-11. 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

	2010-11	Restated 2009-10
	£000	£000
Accommodation including rent and rates	797	863
IT Running costs	721	812
General office expenditure	566	826
Other costs – notional charges	317	303
Audit fee	23	24
<b>Total</b>	<b>2,424</b>	<b>2,828</b>

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.

#### 4 Property Plant and Equipment

2010-11	Information technology	Plant and machinery	Furniture and fittings	Assets under construction	Total
	£000	£000	£000	£000	£000
<b>Cost or valuation</b>					
As at 1 April 2010	2,087	281	291	31	2,690
Additions	154	33	-	-	187
Transfers	-	31	-	(31)	-
Disposals	(513)	-	-	-	(513)
<b>At 31 March 2011</b>	<b>1,728</b>	<b>345</b>	<b>291</b>	<b>-</b>	<b>2,364</b>
<b>Depreciation</b>					
At 1 April 2010	1,641	219	258	-	2,118
Charged in year	186	28	27	-	241
Disposals	(513)	-	-	-	(513)
<b>At 31 March 2011</b>	<b>1,314</b>	<b>247</b>	<b>285</b>	<b>-</b>	<b>1,846</b>
<b>NBV at 31 March 2011</b>	<b>414</b>	<b>98</b>	<b>6</b>	<b>-</b>	<b>518</b>
NBV at 31 March 2010	446	62	33	31	572
<b>2009-10</b>	<b>Information technology</b>	<b>Plant and machinery</b>	<b>Furniture and fittings</b>	<b>Assets under construction</b>	<b>Total</b>
	£000	£000	£000	£000	£000
<b>Cost or valuation</b>					
As at 1 April 2009	1,863	260	291	-	2,414
Additions	224	21	-	31	276
<b>At 31 March 2010</b>	<b>2,087</b>	<b>281</b>	<b>291</b>	<b>31</b>	<b>2,690</b>
<b>Depreciation</b>					
At 1 April 2009	1,446	198	230	-	1,874
Charged in year	195	21	28	-	244
<b>At 31 March 2010</b>	<b>1,641</b>	<b>219</b>	<b>258</b>	<b>-</b>	<b>2,118</b>
<b>NBV at 31 March 2010</b>	<b>446</b>	<b>62</b>	<b>33</b>	<b>31</b>	<b>572</b>
NBV at 31 March 2009	417	62	61	-	540

## 5 Intangible assets

2010-11	Purchased software licences	In-house developed software	Assets under construction	Total
	£000	£000	£000	£000
<b>Cost or valuation</b>				
As at 1 April 2010	256	15,593	2,373	18,222
Additions	81	64	383	528
Transfers	-	-	-	-
<b>At 31 March 2011</b>	<b>337</b>	<b>15,657</b>	<b>2,756</b>	<b>18,750</b>
<b>Amortisation</b>				
At 1 April 2010	204	14,871	-	15,075
Charged in year	20	288	-	308
<b>At 31 March 2011</b>	<b>224</b>	<b>15,159</b>	<b>-</b>	<b>15,383</b>
<b>NBV at 31 March 2011</b>	<b>113</b>	<b>498</b>	<b>2,756</b>	<b>3,367</b>
NBV at 31 March 2010	52	722	2,373	3,147
<b>2009-10</b>	<b>Purchased software licences</b>	<b>In-house developed software</b>	<b>Assets under construction</b>	<b>Total</b>
	£000	£000	£000	£000
<b>Cost or valuation</b>				
As at 1 April 2009	218	15,326	1,858	17,402
Additions	38	77	705	820
Transfers	-	190	(190)	-
<b>At 31 March 2010</b>	<b>256</b>	<b>15,593</b>	<b>2,373</b>	<b>18,222</b>
<b>Amortisation</b>				
At 1 April 2009	196	14,192	-	14,388
Charged in year	8	679	-	687
<b>At 31 March 2010</b>	<b>204</b>	<b>14,871</b>	<b>-</b>	<b>15,075</b>
<b>NBV at 31 March 2010</b>	<b>52</b>	<b>722</b>	<b>2,373</b>	<b>3,147</b>
NBV at 31 March 2009	22	1,134	1,858	3,014

## 6 Trade and other receivables

All our receivables are prepayments. As they are all prepayments there is no provision for bad debts.

	2010-11	2009-10
	£000	£000
Prepayments	126	138
<b>Total</b>	<b>126</b>	<b>138</b>

## 7 Trade and other payables

All our payables are trade payables for goods or services received. Following a direction from the Scottish Government, from 1 December 2008, all outstanding invoices are due to be paid within 10 days (30 days prior to 1 December 2008) of receipt of the invoice or delivery of the goods or services, whichever is later.

Also included is an accrual for the proportion of untaken annual leave and flexible working time credits.

	2010-11	2009-10
	£000	£000
Accruals	375	423
Untaken leave and flexi working credits	134	136
<b>Total</b>	<b>509</b>	<b>559</b>

## 8 Cash and cash equivalents

There were no cash or cash equivalent balances in 2010-11 or 2009-10

## 9 Provisions for liabilities and charges

### Early retirement costs provision

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. A recent review highlighted a shortfall in the future provision which has now been enhanced by £36,000 to cover.

In 2010-11 two members of staff left under an approved early retirement scheme and an additional sum of £49,000 has been provided to meet all future costs.

## 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 9.)

<b>2010-11</b>	<b>Early retirement provision</b>	<b>Dilapidations provision</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance as at 1 April 2010	26	943	969
Add: Balance on provisions within one year	24	-	24
<b>Total as at 1 April 2010</b>	<b>50</b>	<b>943</b>	<b>993</b>
Provided for in the year	85	-	85
Amount released in year	(24)	-	(24)
<b>As at 31 March 2011</b>	<b>111</b>	<b>943</b>	<b>1,054</b>
Balance on provisions within one year	(49)	-	(49)
<b>Balance as at 31 March 2011</b>	<b>62</b>	<b>943</b>	<b>1,005</b>

<b>2009-10</b>	<b>Early retirement provision</b>	<b>Dilapidations provision</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance as at 1 April 2009	51	943	994
Add: Balance on provisions within one year	22	-	22
<b>Total as at 1 April 2009</b>	<b>73</b>	<b>943</b>	<b>1,016</b>
Amount released in year	(23)	-	(23)
<b>As at 31 March 2010</b>	<b>50</b>	<b>943</b>	<b>993</b>
Balance on provisions within one year	(24)	-	(24)
<b>Balance as at 31 March 2010</b>	<b>26</b>	<b>943</b>	<b>969</b>

## 10 Commitments under leases

Total future minimum lease payments under operating leases are given below :-

	2010-11	2009-10
	£000	£000
Building lease expiring within:		
One year	438	429
Two to five years	219	642
Over five years	-	-
<b>Total</b>	<b>657</b>	<b>1,071</b>

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. SAAS has no finance leases.

## 11 Contingent liabilities

There were no contingent liabilities at 31 March 2011 that require to be disclosed under IAS37.

## 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 liabilities	2010-11	2010-11	2009-10	2009-10
	Fair value through OCS	Loans and payables	Fair value through OCS	Loans and payables
	£000	£000	£000	£000
Trade payables	-	375	-	423
<b>Total</b>	<b>-</b>	<b>375</b>	<b>-</b>	<b>423</b>

### 13 Capital commitments

There were no capital commitments at 31 March 2011 or 31 March 2010.

### 14 Post statement of financial position events

There were no material post statement of financial position events that require to be adjusted in the accounts or to be disclosed.

### 15 Financial losses

No financial losses were incurred during financial year 2010-11 or in 2009-10.

### 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 portfolio 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 £7.136m (£7.567m for 2009-10) as recorded in the Agency's Statement of Cash Flows, has been agreed with the Directorate.

### 18 Intra-government balances

	<b>Trade and other receivables: amounts falling due within one year</b>	<b>Trade and other payables: amounts falling due within one year</b>	<b>Trade and other receivables: amounts falling due within one year</b>	<b>Trade and other payables: amounts falling due within one year</b>
	<b>2010-11</b>	<b>2010-11</b>	<b>2009-10</b>	<b>2009-10</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balances with other central government bodies	-	14	1	-

## 19 Compensation for Loss of Office

### Reporting of Civil Service compensation scheme – exit packages 2010-11

Exit package cost band	Number of compulsory redundancies	Number of other departures	Total number of exit packages by cost band
Less than £10,000	0	3	3
£10,000 to £25,000	0	1	1
£25,000 to £50,000	0	2	2
£50,000 to £100,000	0	1	1
£100,000 to £150,000	0	0	0
£150,000 to £200,000	0	0	0
Total number of exit packages	0	7	7
Total resource costs	0	£173,888	£173,888

There were no exit packages in 2009-10

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in the year that departure is agreed. Where the department has agreed early retirements, the additional costs are met by the department and not the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in this table.



**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.**

A handwritten signature in blue ink, appearing to read 'Alison Stelfox'.

Signed by the authority of the Scottish Ministers

Dated 17 January 2006

## Part 7

### Key Performance Targets

SAAS's primary customers are eligible students and their families. Good performance for those customers will mean an accurate and timely assessment of the application for support – so that students have their award letters in advance of matriculation at their institution; with a payment schedule advising when awards will be paid. The performance of SAAS, is however, also impacted by when students submit their applications. The following target therefore balances processing performance with encouragement to students to submit applications early.

- All applications received by 30 June to be processed in time for courses starting in the new academic session (earliest date 1 August).

SAAS must also provide clear expectations of the time-frame in which enquiries will be answered.

- All email or written enquiries to be resolved within 21 days.
- All formal complaints and appeals to receive a response within 14 days.

### Management Performance Measures

SAAS will also regularly monitor processing and quality standards within the organisation.

#### Processing

- Percentage of applications received 3 weeks in advance of course date and processed before commencement
- 75% of applications to be processed within 21 days.
- Average unit cost per application to be less than £40.

#### Complaints

- Less than 1 in 1000 applications to generate a formal complaint to SAAS.
- Less than 10 formal complaints to be received/upheld by Scottish Public Sector Ombudsman each year.
- 100% of ministerial correspondence to be delivered within target.

#### Financial Performance

- 100% of invoices to be paid within 10 days
- 30% of Opening Debt to be recovered during the year

## Part 8

### Contact information

Our offices are staffed and open for business between 8.30 a.m. and 5 p.m, Monday to Thursday, and 8.30 a.m. to 4.30 p.m. 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

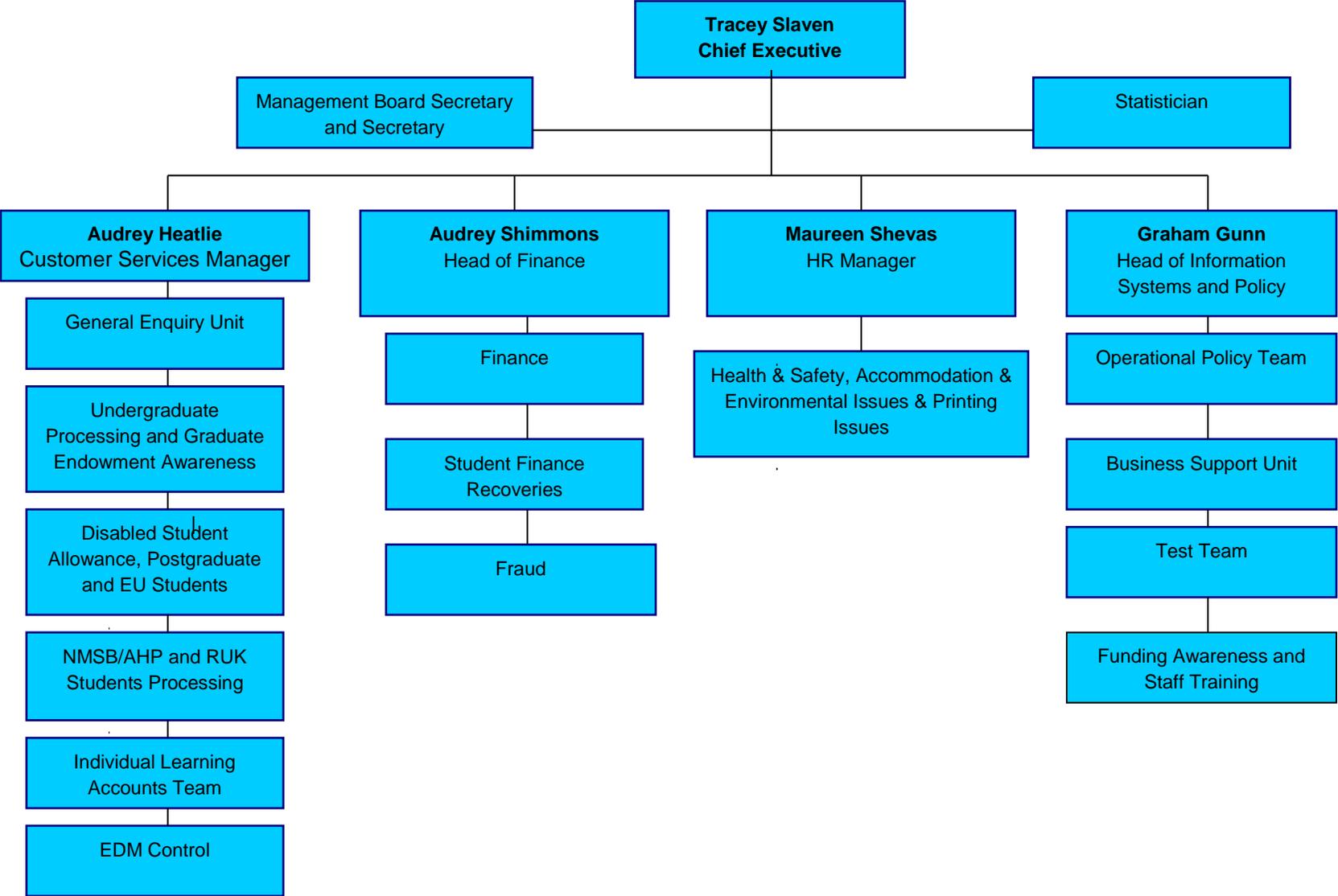
Automated telephone answering service: 0300 555 0505

