



Annual Report and Accounts 2016-2017

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Student Awards Agency Scotland

Annual Report and Accounts 2016-2017

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under Section 22(5) of the Public Finance
and Accountability (Scotland) Act 2000

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Chief Executive's Foreword

SAAS is an Executive Agency of the Scottish Government. We undertake a distinct and pivotal role, contributing to fair access to a Higher Education system based on merit. SAAS provide outreach activities, advice and in excess of £800m of Scottish Government funding support to students in colleges and universities.

This year we have delivered further improvements to the quality and efficiency of our services and developed even closer links with our stakeholders. We progressed our agenda to put students at the heart of the design and delivery of our services.

In 2016–2017 we again dealt with an increase in the number of applications we received, with this approaching a quarter of a million. Against this backdrop our performance remained stable or improved across the schemes we administer.

We also ensured that the “Guarantee Date Scheme,” where applicants who apply by 30 June are guaranteed to secure their funding in time for the commencement of their course, was achieved. Indeed SAAS were able to meet this commitment by the start of August 2016, nearly four weeks earlier than in 2015-2016.

Our customer service activities also showed improvement with reductions in our timescales to respond to phone calls and other enquiries and we achieved significant reductions in customer complaints, linked to our service improvements.

During the course of the year we have further strengthened our services for students through the greater use of technology. The design and development of the new SAAS student account was undertaken in close partnership with students and a range of stakeholders over the course of the year prior to being deployed successfully in April 2017.

In addition we have worked closely with a range of stakeholders running information and outreach sessions, our Higher Education institution forums and national stakeholder conference. We have also worked closely with Young Scot and their networks to publicise student funding matters.

Within SAAS we have continued to develop our people through a range of training activities and secondments. During the year the Agency received recognition, achieving the Investor in Young People Good Practice Award.

These achievements are the result of concerted planning and hard work by the team at SAAS, supported by our stakeholders. I would like to thank them all for their advice and support this year.

Paul Lowe
Chief Executive
05 July 2017



Performance Report - Overview

Summary of the Organisation

Timing of the Report

This Annual Report and Accounts covers the period from 1 April 2016 to 31 March 2017 and has been prepared in accordance with the direction given by Scottish Ministers in accordance with Article 19(4) of the Public Finance and Accountability (Scotland) Act 2000.

History and Statutory Background

The Student Awards Agency Scotland (SAAS) was established as an Executive Agency of the Scottish Government (SG) on 5 April 1994. Our operating framework, including financial delegations, is set down in the Agency's Framework Document. The Chief Executive is the Agency's Accountable Officer, answerable to the Scottish Government's Principal Accountable Officer and Scottish Ministers.

Change in Senior Staff

During the year our Director of Policy and Engagement and Head of Governance posts became vacant. Both posts have been re-filled with the Head of Governance role being replaced by a new Head of Corporate Office who is not a member of the Board.

How we relate to the Scottish Government

The Scottish Government's core 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.

This purpose is achieved through a defined set of Strategic Objectives and National Outcomes. These objectives and outcomes make up the statutory National Performance Framework and provide a clear and consistent set of priorities across the Government and its associated organisations.

The Agency contributes to the Government's national strategic objective of a Smarter Scotland, which seeks to 'expand opportunities for people in Scotland to succeed from nurture through to lifelong learning, ensuring higher and more widely shared achievements'. In particular SAAS contributes to the following National Outcomes:

- We are better educated, more skilled and more successful, renowned for our research and innovation
- Our young people are successful learners, confident individuals, effective contributors and responsible citizens
- Tackling the significant inequalities in Scottish life
- Our public services are high quality, continually improving, efficient and responsive to local people's needs
- We reduce the local and global environmental impact of our consumption and production

Our Values

As a service delivery organisation, we recognise the importance of the customer and that perceptions of SAAS and their experience of accessing Higher Education is shaped by the services we provide and how effectively we engage with our customers and stakeholders.

We have therefore introduced, during 2016-2017, a set of specific SAAS values and these are:

- People First – putting our customers and our staff at the centre of everything we do and being open, caring and responsive
- Quality & Excellence – providing service excellence for our customers and being committed to achieving and maintaining the highest possible standards of quality within a culture of continuous improvement
- Inclusive & Enabling – reaching out to help all students on their learner journey and enabling opportunities to open doors and transform lives

SAAS staff are Civil Servants and, as such, are also bound by the Civil Service Code which sets out the core values and standards of behaviour expected to be upheld by all Civil Servants:

- Integrity – putting the obligations of public service above personal interest
- Honesty – being truthful and open
- Objectivity – basing advice and decisions on rigorous analysis of the evidence
- Impartiality – acting solely according to the merits of the case and serve equally well governments of different political persuasions

Principal Activities

We provide financial support to full-time and part-time students in Higher Education by administering the Students' Allowances Scheme. We:

- assess and process student support applications for eligible full-time Higher Education students, providing financial support in terms of:
 - The Students' Allowances Scheme
 - The Postgraduate Students' Allowances Scheme
 - The Nursing and Midwifery Student Bursaries Scheme
 - The NHS Bursary Scheme
- administer the Part-Time Fee Grant
- distribute Discretionary Funds and Discretionary Childcare Funds to Scottish universities and Discretionary Funds to Scottish colleges
- provide resources to the Student Loans Company Limited for both loan funding and administration costs
- administer the Individual Learning Accounts Scotland Scheme, in partnership with Skills Development Scotland

Key Risks to the Agency

The Agency undertakes risk management activities to identify and manage key risks. We have identified the controls and actions to mitigate these risks and their impact should they become issues. These are documented within the SAAS corporate risk register. Our risk management approach and activities are overseen by an Audit and Risk Committee, chaired by a Non-Executive Board Member, which reports to the SAAS Board.

In particular we recognised and continued to monitor our resource position, ensuring focus on staff training and the provision of guidance. We continued to provide training this year in respect of data protection and information security. We have built in robust security processes to our systems to protect our own and our customers' information and have secured additional baseline budget to operate in 2017-2018.

We also have a dedicated Counter Fraud Team to ensure we have appropriate safeguards in place. This team undertakes regular training and awareness sessions with our staff in support of our Counter Fraud Strategy, which was launched in 2015-2016, and we have invested in the team by providing Accredited Counter Fraud Specialist training.

Through our risk management approach and on-going review, the undernoted key organisational risks were identified and were managed during the course of this year:

- insufficient budget
- a loss of key individuals or expertise
- insufficient staff resource
- significant changes in policy and legislation
- inadequate controls in place to ensure accurate payment of funds
- failure of internal systems
- inadequate protection of personal data
- consequences of Brexit

Further information on performance and risk management is contained within the “Performance Report - Analysis” section (page 10) and the Governance Statement (page 26).

Performance Summary

Chief Executive Statement on Performance

As an Agency of the Scottish Government, SAAS is committed to contributing to the Scottish Government’s vision for a fair, equal and prosperous nation with opportunity for all citizens to grow and thrive.

With particular focus on the national outcomes: “our young people are successful learners, confident individuals, effective contributors and responsible citizens” and “we are better educated, more skilled and more successful, renowned for our research and innovation”, we provide assessment, funding and support services to eligible Scottish and EU students undertaking courses of Higher Education.

Our PR and Marketing Campaign (see page 21) aims to encourage students to apply early and submit their applications by the Guarantee Date of 30 June, our primary mechanism to ensure that individual funding support is in place for students by the start of their course. The campaign has been successful in encouraging over 70% of students to apply early and take advantage of the guarantee for funding to be in place for the start of their course.

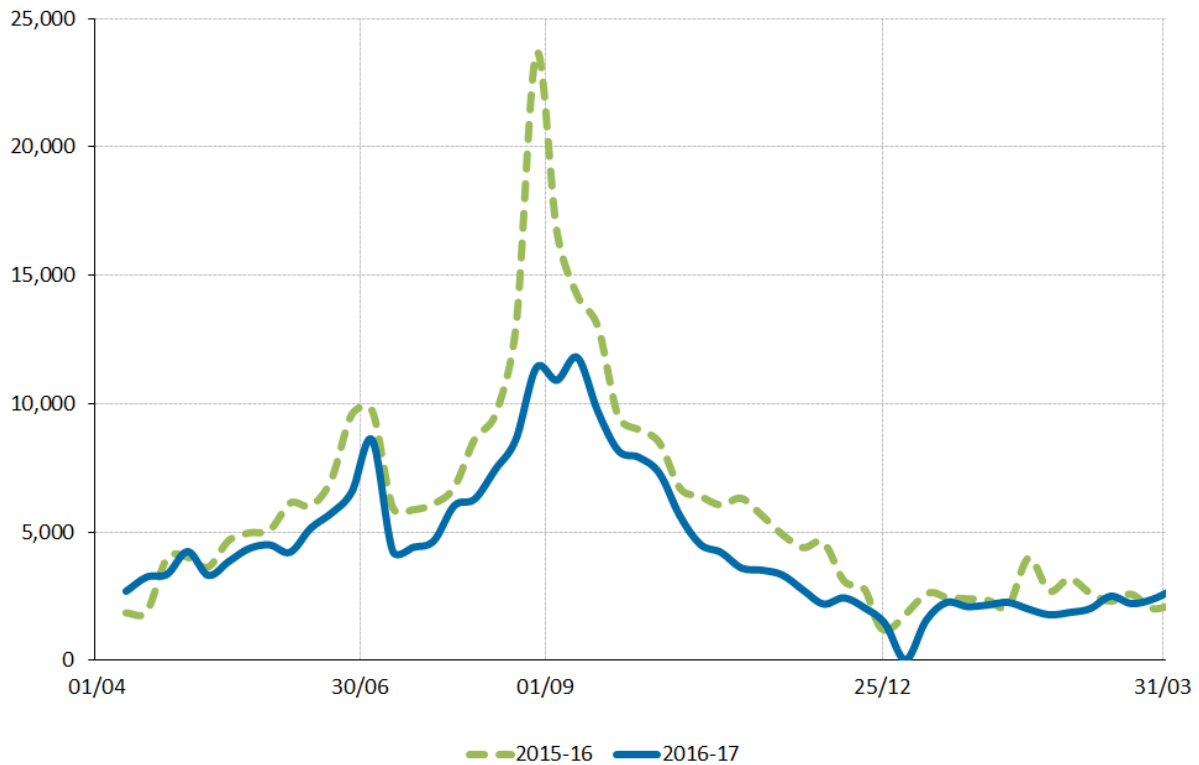
Between 1 April 2016 and 31 March 2017 we received 238,552 applications for funding of tuition fees, bursaries, maintenance loans and grants. These included applications for full time study at undergraduate and postgraduate level, applications under the Nursing and Midwifery Student Bursary Scheme, Part-Time Fee Grant and applications under the Individual Learning Account (ILA) scheme.