Fax no: 0131 244 5887

E-mail: [www.saas.gov.uk/contact.htm](http://www.saas.gov.uk/contact.htm)

Website: [www.saas.gov.uk](http://www.saas.gov.uk)

# SAAS Organisation Chart



## Part 9

### Glossary

<b>Accruals basis</b>	The most commonly used accounting method in which income and expenses are accounted for as they are earned or incurred, whether or not they have been received or paid.
<b>Actuarial</b>	Statistical method used in determining the amount of periodic contributions to a pension fund.
<b>AHP</b>	Allied Health Professions. These are the clinical healthcare professions distinct from the medical and nursing professions. They register with the Health Professions Council.
<b>Capitalisation</b>	The addition to the statement of financial position (balance sheet) of any expenditure for the purchase or improvement of an asset which could otherwise have been treated as an expense to be charged to the statement of comprehensive expenditure (income & expenditure account).
<b>Componentisation</b>	Componentisation recognises that not all components of a non-current asset have the same useful life. Some components may wear down or depreciate at different rates throughout their life. As such, accounting practice requires that each significant component of a non-current asset be depreciated separately over its useful life.
<b>Contingent liability</b>	A possible financial obligation that arises from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within an entity's control.
<b>Current asset investment</b>	Application of cash or an asset expected to be converted into cash within one year.
<b>DEFRA</b>	Department for Environment, Food and Rural Affairs.
<b>Depreciation</b>	The measure of the cost or revalued amount of the economic benefits of a non-current asset that have been consumed during a financial period. This includes the wearing out, using up or other reduction in the useful economic life of an asset.
<b>Dilapidation costs</b>	Estimated costs to return rented premises to a contractually required state of repair at the end of the lease.
<b>Dyslexia</b>	A learning disability that impairs a person's fluency or comprehension accuracy in being able to read and spell.
<b>Economic benefits</b>	These are usually gains quantifiable in terms of money, such as revenue, net cash flow and net income as a result of an improvement in facilities provided by an organisation.
<b>Useful economic life</b>	Period during which an asset or property is expected to be usable for the purpose it was acquired. It may or may not correspond with the item's actual physical or economic life.

<b>EDM</b>	Electronic Data Management. SAAS department with responsibility for converting applications and associated correspondence received from students into electronic format.
<b>EU</b>	European Union.
<b>Fair value</b>	The amount of money for which it is assumed an asset or liability could be exchanged in an arm's length transaction between informed and willing parties.
<b>Financial instrument</b>	Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
<b>General reserve</b>	Any retained funds set aside by an entity for future use.
<b>Graduate endowment</b>	A fixed amount that graduates had to pay after completing their degree which was abolished from April 2008.
<b>HE</b>	Higher education.
<b>Historical cost convention</b>	An accounting technique that requires transactions to be recorded at the price ruling at the time, and for assets to be valued at their original cost.
<b>HR</b>	Human Resources.
<b>Impairment review</b>	Required when an event or change in circumstance happens to a non-current asset or to the economic environment in which it is used meaning the carrying amount may not be recoverable.
<b>In real terms</b>	The change in a value after correcting for the effects of inflation.
<b>Intangible asset</b>	Non-current asset of a non monetary nature that has no physical substance (something of value that cannot be physically touched) such as IT software.
<b>Intra government balances</b>	Transaction balances with other government bodies.
<b>ISO 14001</b>	An international standard that specifies a process for controlling and improving an entity's environmental performance.
<b>IT</b>	Information technology.
<b>Matriculation</b>	The process where students register with their university or college each academic year.
<b>NHS</b>	National Health Service.
<b>NMSB</b>	Nursing & Midwifery Student Bursary
<b>Non current assets</b>	An asset that is not expected to be turned into cash within one year during the normal course of business. These include buildings, land, equipment/machinery and other assets held for relatively long periods.

<b>Notional charge</b>	Charge for a service provided by the Scottish Government, although no actual monies change hands.
<b>Phishing attack</b>	A way of attempting to acquire sensitive information such as usernames, passwords and credit card details by pretending to be a trustworthy entity in an electronic communication.
<b>Post statement of financial position events</b>	Something that happens after the date when the Statement of Financial Position is drawn up, and before the time when it is officially approved, which affects an entity's financial position.
<b>PC</b>	Personal computer
<b>Postgraduate</b>	Academic study carried out upon conclusion of a first degree.
<b>Prepayment</b>	Payment made in advance for an item for example, rent, rates or insurance.
<b>Provision</b>	A liability of uncertain timing and uncertain amount.
<b>Provision for bad debts</b>	Created because of the uncertainty regarding debtors settling their debts.
<b>Recognised income and expenditure</b>	Recording income earned by an entity either at the time of sale or when a service is provided during the financial year.  Recording costs incurred by an entity either at the time of payment or when a service is received during the financial year.
<b>Related party</b>	A person or entity that is related to the entity that is preparing its financial statements.
<b>Replacement cost</b>	The price that will have to be paid to replace an existing asset with a similar asset.
<b>Residual value</b>	How much a non-current asset is worth at the end of its lease, or at the end of its useful life.
<b>Restated</b>	A revision to an entity's financial statements. An entity may need to issue a restatement on its previously announced financial information for a variety of reasons, including changes in accounting practice.
<b>Revaluation</b>	A change in the value of an asset to reflect its current market value.
<b>RUK</b>	Rest of UK.
<b>Running costs</b>	The amount of money that is regularly spent by on things like electricity, salaries, rent etc.
<b>SG</b>	Scottish Government
<b>Statement of cash flows</b>	Cash receipts and cash payments during a specified period.

<b>Straight line basis</b>	A method of calculating depreciation by taking an equal amount of the asset's cost as an expense for each year of the asset's useful life.
<b>Trade and other receivables</b>	The amount that customers owe an entity for money, goods, or services provided.
<b>Trade and other payables</b>	Amounts owed to suppliers for purchases or services rendered.
<b>Undergraduate</b>	Education level taken prior to gaining a first degree.

# **STUDENT AWARDS AGENCY FOR SCOTLAND**



**Annual Report and Accounts**

**2011-12**



[www.saas.gov.uk](http://www.saas.gov.uk)



# **Student Awards Agency for Scotland**

An agency of the Scottish Government

# **SAAS**

## **Annual report and accounts**

### **2011-12**

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 2012

SG/2012/139

# Contents

	<b>Page</b>
<b>Chief Executive's foreword</b>	<b>2</b>
<b>Our management board</b>	<b>3</b>
<b>Part 1 Who we are and what we do</b>	<b>4</b>
<b>Part 2 Our aim and vision</b>	<b>5</b>
<b>Part 3 Service delivery</b>	<b>6</b>
<b>Part 4 Key performance targets</b>	<b>12</b>
<b>Part 5 Environment and sustainability report</b>	<b>15</b>
<b>Part 6 Annual accounts</b>	<b>18</b>
<b>Part 7 Contact information</b>	<b>54</b>
<b>Part 8 Organisation charts</b>	<b>55</b>
<b>Part 9 Glossary</b>	<b>57</b>

## Chief Executive's Foreword

Having taken over as Chief Executive of SAAS at the end of March, this is my first Annual Report and Accounts for the Agency although I can take no credit for any of the achievements in it. I have been hugely impressed with the Agency and its people who manage some complex schemes, a very cyclical business, major change initiatives, and do so while trying to retain a clear focus on delivering to our customers. I'm not surprised that SAAS has achieved the key objectives which are highlighted in this report.

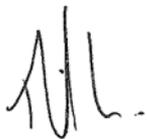
In 2011-12 we dealt with over 158,000 applications for undergraduate support, a small increase on the previous year; over 90,000 applications for the ILA200 scheme and over 7,000 applications for Part-Time Fee Grant.

This has also been the second year of the 'Guarantee Date' for processing applications. Once again the Agency managed to process every application received by 30 June in time for courses starting in the new academic year. This guarantee gives customers clarity and comfort about the application process timescale and helps set clear expectations. We have continued to work hard with universities, colleges, parents and students to help get that message across.

Prior to my arrival, the Agency underwent significant restructuring in response to both our customer surveys and our annual internal staff survey. The major outward facing change is a dedicated customer contact centre to improve the response time to customers; particularly at peak times in the application cycle. At the time of writing this is showing measurable improvements for the 2012-13 session which I hope to report on next year.

Our major task over the next year is to embed this new structure and ensure that it delivers the service improvements anticipated for our customers. As always however SAAS will have to continue to manage service delivery against ongoing policy development with Scottish Government Policy colleagues. Next year the challenge will be to deliver a significantly simplified package of student support as part of the wider 'Post-16' reforms.

Once again this will be challenging times for the Agency but I am confident our people, working closely with key stakeholders, customers and partners, will deliver on our commitments.



David Wallace  
Chief Executive  
2 July 2012

## Our management board

Tracey Slaven (until 30 March 2012)	Chief Executive
David Wallace (from 31 March 2012)	Chief Executive
Audrey Shimmons	Head of Finance
Graham Gunn (until 3 February 2012)	Head of IS and Operational Policy
Anne Ward (from 4 February 2012)	Head of Business Support
Audrey Heatlie	Customer Services Manager
Maureen Shevas	Human Resources and Accommodation Manager
Allan Forsyth (until 5 October 2011)	Non Executive Board Member
Bruce Nelson	Non Executive Board Member
Dugald Mackie	Non Executive Board Member
Derek Smeall	Non Executive Board Member
Geoff Holliman (from 1 December 2011)	Non Executive Board Member

Our current non-executive board members have a wide range of experience in further or higher education and financial administration. They are Bruce Nelson (Registrar, College of Science and Engineering, University of Edinburgh), Dugald Mackie (retired Vice Principal, University of Manchester), Derek Smeall (Assistant Principal, Cumbernauld College) and Geoff Holliman (Former Board Member, Glasgow Metropolitan College). Dugald Mackie is chair of our Audit Committee.

## 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, managing total budgets in excess of £500 million.

Our core function is the assessment of all forms of student support provided by the Scottish Government for those entering and continuing in higher education.

### **For those wishing to access Higher Education, we:**

- Provide information through the web and visits to schools, colleges and universities on how student support can assist individuals in accessing higher education.
- Assess financial support for tuition fees and living costs, including the special arrangements for nursing, taught postgraduate study and NHS bursaries.
- Pay tuition fees to institutions on behalf of the student and pay bursaries direct to the student.
- Provide resources and data to the Student Loans Company to allow payment of student loans.
- Assess student applications for additional assistance in the form of disability support and lone parent and dependant support.
- Provide funds to Scottish Universities and Colleges to further support students facing hardship and to Scottish Universities to support students with childcare needs.

### **We also:**

- Assess applications from individuals and pay fees to learning providers under ILA200, in partnership with Skills Development Scotland.
- Maintain a register of charities that offer educational endowments.
- Collect the Graduate Endowment fee (abolished with effect from 1 April 2008).

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

## Our aim and vision

Student Awards Agency for Scotland's vision is one of fair access to Higher Education, based on ability to learn. Our strategic aim is to provide an effective, timely, accessible and transparent student support system and, therefore, to ensure that access to the student finance system does not act as a barrier to individuals flourishing within higher education. The Scottish Government's National Performance Framework has five strategic objectives: Wealthier and Fairer; Smarter; Healthier; Safer and Stronger; Greener.

**Smarter Scotland:** The Agency's main functions contribute to the expansion of opportunities for Scots to succeed in lifelong learning, ensuring higher and more widely shared achievements.

Of the Government's fifteen National Outcomes, those to which SAAS most directly contributes are:

*Our public services are high quality, continually improving, efficient and responsive to local people's needs;*

By instilling a culture of continuous improvement in the management of student support and ensuring that customer access and ease of use are fully considered in policy development.

*Addressing the significant inequalities in Scottish life;*

By providing information through web presence, documents, and visits to schools, colleges and universities to improve awareness of the distinctive Scottish approach to student support among those traditionally less likely to consider Higher Education.

*We reduce the local and global environmental impact of our consumption and production;*

By considering the environmental impacts of changes to our processes – moving to online applications – and in the management of our building.

SAAS also contributes to other National Outcomes where the lead role rests with our policy colleagues, schools, colleges and universities:

*We are better educated, more skilled and more successful, renowned for our research and innovation;*

By operating an accessible student support system, progression to higher education is an achievable aspiration.

*Our young people are successful learners, confident individuals, effective contributors and responsible citizens;*

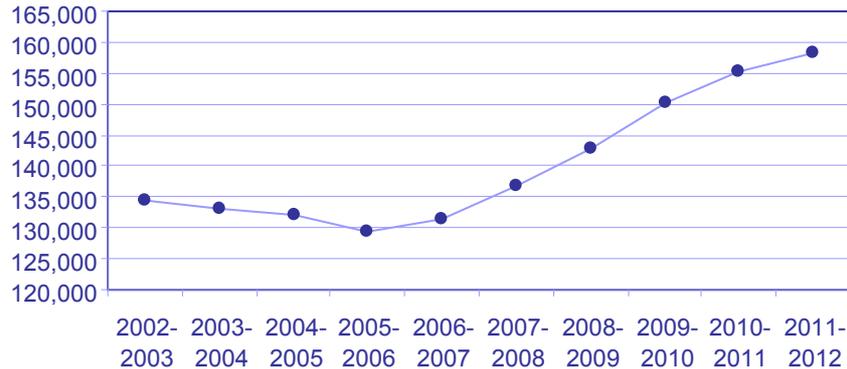
While managing support for taught postgraduate study, SAAS works with institutions and Scottish Government to ensure that support is focused on study areas which reflect excellence and contribution to Scotland.

# Service delivery

## Applications for support

We received 158,534 applications in 2011-12; 145,567 from undergraduates, 3,005 from postgraduates and 9,962 from nursing and midwifery students. This is a 2% increase on session 2010-11, which was in turn 3% up on the previous year.

Applications received



In 2011-12 we continued our commitment to have funding in place for the start of the new autumn term for all students applying in full by the guarantee date (which was extended to 5 July on agreement with the management board). This was the second year of the guarantee, with over 108,000 taking advantage of it, an increase of 18% on last year.

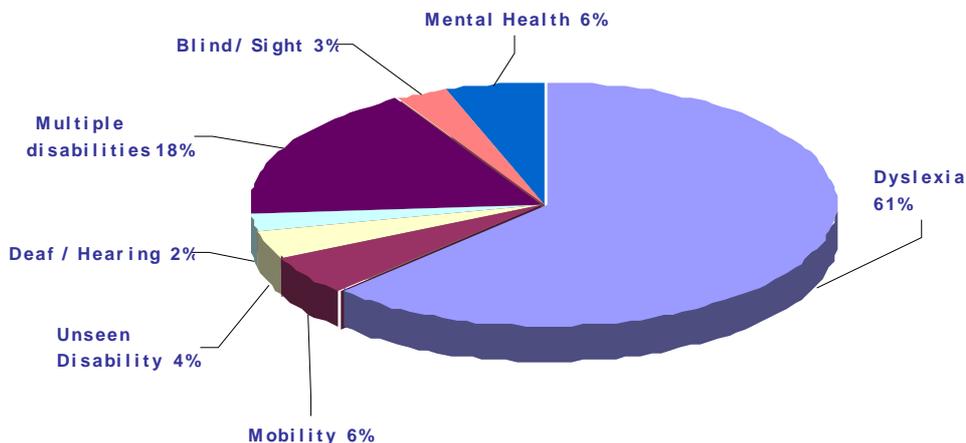
## NHS Bursary Scheme

During 2011-12 we processed 730 applications from students eligible for support under the NHS Bursary Scheme.

## Disabled Student Allowances (DSA)

DSA applications increased again during 2011-12 from 4,779 to 5,148 (almost 8%). Students with dyslexia remain the largest group claiming DSA (61%); the following chart provides a breakdown of applications by type of disability.

Students receiving DSA by disability type 2011-12



## Educational Endowments

We searched the Register of Educational Endowments on behalf of 422 students during the year.

## Individual Learning Accounts Scotland

2011-12 saw a small increase in ILA200 applications, with the number of learners using their accounts (i.e. making at least one booking) down from 71% to 43%, close to levels in previous years. We processed 90,506 applications and 22,830 income reassessments.

ILA200	Applications processed	%	Income reassessments	%	Accounts opened	%	Applicants making at least 1 booking	%
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%
2009-2010	78,364	↑68%	22,505	↑33%	66,674	↑85%	31,168	↓10%
2010-2011	88,967	↑13.5%	31,052	↑40%	82,399	↑24%	58,406	↑87%
2011-2012	90,506	↑1.7%	22,830	↓36%	77,349	↓6.5%	33,609	↓73%

## Part-Time Fee Grant

The Part-Time Fee Grant was introduced in April 2011 (formerly the ILA500). Applications are made directly to SAAS and we processed 7,317 applications in 2011-12, a 14% decrease from the previous year.

## Internet services

Our website received over 7.7 million hits in 2011-12 and almost 100% of students applied for their financial support online.

## Graduate Endowment Fee

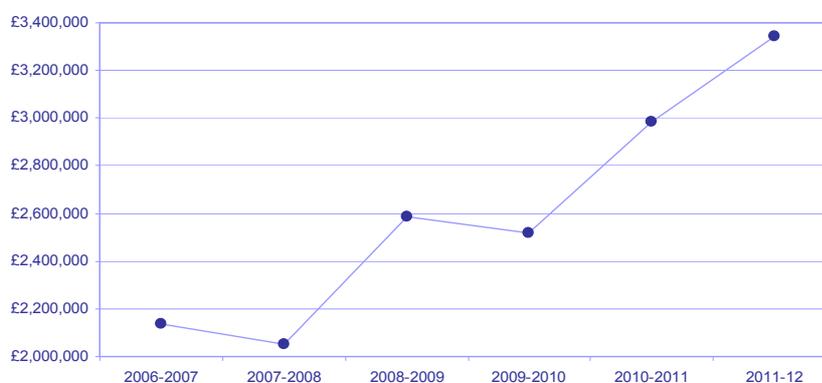
As at 31 March 2012, 73 students remained liable to pay the Graduate Endowment fee. Of these students, 55 have now completed their studies and the remaining 18 continue to have their payments deferred because they are still in full-time study.

## Recoveries

The table and chart below show the amount of debt we have recovered in the period 2006-07 to 2011-12.

	April to June	July to September	October to December	January to March	Total
2006-07	£502,915	£579,204	£443,213	£610,675	£2,136,007
2007-08	£560,928	£450,983	£536,677	£501,663	£2,050,251
2008-09	£709,635	£546,878	£580,058	£748,550	£2,585,121
2009-10	£658,155	£507,347	£635,245	£718,711	£2,519,458
2010-11	£719,084	£629,096	£737,679	£901,498	£2,987,357
2011-12	£851,975	£702,116	£813,194	£977,254	£3,344,539

Cash recovered



At the end of March 2012, outstanding debt totalled £14,795,756. Of that total, £3,611,311 (24%) is attributable to student nurses and midwives whose bursaries we administer on behalf of the Scottish Government's Health and Social Care Directorate.

## Information and advice

After the success of the guarantee date in 2010, we continued to focus on getting students to 'apply early' in 2011 with posters, postcards and booklets produced to advertise the deadline. In addition, we contacted continuing students through emails and new students through our website, guidance booklets and attendance at events across the country. We attended 268 events at institutions, schools and career conventions. This involved speaking to future students and their families, giving them information about student support and how we can help them. We are aware that students use many different ways of communicating, particularly through social media. As a result we launched our first Facebook and Twitter pages and a YouTube channel. These have been hugely successful and provide another way of communicating quickly and effectively with students. We have developed a number of videos to help our students find out what funding is available and how to correctly complete our application forms.

## Complaints and appeals

We publish our complaints and appeals procedure on our website ([www.saas.gov.uk](http://www.saas.gov.uk)) and provide guidance and training to all staff dealing with correspondence. The

Chief Executive's office monitors complaint and appeal handling and produces a quarterly report for the Management Board. These reports provide details of all complaints and appeals received and actions taken to address them. Board members look at whether there are patterns or trends that would require a change to our working practices. During 2011-12 we received 126 complaints and 287 appeals, 93% of which we answered within 14 working days.

### **Freedom of information**

Our publication scheme is available on our website as required under the Freedom of Information (Scotland) Act 2002. During the period April 2011 to March 2012, we received 42 requests for information under the Act and in all cases we responded within the statutory period of 20 working days.

### **Surveys**

We carry out regular surveys of staff, stakeholders and customers and analyse the results to identify where we can improve our services. Thank you to everyone who took the time to complete our survey forms.

SAAS participate in the annual Civil Service-wide Employee Survey which took place in October 2011 and provided an engagement score of 45%. The results indicated that improvement was required in managerial support provided to staff. This led to a restructuring programme in February 2012 and included a strengthening of the management team. A survey to institution staff was issued via email in May 2011 and we received a 65% response rate. Analysis of the responses provides a satisfaction index of 69%.

A customer survey was made available on our website in March 2012 and the responses provided a satisfaction index of 52%, with feedback that helped the agency plan for the next session. We also completed our fifth Disabled Students' Allowance (DSA) customer survey. The survey was sent to every student awarded DSA in the previous session and asked them for comments on the services we provide as well as the overall DSA policies in place. A summary of the main findings is as follows:

- Needs Assessment – most students were satisfied with the needs assessment process and the staff at institutions and Access Centres who provide this service advised that students felt there should be more information about what to do if they were not happy with their needs assessment report. We are working with institutions to ensure that the information on their appeals process is clearly publicised.
- Application and Guidance – 82% of students agreed that the DSA Application Guidance Notes were easy to understand and 80% of students found the application process to be efficient. Our DSA Guidance Notes have been substantially re-written in the last couple of years as a result of feedback from the survey. We now include a flow chart that shows students how the application process works and how long each stage takes.
- Payment Method – 91% of students were satisfied with the method of payment for DSA.

## Human Resources

Tracey Slaven was Chief Executive until 30 March 2012 and was replaced by David Wallace on 31 March 2012; Tracey has maintained strong links with us in her new role as Deputy Director, Higher Education & Learner Support.

During the period 1 April 2011 to 31 March 2012 SAAS appointed 7 Band A staff under the Modern Apprentice Scheme and one Band B member of staff. The Band B appointment was made as a result of a recruitment campaign, which complied fully with the Civil Service Commissioners' Recruitment Code ensuring fair and open competition and was appointed on merit. The Modern Apprentices recruited are not subject to fair and open competition rules and were for one year Fixed Term appointments. Of the 8 members of staff appointed 3 were female and 5 were male. None of the appointees declared a disability and none were from an ethnic minority.

As at 31 March 2012, 30 permanent employees were working part time, with varied working patterns of 2 to 5 days, covering a minimum of 15 hours to a maximum of 35 hours per week. In addition, one member of staff works annualised hours and 4 work a full-time compressed week.