We saw an increase in applications for all support types, with the exception of the current ILA and Dental Bursary Schemes.

In addition our Contact Centre handled 223,172 calls providing support and assistance to students throughout the application process.

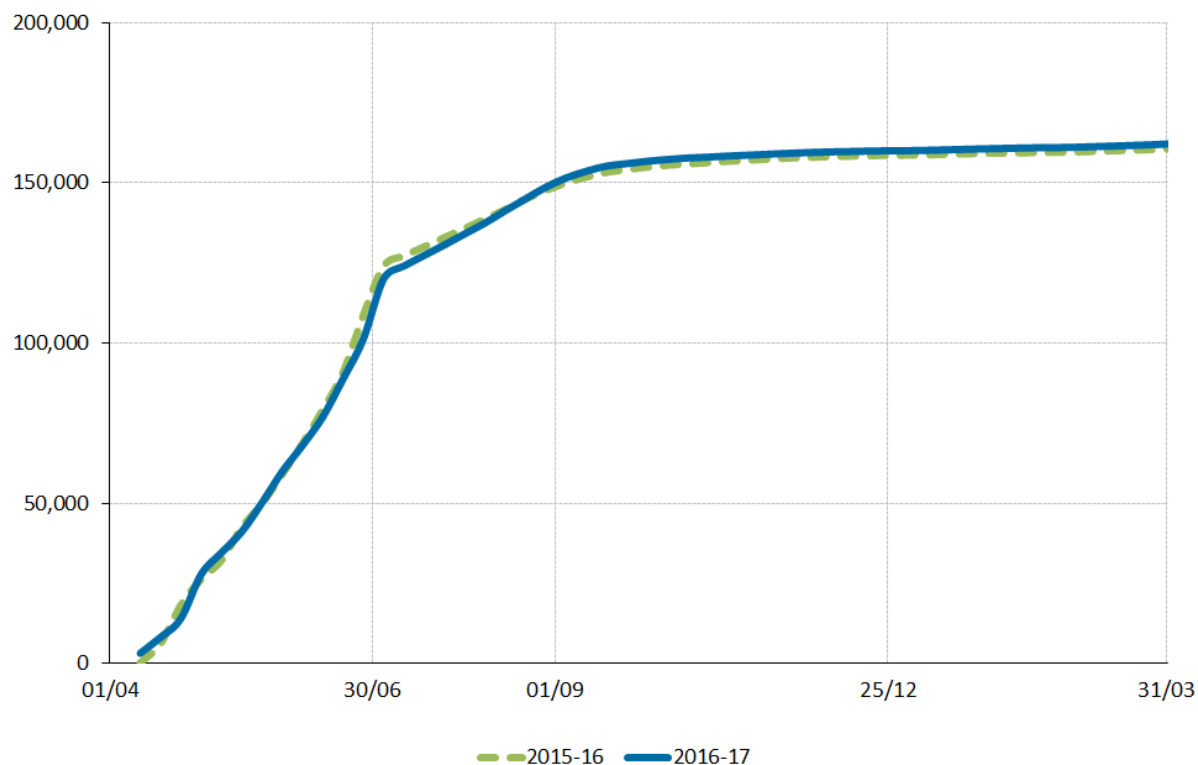
Our improved turnaround times for processing applications, enhanced communications and additional service options provided for students in 2016-2017 combined to reduce the need for students to telephone the Agency for assistance. This is demonstrated in the chart below.

Number of calls received by week, 2016-2017 and 2015-2016



Our commitment to ensuring that funding is in place by course start dates for all students who apply by 30 June was met with around 120,000 students falling into this category. Receiving this large number of applications within such a short timeframe, between April and June, does present challenges. However, we were able to improve performance against our Key Performance Indicator (KPI) to process all applications within 21 days of receipt for the second year in a row, from 69% in 2015-2016 to 78% in 2016-2017.

Cumulative number of full-time applications received by week, 2016-2017 and 2015-2016



We record complaints and appeals in line with the Scottish Public Services Ombudsman (SPSO) guidance. During the year complaints received by the Agency reduced by 61% from 2015-2016 and we were able to respond to all complaints and appeals within required timescales.

Going Concern

The Agency receives its funding from the Scottish Government and its annual operating budget is approved and published each year, as part of the Scottish Government’s budget, by the Scottish Parliament. Funding requirements have been agreed with the Scottish Government that give our Board the reasonable expectation that the Agency will have adequate resources to continue in operational existence for the foreseeable future. For this reason, we continue to adopt the going concern basis in preparing the annual report and accounts.

Financial Review

The purpose of our Accounts is to provide detail of the Agency's administration expenditure. However, we also administer significant expenditure for Higher Education Student Support (HESS) and the Nursing Bursary Scheme on behalf of the Scottish Government. We refer to our performance and responsibilities for the administration of these schemes throughout the SAAS Annual Report, but it should be noted that the monies for these schemes are accounted for in the Scottish Government's Accounts.

The budget approved by the Scottish Parliament for the Agency's operating costs was £11.973m (£12.100m in 2015-2016) revenue and £1.500m (£1.200m in 2015-2016) capital.

Our actual operating costs for the year were £11.869m (£12.104m in 2015-2016) being £11.354m (budget £11.973m) plus £0.515m of allocated central government expenditure and audit fee which are covered by Scottish Government budget. Total operating costs for the year reduced by 1.9% from 2015-2016, represented by an increase in running costs of 3% and a reduction in asset depreciation charges of 54%. Overall, running costs were within budget by £0.003m or 0.03% and depreciation by £0.616m or 56% bringing total operating costs within budget by £0.619m or 5%.

Capital expenditure for the year was £1.066m (budget £1.500m) with 71% of the available budget being utilised. Capital expenditure decreased by £0.065m from 2015-2016.

The largest budget we administered in 2016-2017, as recorded in the Scottish Government's Accounts, was for HESS and is as follows:

	Budget £m
Student support & tuition fee payments	328.0
Student loans advanced net of loan repayments	491.3
Student Loans Company administration costs	4.4
Student Loan interest subsidy to banks	3.0
Cash Total	826.7
Non-cash costs for student loans	44.9
Total	871.6

Performance Report - Analysis

Performance Measures

SAAS has adopted a number of Key Performance Indicators (KPIs), which are measurable values that demonstrate how effectively the Agency is achieving its business objectives. These KPIs are defined within the SAAS Framework Document 2012¹.

Achievement against these KPIs is provided in the Key Performance Indicators section (page 11) of this report.

SAAS also utilises a balanced scorecard methodology to measure, monitor and report on performance. The SAAS Balanced Scorecard is a strategic reporting tool, produced on a quarterly basis for the SAAS Board. It provides a high level overview of SAAS performance and delivery against a number of key and other performance indicators. The balanced scorecard is structured under four themes:

- Customers and stakeholders
- Delivering value
- Internal processes
- Learning and growth

The SAAS Balanced Scorecard is in turn supported by a number of more detailed management information reports. In particular, the SAAS State of Play Report is a weekly report that provides an overview of SAAS operational performance and delivery. There are also regular reports to the SAAS Board on issues such as financial performance, complaints and appeals handling, fraud and recoveries activity and IT system performance. Any amendments to the SAAS Balanced Scorecard are agreed through the SAAS Board.

¹ www.saas.gov.uk/_forms/framework_doc.pdf

Key Performance Indicators

Targets	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Key Targets					
All applications received by 30 June, our Guarantee Date, to be processed in time for courses starting in the new academic session (earliest start date 1 August)	100%	100%	100%	100%	100%
All e-mail or written enquiries to be replied to within 21 days	39%	92%	79%	80%	94%
All formal complaints and appeals to receive a response within 14 days*	97%	94%	96%	99%	100%
Management Performance Targets					
Processing					
To process 90% of applications within 21 days of receipt	52% within 21 days	80% within 21 days	56% within 21 days	69% within 21 days	78% within 21 days
Average unit cost of less than £40 to process an application based on relevant costs	£ 39.04	£ 56.47	£ 56.32	£ 58.92	£ 60.57
Complaints					
Less than 1 in 1,000 applications to generate a formal complaint to SAAS*	2.2 per 1000 applications	0.69 per 1000 applications	1.64 per 1000 applications	3.26 per 1000 applications	1.47 per 1000 applications
Less than 10 formal complaints to be received/upheld by the Scottish Public Sector Ombudsman	2 received 1 upheld	3 received 0 upheld	1 received 0 upheld	6 received 0 upheld	2 received 0 upheld
100% of ministerial correspondence to be delivered within target: ministerial replies (10 working days) official replies (20 working days)	95% ministerial replies 100% official replies	100% ministerial replies 100% official replies	100% ministerial replies 100% official replies	99% ministerial replies 100% official replies	100% ministerial replies 100% official replies
Financial Performance					
100% of invoices to be paid within 10 days	98%	99%	99%	99%	100%
30% of opening debt to be recovered during the year	24%	24%	27%	36%	39%

* From 2014-2015 onwards, response targets for 1st stage complaints are five working days and 2nd stage complaints are 20 working days. These are set as a formal directive from the Scottish Public Services Ombudsman (SPSO). Both 1st and 2nd stage appeals response targets are 10 working days.

Detailed analysis and explanation of performance

The majority of our applications and calls are received during a six month period between April and September and our resources are flexed throughout that period to meet demand.

The trend of increased numbers in applications from full-time and part-time students has continued this year as have the numbers of students applying for additional support through the DSA scheme. The most significant increase was to applications for Postgraduate funding which increased by 36% due to the numbers of courses eligible for funding being expanded for the 2016-2017 academic session.