### SAAS Headcount as at 31 March 2012

Directorate	Grade	Female		Male		Grand Total
		FT	PT	FT	PT	
CHIEF EXECUTIVE OFFICE	SCS Deputy Director 1	1				1
	C3			1		1
	B2	1				1
	A4		1			1
	A3	1				1
HUMAN RESOURCES & ACCOMMODATION	B3	1				1
	B2			1		1
	A4		1	1		2
BUSINESS DELIVERY	C1	1				1
	B3	2				2
	B2	1	1			2
	B1	4		3		7
	A4	8	2	5		15
	A3	25	12	26	2	65
FINANCE	C1		1			1
	B3			2		2
	B2		1			1
	B1	1		1		2
	A4	1				1
	A3	3	2	4	2	11
CUSTOMER ENGAGEMENT AND BUSINESS SUPPORT	B3	2		3		5
	B2	3	2	3		8
	B1	3	1	8		12
	A4	4		5		9
	A3		2			2
Grand Total		62	26	63	4	155

### **Average days sickness absence**

The average working days (per full-time equivalent employee) lost due to sickness absence for 2011-12 is 12.4 days (13.4 days 2010-11). This is higher than the average SG core staff absence of 6.4 days and is an issue. We will be addressing this by means of a specific objective in the SAAS Business Plan for 2012/13 and will use the SG attendance management procedures to reduce sickness absence.

### **Disabled employees**

There are 7 members of SAAS staff (8 staff in 2010-11) recorded as disabled on the Scottish Government electronic HR system for 2011-12.

### **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 our offices at Gyleview House. The Agency's Management Board receive minutes of these meetings which are also available on our website.

## Key performance targets

SAAS's primary customers are eligible students and their families. Good performance for our customers will mean an accurate and timely assessment of their application for support – so that students have their award letters in advance of matriculation at their institution; with a payment schedule advising when awards will be paid. However, the performance of SAAS is impacted by the dates that students submit their applications. The following target therefore balances processing performance with encouragement to students to submit applications early.

- All applications received by 30 June to be processed in time for courses starting in the new academic session (earliest date 1 August).

SAAS must also provide clear expectations of the time-frame in which enquiries should be answered:

- All email or written enquiries to be resolved within 21 days.
- All formal complaints and appeals to receive a response within 14 days.

### Management Performance Measures

SAAS will also regularly monitor processing and quality standards within the organisation.

Processing:

- 90% of applications to be processed within 21 days.
- Average unit cost per application to be less than £40.

Complaints:

- Less than 1 in 1,000 applications to generate a formal complaint to SAAS.
- Less than 10 formal complaints to be received/upheld by Scottish Public Sector Ombudsman in the life of corporate plan.
- 100% of ministerial correspondence to be delivered within target.

Financial Performance:

- 100% of invoices to be paid within 10 days.
- 30% of opening debt to be recovered during the year.

## Performance against our targets

Targets	Performance 2007-2008	Performance 2008-2009	Performance 2009-2010	Performance 2010-2011	Performance 2011-2012
<b>Key Targets</b>					
All applications received by 30 June to be processed in time for courses starting in the new academic session (earliest start date 01 August)	Not available	Not available	Not available	100%	100%
All email or written enquiries to be replied to within 21 days	88%	93%	98%	98%	95%
All formal complaints and appeals to receive a response within 14 days	95%	98%	96%	93%	93%
<b>Management Performance Targets</b>					
<b>Processing:</b>					
To process 90% of applications within 21 days of receipt.	83% within 21 days	95% within 21 days	75% within 21 days	56% within 21 days*	52% within 21 days*
Average unit cost of less than £40 to process an application based on relevant costs.	£37.58	£37.12	£36.13	£36.54	£39.64
<b>Complaints:</b>					
Less than 1 in 1,000 applications to generate a formal complaint to SAAS	0.94 per 1,000 applications	0.69 per 1,000 applications	0.76 per 1,000 applications	0.69 per 1,000 applications	0.80 per 1,000 applications
Less than 10 formal complaints to be received/upheld by the Scottish Public Sector Ombudsman	Not available	Not available	3 received 0 upheld	2 received 0 upheld	3 received 1 upheld
100% of ministerial correspondence to be delivered within target: • ministerial replies (10 working days) • official replies (20 working days)	Not available	Not available	87% ministerial replies 100% official replies	98% ministerial replies 100% official replies	100% ministerial replies 100% official replies
<b>Financial Performance:</b>					
100% of invoices to be paid within 10 days (30 days prior to Dec 08)	95.6%	98.0%	99.8%	96.9%	98.4%
30% of opening debt to be recovered during the year	29%	31%	25%	30%	26%

\* The processing time for applications received after the 30 June Guarantee Date was extended with support and approval of the Management Board.

# Performance against our targets - commentary

## Key targets

### Applications received by 30 June

We met our target of 100% which was introduced, and also met, in the previous academic session. The processing team achieved this although an additional 9,226 applications were received and included as a result of the closing date being extended to 5 July. This resulted in a total of 99,973 undergraduate applications being received by 5 July 2011 and processed within the Guarantee.

### Email and written enquiries

Our performance was impacted in 2011 by the volume of additional applications and enquiries received.

### Complaints and appeals

Performance has maintained over the last two years. Although again, pressure of additional volume may have impacted in 2011/12, we are committed to improving this. In 2012/13 we have created a Compliance, Complaints and Change Team who will monitor this activity more closely ensuring the various areas of the organisation meet the agreed response delivery timescales.

## Management performance targets

### Processing

The processing time for applications received after the 30 June Guarantee Date was extended with support and approval of the Management Board.

The cost to process an application increased as we spent more, during the year, on property repairs and IT costs for the rollout of our new student awards processing system.

### Complaints

We have maintained a focus on providing a high level of customer service throughout the organisation to ensure we mitigate the number of complaints being escalated, although there are a number of cases where a complaint is generated as a result of a student being unhappy with the level of support they are eligible for and not necessarily the service delivered by SAAS. One complaint was upheld by the Scottish Public Sector Ombudsman in 2011-12, this was issued in the form of a decision notice as they concluded they were satisfied that SAAS had assessed the application initially received within the Agency's policy.

### Financial performance

We paid a total of 2,055 invoices within our 10 day target with a further 34 being paid within 12 days of receipt.

We aim to recover 30% of opening debt each year. During the previous financial year 2010-11, we carried out a review to make sure that we had recognised all debt due to SAAS. This resulted in more debt being added toward the end of the year making the 30% target challenging to meet for 2011-12. We are, however, satisfied with the £3.3m we collected, an increase of 12% on 2010-11.

# Environment and Sustainability Report

## SAAS Environmental Policy

SAAS's Environmental Policy is to ensure that we try to reduce the impact of our operations on the environment. Our policy is consistent with the 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:-

- Reduce the amount of waste produced and sent to landfill.
- Reduce the amount of energy used per member of staff each year.
- Reduce water usage per member of staff each year.

The agency continues to comply with legislation and best practice to meet ISO 14001 standards and our environmental targets. We also monitor and report on energy, water usage and waste recycling.

**Table 1 Utilities comparison 2008-09 to 2011-12**

	2008-2009		2009-2010		2010-2011		2011-2012	
	Usage (kWh)	CO2 emissions (Tonnes)						
<b>Electricity</b>	369159	159.01	402532	163.63	399550	171.81	446650	232.76
<b>Gas</b>	295051	56.06	270945	38.18	223742	44.41	291708	53.44
<b>Total</b>	664851	215.07	665377	201.81	604955	216.22	705368	286.20
<b>Water (m<sup>3</sup>)</b>	1874*		818		851		731	

**Table 2 Consumption per full time equivalent staff member 2008-09 to 2011-12**

	2008-2009	2009-2010	2010- 2011	2011-2012
<b>Average FTE staff</b>	156	168	158	162
<b>Office Space (m<sup>2</sup>)</b>	28.5	26.5	28.2	27.5
<b>Electricity usage (kWh)</b>	2366	2396	2529	2757
<b>Gas usage (kWh)</b>	1891	1613	1416	1801
<b>Water usage (m<sup>3</sup>)</b>	12*	4.9	5.4	4.5

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

**Note:** CO2 emissions are calculated as recommended by the Carbon Reduction Commission (CRC) (electricity kwh are multiplied by 0.52114 then divided by 1,000; gas kwh are multiplied by 0.18322 then divided by 1,000).

**Gas Usage**

Gas consumption rose in 2011-12 due to extended working patterns which resulted in the central heating being switched on for longer hours. Heating is reduced to ‘frost protection’ level at weekends and over the Festive Period when the office is closed.

**Electricity Usage**

We purchase 100% of the electricity required to run our building from “green” sources, through SG procurement. Electricity consumption has increased due to extended working patterns; however the increase would have been greater had it not been for measures we have taken to keep consumption down in other ways, for example all the Agency’s PCs are automatically switched off at 7 p.m.

**Water Usage**

Water usage is now very stable since the introduction of water saving initiatives in 2008. This year the water usage is averaging 2.01m<sup>3</sup> per day.

**Paper usage**

The Agency’s use of paper has decreased significantly over the last few years as a result of material operational changes, including the move to online applications and electronic records.

All the white paper we buy is made from 100% recycled materials and printers are configured to automatically print double sided. 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 3 Total waste comparison 2009-2010 to 2011-2012**

	2009-2010 (Metric tonnes)	2010-2011 (Metric tonnes)	2011-2012 (Metric tonnes)
Total waste recorded	53.165	55.095	64.842
Recycled	49.997 (94.04%)	41.029 (74.20%)	48.462 (72.85%)
Landfill	3.168 (5.96%)	14.065 (25.80%)	17.400 (27.15%)
Total waste per person (based on average staff numbers)	0.316	0.349	0.400

From 2010-11, waste has been collected under a collaborative Scottish Government contract. SAAS waste is aggregated with collections from other partners before being recorded and does not accurately reflect the figure for SAAS; we continue to work with our partners to improve this recording method.

### **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.

### **Office Space**

We currently lease a 4,448.5m<sup>2</sup> building at South Gyle Business Park in Edinburgh. As part of the SG's consolidation & sustainability plans, we will be ending the lease in May 2015 and moving nearby to shared office space within an SG owned building. This will generate annual savings to the SG of around £600k in rent & rates and should also reduce our annual utilities consumption & expenditure of £60k as we will be sharing staff facilities with other occupiers.

### **Travel**

In 2011-12 the Agency issued 193 train tickets and 187 bus tickets to staff attending meetings or training events out with the office and travelling by public transport.

In the same period the Agency's video conferencing facilities were used 13 times for meetings, saving 26 journeys. We offer staff training on video conferencing equipment to increase its usage.

We have bike racks which are 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 a notice board giving information on local cycle paths and provide free cycle maps of surrounding areas through the 'A Better Way to Work' scheme.

### **Communication**

Our environmental policy and practice is an important element of induction training for all new staff. The environmental notice board is kept up to date with relevant notices, leaflets and we publish high level details of our environmental performance in our annual reports and corporate plans.

# Annual accounts 2011-12

## MANAGEMENT BOARD REPORT 2011-12

### 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. 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.

### 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 Bursary Scheme. We distribute Discretionary and Childcare Funds to Scottish universities and Discretionary Funds to Scottish colleges. We provide resources to the Student Loans Company Limited for both loan funding and administration costs and we also administer the Individual Learning Accounts Scotland Scheme, in partnership with Skills Development Scotland.

### Principal risks and uncertainties

The principal risk and uncertainty is that there will be exceptional pressures on public sector finance. SAAS student support expenditure is demand-led and outwith organisational control.

### Management Board 2011-12

Tracey Slaven	Chief Executive (until 30 March 2012)
David Wallace	Chief Executive (from 31 March 2012)
Audrey Shimmons	Head of Finance
Graham Gunn	Head of IS and Operational Policy (until 3 February 2012)
Anne Ward	Head of Business Support (from 4 February 2012)
Audrey Heatlie	Customer Services Manager
Maureen Shevas	Human Resources and Accommodation Manager
Bruce Nelson	Non Executive Board Member
Dugald Mackie	Non Executive Board Member & Audit Committee chair
Allan Forsyth	Non Executive Board Member (until 5 October 2011)
Derek Smeall	Non Executive Board Member
Geoff Holliman	Non Executive Board Member (from 1 December 2011)

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

*The Accountable Officer authorised these financial statements for issue on 2 July 2012*

### **Chief Executive**

Tracey Slaven was Chief Executive until 30 March 2012 when she was replaced by David Wallace on the 31 March 2012. David Wallace will sign these accounts as he is Accountable Officer on 31 March 2012.

### **Equal opportunity**

We are an agency of the Scottish Government. We can recruit staff up to salary Band C 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 of receipt of the invoice or delivery of the goods or services, whichever is later. In the year, we paid 98.4% (96.9% in 2010-11) of invoices on time.

### **Charitable donations**

We made no charitable donations in 2011-12.

### **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 158,000 applications this session and processed 52% of them within 21 days. The guarantee date brought in over 108,000 applications by 5 July, all of which were processed before the students commenced their studies. Our new student award processing system, StEPS, went live in April 2011 and almost all students applied using our online services, resulting in the website receiving 7.74m hits.

## Financial review

Our budget is approved by the Scottish Parliament. The Agency net running costs budget including depreciation and amortisation was £7.837m (£7.710m in 2010-11). This does not include provision for Central Scottish Government charges where actual expenditure amounted to £0.339m. Comparison of our budget to actual outturn, excluding notional charges, shows a net underspend of £0.177m. This saving is mainly due to us not fully using our depreciation/amortisation budget.

Our capital budget for 2011-12 was £0.518m (£0.721m in 2010-11). Comparison of actual expenditure to budget shows a net underspend of £0.050m resulting from scheduled projects not proceeding as expected.

Total operating costs in the financial year were £7.999m (£7.333m in 2010-11). This represents a 9% increase compared to expenditure in the previous year. This is due to increased amortisation charges as our student award processing system went live and no amortisation was charged while it was in development. There was also increased expenditure on office accommodation and debt recovery expenses.

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's Education and Lifelong Learning Budget for 2011-12 as follows:

	Operating Budget	Capital Budget
	£m	£m
Fees, Grants and Bursaries	320.5	
Individual Learning Accounts	9.3	
Repayment of Awards	(3.0)	
Widening Access Funds	16.8	
Student Loans Company Administration	4.3	
Student Loans New Lending	-	228.0
Student Loan Repayments		(80.0)
Student Loan Interest Subsidy to Banks	1.5	

In addition we have an operating budget of £42m to cover accounting charges such as interest and charges to other provisions relating to student loans.

### **Future business developments**

Our new student award processing system was introduced in April 2011. We continue to develop and enhance the system with the intention to provide additional functionality and management reports.

### **Research and development**

Given the level of resource required to design and implement enhancements to the new student awards processing system, no other research and development work was undertaken in 2011-12.

### **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 one minor incident in 2011-12 which resulted in information on a customer being printed and sent to the wrong recipient.

### **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**

Our Environmental Policy is to ensure that we reduce the impact of our operations on the environment. Our policy is consistent with the Scottish Government's strategic objective to create a Greener Scotland. We measure, monitor and report our achievement against objectives and targets each year. Details of our policy are made available to staff on our staff intranet site and the general public on our website.

We continue to promote physical activity, healthy eating and arrange free of charge twice yearly health checks for staff. We regularly arrange for a podiatrist and a masseuse to visit the agency to allow staff to book sessions, at their own time and expense.

### **Average days sickness absence**

The average working days (full time equivalent) lost due to sickness absence for 2011-12 is 12.4 days (13.4 days 2010-11).

### **Disabled employees**

There are 7 members of SAAS staff (8 staff in 2010-11) recorded as disabled on the Scottish Government electronic HR system for 2011-12.

### **Company directorships and other significant interests**

Allan Forsyth, one of our non-executive Management Board members, declared an interest as he has an IT Consultancy business which contracts with institutions within the Higher Education sector. He does not undertake contract work for SAAS.

### **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 accordance with best practice guidance from the Scottish Government. Its membership 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 camera should it so wish.

### **Significant changes in assets**

We have summarised the changes in assets in the notes to the financial statements. A new awards processing system came into operation in April 2011. This was previously categorised as an intangible asset under construction but now the system is live it has been transferred to in-house developed software.



David Wallace  
Chief Executive  
2 July 2012

# 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.

All permanent appointments within SAAS are on Scottish Government main terms and conditions.

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](http://www.civilservicecommissioners.gov.uk).

### Remuneration (including 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	2011-12			2010-11		
	Salary £000	Bonus payments £000	Benefits in kind (to nearest £100)	Salary £000	Bonus payments £000	Benefits in kind (to nearest £100)
Tracey Slaven <i>Chief Executive</i>	80-85	-	-	80-85	0-5	-
Graham Gunn <i>Head of IS and Operational Policy</i>	50-55	-	-	60-65	-	-
Audrey Heatlie <i>Customer Services Manager</i>	40-45	-	-	35-40	-	-
Audrey Shimmons (part-time) <i>Head of Finance</i>	35-40	-	-	35-40	-	-
Maureen Shevas <i>Human Resources and Accommodation Manager</i>	35-40	-	-	-	-	-

Tracey Slaven was Chief Executive until 30 March 2012. David Wallace became Chief Executive on 31 March 2012. No pay information is included for David Wallace.

The performance bonus paid to Tracey Slaven, Chief Executive, in 2010-11 includes recognition for performance in a previous role within the Scottish Government as Deputy Director, Third Sector Policy.

The reduction in salary for Graham Gunn from 2010-11 to 2011-12 is due to Graham retiring on 3 February 2012 and therefore only being paid for part of the 2011-12 year.

Anne Ward, Head of Business Support, was appointed to the SAAS Management Board on 4 February 2012. No salary information is included for Anne as she is on secondment from the Registers of Scotland who will pay her full salary for the period of secondment.

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.

Our non executive directors received the following attendance fee payments during financial year 2011-12. No other fees were paid to non executive directors in the year.

<b>Non-executive director</b>	<b>2011-12 £</b>	<b>2010-11 £</b>
Bruce Nelson	1,200	600
Dugald Mackie	1,000	800
Allan Forsyth	200	800
Derek Smeall	800	1,400
Geoff Holliman	200	-

**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 2011-12 financial year.

**Bonuses**

Bonuses are paid on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year prior to which the payment is made. The bonuses reported in 2010-11 relates to performance in 2009-10. No bonuses were paid in 2011-12.

### **Pay multiplier**

In accordance with the FReM, reporting bodies are required to disclose the relationship between the remuneration of the highest-paid senior manager in their organisation and the median remuneration of the organisation's workforce.

The banded midpoint remuneration of the highest paid senior manager in the Student Awards Agency for Scotland in the financial year 2011-12 was £82,500 (2010-11, £82,500). This was 4.6 times (2010-11, 4.7 times) the median remuneration of the workforce, which was £17,882 (2010-11, £17,632)

Total remuneration includes salary, non-consolidated performance-related pay & benefits-in-kind. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

There were no major changes to either the structure of the workforce or the salary of the highest paid senior manager between 2010-11 and 2011-12.

### **Compensation on Loss of Office**

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

### **Pension entitlements**

The actuarial factors used to calculate CETVs were changed in 2011-12. The CETVs at 31-03-11 and 31-03-12 have both been calculated using the new factors, for consistency. The CETV at 31-03-11 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors. Taking account of inflation, the CETV funded by the employers has decreased in real terms.

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

	Accrued pension (and lump sum) at age 60 as at 31/03/12 £'000	Real increase in pension (and lump sum) at age 60 £'000	CETV at 31/03/12 £'000	CETV at 31/3/11 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Tracey Slaven <i>Chief Executive</i>	10-15 (-)	0-2.5 (-)	154	129	12	-
Graham Gunn Head of IS and Operational Policy	30-35 (95-100)	- (-)	738	709	-	-
Audrey Heatlie Customer Services Manager	15-20 (45-50)	- (-)	293	274	-	-
Audrey Shimmons (part-time) <i>Head of Finance</i>	5-10 (-)	0-2.5 (-)	136	123	2	-
Maureen Shevas <i>Human Resources and Accommodation Manager</i>	15-20 (45-50)	0-2.5 (0-2.5)	275	245	10	-

All information disclosed in the table 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 Pensions Increase legislation. Members who joined from October 2002 could opt for either the appropriate defined benefit arrangement or a '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. Increase to employee contributions will apply from 1 April 2012. Benefits in classic accrue at the rate of 1/80<sup>th</sup> 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 1/60<sup>th</sup> 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 Pensions Increase legislation. 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.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

### **Cash Equivalent Transfer Values**

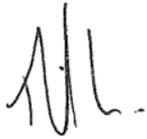
A cash equivalent transfer value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment 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 buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 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**

During 2011-12, four (2010-11, seven) members of staff left under non-compulsory exit schemes at a total cost of £87k (2010-11, £174k). Details are provided in note 19 to the accounts.



David Wallace  
Chief Executive  
2 July 2012

## STATEMENT OF 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.



David Wallace  
Chief Executive  
2 July 2012

# GOVERNANCE STATEMENT

## 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 Learning & Justice and the Director-General Health & Social Care 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 2012 and up to the date of approval of the annual report and accounts and accord with guidance from the Scottish Ministers.

## Governance Framework

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

- formal assurances from my Senior Management Team 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, risks and strategic direction of my organisation. The board comprises the senior members of my organisation and four external independent non-executive members and four meetings were held during the year;
- the Audit Committee which meets quarterly to consider the internal controls of the Agency and how effective these controls are. They also receive reports on any fraudulent activity and consider our exposure and responses. The Committee is chaired by an external independent member who is supported by three additional external members and attended by senior members of my organisation, representatives from both internal & external audit and the Scottish Government Finance Programme Management Team. Most of the external members have extensive experience of the higher education sector and all either hold or have held senior executive or non-executive positions within colleges or universities.
- quarterly meetings with our key liaison figure with the Scottish Government for which a report on all my organisation's activities and achievement of key targets is prepared;
- minutes of the meetings of my organisation's 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 and will also be reviewed by the Audit Committee in future.

The current corporate governance arrangements have worked well and comply with generally accepted best practice principles and, in general terms, the guidance "On Board: A Guide for Board Members of Public Bodies in Scotland". We have used the checklist as a tool to assess the effectiveness of our corporate governance arrangements although some of the guidance is not relevant to SAAS as an executive agency of the Scottish Government. I will be keeping our arrangements under review to make sure they remain fit for purpose.

## 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 focus 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. Staff dealing with risk are well versed and experienced in all aspects of risk management. The Management Board review the risk register at least twice per year.

These arrangements have been reviewed by the Senior Management Team and the Management Board and are considered effective for the Agency. However, it has been agreed that, to strengthen the risk management arrangements, in future the key risks and the risk register will also be discussed and reviewed by the Audit Committee.

Arrangements are in place to address any weaknesses identified and to ensure the continuous improvement of our systems, processes & controls. Appropriate mitigating actions have been effective in maintaining an acceptable risk profile for the organisation.

The main risks for the Agency and mitigating actions are:

- the cyclical nature of our business. We employ both permanent and temporary staff to enable us to process student applications as the bulk of the applications arrive with us during April to June each year, to be processed ready for payment by course start dates which are generally in September.
- we are heavily reliant on IT systems to deliver our business and considerable development resource is required each year to make sure that our IT systems continue to be “fit for purpose”. We have reviewed our resource needs for the next three years and have agreed budgets that should be sufficient to allow us to continue our development projects in line with business needs.
- our controls need to be effective to prevent and deter fraudsters. We have increased the resource in the Fraud & Compliance teams and provide induction on fraud to all new staff. In 2011 we also introduced an improved and automated process with the colleges & universities for the receipt of enrolment & attendance information to support applications for student support.

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, the Agency has a Senior Information Risk Owner (SIRO) & Information Asset Owners (IAO's) and we have an Information Security Policy. There was one minor data issue which resulted in information on a customer being printed and sent to the wrong recipient. Mitigation and remedial action has been implemented to avoid recurrence.

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 2012 and up to the signing of the accounts my organisation has achieved the following:

- reviewed the organisational structure of the Agency and strengthened the senior management team in readiness for processing applications for the 2012/13 academic session.
- successfully rolled out a new IT system for processing student awards;
- continued to strengthen internal controls and procedures to counter fraud, including carrying out our first "interview under caution".
- Implemented an automated enrolment & attendance confirmation project that has improved the efficiency of the tuition fee & student support payments process.



David Wallace  
Chief Executive  
2 July 2012

# INDEPENDENT AUDITOR'S REPORT

## **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 2012 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2011/12 Government Financial Reporting Manual (the 2011/12 FReM).