Undergraduate

152,695 applications were received for undergraduate support, an increase of 0.8% from 2015-2016. These students can access funding for tuition fees, bursaries, maintenance loan support and supplementary grants e.g. for childcare, depending on their circumstances. 120,000 of these applications were received by 30 June and our commitment to ensuring that funding is in place by course start dates for all students who apply by that date was met. These Guarantee Date applications were completed four weeks earlier than in the previous year which ensured an overall improved service for all undergraduate students.

In addition, 2,187 applications either had insufficient information to allow an assessment to be made, or were assessed and found to be ineligible for support. This reflected an 8% decrease from 2015-2016.

Postgraduate

Students on eligible postgraduate courses, who meet the award conditions, can apply for tuition fee and maintenance loan support. We received 4,097 applications for this session, an increase of 36% from 2015-2016. This is a significant increase and is directly attributable to the expansion of eligible courses made available to postgraduate students in 2016-2017.

Nursing and Midwifery Student Bursary

Nursing and midwifery students can access funding for tuition fees, bursaries and supplementary grants. We received 9,525 applications from these students, an increase of 1% on 2015-2016.

Part-Time Fee Grant (PTFG)

We received and processed 16,871 applications for part-time fee grant, an increase of 8.8% from 2015-2016.

Disabled Students Allowance (DSA)

Extra support is available to qualifying students who incur additional costs as a result of a disability. This support covers items ranging from travel to computer software, hardware, consumables to non-medical personal help. During 2016-2017 5,548 applications were received compared to 5,450 in 2015-2016, an increase of 1.8%.

NHS Bursary Scheme

This scheme assists undergraduate dental students who undertake a contract to work with NHS Scotland after graduating. During session 2016-2017 we processed 564 applications from students eligible for support under the NHS Bursary Scheme. This was a decrease of 5.5% on the previous year.

Individual Learning Accounts (ILA)

We work in partnership with Skills Development Scotland to assess applications for support under the Individual Learning Accounts scheme.

This year we received 38,284 applications and 8,781 income reassessments on behalf of this scheme. This continues a downward trend for the scheme and represents a combined reduction in applications and reassessments of 14.6% from the previous year.

Contact Centre

The Contact Centre staff provide support for students throughout their application journey, advising on entitlement and assisting with the process of applying. During 2016-2017 we dealt with 223,172 calls and 95% of these calls were answered within the KPI response time target. This represents a significant decrease in calls received, a drop of 37% from 2015-2016. This reduction is directly attributable to the significant improvement in undergraduate application processing timescales.

In addition, we provided an extended opening hours service from June to October and our phone lines remained open until midnight on 30 June to assist students in meeting the Guarantee Date deadline.

Complaints and Appeals

During 2016-2017, 211 complaints and 722 appeals were received compared to 541 complaints and 618 appeals in 2015-2016. This represents a significant reduction in complaints received of 61%.

100% of complaints were answered within the Scottish Public Service Ombudsman (SPSO) response target times and 100% of appeals were answered within the SAAS response target times.

We are committed to meeting the requirements of the SPSO complaints handling procedure recognising that complaints provide a valuable source of feedback. In line with the SPSO's best practice, we publish our complaints procedure on our website² and we use the information gathered through this process to identify any patterns or trends that require a change to our working practices.

Freedom of information (FOI)

We received 32 FOI requests during 2016-2017, one of which was subsequently withdrawn. We replied to 26 of the FOIs within the required target of 20 working days, an achievement of 84%.

The FOI requests can be analysed as follows:

- 20 were requests for statistical information
- 5 related to policy decisions for complaints received
- 3 requested the release of personal information and were subsequently handled and responded to as Subject Access Requests instead of FOI requests
- 3 requests were made for information about the procurement of goods and services

Financial Management

We processed 1,062 invoices for payment by colleagues in the Scottish Government, made over 575,000 individual payments to students and colleges & universities and received over 100,000 repayments from students and third parties.

Counter Fraud

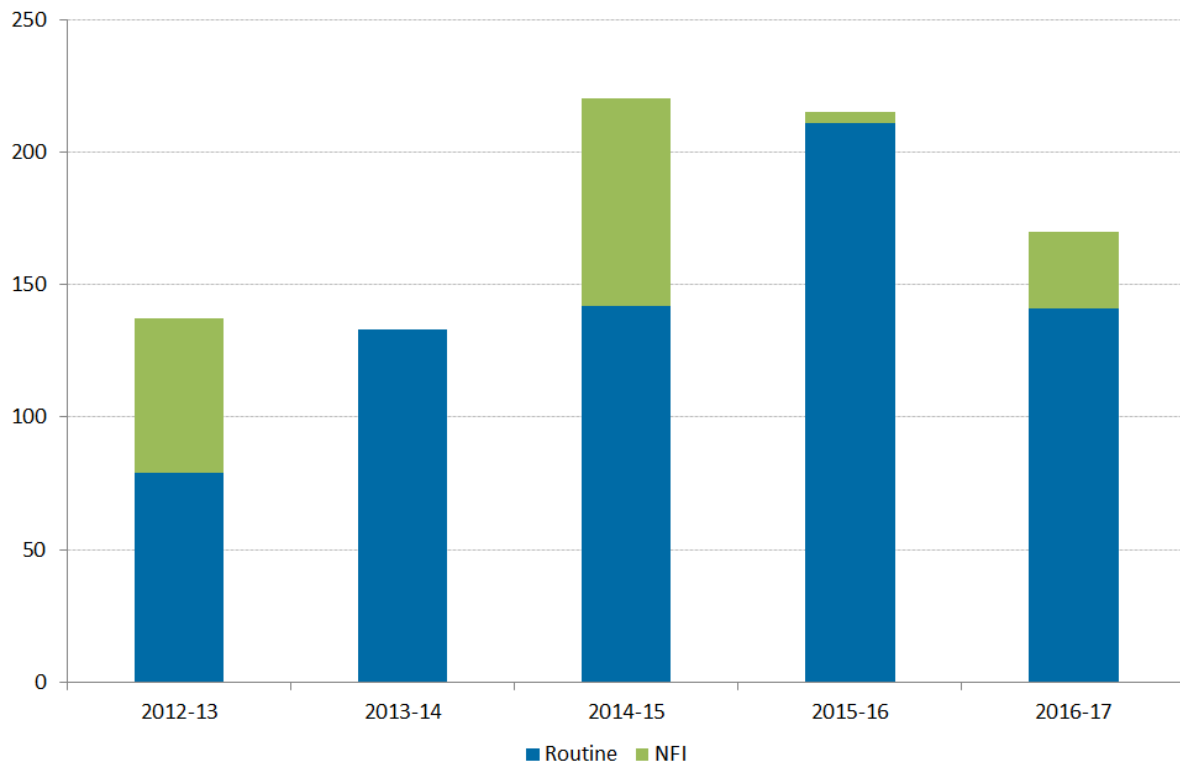
The Agency continues to protect funds from fraudulent activity following the launch of its Counter Fraud Strategy in November 2015. Our five key objectives for countering fraud are to Deter, Prevent, Detect, Investigate and Enforce and we use these objectives to focus our work.

We received 170 cases of suspected fraud for investigation including 31 cases identified through the biennial National Fraud Initiative. Our caseload from referrals has decreased by 19% from the previous year although if we included a further thirty one referrals that were filtered out following initial review, a new process introduced in 2016-2017, the comparable reduction in cases would be 5%.

² www.saas.gov.uk

The chart below provides a snapshot of case numbers received over the past five years.

Suspected fraud cases received for investigation



We submitted fourteen cases for criminal prosecution to the Crown Office and Procurator Fiscal Service (COPFS) during the year and at the end of the year nine cases remained with COPFS waiting to be heard. We deemed twenty six individuals to be 'not fit for support' meaning they will not be entitled to receive SAAS support in the future, an effective sanction taken after careful consideration with the intention of protecting public funds. Through the identification of fraud and error, we were able to prevent further loss of £407,000.

In addition to cases referred for investigation, we also detected fraud and error through a series of analytical reviews and data matching exercises. We continued to work closely with partner bodies to assist with their investigations responding to 74 requests for data. We provided twelve witness statements to be used in court proceedings and staff from the Counter Fraud Team attended court, as witness, on two occasions.

The Agency has continued to be engaged in the cross-public sector Counter Fraud Forum. This forum raises the profile of the counter fraud agenda; shares good practice collaboratively to stop fraud; raises awareness of the risks from fraud; and ensures that where fraud occurs, it is identified and dealt with quickly and effectively.

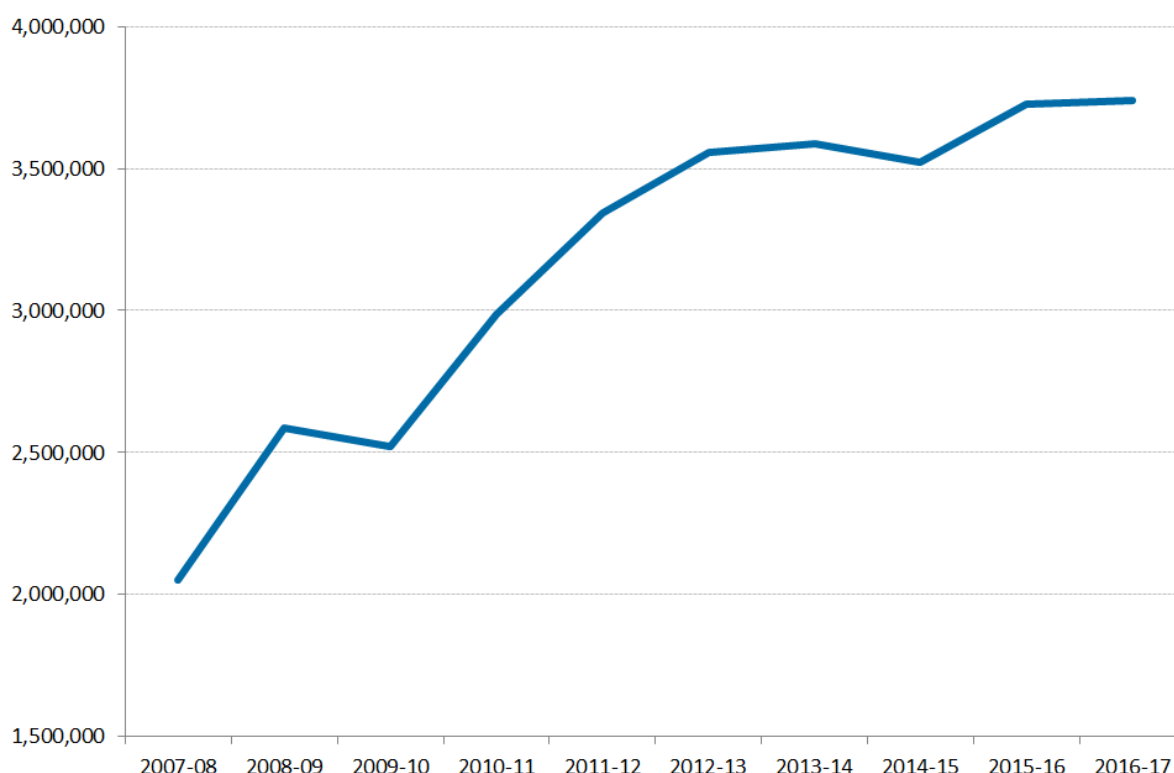
Recoveries

We routinely recover overpayments that have been made for student support, on behalf of the Scottish Government, to recycle into the funding programme for future students.