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Respective responsibilities of Accountable Officer and auditor**

As explained more fully in the Statement of the Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors. I am also responsible for giving an opinion on the regularity of expenditure and income.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts, disclosures, and regularity of expenditure and income in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### **Opinion on 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 directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2012 and of its net operating cost for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2011/12 FReM; and

- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

### **Opinion on regularity**

In my opinion in all material respects:

- the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, 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.

### **Opinion on other prescribed matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Chief Executive's foreword, Our management board, Service delivery, Performance against our targets, Environment and sustainability report included in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I am required to report by exception**

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Governance Statement does not comply with guidance from the Scottish Ministers.

I have nothing to report in respect of these matters.



Mark Ferris  
Senior Audit Manager  
Audit Scotland  
18 George Street  
Edinburgh  
EH2 2QU

3 July 2012

# STUDENT AWARDS AGENCY FOR SCOTLAND

## Statement of comprehensive net expenditure for the year ended 31 March 2012

	Note	2011-12 £000	2010-11 £000
<b>Administrative costs</b>			
Staff costs	2	4,434	4,360
Other administrative costs	3	2,609	2,424
Depreciation and amortisation	4,5	956	549
<b>Net operating costs</b>		<b>7,999</b>	<b>7,333</b>

### Other comprehensive expenditure

	Note	2011-12 £000	2010-11 £000
Net gain/(loss) on revaluation of property, plant and equipment		-	-
Net gain/(loss) on revaluation of intangibles		-	-
Net gain/(loss) on revaluation of available for sales financial assets		-	-
<b>Total comprehensive expenditure for the year ended 31 March 2012</b>		<b>7,999</b>	<b>7,333</b>

The above results relate to continuing activities.

The notes on pages 40 to 52 form part of these accounts.

# STUDENT AWARDS AGENCY FOR SCOTLAND

## Statement of financial position as at 31 March 2012

As at:		31 March 2012	31 March 2011
	Note	£000	£000
<b>Non-current assets</b>			
Property, plant and equipment	4	438	518
Intangible assets	5	2,958	3,367
<b>Total non-current assets</b>		<b>3,396</b>	<b>3,885</b>
<b>Current assets</b>			
Trade and other receivables	6	202	126
<b>Total current assets</b>		<b>202</b>	<b>126</b>
<b>Total assets</b>		<b>3,598</b>	<b>4,011</b>
<b>Current liabilities</b>			
Trade and other payables	7	401	509
Provisions for liabilities and charges	9	30	49
<b>Total current liabilities</b>		<b>431</b>	<b>558</b>
<b>Total assets less current liabilities</b>		<b>3,167</b>	<b>3,453</b>
<b>Non-current liabilities</b>			
Provisions for liabilities and charges	9	975	1,005
<b>Total non current liabilities</b>		<b>975</b>	<b>1,005</b>
<b>Assets less liabilities</b>		<b><u>2,192</u></b>	<b><u>2,448</u></b>
<b>Taxpayers equity</b>			
General reserve	SOCTE	2,173	2,429
Revaluation reserve	SOCTE	19	19
<b>Total taxpayers equity</b>		<b><u>2,192</u></b>	<b><u>2,448</u></b>

The notes on pages 40 to 52 form part of these accounts



David Wallace  
Chief Executive  
2 July 2012

# STUDENT AWARDS AGENCY FOR SCOTLAND

## Statement of cash flows for the year ended 31 March 2012

	Notes	2011-12 £000	2010-11 £000
Net cash outflows from operating activities		(6,742)	(6,526)
Net cash outflows from investment activities		(662)	(610)
<b>Cash flows from financing activities</b>	17	<b><u>7,404</u></b>	<b><u>7,136</u></b>
Increase/(decrease) in cash in period		-	-
Reconciliation of operating costs to operating cash flows			
Net operating cost		(7,999)	(7,333)
Adjust for non cash transactions		1,294	889
(Increase)/decrease in receivables and other current assets	6	(76)	12
Increase/(decrease) in trade and other payables	7	88	(155)
Increase/(decrease) in provisions	9	(49)	61
<b>Net cash flows from operating activities</b>		<b>(6,742)</b>	<b>(6,526)</b>
<b>Analysis of cash flows from investing activities</b>			
Purchase of property plant and equipment	4	(190)	(164)
Purchase of intangible assets	5	(472)	(446)
<b>Net cash flows from investing activities</b>		<b>(662)</b>	<b>(610)</b>
<b>Analysis of cash flows from financing activities</b>			
From Scottish Consolidated Fund	17	7,404	7,136
<b>Cash flows from financing activities</b>		<b><u>7,404</u></b>	<b><u>7,136</u></b>
<b>Decrease/(increase) in cash and cash equivalents</b>		<b>-</b>	<b>-</b>

## STUDENT AWARDS AGENCY FOR SCOTLAND

### Statement of changes in taxpayers' equity for the year ended 31 March 2012

	Note	General reserve £000	Revaluation reserve £000	Total £000
<b>Balance at 1 April 2011</b>		2,429	19	2,448
<b>Changes in taxpayers equity for 2011-12</b>				
Non cash charges – auditors remuneration	3	22	-	22
Non cash charges – notional costs	3	317	-	317
Net operating cost for the year		(7,999)	-	(7,999)
<b>Total recognised income and expenditure for 2011-12</b>		<b>(5,231)</b>	<b>19</b>	<b>(5,212)</b>
Parliamentary funding	17	7,404	-	7,404
<b>Net parliamentary funding drawn down</b>		<b>7,404</b>	<b>-</b>	<b>7,404</b>
<b>Balance at 31 March 2012</b>		<b>2,173</b>	<b>19</b>	<b>2,192</b>

### Statement of changes in taxpayers' equity for the year ended 31 March 2011

	Note	General reserve £000	Revaluation reserve £000	Restated Total £000
<b>Balance at 1 April 2010</b>		2,286	19	2,305
<b>Changes in taxpayers equity for 2010-11</b>				
Non cash charges – auditors remuneration	3	23	-	23
Non cash charges – notional costs	3	317	-	317
Net operating cost for the year		(7,333)	-	(7,333)
<b>Total recognised income and expenditure for 2010-11</b>		<b>(4,707)</b>	<b>19</b>	<b>(4,688)</b>
Parliamentary funding	17	7,136	-	7,136
<b>Net parliamentary funding drawn down</b>		<b>7,136</b>	<b>-</b>	<b>7,136</b>
<b>Balance at 31 March 2011</b>		<b>2,429</b>	<b>19</b>	<b>2,448</b>

# NOTES TO THE ACCOUNTS

for the year ended 31 March 2012

## 1 Statement of accounting policies

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 (reproduced at page 53) these accounts have been prepared in compliance with the principles and disclosure requirements of the Government Financial Reporting Manual (FRoM), which follows generally accepted accounting practice as defined in International Financial Reporting Standards (IFRS) as adopted by the European Union and the Companies Act 2006 to the extent that it is meaningful and appropriate in the public sector context. 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.

The accounts are prepared using accounting policies, and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles, set out in International Accounting Standard 8: Accounting Policies, Changes in Accounting Estimates and Errors. Changes in accounting policies which do not give rise to a prior year adjustment are reported in the relevant note.

### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, and, where material, current asset investments and inventories to fair value as determined by the relevant accounting standard.

### 1.2 Property, Plant and Equipment (PPE)

#### Recognition

All PPE assets will be accounted for as non-current assets unless they are deemed to be held-for-sale.

#### Capitalisation

PPE assets comprise computer equipment, hardware and plant and machinery. 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 are no longer capitalised.

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

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

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

**Subsequent Cost**

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Agency and the cost of the item can be measured reliably. The carrying amount of any replaced parts will be derecognised as an asset. All other repairs and maintenance are charged to the operating cost statement during the financial period in which they are incurred.

**Depreciation**

Depreciation is provided on all PPE 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	- 5 years
Plant and machinery	- 5 years

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

**Componentisation**

Where it is appropriate to do so, the agency will componentise its property plant and equipment assets and separately depreciate each item.

**Impairment reviews**

Impairment reviews are carried out each year. In 2011-12 no impairment of our PPE assets was required.

**1.3 Intangible assets**

**Recognition**

Future economic benefit has been used as the criteria in assessing whether an intangible asset meets the definition and recognition criteria of IAS 38 where assets do not generate income. IAS 38 defines future economic benefit as, ‘revenue from the sale of products or services, cost savings, or other benefits resulting from the use of the asset by the entity.’

Non income generating assets are carried at amortised replacement cost. These valuation methods are considered to be a proxy for fair value.

Expenditure on software development is capitalised if it meets the criteria specified in the FReM which are adapted from IAS 38 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 in 2010-11 was the ongoing development costs of designing and building a new awards processing system. This includes capitalising

the staff costs of those working directly on the project until the system went live and did not extend to salaries for testing and piloting of the system. Salaries for (band C) management would only be capitalised in exceptional circumstances if actively involved in the technical development of the system. The student awards processing system is now functional and has been re-categorised as in-house developed software.

### **Amortisation**

Intangible assets are amortised at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

In-house developed software	- 5 years
Purchased software licences	- 3 years

Assets under construction are not amortised until completed for use.

### **Componentisation**

Where it is appropriate to do so, the agency will componentise its intangible assets and separately depreciate each item.

### **Impairment reviews**

Impairment reviews are carried out each year. In 2011-12 no impairment of our intangible assets was required.

## **1.4 Trade payables**

Trade payables are recognised at fair value and are for goods or services received by the Agency. Until 30 November 2008 all outstanding invoices were paid within 30 days of receipt of the invoice or delivery of the goods or services, whichever was later. Following a change of policy by the Scottish Government, from 1 December 2008 all outstanding invoices were paid within 10 days of receipt of the invoice or delivery of the goods or services, whichever is later.

## **1.5 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.

## **1.6 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.

## **1.7 Short term employee benefits**

A liability and an expense is recognised for holiday days, holiday pay, bonuses and other short-term benefits when the employees render a service that increases their entitlement to these benefits. As a result an accrual has been made for holidays and flexible working time credits earned but not taken.

## 2 Staff numbers and costs

The average number of full-time equivalent people employed during the year 2011-12 was as follows:

	<b>2011-12</b>
Senior management	5
Other permanent staff	152
Agency staff	5
<b>Total</b>	<b>162</b>

Our full-time equivalent people during 2011-12 were employed in the following areas of the organisation:

	<b>Customer services</b>	<b>Finance</b>	<b>Information systems and Operational policy</b>	<b>Chief Executive's office</b>	<b>Human resources</b>
Senior management	1	1	1	1	1
Other permanent staff	98	13	34	3	4
Agency staff	4	1	0	0	0
<b>Total</b>	<b>103</b>	<b>15</b>	<b>35</b>	<b>4</b>	<b>5</b>

The average number of full-time equivalent people employed during the year 2010-11 was as follows:

	<b>2010-11</b>
Senior management	4
Other permanent staff	149
Agency staff	5
<b>Total</b>	<b>158</b>

Our full-time equivalent people during 2010-11 were employed in the following areas of the organisation:

	<b>Customer services</b>	<b>Finance</b>	<b>Information systems and Operational policy</b>	<b>Chief executive's office</b>	<b>Human resources</b>
Senior management	1	1	1	1	-
Other permanent staff	90	13	40	4	2
Agency staff	2	2	1	-	-
<b>Total</b>	<b>93</b>	<b>16</b>	<b>42</b>	<b>5</b>	<b>2</b>

The total payroll costs of these people were as follows:

	<b>2011-12</b>	<b>2010-11</b>
	<b>£000</b>	<b>£000</b>
Salaries and wages	3,582	3,743
Social Security costs	231	234
Other pension costs	600	604
Agency Staff	114	95
<b>Total</b>	<b>4,527</b>	<b>4,676</b>
Less : capitalised within non- current Assets	(93)	(316)
<b>Charged to statement of Comprehensive Net Expenditure</b>	<b>4,434</b>	<b>4,360</b>

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](http://www.civilservice-pensions.gov.uk)).

For 2011-12, normal employer contributions of £600,093.28 were payable to PCSPS (2010-11: £603,928.95) at one of four rates in the range; 16.7 to 25.8 per cent of pensionable pay, based on salary bands.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal actuarial valuations shall be four years, with approximate assessments in intervening years".

The last formal actuarial valuation undertaken for the PCSPS was completed in 2007. Consequently, a formal actuarial valuation would have been due by 2011.