To assist us in the recovery process, we took legal action against 672 debtors, enforcement action against 931 individuals and arrested the earnings of 246 debtors.

The chart below shows the amount of debt we have successfully recovered in the period 2007-2008 to 2016-2017 and these monies are recorded in the SG accounts.

Cash recovered



During the year we recovered £3,737,287, an increase of 0.3% on the previous year. Whilst the cash recovered has increased only marginally from last year, costs to recover monies have decreased as processes are being improved to recover money earlier, less reliance is being placed on the costly legal process and repayment options being offered are more varied and customer friendly.

Transformation Programme

The Agency has been on a journey to transform the way that services are delivered to our customer. Changes to the student support packages are driven by Scottish Government policies and these requirements inform the development of the Agency's support systems and business processes.

Changes developed during the year for introduction in 2017-2018 included:

- the introduction of a new Care Experienced Bursary
- amended rates for funding provided to nursing & midwifery students and postgraduate students
- expansion of courses recognised for postgraduate funding
- changes to cross-border funding arrangements for nursing and allied health profession students
- amendments to 'long residence' rules for funding individuals who have settled in the UK
- a change to the upper age limit for student loan eligibility

Over the course of 2016-2017 the Agency continued to progress the transformation agenda, with one of the key priorities being improving our IT systems to deliver significant improvements to the application process for all students. A range of technology improvements has helped to streamline the application process and enhance the capability of online services. The benefits of these recent improvements include:

- A facility that enables students to download their funding award letter from their online account and gives them access to information on payment schedules for student awards
- More automated case processing which has contributed to the number of applications processed within 21 days increasing by 22% over the past two years
- A facility that enables students to communicate directly with the Agency through their online account, reducing the volume of telephone calls to the contact centre
- Extended access to dedicated contact centre staff during the peak application period
- An increased use of social media to publicise student support information and address personal and more general queries
- Improved Business Continuity and Disaster Recovery capability

Future SAAS trends and factors affecting future performance

The SAAS Strategy “**Towards 2020, Delivering an excellent and personalised student experience**”³ was published in March 2017. The strategy sets out the important role SAAS aims to undertake to make the education system in Scotland world class with equal opportunities for all, and in helping young learners to move easily through the education system by providing appropriate advice and timely funding support. One of the Agency’s key priorities is to support Scottish Governments aim to close the attainment gap, widen access to higher education and to support the implementation of the recommendations from the Commission on Widening Access.

Future Developments

“**Towards 2020, Delivering an excellent and personalised student experience**” sets out the Agency’s objectives for the next 3 years which include:

- Placing the customer at the centre of everything we do to deliver an excellent, personalised student experience
- Developing a highly skilled workforce, enhancing organisational capacity and capability

³ http://www.saas.gov.uk/_forms/corporate_strategy.pdf

- Improving quality, organisational efficiency, productivity and delivering best value
- Developing digital solutions for the future
- Building stronger partnerships to deliver optimum social, economic and community impact

The development and transformation programme for 2017-2018 will continue to focus on enhancing the service we deliver to students. The first phase of the SAAS Account, providing an enhanced interface for students to submit their applications online, was implemented for the opening of the 2017-2018 session.

The SAAS Account is a key element of our longer term aim to have all our services to all our customers available online. Our aim is to continue to develop our digital capability, engaging with students and other stakeholders to inform the on-going design and implementation of our systems.

Changes to the way in which services are designed and delivered will also be influenced by the need to implement the recommendations made within the 'Blueprint for Fairness' report of the Commission on Widening Access, as well as changes needed to support national policy changes.

During 2017-2018, work will conclude to enhance the Agency's Business Continuity Plan and arrangements.

Trends and factors affecting future performance

The Agency will continue to plan and respond to external factors that impact on the delivery of the service. A review of student support for both Further Education and Higher Education students was announced during the 2016 Spending Review. The review is being led by Jayne-Anne Gadhia, the Chief Executive of Virgin Money and will report in the autumn of 2017. SAAS has been actively involved in the review and will be ready to act on the outcomes from the review.

A number of manifesto pledges were made during the Scottish Parliament elections in May 2016, which are having an impact on the operation of the Agency. These include:

- Implementation of recommendations from the Commission on Widening Access report
- Introduction of full bursary/grant funding for care leavers from 2017-2018
- Increase in the loan repayment threshold
- Retention of nursing bursaries
- Extension of postgraduate funding

In addition, we will monitor closely the progress with Brexit and the outcomes from the UK parliamentary elections.

Partnership Working

We recognise the importance of good industrial relations and consulting fully with staff. We are committed to conducting good employee relationships and fully endorse and support the goals and principles laid down by the Scottish Government. A formal partnership agreement between SAAS and the Council of Scottish Government Unions is in place. We meet on a quarterly basis to discuss operational and strategic issues facing the Agency.

Staff Engagement

In 2016 SAAS had one of the highest response rates across the Scottish Government, for the completion of the annual 'People Survey'. This was a huge 19% increase on 2015 figures taking us to 86%. Of further encouragement were the improved scores in a number of areas. However it was recognised that we needed to build on these successes and a large number of staff focus group sessions have been held to gather feedback on how we could make further improvements.

Customer Engagement

SAAS receives approximately 47,000 first time funding applications each year. To assist this large cohort of customers, our Funding Awareness Team undertakes an annual programme of student and stakeholder outreach activities across Scotland. The programme aims to ensure that new and continuing students, their parents, carers and representatives are aware of and understand the funding available to them.

During the 2016-2017 session, our team hosted or attended over 300 events providing funding information to a range of students and prospective students alongside facilitating a number of demonstrations of the new SAAS Account.

In addition to face-to-face engagement, we publish and distribute the SAAS Funding Guide to each and every secondary school, college and university in Scotland with 57,000 guides being distributed in 2016-2017. We also send a bulk email to UCAS applicants inviting them to apply for financial support and issued emails to 32,000 prospective first-time students.

The SAAS YouTube channel is also available and comprises eleven help videos to provide viewers with practical support through the application process for a range of funding packages. In 2016-2017 our channel received nearly 35,000 views, an increase of over 50% from 2015-2016, and our '2016-2017 Apply Now' advert received 61,000 views.

SAAS PR and Marketing Campaign 2016-2017

The PR and marketing campaign is a fundamental part of the application process. Historically the SAAS PR campaign objective has been to remind students of the Guarantee Date. In 2016 we changed the direction of the PR campaign away from focusing solely on the 30 June Guarantee Date, to advertising that 'we are open for business', not only to remind students to apply but to encourage them to submit their applications earlier.

Our critical target dates were - open for business and applications from 11 April 2016, Guarantee Date for applications 30 June 2016, and reminder that application deadline for the academic year was 31 March 2017.

Targeting both continuing students and new and prospective students, we used a wide range of methods to raise awareness and ensure all students, institutions, parents, carers and key influencers were fully aware of the services and funding we provide, our application process and that we were open for business.

In 2016-2017 the campaign was project managed entirely in-house for the first time achieving a cost saving of over £32,000. A full evaluation of each year's campaign activity is undertaken to ensure a good return on investment and value for money.

Social, Community and Human Rights

SAAS aims to place the needs of our customers at the centre of everything we do. As part of our commitment to customers we have invested heavily in our front-line customer service to deliver our objective of preventing finance being a barrier to higher education.

As an Executive Agency of the Scottish Government we are subject to the European Convention on Human Rights and the UK Human Rights Act 1998. We work in line with the Scottish Government's objective to commit to creating a modern inclusive Scotland that protects, respects and realises human rights for people in Scotland and the UK. We respect all human rights and in conducting our business we regard these human rights most relevantly when dealing with our customers and stakeholders.

A number of events and activities were arranged during the reporting year to bring staff together, become more involved with the local community and be actively involved with charitable work.

During April 2016, a team of our staff volunteered to assist at the local Broomhouse Centre which provides educational opportunities for around 130 trainees. The Centre also supports those with dementia, young carers and provides counselling services for young people. Our staff assisted by helping to re-decorate and carry out some gardening. In addition they returned to provide an overview of SAAS funding for young carers and others who may be interested in entering Higher Education.

The Agency also has an active Social Club and organises events for staff that are generally very well attended. During the year the Club held a ten pin bowling event, made a trip to Musselburgh races, hosted a pub quiz and a held a Christmas raffle.

In the lead up to Christmas, staff were very generous in donating to the Cash for Kids appeal which is co-ordinated through the local radio station. Over £2,600 worth of gifts and cash were donated by staff to give to children who may otherwise not receive a Christmas gift.

The SAAS football team was formed in 2015 to encourage healthy living and wellbeing for any staff interested in the sport. The team also helps to increase staff engagement and develop links within the local community. The team had a number of successes during the year including lifting its first trophy by winning the Scottish Government's 5-a-side Active Scotland Shield.

In March 2017 the Agency held its seventh National Stakeholder Conference. The event provides an opportunity for the Higher Education sector to come together to network, share best practice and hear about the Agency's plans for the future. Our theme was '**Widening Access, Supporting Futures**' and all stakeholders were able to test the new SAAS Account in a live environment. Survey feedback from 150 delegates was extremely positive.



Paul Lowe
Chief Executive
05 July 2017

Accountability Report - Governance

Directors' Report

The Chief Executive is the Accountable Officer of the Agency and is supported by the SAAS Board. Full details of the governance structure and risk management arrangements in operation in the Agency are provided as part of the Governance Statement (page 26).

SAAS Board 2016-2017

Chief Executive & Accountable Officer (Chair)	Paul Lowe
Non-Executive Board Members	Kathy Patterson <i>Chair – Advisory Committee</i> Derek Smeall <i>Chair – Audit and Risk Committee</i> Janet Matthews Edward McGrachan Janet Unsworth
Director of Policy and Engagement	Miriam Craven (1)
Director of Corporate Services	Keith Jenkinson
Director of Finance	Audrey Shimmons
Director of Operations	Anne Ward
Head of Governance	Roz McCracken (2)

(1) Miriam Craven left the agency on 20 January 2017 and was replaced by a new Director of Policy and Engagement in April 2017

(2) Roz McCracken left the agency on 09 August 2016 and was replaced by a new Head of Corporate Office in September 2016

Information on salary and pension entitlement can be found in the Accountability Report – Remuneration and Staff section.

Company directorships and other significant interests

No members undertook any material transactions with the Agency or reported any conflicts in respect of other interests.

Appointed auditors

Our Annual Report and Accounts are audited by auditors appointed by the Auditor General for Scotland. Details on audit remuneration can be found in the Notes to the Accounts section of this report.

Internal audit services are provided by Scottish Government Internal Audit Directorate. The scope of work is determined following discussion with management and is subject to approval by the Audit and Risk Committee.

Incidents reported to the Information Commissioners Office (ICO)

There were no data breaches notified to the ICO during the reporting year.

Environment and Sustainability Report

As an Agency of the Scottish Government we remain committed to ensuring we contribute to the achievement of the Government's National Outcome of reducing the local and global environmental impact of our consumption and production.

Our energy, waste and water consumption are not separately metered, but form part of the overall footprint of Saughton House, the building we occupy. This is a Scottish Government building included within the Scottish Government's reporting. We therefore cannot provide separate detailed consumption figures for 2016-2017.

For more information about energy consumption on the Scottish Government estate, see The Scottish Government's Public Sector Climate Change Duties Report, 2014-2015⁴.

⁴ <http://www.gov.scot/Publications/2015/11/4451>

Statement of Accountable Officer's Responsibilities

In accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, Scottish Ministers have directed the Student Awards Agency Scotland (SAAS) to prepare for each financial year a statement of accounts 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 and of its net resource outturn, application of resources, changes in taxpayers' equity 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 accounts on a going concern basis

The Principal Accountable Officer of the Scottish Government has appointed the Chief Executive of the Student Awards Agency 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 Scotland's assets, are set out in the Accountable Officer Memorandum issued by Scottish Ministers.

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 make myself aware of any relevant audit information and to establish that the auditors are also aware of this information.

I confirm that the annual report and accounts as a whole are fair, balanced and understandable and I take responsibility for the annual report and accounts and the judgements required for determining that they are fair, balanced and understandable.

Paul Lowe
Chief Executive
05 July 2017



Governance Statement

This Governance Statement aims to provide a clear understanding of our organisation's internal control structure and the management of our resources. This statement outlines and evaluates the arrangements in place during 2016-2017 to gain assurance about performance and risk management and how we are responding to control weaknesses and emerging risks.

Scope of Responsibility

As Accountable Officer for SAAS, I am responsible for the delivery of the Agency's functions, its performance and for planning its future development. My responsibilities include:

- Being Accountable Officer for the management of operating budgets and resources.
- Being personally accountable to Ministers and Parliament for the Agency's efficient and effective operation and for performance against key targets.
- Ensuring that the Agency works across Government in support of the Government's purpose and national outcomes set out in the National Performance Framework.
- Providing assurance to the Fraser Figure, also known as the Senior Responsible Officer, who acts as a focal point within the Scottish Government for supporting and facilitating the work of the Agency in meeting its objectives and targets and approves the level of resources required as a result.
- Ensuring Best Value in all aspects of the Agency's operations, both front line delivery and corporate support functions.
- Consulting with Higher Education stakeholders and Scottish Government partners on policy, financial and corporate developments that may impact on the services delivered by the Agency.

I ensure organisational compliance with the Scottish Public Finance Manual (SPFM) which is issued by Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds.

My 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 and Justice and the Director General Health and Social Care as Accountable Officers.

Corporate Governance Framework

The Agency's corporate governance framework comprises the systems, processes and values within which the Agency operates. Our system of internal control and assurances seeks to identify the principal risks to the achievement of the Agency's policies, aims and objectives.

I am supported by an Executive Team (ET) comprising four Executive Directors who are each responsible for a business unit area within the Agency, and a Head of Corporate Office who supports me in terms of corporate governance arrangements. The Executive team meets monthly as a formal decision making group responding to operational issues and supporting the work of the SAAS Board.

In 2016-2017, I was also supported by five Non-Executive Directors, external advisors that provide the Agency with an external perspective, bringing constructive challenge, helping develop proposals on strategy and bringing specific expertise and knowledge to discussions. They are independent of management.

Together, our Executive and Non-Executive members provide membership of our corporate governance groups, comprising the Board, Advisory Committee, Audit and Risk Committee and Transformation Programme Board. The Advisory Committee and Audit and Risk Committee are chaired by Non-Executive members. The structure and remit of these groups were revised in 2016-2017.

SAAS Board

The SAAS Board comprises of the Chief Executive, as Chair, and the Agency's Non-Executives and Executive Team, whose role is to support me in the operation of the Agency. The Board is responsible for supporting and advising on:

- the strategic leadership and direction of the Agency
- achievement of the Agency's objectives
- monitoring of the Agency's Performance
- oversight of the Agency's systems of control and accountability

The SAAS Board met six times in 2016-2017, with all meetings quorate. Members also took part in additional workshops and events to consider other Agency priorities. For example, a workshop was held on Strategic Planning.

In order to increase transparency of Board proceedings two SAAS staff observer places are available at each meeting and the minutes of the meetings are publicly available on our website.

SAAS Advisory Committee

The SAAS Advisory Committee consists of the Chief Executive, Non-Executives (one of which Chairs the committee) and Senior Civil Servants (SCS) from across the Scottish Government with a policy interest in the delivery of our service, as well as a representative from NUS Scotland.

The committee provides a direct route for high level communications between SAAS and its key partners within Scottish Government who are responsible for student support programmes, who are involved in the funding of SAAS and have responsibility for wider policy decisions that may impact on SAAS.

It provides the opportunity for key partners to challenge and support SAAS, share information, and have discussions on strategy, policy, finance, risk, major change and corporate developments that are of relevance to either SAAS, the SG or other stakeholders. This enables SAAS to ensure that it acts in compliance with the SG strategic agenda and expectations and aligns its activities accordingly.

The Committee acts in an advisory capacity to the main SAAS Board and met four times in 2016-2017.

The Audit and Risk Committee

The Audit and Risk Committee (ARC) advises the Board and myself on the adequacy of risk management, internal control and governance arrangements and the efficient and effective use of public funds. This includes:

- The strategic processes for risk, control and governance.
- The accounting policies, the accounts, and the annual report of the Agency.
- Gaining assurance that risk is being monitored and managed appropriately.

The ARC consists of three Non-Executives and an Independent Audit Committee Member, who has relevant financial experience in line with the HM Treasury Code of Good Practice on Corporate Governance. It is also attended by myself, the Director of Finance and the Head of Corporate Office. The Committee is chaired by a Non-Executive Board Member. The committee met four times in 2016-2017.

The Transformation Programme Board

The Transformation Programme Board directs and governs the delivery of the SAAS change portfolio and ensures it aligns with strategic goals. This includes:

- Development of a balanced project portfolio that makes best use of the Agency's resources.
- Selection, prioritisation and control of the organisation's programmes.

- Resolving strategic and directional issues between programmes or change initiatives, including resource conflicts.
- Ensuring the establishment and implementation of an effective change management model and approach.
- Carrying out regular portfolio risk assessments in accordance with the risk management strategy.
- Setting parameters for escalation of issues in terms of scope, time, cost and quality.
- Supporting programme and project teams.

The Board met six times in 2016-2017. It should be noted that toward the end of 2016-2017 it was agreed to review the remit of this Board, which was also re-named the SAAS Portfolio Management Committee.

Internal Audit

Internal auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the clients it serves. It assists clients in accomplishing their objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the relevant organisation's risk management, control, and governance processes.

The work of Internal Audit is informed by the Agency's corporate risk register, assurance map and by the audit needs assessment undertaken by the auditors.

Internal Audit carried out two audits during 2016-2017: Fraud Prevention, Detection and Investigation; and, IT Project Management. In addition an exercise was undertaken to train Corporate Office staff on Assurance Mapping. Follow-up work was also completed in 2016-2017 on five audits from 2014-2015 and 2015-2016.

External Audit

The Auditor General for Scotland is responsible for auditing the Agency's accounts. The appointed auditors in 2016-2017 were Grant Thornton UK LLP.

Assessment of Corporate Governance Arrangements

The governance arrangements continue to be strengthened and I will keep them under review to make sure that they remain fit for purpose. Changes in 2016-2017 include, but are not limited to:

- A review of corporate governance committees was undertaken, which led to the renaming of the SAAS Management Board (now called SAAS Board) and SAAS Strategic Board (now called SAAS Advisory Committee). Their terms

of reference were also reviewed and updated to reflect refocused membership. Information on the Organisation Structure and Governance⁵ was published on the SAAS website during the year.