However, formal actuarial valuations for unfunded public service pension schemes have been suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions and while future scheme terms are developed as part of the reforms to public service pension provision. The primary purpose of the formal actuarial valuations is to set employer and employee contribution rates, and these are currently being determined under the new scheme design.

Approximate actuarial assessments in intervening years between formal valuations using updated membership data are accepted as providing suitably robust figures for financial reporting purposes. However, as the interval since the last formal actuarial valuation now exceeds four years, the amounts recognised in these financial statements have been prepared using full membership data as at 31 March 2012, such as would have been provided for a formal valuation. In undertaking this valuation, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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**

	<b>2011-12</b>	<b>2010-11</b>
	<b>£000</b>	<b>£000</b>
Accommodation including rent and rates	883	797
IT Running costs	701	721
General office expenditure	686	566
Other costs – notional charges	317	317
Audit fee	22	23
<b>Total</b>	<b>2,609</b>	<b>2,424</b>

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.

#### 4 Property Plant and Equipment

2011-12	Information technology	Plant and machinery	Furniture and fittings	Assets under construction	Total
	£000	£000	£000	£000	£000
<b>Cost or valuation</b>					
As at 1 April 2011	1,728	345	291	-	2,364
Additions	66	-	-	-	66
Transfers	-	-	-	-	-
Disposals	-	(100)	-	-	(100)
<b>At 31 March 2012</b>	<b>1,794</b>	<b>245</b>	<b>291</b>	<b>-</b>	<b>2,330</b>
<b>Depreciation</b>					
At 1 April 2011	1,314	247	285	-	1,846
Charged in year	116	27	3	-	146
Disposals	-	(100)	-	-	(100)
<b>At 31 March 2012</b>	<b>1,430</b>	<b>174</b>	<b>288</b>	<b>-</b>	<b>1,892</b>
<b>NBV at 31 March 2012</b>	<b>364</b>	<b>71</b>	<b>3</b>	<b>-</b>	<b>438</b>
NBV at 31 March 2011	414	98	6	-	518
2010-11	Information technology	Plant and machinery	Furniture and fittings	Assets under construction	Total
	£000	£000	£000	£000	£000
<b>Cost or valuation</b>					
As at 1 April 2010	2,087	281	291	31	2,690
Additions	154	33	-	-	187
Transfers	-	31	-	(31)	-
Disposals	(513)	-	-	-	(513)
<b>At 31 March 2011</b>	<b>1,728</b>	<b>345</b>	<b>291</b>	<b>-</b>	<b>2,364</b>
<b>Depreciation</b>					
At 1 April 2010	1,641	219	258	-	2,118
Charged in year	186	28	27	-	241
Disposals	(513)	-	-	-	(513)
<b>At 31 March 2011</b>	<b>1,314</b>	<b>247</b>	<b>285</b>	<b>-</b>	<b>1,846</b>
<b>NBV at 31 March 2011</b>	<b>414</b>	<b>98</b>	<b>6</b>	<b>-</b>	<b>518</b>
NBV at 31 March 2010	446	62	33	31	572

## 5 Intangible assets

<b>2011-12</b>	<b>Purchased software licences</b>	<b>In-house developed software</b>	<b>Assets under construction</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or valuation</b>				
As at 1 April 2011	337	15,657	2,756	18,750
Additions	89	219	93	401
Transfers	-	2,849	(2,849)	-
<b>At 31 March 2012</b>	<b>426</b>	<b>18,725</b>	<b>-</b>	<b>19,151</b>
<b>Amortisation</b>				
At 1 April 2011	224	15,159	-	15,383
Charged in year	52	758	-	810
<b>At 31 March 2012</b>	<b>276</b>	<b>15,917</b>	<b>-</b>	<b>16,193</b>
<b>NBV at 31 March 2012</b>	<b>150</b>	<b>2,808</b>	<b>-</b>	<b>2,958</b>
NBV at 31 March 2011	113	498	2,756	3,367
<b>2010-11</b>	<b>Purchased software licences</b>	<b>In-house developed software</b>	<b>Assets under construction</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or valuation</b>				
As at 1 April 2010	256	15,593	2,373	18,222
Additions	81	64	383	528
Transfers	-	-	-	-
<b>At 31 March 2011</b>	<b>337</b>	<b>15,657</b>	<b>2,756</b>	<b>18,750</b>
<b>Amortisation</b>				
At 1 April 2010	204	14,871	-	15,075
Charged in year	20	288	-	308
<b>At 31 March 2011</b>	<b>224</b>	<b>15,159</b>	<b>-</b>	<b>15,383</b>
<b>NBV at 31 March 2011</b>	<b>113</b>	<b>498</b>	<b>2,756</b>	<b>3,367</b>
NBV at 31 March 2010	52	722	2,373	3,147

## 6 Trade and other receivables

All our receivables are prepayments. As they are all prepayments there is no provision for bad debts.

	2011-12	2010-11
	£000	£000
Prepayments	202	126
<b>Total</b>	<b>202</b>	<b>126</b>

## 7 Trade and other payables

All our payables are trade payables for goods or services received. All invoices are due to be paid within 10 days of receipt of the invoice or delivery of the goods or services, whichever is later.

Also included is an accrual for the proportion of untaken annual leave and flexible working time credits.

	2011-12	2010-11
	£000	£000
Accruals	279	375
Untaken leave and flexi working credits	122	134
<b>Total</b>	<b>401</b>	<b>509</b>

## 8 Cash and cash equivalents

There were no cash or cash equivalent balances in 2011-12 or 2010-11.

## 9 Provisions for liabilities and charges

### Early retirement costs provision

A provision was created in 2005-06 to take account of the early retirement severance cost of the previous Head of Finance and Personnel. The provision was increased in 2010-11 to cover the costs of two members of staff who left under an approved early retirement scheme. The provision is based on the annual value of payments incurred by SAAS until the staff reach retirement age. There was no increase to the provision in 2011-12.

## Dilapidations

A provision was set up during 2008-09 to meet the anticipated dilapidation costs of ending the Gyleview House lease in November 2013. A short term lease extension has been agreed, in principle, with the landlord and is currently being formalised. The lease will now end in May 2015.

<b>2011-12</b>	<b>Early retirement provision</b>	<b>Dilapidations provision</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance as at 1 April 2011	62	943	1,005
Add: Balance on provisions within one year	49	-	49
<b>Total as at 1 April 2011</b>	<b>111</b>	<b>943</b>	<b>1,054</b>
Amount written back in year	(13)	-	(13)
Amount released in year	(36)	-	(36)
<b>Total as at 31 March 2012</b>	<b>62</b>	<b>943</b>	<b>1005</b>
Being :			
Current Liabilities			
<b>Balance on provisions within one year</b>	<b>(30)</b>	<b>-</b>	<b>(30)</b>
Non-current Liabilities			
<b>Balance as at 31 March 2012</b>	<b>32</b>	<b>943</b>	<b>975</b>
<b>2010-11</b>	<b>Early retirement provision</b>	<b>Dilapidations provision</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance as at 1 April 2010	26	943	969
Add: Balance on provisions within one year	24	-	24
<b>Total as at 1 April 2010</b>	<b>50</b>	<b>943</b>	<b>993</b>
Provided for in the year	85	-	85
Amount released in year	(24)	-	(24)
<b>Total as at 31 March 2011</b>	<b>111</b>	<b>943</b>	<b>1,054</b>
Being :			
Current Liabilities			
<b>Balance on provisions within one year</b>	<b>(49)</b>	<b>-</b>	<b>(49)</b>
Non-current Liabilities			
<b>Balance as at 31 March 2011</b>	<b>62</b>	<b>943</b>	<b>1,005</b>

## 10 Commitments under leases

Total future minimum lease payments under operating leases are given below:-

	2011-12 £000	2010-11 £000
Building lease expiring within:		
One year	438	438
Two to five years	511	219
Over five years	-	-
<b>Total</b>	<b>949</b>	<b>657</b>

This operating lease is a non-cancellable lease and refers to the premises occupied by the Student Awards Agency at Gyleview House. A short term lease extension has been agreed, in principle, with the landlord and is currently being formalised. The lease will now end in May 2015. SAAS has no finance leases.

## 11 Contingent liabilities

There were no contingent liabilities at 31 March 2012 that require to be disclosed under IAS37.

## 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.

	2011-12 Fair value through OCS £000	2011-12 Loans and payables £000	2010-11 Fair value through OCS £000	2010-11 Loans and payables £000
Financial liabilities				
Trade payables	-	269	-	375
<b>Total</b>	<b>-</b>	<b>269</b>	<b>-</b>	<b>375</b>

## 13 Capital commitments

There were no capital commitments at 31 March 2012 or 31 March 2011.

## 14 Post statement of financial position events

There were no material post statement of financial position events that require to be adjusted in the accounts or to be disclosed.

## 15 Financial losses

No financial losses were incurred during financial year 2011-12 or in 2010-11.

## 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 Management Board, key members of staff or related parties have undertaken any material transactions with the Agency.

## 17 Reconciliation to draft portfolio 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 £7.404m (£7.136m for 2010-11) as recorded in the Agency's Statement of Cash Flows, has been agreed with the Directorate.

## 18 Intra-government balances

	Trade and other receivables: amounts falling due within one year	Trade and other payables: amounts falling due within one year	Trade and other receivables: amounts falling due within one year	Trade and other payables: amounts falling due within one year
	2011-12	2011-12	2010-11	2010-11
	£000	£000	£000	£000
Balances with other central government bodies	-	5	-	14

## 19 Compensation for Loss of Office

### Reporting of Civil Service compensation scheme – exit packages 2011-12

Exit package cost band	Number of compulsory redundancies	Number of other departures	Total number of exit packages by cost band
Less than £10,000	-	-	-
£10,000 to £25,000	-	4	4
£25,000 to £50,000	-	-	-
£50,000 to £100,000	-	-	-
£100,000 to £150,000	-	-	-
£150,000 to £200,000	-	-	-
Total number of exit packages	-	4	4
Total resource costs	-	£87k	£87k

### Reporting of Civil Service compensation scheme – exit packages 2010-11

Exit package cost band	Number of compulsory redundancies	Number of other departures	Total number of exit packages by cost band
Less than £10,000	-	3	3
£10,000 to £25,000	-	1	1
£25,000 to £50,000	-	2	2
£50,000 to £100,000	-	1	1
£100,000 to £150,000	-	-	-
£150,000 to £200,000	-	-	-
Total number of exit packages	-	7	7
Total resource costs	-	£174k	£174k

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in the year that departure is agreed. Where the department has agreed early retirements, the additional costs are met by the department and not the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in this table.



## **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.**

A handwritten signature in blue ink, appearing to read 'Alison Staffin', is written over a faint circular stamp.

Signed by the authority of the Scottish Ministers

Dated 17 January 2006

## Contact information

Our offices are open for business between 8.30 a.m. and 5 p.m Monday to Thursday, and 8.30 a.m. to 4.30 p.m on Fridays. We are closed on public holidays and during the period between Christmas and the New Year. You can contact us by letter, telephone, fax, email or in person.