- Embedding a formal business planning regime, covering a Corporate Strategy (multi-year, setting out high-level aims and aspirations) which in turn is supported by a more detailed Corporate Plan. The Corporate Strategy was launched in March 2017, and the Corporate Plan was launched in June 2017. The details of these plans will then be implemented through an annual business planning cycle. Performance against these plans will be monitored and reported back to the SAAS Board. Underneath the Corporate Plan each business unit area also has a supporting Directorate plan.
- Reviewing our approach to Risk Management across the Agency, with particular emphasis on enhancing the Corporate Risk Register. To support this an internal Risk Management Group was set up and will become fully operational in 2017-2018.
- Reviewing and developing a revised Business Continuity Management approach for the Agency, including developing a new Business Continuity Plan and IT Disaster Recovery Plan. Further work will be undertaken in 2017-2018 to test the plans and to develop operational (Directorate level) plans.
- Moving to a Portfolio Management approach to major change, supported by new governance arrangements. A Portfolio Management Committee was proposed to replace the existing Transformation Programme Board, to be fully embedded in 2017-2018. It was anticipated that this approach would achieve better alignment between projects/programmes and the Corporate Strategy, deliver business value, strengthen governance and enhance decision making.

Risk Assessment

Guidance on the basic principles of risk management is included in the Scottish Public Finance Manual. During 2016-2017 the Agency has continued to develop and strengthen its risk management approach.

Throughout the reporting period, the SAAS Executive Team, SAAS Audit and Risk Committee and SAAS Board have continued to take an active lead in risk management within the Agency.

The Agency maintains a Corporate Risk Register which records internal and external risks and identifies the mitigating actions needed to reduce the threat from these risks and the impact they have on the organisation. The Risk Register is reviewed on a quarterly basis. As well as the Corporate Register, each area of the Agency maintains its own Risk Register, providing the means to report risks to the

⁵ http://www.saas.gov.uk/about_us/organisation_structure_governance.htm

management and to have them assessed and escalated as needed to ensure that preventative action is taken.

The principal risks for 2016-2017 are detailed in the Performance Report - Overview at page 6.

A project was started in January 2017 to review and consolidate risk management approaches across the Agency, for example in the further development and maintenance of Directorate level risk registers and ensuring appropriate escalation routes are in place with the Corporate Risk Register. Initial work in 2016-2017 focused on reviewing the Corporate Risk Register, assessing the risk maturity of the Agency and setting up an internal Risk Management Group to facilitate shared knowledge of risk across the organisation and to manage the Corporate Risk Register. Further work planned in early 2017-2018 is to support Directorates to further develop and manage their risk registers, and embed risk management in their business as usual processes.

The Agency has been reviewing Business Continuity Management arrangements, with revised Business Continuity and IT Disaster Recovery Plans completed towards the end of 2016-2017. Further work will be undertaken in 2017-2018 to enhance our arrangements to ensure our continued capability to respond to incidents and business disruptions. The SAAS Audit and Risk Committee takes an active interest in our business continuity development.

Counter Fraud Activity

We have a designated Counter Fraud Team which aims to prevent and detect fraud, and ensure that timely and effective action is taken in the event of a fraud. The staff within the Team are available to advise, guide and assist in efforts to counter fraud. All cases of actual or suspected fraud are investigated and appropriate action is taken. A documented Counter Fraud Strategy is in place.

We have been looking at ways to help us prevent the diversion of public funds to fraudsters while, in parallel, developing our in-house capacity and skills to counter fraud. This has included working toward membership of CIFAS, a not-for-profit organisation which holds a large database of known frauds in the UK, to help identify known fraudsters applying to SAAS.

The Agency has continued to be engaged in the cross-public sector Counter Fraud Forum. This forum raises the profile of the counter fraud agenda; shares good practice collaboratively to stop fraud; raises awareness of the risks of fraud; and ensures that where fraud occurs, it is identified and dealt with quickly and effectively.

The Agency also participates in the biennial National Fraud Initiative, a data matching exercise led by Audit Scotland.

Data Security Framework

The Agency follows Scottish Government policy on Information Security and has a designated Senior Information Risk Owner. Further work is planned in 2017-2018 to put in place Information Asset Owners across the Agency to manage risk to information, which will be supported by work in developing an Information Asset Register.

All staff members are required to complete mandatory online training covering both data protection and information management on an annual basis.

As advised on page 24, there were no data breaches that required to be reported to the Information Commissioner's Office.

Review of Effectiveness

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

- formal assurances from my Executive Team who have responsibility for the development and maintenance of our internal control framework
- the Business Managers within the organisation who have responsibility for the development and maintenance of the risk and control framework
- SAAS Board which considers the plans, risks and management of the Agency and advises on the overall strategic direction and performance
- SAAS Advisory Committee which provides a direct link with SG and liaison with the SAAS Board
- SAAS Audit and Risk Committee which meets quarterly to consider the internal controls of the Agency and how effective those controls are
- SAAS Transformation Programme Board which oversees the Transformation Programme
- the work of our Internal Auditors who submit regular reports to the Agency's Audit and Risk Committee
- comments made by our External Auditors in their management letters and other reports
- the Corporate Risk Register in place for all critical elements of our operations
- regular reports on managing risks on key projects

The Agency's risk and control framework is based on an on-going process designed to identify the principal risks to the achievement of the Agency's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. It can, however, only provide reasonable and not absolute assurance of effectiveness. More generally, my organisation is committed to a process of continuous development and improvement and as such we will continue to focus on improving our corporate governance arrangements.

A handwritten signature in black ink, appearing to read 'PL', followed by a period.

Paul Lowe
Chief Executive
05 July 2017

Accountability Report – Remuneration and Staff

Remuneration

Remuneration Policy

Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

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

The officials covered by this report, with the exception of our Non-Executive Board Members, 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.civilservicecommission.org.uk.

Board Remuneration

Senior management salaries

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

Officials	Salary £000		Pension benefits £000 ¹		Total £000	
	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
Paul Lowe (1) <i>Chief Executive</i>	70-75	5-10	59	29	125-130	35-40
Miriam Craven (2) <i>Director of Policy and Engagement</i>	45-50	55-60	23	41	70-75	95-100
Keith Jenkinson <i>Director of Corporate Services</i>	55-60	55-60	13	32	70-75	85-90
Audrey Shimmons (3) <i>Director of Finance</i>	50-55	45-50	15	21	65-70	65-70
Anne Ward <i>Director of Operations</i>	55-60	55-60	13	28	70-75	80-85
Roz McCracken (4) <i>Head of Governance</i>	10-15	35-40	10	31	20-25	65-70

Note: The value of pension benefits accrued during the year is calculated as the real increase in pension (multiplied by 20) plus the real increase in any lump sum less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

Pension benefits are reported based on a full year equivalent.

- (1) Paul Lowe joined the Agency in February 2016
- (2) Miriam Craven's full year salary is in the range £55k-£60k. Miriam left the Agency on 20 January 2017.
- (3) Audrey Shimmons' full-time equivalent salary is in the range £55k-£60k. Pension benefits for 2015-2016 were re-calculated by MyCSP and have been updated accordingly.
- (4) Roz McCracken's full year full-time equivalent salary is in the range £45k-£50k. Roz left the Agency on 09 August 2016.

Non-Executive Board Members

Our Non-Executive Board Members were remunerated for the following attendance fee payments for financial year 2016-2017. No other fees were provided to Non-Executive Board Members in the year.

Non-Executive Board Member	2016-2017 £	2015-2016 £
Dugald Mackie (1)	Nil	1,652
Derek Smeall	2,495	2,652
Ed McGrachan	4,171	4,464
Janet Unsworth	4,783	4,674
Janet Matthews	1,873	2,040
Kathy Patterson	5,191	3,674

(1) Dugald Mackie's appointment ended on 2 March 2016.

Salary

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

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

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. None of our senior managers received any such benefit in 2016-2017 or 2015-2016.

Bonuses

No bonuses were paid in 2016-2017 or 2015-2016.

Compensation for loss of office

No members of the Board were compensated for loss of office in 2016-2017 or 2015-2016.

Pensions

Details of pensions and Cash Equivalent Transfer Values are disclosed based on information supplied by MyCSP.

	Accrued pension at pension age as at 31/3/17 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/3/17 £000	CETV at 31/3/16 £000	Real increase in CETV £000	Employer contribution to partnership pension account Nearest £100
Paul Lowe <i>Chief Executive</i>	15-20 Plus lump sum of 40-45	2.5-5 Plus lump sum of 2.5-5	253	209	32	-
Miriam Craven (1) <i>Director of Policy and Engagement</i>	10-15	0-2.5	150	133	8	-
Keith Jenkinson <i>Director of Corporate Services</i>	30-35 Plus lump sum of 90-95	0-2.5 Plus lump sum of 0-2.5	712	697	13	-
Audrey Shimmons (2) <i>Director of Finance</i>	15-20	0-2.5	301	254	10	-
Anne Ward <i>Director of Operations</i>	25-30 Plus lump sum of 75-80	0-2.5 Plus lump sum of 0-2.5	516	482	11	-
Roz McCracken (3) <i>Head of Governance</i>	10-15 Plus lump sum of 35-40	0-2.5 Plus lump sum of 0-2.5	212	205	5	-

(1) Miriam Craven left the Agency on 20 January 2017.

(2) Audrey Shimmons' CETV at 31 March 2016 was recalculated by MyCSP and has been updated accordingly.

(3) Roz McCracken left the Agency on 09 August 2016.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or Alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined Alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four

sections: 3 providing benefits on a final salary basis (Classic, Premium or Classic Plus) with a normal pension age of 60; and one providing benefits on a whole career basis (Nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium, Classic Plus, Nuvos and Alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into Alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to Alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave Alpha. (The pension figures quoted for officials show pension earned in PCSPS or Alpha – as appropriate. Where the official has benefits in both the PCSPS and Alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (Partnership pension account).