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

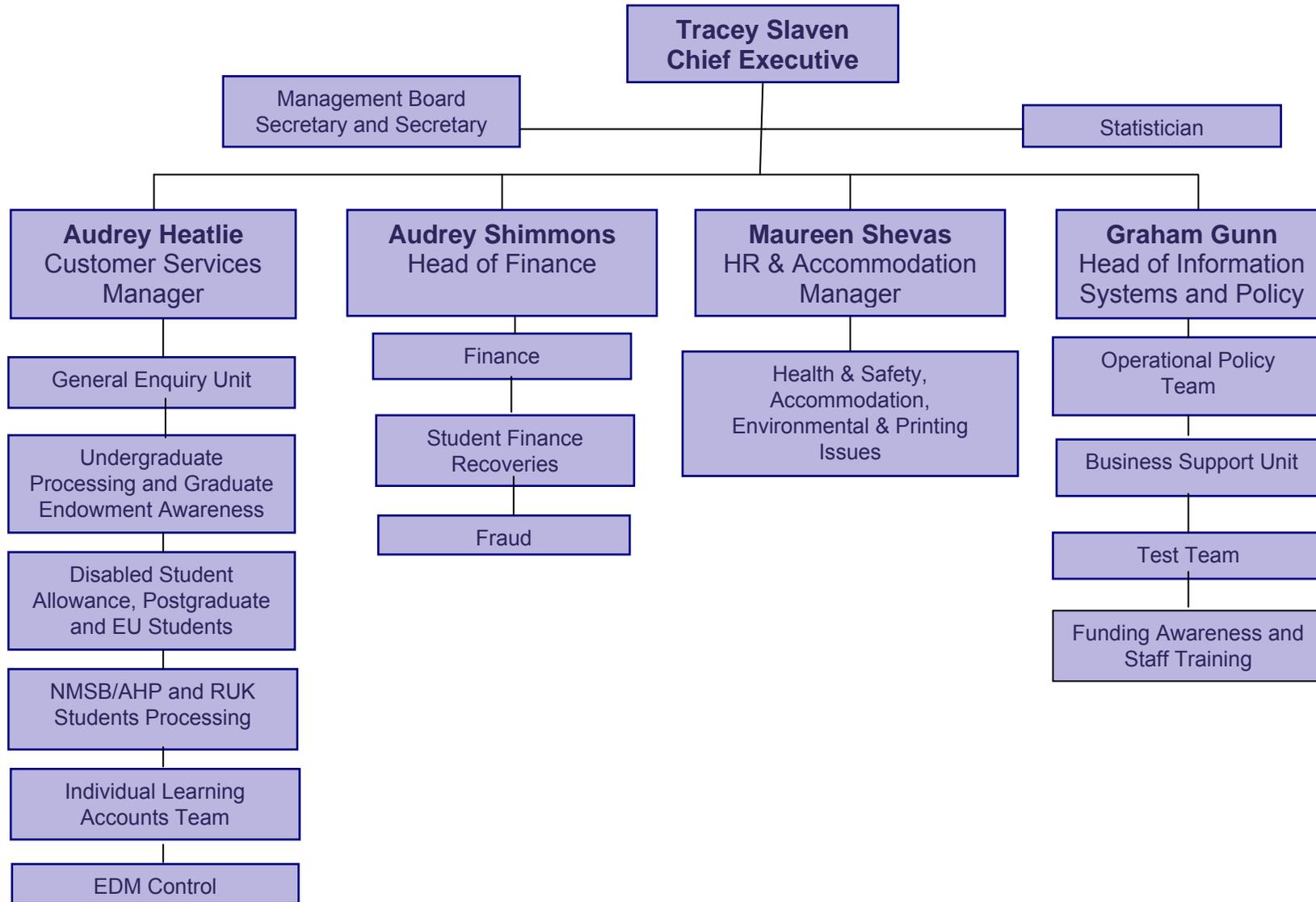
Telephone: 0300 555 0505

Fax no: 0131 244 5887

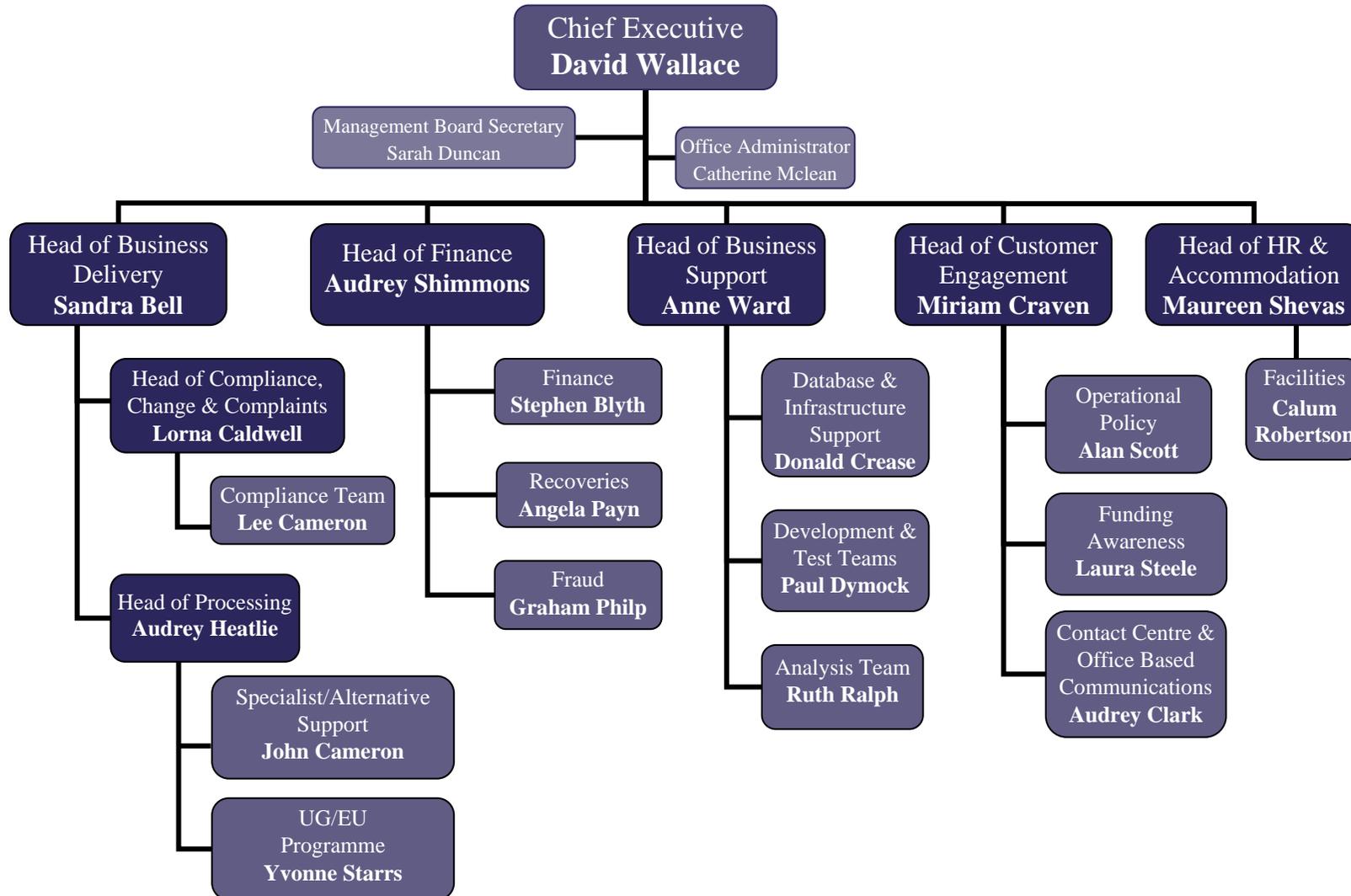
Email: [www.saas.gov.uk/contact.htm](http://www.saas.gov.uk/contact.htm)

Website: [www.saas.gov.uk](http://www.saas.gov.uk)

# SAAS Organisation Chart as at 1 January 2012



## SAAS Organisation Chart as at 31 March 2012



# Glossary

<b>Accruals basis</b>	The most commonly used accounting method in which income and expenses are accounted for as they are earned or incurred, whether or not they have been received or paid.
<b>Actuarial</b>	Statistical method used in determining the amount of periodic contributions to a pension fund.
<b>AHP</b>	Allied Health Professions. These are the clinical healthcare professions distinct from the medical and nursing professions. They register with the Health Professions Council.
<b>Capitalisation</b>	The addition to the statement of financial position (balance sheet) of expenditure for the purchase or improvement of an asset which could otherwise have been treated as an expense to be charged to the statement of comprehensive expenditure (income & expenditure account).
<b>Componentisation</b>	Componentisation recognises that not all components of a non-current asset have the same useful life. Some components may wear down or depreciate at different rates throughout their life. As such, accounting practice requires that each significant component of a non-current asset be depreciated separately over its useful life.
<b>Contingent liability</b>	A possible financial obligation that arises from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within an entity's control.
<b>Current asset investment</b>	Application of cash or an asset expected to be converted into cash within one year.
<b>Depreciation</b>	The measure of the cost or revalued amount of the economic benefits of a non-current asset that have been consumed during a financial period. This includes the wearing out, using up or other reduction in the useful economic life of an asset.
<b>Dilapidation costs</b>	Estimated costs to return rented premises to a contractually required state of repair at the end of the lease.
<b>Dyslexia</b>	A learning disability that impairs a person's fluency or comprehension accuracy in being able to read and spell.
<b>Economic benefits</b>	These are usually gains quantifiable in terms of money, such as revenue or savings as a result of an improvement in facilities provided by an organisation.
<b>Useful economic life</b>	Period during which an asset or property is expected to be usable for the purpose it was acquired. It may or may not correspond with the item's actual physical or economic life.
<b>EDM</b>	Electronic Data Management. SAAS department with responsibility for converting applications and associated correspondence received from students into electronic format.
<b>EU</b>	European Union.

<b>Fair value</b>	The amount of money for which it is assumed an asset or liability could be exchanged in an arm's length transaction between informed and willing parties.
<b>Financial instrument</b>	Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
<b>General reserve</b>	Any retained funds set aside by an entity for future use.
<b>Graduate endowment fee</b>	A fixed amount charged to graduates after completing their degree which was abolished from April 2008.
<b>HE</b>	Higher Education.
<b>Historical cost convention</b>	An accounting technique that requires transactions to be recorded at the price ruling at the time, and for assets to be valued at their original cost.
<b>HR</b>	Human Resources
<b>Impairment review</b>	Required when an event or change in circumstance happens to a non-current asset or to the economic environment in which it is used meaning the carrying amount may not be recoverable.
<b>In real terms</b>	The change in a value after correcting for the effects of inflation.
<b>Intangible asset</b>	Non-current asset of a non monetary nature that has no physical substance (something of value that cannot be physically touched) such as IT software.
<b>Intra government balances</b>	Transaction balances with other government bodies.
<b>ISO 14001</b>	An international standard that specifies a process for controlling and improving an entity's environmental performance.
<b>IT</b>	Information technology.
<b>Matriculation</b>	The process where students register with their university or college each academic year.
<b>NHS</b>	National Health Service
<b>NMSB</b>	Nursing & Midwifery Student Bursary.
<b>Non current assets</b>	An asset that is not expected to be turned into cash within one year during the normal course of business. These include buildings, land, equipment/machinery and other assets held for relatively long periods.
<b>Notional charge</b>	Charge for a service provided by the Scottish Government, although no actual monies change hands.
<b>Phishing attack</b>	A way of attempting to acquire sensitive information such as usernames, passwords and credit card details by pretending to be a trustworthy entity in an electronic communication.
<b>Post statement of financial position events</b>	Something that happens after the date when the Statement of Financial Position is drawn up, and before the time when it is officially approved, which affects an entity's financial position.

<b>PC</b>	Personal computer
<b>Postgraduate</b>	Academic study carried out upon conclusion of a first degree.
<b>Prepayment</b>	Payment made in advance for an item for example, rent, rates or insurance.
<b>Provision</b>	A liability of uncertain timing and uncertain amount.
<b>Provision for bad debts</b>	Created because of the uncertainty regarding debtors settling their debts.
<b>Recognised income and expenditure</b>	Recording income earned by an entity either at the time of sale or when a service is provided during the financial year. Recording costs incurred by an entity either at the time of payment or when a service is received during the financial year.
<b>Related party</b>	A person or entity that is related to the entity that is preparing its financial statements.
<b>Replacement cost</b>	The price that will have to be paid to replace an existing asset with a similar asset.
<b>Residual value</b>	How much a non-current asset is worth at the end of its lease, or at the end of its useful life.
<b>Restated</b>	A revision to an entity's financial statements. An entity may need to issue a restatement on its previously announced financial information for a variety of reasons, including changes in accounting practice.
<b>Revaluation</b>	A change in the value of an asset to reflect its current market value.
<b>RUK</b>	Rest of UK
<b>Running costs</b>	The amount of money that is regularly spent by on things like electricity, salaries, rent etc.
<b>SG</b>	Scottish Government
<b>Statement of cash flows</b>	Cash receipts and cash payments during a specified period.
<b>Straight line basis</b>	A method of calculating depreciation by taking an equal amount of the asset's cost as an expense for each year of the asset's useful life.
<b>Trade and other receivables</b>	The amount that customers owe an entity for money, goods, or services provided.
<b>Trade and other payables</b>	Amounts owed to suppliers for purchases or services rendered.
<b>Undergraduate</b>	Education level taken prior to gaining a first degree.

**Student Awards Agency for Scotland**

Gyleview House  
3 Redheughs Rigg  
Edinburgh  
EH12 9HH