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of Classic (and members of Alpha who were members of Classic immediately before joining Alpha) and between 4.6% and 8.05% for members of Premium, Classic Plus, Nuvos and all other members of Alpha. 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 initial 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 for 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 the accrued pension is uprated in line with Pensions Increase legislation. Benefits in Alpha build up in a similar way to Nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The Partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of 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 0.5% 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, 65 for members of Nuvos, and the higher of 65 or State Pension Age for members of Alpha. (The pension figures quoted for officials show pension earned in PCSPS or Alpha – as appropriate. Where the official has benefits in both the PCSPS and Alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.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 member 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 that is 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.

Staff Report

Staff numbers and costs

The average number of full-time equivalent (FTE) staff employed during the year was as follows:

	2016-2017	2015-2016
Senior management	6	6
Other permanent staff	244	232
Agency staff	24	38
Total	274	276

FTE staff were employed in the following business areas during 2016-2017:

	Operations	Finance	Policy & Engagement	Corporate Office	Corporate Services
Senior management	1	1	1	2	1
Other permanent staff	158	23	16	5	39
Agency staff	13	1	0	2	11
Total	172	25	17	9	51

FTE staff were employed in the following business areas during 2015-2016:

	Operations	Finance	Policy & Engagement	Corporate Office	Corporate Services
Senior management	1	1	1	2	1
Other permanent staff	147	24	19	5	37
Agency staff	25	2	-	1	10
Total	173	27	20	8	48

The total payroll costs for our staff were as follows:

	2016-2017 £000	2015-2016 £000
Salaries and wages	6,300	5,944
Social security costs	523	368
Other pension costs	1,212	1,128
Agency staff	1,583	1,424
Payroll costs charged to capital projects	(468)	-
Total	9,150	8,864
Total - Statement of comprehensive net expenditure	9,150	8,864

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “Alpha” are unfunded multi-employer defined benefit schemes in which SAAS is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the schemes as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation⁶.

For 2016-2017, employers’ contributions of £1,206,017.38 were payable to PCSPS (2015-2016 £1,128,193.89) at one of four rates in the range 20.0 to 24.5 per cent (2015-2016: 20.0 to 24.5 per cent) of pensionable pay, based on salary bands. The scheme’s actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2016-2017 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Voluntary Exit Scheme

Redundancy and other departure costs are 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.

There were no departures under such schemes in 2016-2017 or 2015-2016.

⁶ <http://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/>

Fair pay disclosures

Pay multiplier

In accordance with the Government Financial Reporting Manual (FReM), reporting bodies are required to disclose information together with prior year comparatives in relation to fair pay disclosures.

Staff remuneration in 2016-2017 ranged from £17,242 to £104,907.

The banded midpoint remuneration of the highest paid Director at the reporting date was £72,500 (2015-2016, £67,500). This was 3.2 (2015-2016, 3.5) times the median remuneration of staff. The median remuneration based on annualised, full time equivalent remuneration of staff, including temporary and agency staff, is £22,434 (2015-2016, £19,182).

Equal Opportunities/Diversity/Disability

As an Executive Agency of the Scottish Government all our permanent employees are Scottish Government Civil Servants. We can directly 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.

We are committed to increasing the diversity of staff within the organisation. We will develop all our staff, ignoring all irrelevant differences in their management and development. Furthermore we will positively value the different perspectives and skills of all staff and make full use of these in our work.

We are a Disability Symbol user, which recognises our commitment to both the letter and spirit of the law and lets us demonstrate our positive attitude towards our staff with disabilities. We meet our requirements as a symbol user by guaranteeing interviews to all disabled staff who meet the minimum criteria for any post; reminding line managers of their management responsibilities; helping staff balance their work and their disability; and offering advice and training to staff and managers about issues related to disability.

Staff numbers (by grade and gender)

During the period 1 April 2016 to 31 March 2017, SAAS appointed twenty two permanent members of staff. Of these appointments, eleven were male and eleven were female. In addition, the Agency appointed twelve modern apprentices of which five were male and seven were female.

As at 31 March 2017, 249 permanent employees and 22 temporary staff were employed by SAAS. Currently thirty employees work part time, with varied working

patterns of three to five days, covering a minimum of twenty hours per week. In addition, one member of staff works annualised hours and ten work a full time compressed week. Eight staff declared a disability.

Breakdown of permanent staff by gender as at 31 March 2017

	Female	Male	Total
Senior Civil Service	0	1	1
Senior Management	2	1	3
Employees	132	113	245
Total	134	115	249

Sickness Absence

During the year, a total of 3,435 business days were lost due to sickness absence, an average of 14 days per employee. This was a decrease from 15 days in the previous year.

We recognised this as an area of concern for the Agency as days lost are higher than other similar organisations and the Scottish Government. We have therefore strengthened our attendance management arrangements over the last two years and have also introduced additional training as part of our induction programme for new managers. We are now seeing an improving trend, but continue to monitor and seek ways to reduce days lost.

Consultancy

During the year we spent £6k on consultancy for Board development.

The Remuneration report (page 34 to 39) and the Fair pay disclosures (page 42), Voluntary Exit Scheme (page 41) and Staff numbers and costs (page 40) have been subject to audit. The remaining information within the Remuneration and Staff Report has been reviewed for consistency.

Accountability Report – Parliamentary Accountability and Audit

Parliamentary Accountability

Expenditure Trends

As a service delivery Agency, the majority of SAAS expenditure is incurred on staffing costs. In recent years staff costs have risen significantly due to the implementation of Scottish Government pay awards and mandatory increases to pension and national insurance contributions. These unavoidable cost increases placed our baseline budget under pressure and required additional baseline budget to be transferred to the Agency for the commencement of the 2017-2018 financial year.

A budget review is currently underway for the years 2018-19 and 2019-20 and we have highlighted the need for our budget to be increased by the Scottish Government to cover the growth in annual staffing costs. This will ensure that the Agency can continue to provide an effective service for its customers.

Regularity of Expenditure

Our financial transactions are in accordance with the relevant legislation and regulations governing our activities and expenditure was incurred or applied in accordance with applicable enactments and guidance issued by Scottish Ministers. Sums paid out of the Scottish Consolidated Fund were applied in accordance with the Scotland Act 1998.

Accounts Direction

The accounts have been prepared in accordance with a direction given by Scottish Ministers in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000. The direction is provided at page 64.

Paul Lowe
Chief Executive
05 July 2017



Independent auditor's report

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

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

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Student Awards Agency Scotland for the year ended 31 March 2017 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Financial Position, the Statement of Comprehensive Net Expenditure, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. 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 2016/17 Government Financial Reporting Manual (the 2016/17 FReM).

In our opinion the accompanying 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 2017 and of its net expenditure 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 2016/17 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.

Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in

accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the 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.

Our objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK&I) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with our audit of the financial statements in accordance with ISAs (UK&I), our responsibility is to read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in

the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Report on regularity of expenditure and income

Opinion on regularity

In our opinion in all material respects:

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

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. We are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on other requirements

Opinions on other prescribed matters

We are required by the Auditor General for Scotland to express an opinion on the following matters.

In our opinion, the auditable part of the Remuneration and Staff Report has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been 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 Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public

Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the auditable part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

A handwritten signature in blue ink, appearing to read 'Gareth Kelly', with a stylized flourish at the end.

Gareth Kelly, for and on behalf of Grant Thornton UK LLP
110 Queen Street
Glasgow
G1 3BX

05 July 2017

Annual Accounts 2016-2017

Statement of comprehensive net expenditure for the year ended 31 March 2017

Administrative costs	Notes	2016-2017 £000	2015-2016 £000
Staff costs	Remuneration and Staff Report	9,150	8,864
Other administrative costs	2, 9	2,237	2,190
Depreciation and amortisation	3, 4	482	1,050
Net operating costs		11,869	12,104

Other comprehensive expenditure

Administrative costs	Notes	2016-2017 £000	2015-2016 £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		-	-
Total comprehensive expenditure for the year ended 31 March 2017		11,869	12,104

The above results relate to continuing activities.

The notes from page 53 form part of these accounts.

Statement of financial position as at 31 March 2017

	Notes	31 March 2017 £000	31 March 2016 £000
Non-current assets			
Property, plant and equipment	3	722	821
Intangible assets	4	1,989	1,306
Total non-current assets		2,711	2,127
Current assets			
Trade and other receivables	5	281	239
Total current assets		281	239
Total assets		2,992	2,366
Current liabilities			
Trade and other payables	6, 11,15	569	462
Provisions for liabilities and charges	8	4	3
Total current liabilities		573	465
Total assets less current liabilities		2,419	1,901
Non-current liabilities			
Provisions for liabilities and charges	8	-	1
Total non-current liabilities		-	1
Assets less liabilities		2,419	1,900
Taxpayers' equity			
General reserve	SOCTE	2,419	1,900
Revaluation reserve	SOCTE		-
Total taxpayers' equity		2,419	1,900

The notes starting from page 53 form part of these accounts.

Paul Lowe
Chief Executive
05 July 2017



The Accountable Officer authorised these financial statements for issue on 05 July 2017.

Statement of cash flows for the year ended 31 March 2017

	Notes	2016-2017 £000	2015-2016 £000
Cash flows from operating activities			
Net operating cost		(11,869)	(12,104)
Adjust for non-cash transactions		997	1,539
(Increase)/decrease in receivables and other current assets	5	(42)	(36)
Increase/(decrease) in trade and other payables ⁷	6	58	(203)
Increase/(decrease) in provisions	8	-	(2)
Net cash outflows from operating activities		(10,856)	(10,806)
Cash flows from investing activities			
Purchase of property plant and equipment ³	3	(188)	(193)
Purchase of intangible assets	4	(829)	(907)
Net cash flows from investing activities		(1,017)	(1,100)
Cash flows from financing activities			
From Scottish Consolidated Fund	14	11,873	11,906
Cash flows from financing activities		11,873	11,906
Decrease/(increase) in cash and cash equivalents	7	-	-

⁷ Adjusted for movement of £49k in trade payables for capital expenditure in 2016-2017.

Statement of changes in taxpayers' equity for the year ended 31 March 2017

	Notes	General reserve £000	Total £000
Balance at 1 April 2016		1,900	1,900
Changes in taxpayers' equity for 2016-2017:			
Non-cash charges – auditors remuneration	2	22	22
Non-cash charges – notional costs	2	493	493
Net operating cost for the year		(11,869)	(11,869)
Total recognised expenditure for 2016-2017		(11,354)	(11,354)
Parliamentary funding	14	11,873	11,873
Net parliamentary funding drawn down		11,873	11,873
Balance at 31 March 2017		2,419	2,419

Statement of changes in taxpayers' equity for the year ended 31 March 2016

	Notes	General reserve £000	Total £000
Balance at 1 April 2015		1,609	1,609
Changes in taxpayers' equity for 2015-2016:			
Non-cash charges – auditors remuneration	2	21	21
Non-cash charges – notional costs	2	468	468
Net operating cost for the year		(12,104)	(12,104)
Total recognised expenditure for 2015-2016		(11,615)	(11,615)
Parliamentary funding	14	11,906	11,906
Net parliamentary funding drawn down		11,906	11,906
Balance at 31 March 2016		1,900	1,900

Notes to the accounts for year ended 31 March 2017

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 67) these financial statements have been prepared in accordance with the 2016-2017 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adopted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the Student Awards Agency Scotland for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Student Awards Agency Scotland are described below. They have been applied consistently in dealing with items that are considered to be material 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 investment property, property, plant and equipment, intangible assets and certain financial assets and liabilities 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 information technology, office equipment and fixtures and fittings. They are capitalised at their cost of acquisition and installation.

Depreciated historic cost has been used as a proxy for the fair value of PPE assets as required by IFRS 13.

The lower threshold for capitalising PPE assets is £1,000. Information technology 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. Any replaced parts will be de-recognised as assets. All other repairs and maintenance are charged to the statement of comprehensive net expenditure 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:

Information technology	-	5 years
Office equipment	-	5 years
Fixtures and fittings	-	10 years

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 2016-2017 no impairment of our non-current 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 as required by IFRS 13.

Expenditure on software development is capitalised if it meets the criteria specified in the FReM which is 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 development costs for designing, building and enhancing the in-house student awards processing system, StEPS, and associated bespoke developed software are included in intangible assets. Staff costs for those working directly on projects are capitalised; salaries for senior management would only be capitalised if actively involved in the technical development of the system.

Assets under development costs for the 'SAAS Account' have been re-categorised as in-house developed software in recognition of the service going live for the 2017-2018 academic session.

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 and bespoke developed software	-	5 years
Purchased software licences	-	3 years

Componentisation

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

Impairment reviews

Impairment reviews are carried out each year. In 2016-2017 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. We apply the Scottish Government's policy of paying invoices within 10 days of receipt of the invoice or delivery of the goods or services, whichever is later.

1.5 Leases

We have an operating lease for the Agency's accommodation. 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 Civil Service Pensions . 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 an employee renders a service that entitles them to these benefits. As a result, an accrual has been made for holidays and flexible working time credits earned but not taken.

1.8 New accounting standards

A number of new accounting standards have been issued or amendments made to existing standards, but do not come in to force until future accounting periods and therefore are not yet applied. All new standards issued and amendments made to existing standards are reviewed by Financial Reporting and Advisory Board (FRAB) for subsequent inclusion in the FReM in force for the year in which the changes become applicable. The standards that are considered relevant to SAAS and the anticipated impact on the accounts are as follows:

IFRS 9 – Financial Instruments

This standard was issued in November 2014, and is effective from 1 January 2018. The adoption of this standard could change the classification and measurement of financial assets. The interpretation for the public sector is still under consideration and the impact has not been determined.

IFRS 16 - Leases

This standard was issued in January 2016 and is effective from 01 January 2019 with the purpose of improving the financial reporting of leases. IFRS 16 replaces the previous leases standard IAS 17 and related interpretations, and is not expected to have a material impact on the SAAS accounts.

1.9 Going concern

The accounts are prepared on the going concern basis, which provides that the entity will continue in operational existence for the foreseeable future.

2. Other administration costs

	2016-2017 £000	2015-2016 £000
Accommodation including rent and rates	449	387
IT Running costs	800	879
General office expenditure	473	435
Other costs – notional charges	493	468
Audit fee – notional charge	22	21
Total	2,237	2,190

The notional charges are for services provided by the Scottish Government and represent the Agency's share of these SG incurred costs.

Grant Thornton, who audit our accounts, did not receive any remuneration for non-audit work.

3. Property Plant and Equipment

2016-2017	Information technology £000	Office equipment £000	Fixtures and fittings £000	Total £000
Cost or valuation				
As at 1 April 2016	1,837	33	52	1,922
Additions	152	-	-	152
Disposals	(479)	(9)	0	(488)
At 31 March 2017	1,510	24	52	1,586
Depreciation				
At 1 April 2016	1,068	27	6	1,101
Charged in year	242	4	5	251
Disposals	(479)	(9)	-	(488)
At 31 March 2017	831	22	11	864
NBV at 31 March 2017	679	2	41	722
NBV at 31 March 2016	769	6	46	821

2015-2016	Information technology £000	Office equipment £000	Fixtures and fittings £000	Total £000
Cost or valuation				
As at 1 April 2015	1,613	33	52	1,698
Additions	224	-	-	224
Disposals	-	-	-	-
At 31 March 2016	1,837	33	52	1,922
Depreciation				
At 1 April 2015	834	22	1	857
Charged in year	234	5	5	244
Disposals	-	-	-	-
At 31 March 2016	1,068	27	6	1,101
NBV at 31 March 2016	769	6	46	821
NBV at 31 March 2015	779	11	51	841

4. Intangible assets

	Purchased software licenses £000	In-house developed software £000	Assets under development £000	Total £000
2016-2017				
Cost or valuation				
As at 1 April 2016	549	18,913	888	20,350
Additions	31	883		914
Transfers		888	(888)	-
Disposals	(135)	(4,777)	-	(4,912)
At 31 March 2017	445	15,907	-	16,352
Amortisation				
At 1 April 2016	454	18,590	-	19,044
Charged in year	57	174		231
Disposals	(135)	(4,777)		(4,912)
At 31 March 2017	376	13,987	-	14,363
NBV at 31 March 2017	69	1,920	-	1,989
NBV at 31 March 2016	95	323	888	1,306

	Purchased software licenses £000	In-house developed software £000	Assets under development £000	Total £000
2015-2016				
Cost or valuation				
As at 1 April 2015	530	18,913	-	19,443
Additions	19	-	888	907
At 31 March 2016	549	18,913	888	20,350
Amortisation				
At 1 April 2015	359	17,879	-	18,238
Charged in year	95	711	-	806
At 31 March 2016	454	18,590	-	19,044
NBV at 31 March 2016	95	323	888	1,306
NBV at 31 March 2015	171	1,034	-	1,205

Asset additions were for IT hardware and servers, software licences and the development of the new SAAS Account for students.

5. Trade and other receivables

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

	2016-2017 £000	2015-2016 £000
Prepayments	281	239
Total	281	239

6. Trade and other payables

Trade payables are 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 employee benefits being annual leave earned but not taken and flexible working time credits.

	2016-2017 £000	2015-2016 £000
Accruals for goods or services	322	206
Trade payables	13	39
Employee benefits	234	217
Total	569	462

Analysis of accruals

	2016-2017 £000	2015-2016 £000
Balances with bodies external to government	335	242
Balances with other central government bodies	0	3
Total	335	245

7. Cash and cash equivalents

There were no cash or cash equivalent balances in 2016-2017 or 2015-2016.

8. Provisions for liabilities and charges

Early retirement costs

The provision relates to a member of staff who left in 2010-2011 under an approved early retirement scheme and is based on the annual value of payments incurred by SAAS until retirement age.

	2016-2017 £000	2015-2016 £000
Early retirement provision		
Balance as at 1 April	4	6
Provision reversed, unutilised	-	-
Provision utilised in the year	-	(2)
Balance as at 31 March	4	4
Analysis of expected timing of discounted flows:		
Current liabilities – within one year	4	3
Non-current liabilities – later than one year and not later than five years		1
Balance as at 31 March	4	4

9. Commitments under leases

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

	2016-2017 £000	2015-2016 £000
Building lease expiring within:		
One year	430	451
Two to five years	-	-
Over five years	-	-
Total	430	451

We occupy offices at Saughton House, a Scottish Government owned building, under a Memorandum of Terms of Occupation (MOTO). We share the facilities with the other occupiers of the building and are charged for our utilities and service costs under the MOTO agreement.

10. *Contingent liabilities*

There were no contingent liabilities at 31 March 2017 that require to be disclosed under IAS37.

11. *Financial instruments*

SAAS 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 – trade payables	2016-2017 £000	2015-2016 £000
Fair value through the Statement of Comprehensive Net Expenditure		-
Loans & payables	335	245
Total	335	245

12. *Events after the reporting period*

There were no material events that require to be adjusted in the accounts or to be disclosed after the reporting period.

13. *Related party transactions*

SAAS is an Executive Agency of the Scottish Government (SG) and is part of the SG's Advanced Learning and Science Directorate. The SG is regarded as a related party and during the year SAAS had various material transactions with them. In addition, the agency had a small number of non-material transactions with other government departments and other central government bodies.

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

14. *Reconciliation to draft portfolio account*

The Agency's expenditure is included within the consolidated accounts of the SG. The financing of £11.873m (£11.906m for 2015-2016) as recorded in the Agency's Statement of Cash Flows, has been agreed with the SG.

15. Intra-government balances

Intra-government balances	2016-2017 £000	2015-2016 £000
Trade payables due within one year	-	3

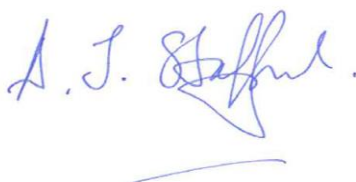
Accounts Direction



STUDENT AWARDS AGENCY 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 2017 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 17 January 2006 is hereby revoked



Signed by the authority of the Scottish Ministers

Dated 31 May 2017

Contacts

You can contact us by letter, telephone, e-mail or in person by appointment.

Address: Student Awards Agency Scotland
Saughton House
Broomhouse Drive
Edinburgh
EH11 3UT

Telephone: 0300 555 0505

Email: www.saas.gov.uk/contact.htm

Website: www.saas.gov.uk



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